CONSOLIDATED FINANCIAL STATEMENT
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018
OF

AVES ONE AG

INDEX

Dear Shareholders,

The Aves One Group grew extraordinarily strongly in the 2018 financial year and achieved its forecast operating targets. This is particularly reflected in the significant increase in sales and earnings before interest, taxes, depreciation and amortization (EBITDA) as well as the strong increase in property, plant and equipment due to the expansion of the portfolio. In the course of the year, further successes were achieved in letting the rail and container portfolio. The portfolio is working at full capacity and has been further rejuvenated through targeted acquisitions. The closing of the NACCO transaction with around 4,400 freight and tank wagons on 1 October 2018 is particularly noteworthy. The acquisitions offer significant sales and earnings potential for the future.

THE SUPERVISORY BOARD'S WORK

Against the background of the significant expansion of operating business in all divisions, the Executive Board and Supervisory Board had a very close and regular exchange of information in the year under review. This is also reflected in the number of joint meetings and telephone calls held. The Management Board provided the Supervisory Board with timely and comprehensive oral and written reports, also outside these meetings, on current business developments, corporate planning, the liquidity situation and corporate strategy. In this way, the Supervisory Board was involved in all transactions requiring its approval and passed the corresponding resolutions. In the year under review, the Supervisory Board therefore again performed all its duties in accordance with the law, the articles of association and the rules of procedure with great care, supervising the management of the Management Board and advising it on the management of the company. The Supervisory Board continues to consist of four members, but continued to refrain from forming committees. In his capacity as auditor and tax consultant, Mr. Kretzenbacher makes additional recommendations to the Supervisory Board following his own detailed examination of the consolidated and annual financial statements and the internal control processes.

MEETINGS AND RESOLUTIONS OF THE SUPERVISORY BOARD

Against the background of the continued strong growth of the Aves One Group in the year under review, the Supervisory Board's work was very intensive and characterised by a large number of meetings and resolutions. In the 2018 financial year, the Supervisory Board of Aves One AG held a total of 11 ordinary Supervisory Board meetings, and four resolutions were passed by telephone. The meetings were held on February 1 (three meetings on this day), April 19, April 24, June 5 (three meetings on one day), August 20, November 5 and November 29, 2018. Resolutions were passed by telephone on 5 July, 17 July, 13 August and 11 September 2018. Most of the meetings and resolutions were attended by all members of the Supervisory Board and, in most cases, also by members of the Board of Management. Two representatives of the auditor were also present at the two meetings in April 2018. The resolution adopted on 19 April 2018 served as the basis for the preliminary discussion of the 2017 annual financial statements and the 2017 consolidated financial statements, which were then approved and adopted at the Supervisory Board meeting on 24 April 2018 to approve the financial statements. On July 5, 2018, the declaration of compliance of the Management Board and Supervisory Board with the recommendations of the "Government Commission on the German Corporate Governance Code" pursuant to Section 161 of the German Stock Corporation Act (AktG) was approved, which was made permanently available on the Internet at https://www.avesone.com/de/aves_investoren_cg_erklaerung_unternehmensfuehrung.php.

FOCUS ON SUPERVISORY BOARD CONSULTATIONS

At its meetings and within the framework of its resolutions, the Supervisory Board dealt with the report of the Management Board on the business situation and development of Aves One AG and its subsidiaries, as well as the corporate strategy, risk management and the expansion of the Aves Group's operating business. In this context, the Supervisory Board was involved in all transactions requiring its approval with regard to the acquisition of new and used (sea) containers, swap bodies and freight and tank wagons and approved any purchase agreements, loan agreements, framework agreements and other agreements of the individual Group companies required for this purpose. In addition, the company's share capital was increased by a total of EUR 115,544.00 from EUR 12,899,509.00 to EUR 13,015,053.00 by means of a capital increase against contribution in kind and cash contributions in the year under review. This was done individually on the basis of the following measures:

On the basis of the authorisation granted by the Annual General Meeting on 29 August 2017 on 20 December 2017, 29 December 2017, 23 March 2018 and 31 May 2018 with the approval of the Supervisory Board on 21 December 2017, the Management Board resolved to increase the share capital by means of a contribution in kind and a cash contribution by BoxDirect AG (BoxDirect GmbH since 26 March 2019) against the Aves Group, excluding the shareholders' subscription rights. The capital increase was entered in the commercial register on June 13, 2018.

In addition, the conclusion of the Share Purchase Agreement, the Asset Purchase Agreement and the related credit agreements for the acquisition of around 30 % of the freight wagon fleet of the NACCO Group, the fourth largest private lessor of freight cars in Europe to date, were approved on August 13, 2018.

ASSIGNMENT OF THE AUDITING MANDATE TO THE AUDITING AND TAX CONSULTANCY COMPANY MAZARS GMBH & CO. KG, HAMBURG

The Supervisory Board granted the auditor elected at the Annual General Meeting on 21 August 2018, Mazars GmbH & Co. KG Audit Company, Tax Consultancy Company , Hamburg ("Mazars"), was commissioned to perform the audit for the 2018 financial year and to review any interim financial reports for the 2018 and 2019 financial years in accordance with the provisions of the German Corporate Governance Code with regard to cooperation between the Supervisory Board and the auditors and also includes an audit of the risk early warning system.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

Mazars GmbH & Co. KG Audit Company, Tax Consultancy Company has audited the annual financial statements and management report prepared by the Management Board in accordance with the provisions of the German Commercial Code (HGB) and the consolidated financial statements and group management report prepared by the Management Board in accordance with International Financial Reporting Standards (IFRS), and issued an unqualified audit opinion in each case.

The aforementioned documents and the auditor's reports were made available to all members of the Supervisory Board in good time for the Supervisory Board meeting on April 29, 2019. On April 24, 2019, the auditor presented the main audit results and provided supplementary information and answered questions. It also reported that no weaknesses in the risk early warning system and the internal control system had been identified. Following its own examination of the documents, the Supervisory Board joined the auditor in approving the financial statements prepared by the Management Board. The annual financial statements of Aves One AG are thus adopted.

CHANGES IN THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

There were personnel changes on the company's Management Board in the reporting period:

On February 1, 2018, the Supervisory Board of Aves One AG appointed Mr. Sven Meißner to the Company's Management Board for a period of three years.

Mr. Peter Kampf resigned from his position as member of the Management Board of Aves One AG at the end of June 30, 2018. Mr. Kampf intends to devote himself to other professional challenges in the future. We thank him for his contribution to the successful positioning and growth of the Aves Group.

On November 29, 2018, the Supervisory Board of Aves One AG appointed Mr. Tobias Aulich to the Management Board of the Company with immediate effect for a period of four years. Since then, the Management Board has been composed of Tobias Aulich, Jürgen Bauer and Sven Meißner.

There were no changes in the composition of the Supervisory Board in the year under review. Im Berichtsjahr kam es sowohl im Vorstand als auch im Aufsichtsrat der Gesellschaft zu personellen Veränderungen:

We would like to take this opportunity to thank all employees of the Group companies and the Management Board for their performance in the year under review and their dedicated contribution to the successful growth of the Aves Group.

Hamburg, 29. April 2018
The Supervisory Board
Ralf Wohltmann
(Chairman)

MASTER DATA OF THE AVES ONE AG

Number of shares	13,015,053
Share capital	EUR 13,015,053.00
WKN	A16811
ISIN	DE000A168114
Share class	no-par value bearer shares
Market segment	Regulated Market
Transparency level	Prime Standard
Stock Exchanges	Frankfurt on the regulated market (Prime standard) Hamburg on the regulated market Hannover on the regulated market
Stock exchange abbreviation	AVES
Ticker symbol Reuters	AVES.DE
Ticker symbol Bloomberg	AVES:GR
Selected indices	MSCI GLOBAL MICRO CAP GERMANY
Financial year end	31. Dezember
Financial reporting	IFRS
Paying agent	Bankhaus Gebr. Martin AG
Designated Sponsor	Hauck & Aufhäuser Privatbankiers KGaA
Management board	Tobias Aulich Jürgen Bauer Sven Meißner
Supervisory board	Ralf Wohltmann (Chairman) Emmerich G. Kretzenbacher Rainer Baumgarten Britta Horney
Shareholder structure	SUPERIOR Beteiligungen AG / RSI Societas GmbH 34.24% * Versorgungswerk der Zahnärztekammer Berlin 20.66% Versorgungswerk der Zahnärztekammer Nordrhein 14.37% Mr. Bert Bleicher 8.83% Freefloat 21.90% **

* Voting rights are mutually attributed
** other shareholders
As of: 29 April 2019

GROUP MANAGEMENT RE-PORT 2018

1 BASIC PRINCIPLES

1.1 BUSINESS MODEL

1.1.1 OVERVIEW

Aves One Group (hereinafter "Aves Group"; Aves One AG as a single entity is also referred to as "Aves" or "Company") is a strongly expanding holder of long-life logistics assets with a focus on freight wagons. Containers and swap bodies are also part of the portfolio. The Company plans to increase its asset volume to over one billion euros by the end of 2019. Aves One AG with its young, profitable wagon portfolio is one of the leading holders of logistics assets for rail in Europe. The strategy is geared towards constantly optimising of the company's own portfolio and the continuously expanding of the logistics portfolio. The Company has no significant business division of its own, instead it acts as a holding company and provides administrative activities for its subsidiary companies. Aves One AG is based in Hamburg and is listed on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange (ISIN: DE000A168114, WKN: A16811).

1.1.2 CORPORATE STRUCTURE

In addition to Aves One AG, a total of 63 companies belong to the Aves Group. As at 31 December 2018, the Group had 62 fully consolidated companies in addition to Aves One AG and of these, 59 are in Germany and 3 abroad.

The subsidiary BSI Logistics GmbH, Hamburg, acts as a holding company in providing exclusively the administrative activities for Aves One AG and its subsidiaries.

1.1.3 THE BUSINESS MODEL

The Aves Group invests in long-life logistics assets with sustainable cash flow performance. Business activity focuses on holding portfolios of logistics assets and their active management. As at the balance sheet date, 31 December 2018, the managed asset portfolio amounted to a total of approximately EUR 821 million. With the acquisition of the NACCO portfolio in the reporting year, the Aves Group has achieved a milestone on the growth path. The Rail division is thus the Company's most important business area and will be the focus of further growth in the future. Other key activities of the Group include the areas of shipping containers and swap bodies. Against the background of the NACCO transaction and the particular focus on the rail sector, the Real Estate division and also Containers are of secondary importance to Aves. The very good access to the equipment market as well as extensive knowledge on the subject of financing by the management as well as an excellent network of partners from both areas are the foundation for the continuous development and expansion of the business activities.

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. Rather, a reduced basic level of equipment is procured with leasing solutions being increasingly resorted to as cover for peak loads.

The Aves Group's three-pillar model:

This model represents Aves' ability to acquire, finance and optimally manage assets. This combination enables an immediate, efficient, cost-oriented response to opportunities.

1. Access to logistics assets

Through extensive contacts in the sector, the Company has access to the various logistics assets (freight and tank cars, locomotives, sea containers, 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. 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 major advantages are that

- contracts 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. The company has access to a broad range of debt financing options and financing partners and is always open to new and innovative debt financing opportunities. 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-life assets with good growth opportunities. Furthermore, direct investments and, in some cases, the financing of institutional investors were and are replaced by 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 and tank 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. Aves was able to expand its fleet to 9,004 freight wagons with a book value of approximately EUR 538.0 million as at 31 December 2018, in particular through the NACCO transaction, and has one of the industry's youngest and most modern fleets in the market. The Aves Group’s lessees are big industrial companies, and above all state-owned rail companies.

Active management by reputable rail managers:

Since 2018 the freight wagons are managed by ERR European Rail Rent GmbH, Duisburg ("ERR Duisburg"), as well as Wascosa AG, Lucerne, Switzerland (hereafter “Wascosa AG” or “Wascosa”), 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 2018, the Container unit comprised a fleet of around 129,000 containers, equivalent to approximately 175,000 CEUs (= Cost Equivalent Units; a unit used when assessing the value of different container variants) (balance sheet value EUR 237.1 million). Swap bodies and tank containers also belong to this business unit. This equipment has an average useful life of up to 20 years. There was also further investment in new swap bodies in 2018, as a result of which the portfolio has grown to 6,761 units, i.e. a volume of approximately EUR 34.9 million as at 31 December 2018.

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 direct investments, 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 the financing partner 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 first self-storage park was completed in Muenster in April 2017 for marketing to investors whose rental and administration 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 and therefore the Management Board has decided not to construct further storage parks.

At the end of March 2018, the Aves Group acquired a logistics property in the Alsdorf Business Park near Aachen. The transaction had a volume of approximately EUR 10 million. The seller of the property company was a member of the Panattoni Europe Group, one of the world's leading developers of industrial and logistics real estate. Panattoni Europe also takes over property management for these properties.

1.1.5 CORPORATE BODIES AND EMPLOYEES

On 1 February 2018, the Supervisory Board of Aves One AG appointed Mr. Sven Meißner to the Management Board of the Company for a term of three years.

Mr. Meißner has many years of experience in the investment and financing business in segments relevant to the Company. Since 2013 and the acquisition of the first container portfolio, Mr. Meißner has been managing the operating business as Managing Director of several Group companies.

Mr. Peter Kampf has resigned from his office as a member of the Management Board of Aves One AG at the end of 30 June 2018. Mr. Kampf wishes to devote himself in future to other professional challenges.

With effect from 29 November 2018, the Supervisory Board of Aves One AG appointed Tobias Aulich as a member of the Management Board of the Company for a period of four years. He has many years of experience in the areas of acquisitions, financing and portfolio management. As Managing Director of several subsidiaries of the Aves Group, he played a central role in the significant expansion of the logistics portfolio, which forms the basis for the Company's recent very strong operational growth.

Since 29 November 2018, the Management Board consists of Messrs. Tobias Aulich, Jürgen Bauer, and Sven Meißner.

The Aves Group employed 42 (previous year 41) staff on the balance sheet reference date of 31 December 2018. In addition to the Management Board, Managing Directors and full-time employees, this also includes part-time employees. Despite the continued growth, the number of employees remains at the same level as in the previous year.

As 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 German Stock Corporation Act *[Aktiengesetz – "AktG"]* 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 holds a rapidly growing portfolio of long-life logistics assets with sustainable stable cash flows focused on rail. Containers and swap bodies are also part of the portfolio. The Company plans to increase its asset volume to over one billion euros by the end of 2019. The strategy is geared towards continuous optimisation of the Company's own portfolio and the further expansion of the logistics portfolio.

As part of our growth strategy, we have built a broadly diversified end customer base with leading state railways, shipping companies, industrial and logistics companies, which will be continuously expanded in line with market changes and related growth opportunities.

In addition to growth by acquisitions and organic growth, the Management Board aims to optimise the refinancing structures and to increase profitability in all areas.

1.3 CONTROL SYSTEM

The controlling of Aves One AG is based on the planning, which is 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 ECONOMIC REPORT

2.1 OVERALL ECOMOMIC SITUATION

After a good start to the year, the global economy contracted at the end of the year. According to the International Monetary Fund, economic growth of 3.6 % in 2018 showed a slight decline compared to the previous year, when the global economy had grown by 3.8 %.

After a growth of 2.4 % in 2017, a slight decline to 1.8% was recorded for Europe. In particular, the tariff and trade conflicts, the uncertainty surrounding a disorderly Brexit and the budgetary imbalance in Italy led to a weakening of the economy in Europe in the second half of the year and may continue to contribute to a further cooling of the economic situation in the future. In Germany, economic growth was 1.5 % in 2018, compared to 2.5 % growth in 2017. The decline is due to the general factors listed for the euro area, and in particular to special effects in the automotive sector in connection with the introduction of new emission standards. The US trade disputes, tighter lending policies and weakened global demand have led to economic growth in China of 6.6 % (previous year: 6.9 %). After growing by 2.2 % in 2017, the US economy grew 2.9 %, not least because of corporate tax breaks and the very good labour market.

The global economy is expected to develop on a solid but no longer as expansive growth path in the 2019 business year, with a slight weakening compared to the 2018 reporting year.

Overall, macroeconomic developments in 2019 may depend to a large extent on government policy decisions. According to International Monetary Fund estimates, a quick and cooperative solution of key issues regarding trade disputes between the three major economies of the United States, China and the European Union, protectionism and the resulting political uncertainties, fluctuations in the developed world financial markets and measures to increase productivity in all economies may stimulate the economy.

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 aims to transfer 30 % of road freight transport over 300 km by 2030 and 50 % by 2050 to other modes such as rail or shipping. As part of this, a reduction in CO2 emissions is to be realised. Against this background, the Federal Government has decided in its coalition agreement and its "Master Plan Rail Freight" to permanently strengthen and expand rail freight transport while at the same time achieving the objectives of climate protection in the transport sector.

Deutsche Bahn (German Rail) is continuing its modernisation program. In 2019, approximately EUR 10.7 billion will be channelled into the railway infrastructure. This shows the importance of rail freight transport in Germany and Europe. Relevant investments in the rail freight infrastructure are also planned in France and Poland.

In the US, leasing companies dominate approximately 65 % of the freight wagon market. In Europe, the proportion is constantly increasing, with just over 30 %, but still low in comparison. Replacement investments are and will continue to be market drivers in the freight wagon sector, as high replacement investments will be required over the next few years due to the high average age of the wagon fleet in Europe. According to information from operators and manufacturers, fewer wagons are still produced than replacement investments would be needed, so the average age of the fleets continues to increase. The market for the production of new railway wagons in Europe is relatively small compared to fleet size and does not meet market needs in years of high demand. At the same time old wagons are scrapped.

The long-term trend clearly shows an increase in the total volume of freight traffic and benefits from general growth trends. Rail freight transport's market share of total transport capacity in Europe is currently around 18%. As in previous years, it was noted that average rail transport continues to increase. This is a sign of the increased efficiency of rail transport.

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 and tank wagons. The most important users of Aves' wagons are traditionally rail transport companies and increasingly more industrial customers and shipping agents.

Aves is confident that rail will have a significant role to play in European freight traffic in the future. Growth impetus is also expected from the reduction in rail freight traffic prices. 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. 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 rise in January 2019 from 137.7 to 138.2 compared to the December 2018 figure, but it declined to 133.9 in February 2019. In particular, handling at Chinese ports has contributed to a decline in the index, which is largely influenced by the Chinese New Year and its impact estimate is associated with heightened uncertainty.

The pace of global economic growth slowed at the beginning of the year. Despite this, the Federal Association of Wholesale, Foreign Trade, Services eV sees potential under certain preconditions, such as no further tightening of US trade disputes with China and Germany, for a growth of German exports of up to 3% and consequently an increase to a new record of EUR 1.4 billion. As a result, it is expected that imports will rise even faster to a record level of EUR 1.1 billion.

In its Container Equipment Insight Q4/2018, Drewry Maritime Research shows that approx. 4.4 million TEU (twenty-foot equivalent units) were produced in 2018, which is around 19 % more than were produced in 2017. Prices for used standard D20 containers averaged US$ 1,245 in 2018, up from US$ 1,055 a year earlier. However, these fell in the last quarter, mainly due to the existing oversupply, which, according to Drewry, will lead to a production shortage of the manufacturers in 2019. According to Harrison Consulting, the outlook for container leasing companies remains positive. Container growth is not expected to reach last year's growth of 4.5 %, but will continue to grow with a growth rate of 3-4 %. It is also noted that, despite fluctuations in the prices of new standard D20 containers, the prices of used containers remained at their high levels in the first quarter of 2019. 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.

In the area of swap bodies, logistics companies from the so-called courier, express and parcel market (CEP market) are among the main lessees. One of the main growth drivers continues to be the increasing online commerce in the B2C segment (business-to-consumer), but there has also been an increase for international shipments. According to the Federal Association of Parcel and Express Logistics e.V., further growth in the volume of shipments by a total of 5.2 % per year to 4.4 billion shipments is expected for the next three years to 2022. The importance of international CEP shipments will continue to grow here and continue in the medium term. Furthermore, logisticians continue to focus on their core business or, for balance sheet reasons, have no choice or interest in procuring these mobile assets.

2.3 COURSE OF BUSINESS

The focus in the reporting year was on the continuing the growth course, in particular in the Rail segment, increasing sales revenues and the consolidated results as well as the further optimisation of the financing structure. In addition to investing in logistics assets with very stable cash flows, capacity utilisation in the rail and container business was boosted and rental rates in both segments improved. The depot clearances initiated in the previous year had a positive effect on the utilisation figures.

The assets held by Aves in its own portfolio amounted to a total volume of around EUR 821 million as at the balance sheet date of 31 December 2018 following several transactions carried out on an equity and debt capital basis. In detail, the following significant transactions occurred in 2018:

Comittee resolutions

By resolution of the Management Board on 23 March 2018, a further capital increase was initiated in addition to the capital increase against the non-cash contribution of receivables, which was already carried out on 29 December 2017. In return for the non-cash contribution of BoxDirect receivables amounting to EUR 169,121, the share capital of the Company was increased by a further EUR 27,927.00 by issuing 27,927 new shares and also by a further amount which was granted for purposes of cash compensation against non-cash contribution bringing the total share capital to EUR 13,015,053.00. The capital increase was entered in the commercial register on 13 June 2018.

The audit mandate was awarded to Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, 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 mandate for the 2018 business year and for the reviews of the interim financial statements for 2018 and 2019, respectively, to the auditor Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg who was elected at the ordinary general meeting on 21 August 2018. This order also includes the audit of the risk early warning system.

The Annual General Meeting also approved the cancellation of the remaining Authorised Capital 2017 (Section 4 para. 5 of the Articles of Association) and the creation of a new Authorized Capital 2018 with the option of excluding subscription rights as well as amendments to the Articles of Incorporation, the authorisation to issue convertible bonds, warrant bonds and profit participation rights or without conversion or subscription right (s) and the exclusion of subscription rights, the cancellation of the existing conditional capital 2016 and the creation of a new contingent capital 2018 as well as corresponding amendments to the Articles of Association, the authorization to purchase and sell treasury shares excluding shareholders' subscription and tender rights and the authorization to use derivatives in connection with the acquisition and sale of own shares pursuant to Section 71 para.1 no. 8 of the German Stock Corporation Act (AktG) under exclusion of subscription rights and exclusion of shareholders' tender rights.

Economic transactions

The continuous development of the growth course was successfully implemented with an investment volume of around EUR 387 million. The acquired logistics assets have a long-term lease and the average financing costs were reduced primarily by expanding the financing partners. In particular, the expansion of bank financing through existing and new partnerships (including Credit Agricole, Hessische Landesbank, KFW IPEX Bank, Siemens Bank) contributed to the continuation of the growth course.

In the first quarter of 2018, acquisitions of freight wagons with a value of EUR 30.8 million, sea containers with a value of USD 12.8 million and swap bodies with a value of EUR 4.6 million were successfully concluded. Some of these transactions were already contracted for in 2017, but delivery and financing took place in 2018.

At the end of March 2018, a logistics property was also acquired in the Alsdorf business park near Aachen. The property, completed in 2017, is a state-of-the-art contract logistics site with a total rental space of about 12,000 sqm. The transaction had a value of around EUR 10 million.

As part of its continued growth, Aves concluded successful transactions in the second quarter of 2018 in the areas of shipping containers (USD 59 million), swap bodies (EUR 2.0 million) as well as petroleum and chemical wagons (EUR 8.5 million). Therefore, for the first time, the rail segment fleet was extended by tank wagons. As part of this acquisition, the freight wagon rental company Wascosa AG was acquired as the new asset manager for the portfolio.

A milestone on the Aves Group growth path was achieved in the third quarter of 2018 with the acquisition on 13 August 2018 of approximately 30% of the freight wagon fleet - about 4,400 freight wagons - of the NACCO Group, the fourth-largest private lessor of freight wagons and tank wagons in Europe.

In March 2018, the relevant monopolies and mergers authorities had approved, the acquisition of CIT Rail Holdings (Europe) SAS, the owner of the NACCO Group, to VTG AG, Hamburg, on condition that approximately 30 % of the freight wagon fleet be sold to a third party. With the signing of the purchase agreements on 13 August 2018 by the bidders' consortium, consisting of Aves One and Wascosa AG, an essential step was taken to fulfil the requirements of the competition authorities.

In addition, at the beginning of September 2018, loan agreements worth EUR 155 million, which were concluded for the partial financing of the existing rail portfolio, were refinanced prematurely, on greatly improved terms. The significantly low interest charge leads to an annual reduction in interest expense of more than EUR 1 million.

As of 1 October 2018, the closing of the NACCO / CIT Group Transaction was completed by the 100% acquisition of NACCO Luxembourg S.a.r.l. with about 4,400 freight and tank wagons. The transaction therefore had a positive impact on the figures for the 2018 business year, as the assets from the NACCO acquisition will be fully consolidated with effect from 1 October 2018. As a result, the new portfolio has immediately made a significant contribution to improving financial indicators from the outset. In the first full year alone, this transaction is expected to generate an annual revenue contribution of around EUR 37 million and an EBITDA contribution of around EUR 28 million. The acquisition financing was provided by KfW IPEX-Bank and three professional pension funds.

In the fourth quarter of 2018, investments in freight and tank wagons (EUR 24.6 million) were also completed. The wagons are fully rented and therefore contribute to a further increase in the utilisation of the total inventory. A further 155 mostly rented wagons, with a total volume of EUR 13.2 million, were delivered before the end of the year or will be delivered to Aves One AG in 2019.

The growth development will continue unchanged in 2019.

After the balance sheet date, the Aves Group has acquired or ordered around 2,000 swap-bodies with a volume of approximately EUR 17 million in several transactions. The acquisitions include about 1,200 brand-new swap bodies, most of which are leased to the Hamburg-based logistics company Hermes Germany GmbH (Hermes). As a result, Aves One AG has expanded its swap body portfolio to around 7,800 swap bodies.

Also after the reporting date, Aves One AG signed further agreements to expand the portfolio. Transactions with a value of EUR 32.5 million were completed at the end of March 2019 - including the acquisition of 234 flat wagons, 40 tank wagons and 80 container transporters. Together with the contracts already concluded last year, deliveries of freight and tank wagons with a volume of more than EUR 45 million are already fixed for 2019. This increases Aves One AG's asset base in the rail segment to around 9,300 freight cars with a volume of more than EUR 570 million. All freight wagons acquired are leased long-term. The asset management of the acquired assets is carried out by the two renowned asset managers Wascosa AG and ERR Duisburg.

2.4 CHANGES TO THE CONSOLIDATED COMPANIES

The consolidated financial statements of Aves One AG include a total of 61 domestic and 3 foreign subsidiaries as well as at equity investments.

Compared to 31 December 2017, the following companies are fully consolidated for the first time in the Group statement due to formation:

- BSI Logistics IX GmbH & Co. KG, Hamburg
- Aves Rail Equipment IV GmbH & Co. KG, Hamburg
- Aves Rail Equipment Vierte Verwaltungs GmbH, Hamburg
- Aves Eins GmbH, Wien

By agreement dated 28 March 2018, 94.9 % of the shares in LU GE XIII S.a.r.L, Luxembourg, were acquired. Effective May 28, 2018, the company was renamed Aves LI Alsdorf Betriebs GmbH, Hamburg.

In connection with the NACCO transaction, all shares in the former Nacco Luxembourg S.a.r.l., Luxembourg, were acquired by a contract dated 13 August 2018. The company was converted into a GmbH by means of a cross-border change of legal form and will be known as Aves Rail Rent GmbH, Hamburg, from 31 December 2018.

The 33.3 % stake in ERR Duisburg, which was previously accounted for using the equity method, was sold by a contract dated 16 July 2018 and consequently left the Aves Group.

2.5 REVENUE SITUATION

Increase of the Group turnover and the other revenues

Aves was able to significantly increase its sales revenues at the Group level to EURK 77,676 in the reporting year (PY EURK 53,432). The significant growth in sales revenues results primarily from the investments made during both the previous year and the reporting period. The increase in sales revenues of EURK 14,305 to EURK 40,645 for the Rail segment included EURK 8,996 relating to the fourth quarter revenues resulting from the NACCO transaction. In addition, higher capacity utilisation and improved rental rates in the Rail and Container business units contributed to an increase in sales revenues compared to the previous year. The Container segment was therefore able to significantly increase its sales revenues to EURK 32,215 (PY EURK 24,095).

In addition, other operating income of EURK 2,838 (PY EURK 1,175) was recorded. This mainly resulted from the sale of mostly unrented containers amounting to EURK 879, from income from the subsequent valuation of the logistics property in Alsdorf in accordance with IAS 40 amounting to EURK 827, and from the sale of shares in ERR Duisburg amounting to EURK 413, which was previously accounted for using the equity method. There was a segmentation by sales revenues. However, this was not possible by region, as the containers are leased worldwide and the wagons predominantly in the DACH (Germany, Austria, Switzerland) region.

Operational expenses

Total costs increased only under proportionately to sales growth in the reporting year. The cost of materials increased slightly to EURK 13,267 compared to EURK 12,874, although the number of assets continued to grow. As a result, the margin improved to 82.9 % (prior year: 75.9 %). Personnel expenses fell by EURK 299 to EURK 4,510 compared to the previous year. Other operating expenses of EURK 10,880 (PY EURK 8,256 thousand) include EURK 2,539 one-off non-operating expenses in connection with legal disputes with SLI Dritte Verwaltungsgesellschaft mbH & Co. KG, Salzburg. These are based on the risk assessments from the oral hearing at the Hanseatic Higher Regional Court of Hamburg (Hanseatisches Oberlandesgericht Hamburg), which took place on 16 April 2019. Excluding these costs not attributable to the operating activities of the fiscal year, other operating expenses amounted to EURK 8,341 and, despite the significant growth in sales, were almost at the previous year's level. The increased legal, consulting and distribution costs totalling EURK 808 are offset by EURK 1,035 in reduced losses from asset disposals. Depreciation and amortisation increased by EURK 1,301 to EURK 21,013 due to the investments made in the previous year and the reporting year and also taking into account the one-off depreciations made in the previous year.

Result development

The earnings before interest, income taxes and amortisation/depreciation (EBITDA) increased significantly to EURK 52,186 in 2018 (PY EURK 29,106), an 79% increase over the previous year. The increase resulted in particular from the investments made in the previous and the reporting year, increases in capacity utilisation and improved rental rates in the Rail and Container divisions and the resulting improvement in margins, with relatively constant fixed costs. In addition, the NACCO transaction has contributed significantly to the increased EBITDA.

The result from operating activities (EBIT) also increased significantly to EURK 31,173 (PY EURK 9,394). The financial result of the Group improved from EURK -46,736 to EURK -20,023. This significant decrease is mainly attributable to the improvement in non-cash currency effects from EURK -21,628 in the previous year to EURK 8,376 in 2018 as well as costs reduced by EURK 3,367 in connection with the non-cash capital increases carried out in 2017 and 2018, respectively. This compares to higher interest expenses of EURK 28,134 (PY EURK 21,758) as a result of borrowings (in the form of bank loans, institutional loans and direct investments) to finance newly acquired assets.

Under consideration of the financial result, this therefore leads to earnings before taxes (EBT) of EURK 11,150 (PY EURK -37,342). After taxes, a consolidated net profit for the year amounts to EURK 12,083 (PY consolidated net loss: EURK -34,980) is reported.

The overall Group result amounts to EURK 10,325 (prior year: EURK -34,267) 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. The changes in value from the hedge accounting of the interest caps acquired in the business year and the resulting deferred taxes are included here for the first time.

2.6 FINANCIAL SITUATION & ASSET SITUATION

The balance sheet total (total assets) of Aves Group as at the balance sheet date increased to EUR 924 million compared to the prior year's amount of EUR 520 million.

Increase of the assets by new assets acquired

On the asset side, the long-term assets show an increase of EURK 379,258 to EURK 845,897. The intangible assets of EURK 8,195 (PY EURK 8,235) are virtually unchanged and mainly comprise goodwill amounting to EURK 5,624 from the acquisition of CH2 AG in the previous year. Tangible fixed assets increased to EURK 810,032 (PY EURK 448,460), mainly due to the NACCO transaction and the addition of around 4,400 freight wagons. In addition, additional investments in the rail sector and in the container area contributed to the growth in tangible fixed assets. The investment property acquired in the reporting year includes EURK 10,900 (PY EURK 0) in logistics property.

The decrease in financial assets accounted for using the equity method to EURK 0 (PY EURK 1,158) results from the sale of the 33.3% interest in ERR Duisburg. The investment in BSI Conical Container GmbH has a book value of EURK 0. Financial assets include EURK 6,618 (prior year: EURK 2) exclusively consisting of interest rate caps, which were treated as hedge accounting with the exception of one interest rate cap.

Current assets increased to EURK 77,781 compared to EURK 53,486 in the previous year. Trade receivables increased to EURK 20,932 from EURK 10,388 in the previous year. Included in this is an amount of EURK 8,477 attributable to Wascosa, which took over the management of the freight and tank wagons of the NACCO portfolio. Other assets and prepayments of EURK 30,588 (PY EURK 17,059) mainly contain restricted cash and cash equivalents of EURK 20,418 (PY EURK 6,696) in the context of financing the NACCO portfolio and refinancing an existing rail portfolio, the total amount of EURK 12,548 were deposited in the reporting year. Inventories essentially include a self-storage park of EURK 3,440 (PY EURK 3,338), which was developed for marketing purposes.

Tax reimbursement claims from income taxes increased from EURK 141 in the previous year to EURK 4,193 in 2018. They result from advance payments for trade taxes that exceed the actual tax liability. The tax refund claims of EUR 4,193 thousand (PY EUR 141 thousand) mainly result in the amount of EURK 3,885 from input tax refund claims for freight wagons acquired in the course of the NACCO transaction in Austria.

Cash and cash equivalents increased from EURK 14,908 to EURK 17,148 in the 2018 business year.

Share capital

The fully paid-up or provided share capital of the Company is EUR 13,015,053 as at the balance sheet date (PY EUR 12,899,509). It is divided into 13,015,053 (PY EUR 12,899,509) 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 2018 is EURK 40,043 (prior year: EURK 39,391), regarding the composition and change, we refer to the information in the Notes under section 7.11.4.

The consolidated retained earnings improved significantly from EURK -32,793 to EURK -20,709.

Liabilities

In total, the pure financial liabilities (short- & long-term) of the Group in the reporting year amount to EURK 862,041 (PY EURK 479,267). In the area of the long-term debt, the financial debt increased to EURK 701,872 from EURK 383,079 in the previous year. Short-term financial liabilities amounted to EURK 160,169, compared to EURK 96,188 in the previous year. The increase in financial debt is in line with the investments made in the reporting year. A substantial portion of the liabilities is due within one year and, in addition to bank financing, also includes financing by institutional investors and direct investments.

The Management Board of Aves One AG has consciously continued to accept the exchange rate risk in 2018 (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 and the timing of a sale of the assets can be deliberately chosen. In contrast, securing the currency risk by financial instruments would have an immediate effect on the cash flow, which 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 monitors the currency risk and the currency development and reviews whether, if appropriate, 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 liability amounted to EURK 8,410 (PY EURK 9,291). The decrease in deferred tax liability is explained by currency effects, offsetting of deferred tax assets and liabilities, different conversion of the IFRS balance sheet and tax balance sheet, as well as loss carry forwards, some of which 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. Other current liabilities include trade payables, which together with other liabilities amount to EURK 16,917 (PY EURK 8,803).

The increase in these liabilities is mainly attributable to EURK 6,508 from liabilities to an asset manager from the acquisition of freight wagons.

Analysis of the cashflow statement

The cashflow from operating activities amounted to EURK 51,002 (PY EURK 24,308). The cashflow from investment activities amounted to EURK -384,243 (prior year: EURK -49,300). In the reporting year, further investments into tangible fixed assets were made of EURK -386,575 (PY EURK -61,029).

The cashflow from financing activities amounted to EURK 349,116 (PY EURK 17,248) as a result of higher investment activity.

The Company increased its liabilities to EURK 629,960 in the 2018 business year compared to the previous year (prior year: EURK 169,647) for the financing of the freight and tank wagons, containers and swap bodies. In addition cash-effective interest payments were made of EURK -22,569 (PY EURK -19,209). Payments for redemption of bonds and (financial) loans amounted to EURK -258,275 (PY EURK 134,111). Aves Group was always able to meet its payment obligations on time.

The Management Board works continuously to improve the capital structure and adapt it to changing market conditions and suitable refinancing in order to ensure the solvency of the Aves Group in the future.

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

2.7 FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

Aves Group uses various financial performance indicators to control the Company. The major performance indicators are the operative cash flows that result from the cash flow statement, sales revenues together with EBITDA (earnings before taxes, interest, depreciation and amortisation) and EBT (earnings before taxes).

In addition to various measures aimed at optimizing the return on capital employed, the aim is above all to lower the relative pre-tax financing costs as a weighted average of the costs of equity and borrowed capital as a result of a higher return on capital employed in relation to the financing costs. For this purpose, the financing costs are continually monitored and alternative debt financing is reviewed. One focus is on the analysis of how part of the existing financing in the form of the short-term direct investments can be refinanced through longer-term bank financing. Implementation has already started successfully. The nominal interest rate has already been reduced from approx. 5.4 % in 2015 to approx. 3.6 % in 2018.

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 (gross profit / (purchasing costs + ancillary procurement costs)).

Analyses also review the customer structure (in particular industrial customers and shipping companies). Special care is taken to exclude so-called cluster risks.

2.8 FORECAST ACTUAL COMPARISON

The Management Board again expected much higher sales revenues for the 2018 reporting year and a further improved operating result (EBITDA). The increasing sales revenues in the rail and container sectors as well as significantly higher sales revenues in the real estate area should be achieved through the further development of new logistics assets and the acquisition of logistics real estate. It has also been forecast that asset growth will increase financing costs in absolute terms, that relative funding costs due to refinancing and the optimisation of the funding mix will continue to decline.

Nearly all targets could be achieved as shown in the following list.

	Forecast 2018	Actual 2018
Revenues	increasing/clearly increasing increasing	clear increased
Development as good as logistic assets	clear development	clear development
Acquisition of logistics real estate	clear development	no clear development
Earnings (EBITDA)	increasing	clear increased
Utilisation	still high level	increased
Relative financing costs referring to the assets	reduction	clear reduction of the nominal interest rate

In the 2018 business year, sales increased significantly, from EURK 53,432 to EURK 77,676, particularly against the background of the acquisitions in the Rail and Container divisions. A key growth driver here was the NACCO transaction, which led to a sales increase of EURK 8,996 in the Rail segment in the fourth quarter of 2018. EBITDA also improved significantly, rising by 79 %. It rose from EURK 29,106 to EURK 52,186. Excluding the one-off effect from the allocation of provisions for the legal dispute with SLI Dritte, which did not affect the operating result and affected earlier periods, EBITDA amounted to EURK 54,725. This means that the operating ranges for revenue and EBITDA forecast for the course of the year were achieved.

The pace of growth in 2018 was again significantly increased due to the acquisition of 30 % of the NACCO portfolios. As a result, the Rail segment has developed into the Company's most important business area, which will continue to be at the centre of growth in the future. Against this background and the associated retention of resources, the examination of opportunities regarding the expansion of logistics real estate was abandoned.

Financing costs have risen in absolute terms due to further growth. However, as expected, a further reduction in the average nominal interest rate from 4.4 % in the previous year to 3.6 % in 2018 was achieved. Financing costs are interest expenses and other financing costs that are incurred in the procurement of funds and cannot be capitalised as acquisition-related costs as part of the effective interest method on the loans raised.

The business development in 2018 is assessed as extremely positive by the Management Board due to the significantly increased revenue, the significantly increased EBITDA and an EBT of EURK 5,313 adjusted for currency effects in the financial result as well as the one-time effect from the provision allocation for the legal dispute with SLI Dritte. With continuous acquisitions and a clear focus on the Rail segment, the market position is to be further expanded and the asset volume is to exceed the one-billion mark in the 2019 business year. Furthermore, the NACCO transaction is expected to generate significant earnings contributions, which should further increase profitability in the context of upcoming acquisitions.

3 OPPOTUNITIES 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 as well as micro risks captures all material risks. Particular attention is paid to the existence of going concern endangering risks and their early detection. Countermeasures can be initiated or strategy adjustments can be promptly addressed. The risk management system is continuously and systematically developed further. The risk policy of the Aves Group corresponds to the endeavour to grow sustainably and increase profitability.

Structures and processes

As part 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. Here the risks are grouped according to their amount and probability of occurrence. The likelihood of occurrence is classified as low (0 %-33 %), medium (33 %-66 %) or high (66 %-100 %). Each risk is assigned a maximum financial risk in EUR. Multiplication of the two variables leads to the weighted risks which enables direct ranking. Depending on the amount of the weighed risk in KEUR, it is divided into 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.

The risks already identified are regularly reassessed by the Management Board / Managing Directors and, if necessary, re-classified according to the changing framework conditions. This also applies to newly identified risks. There is a reporting system at the Board level pursuant to Section 90 of the German Stock Corporation Act (AktG). Changes to the business policy and major transactions that have a material impact on the profit and loss account of the Company are either reported as part of the regular Supervisory Board meetings held quarterly, or if necessary, immediately.

3.2 PRESENTATION OF THE INDIVIDUAL RISKS

3.2.1 MARKET OPPORTUNITIES AND RISK PRESENTATION

3.2.1.1 GENERAL MARKET OPPOTUNITIES AND RISKS

The focus of Aves Group is the procurement and holding of long-lasting logistic assets, especially freight wagons. Containers and swap bodies should significantly complement the portfolio. The aim is to have as broad a diversification of the logistics portfolio as possible long-term in order to hedge against short-term cyclical fluctuations.

The significance of the macroeconomic risk is assessed as low at the time of analysis.

Market for Rail

In Germany and Europe, the federal government and the European Union are promoting the liberalisation of rail freight transport, which has not yet progressed at the desired pace due to the complex organisational effort involved, but overall makes rail freight transport more attractive. A risk arising from the deterioration of the regulatory framework cannot be observed at this time. The aim of strengthening rail freight transport is also to achieve the climate protection targets, in particular the reduction of CO_2 emissions. State rail companies are focused on infrastructure development and passenger transport. The new requirements and replacement needs for freight wagons are partly financed by leasing companies, which can further favour the development of Aves. Development of rail freight transport is inhibited by high regulation and many different requirements, such as noise protection and the associated high organisational requirements, but on the other hand presents an opportunity since all freight cars acquired by Aves comply with the current standard and thus are well positioned in the long term in the market.

The risk for the rail market is assessed as low at the time of analysis.

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. Since the market participants focus on their core business, e.g. shipping companies on ships and ports, and plan only limited budgets for the new procurement of containers, an above average growth among the leasing companies can be assumed. In the medium to long term, competition among the leasing companies may increase if more and more providers penetrate 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.

In the area of swap bodies in the predominantly courier, express and parcel service logistics companies, further shipment volume growth is expected to reach 4.4 billion for the next three years, corresponding to growth of 5.2 % per year.

Should the conditions described change, this may lead to a worsening of the company's business prospects. The general risk for the container market is assessed as medium at the time of analysis.

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

Due to the long useful life and the high investment volume, short-term or medium-term leases for freight wagons are generally agreed, but these are renewed on a regular basis. The utilisation risk therefore arises only after the end of the rental term.

The assets currently held are largely let for a period of three to five years. Due to the general obsolescence of the overall fleet in the railway market and the ongoing bottlenecks in new buildings, the utilisation risk at the time of assessment is low.

Container

The utilisation rate of the sea container fleet depends directly on the development of the global market and the supply of sea containers. In the case of swap bodies and tank containers, on the other hand, the development depends much more on the German market.

Existing assets are subject to continuous control regarding utilisation. If this is undercut, measures such as transfer to the resale market may be taken. For all newly acquired portfolios, special emphasis is placed on the lowest possible age of the units and an underlying long-term lease.

The utilisation risk is also actively countered by bundling any units that are no longer rented out or that are difficult to rent (in particular sea containers) by BSI Conical Container GmbH in order to selectively sell or rent them out. In the subsequent rental business rather short-term contracts are customary in the market. However, these usually coincide with slightly higher rates, while deductions may need to be accepted in equipment that is no longer current.

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

The utilisation risk at the time of analysis is assessed as medium.

Real Estate

Aves completed the first Storage Park in Muenster. The utilisation of the storage park was increased to 83% as at 31 December 2018, and in 2019 it has been further improved to approximately 90%. As initial letting has been slower than expected, the marketing of the storage park to investors has been significantly delayed. There are no more storage parks planned.

The logistics property in Alsdorf is leased long-term to a company that provides assembly and logistics services in the field of electrical engineering at this location.

Therefore, this risk area at the time of analysis represents a small risk.

3.2.1.4 RISK IN CONNECTION WITH MARKET PRICE CANGES OF ASSETS

Rail

The prices for the purchase of new freight wagons and the price level for lettings are stable or increased slightly in 2018. The risk is still considered low compared to the previous year.

Container

The prices for purchase and renting of sea containers continued to increase in 2018. In addition to increasing demand for transport capacities, this also correlates with steel prices.

Regarding freight rates, the market price risk in all business areas 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 in the short-term. The risk is still considered critical due to the high volatility.

Real Estate

The prices for renting the garage units or the logistics property are stable. The risk of a market price change is considered to be medium.

3.2.1.5 RISK ASSOCIATED WITH FOREIGN CURRENCIES

Rail

This area is currently settled in Euros only; both operative net payments and all financing are in Euro. Therefore, there are no currency rate effects at the time of analysis and there are no quantifiable risks.

Container

The container area is settled in US-dollars, but is historically largely financed in Euros. Depending on the investment volumes and counter currency financing, exchange rate risks may increase exponentially depending on the development of the USD/EUR exchange rate. The cash-effective portion of these currency effects is low. The non-cash currency effect presented in the profit and loss account is only effective on equity at repayment of loans that are not newly financed and depending on the exchange rate prevailing at that time.

The purchase and sale of containers, settlement of rental income, handling costs and management commission fees are settled in US dollars. In the operative business, the payments are made in US dollars. Financing is currently at about two thirds in Euros, which translates into a risk due to exchange rate fluctuations in the IFRS consolidated financial statements. Aves also seeks new financing, as occurred in the reporting year in the acquisition of a portfolio over USD 59 million, and upcoming refinancing in US dollars in order to counteract the foreign currency risks.

These exchange rate fluctuations have a low direct impact on the liquidity position, since the ongoing repayments are spread over a longer period, but have a greater impact on the outcome. Conversion of Euro liabilities into the functional currency US-dollar may result in significant book gains/losses that directly affect the result and the amount of equity. The Management Board regularly checks whether the use of exchange rate hedging tools appears sensible. The existing risks in the container area are considered critical.

Real Estate

There are no exchange rate effects at the time of analysis and there are no quantifiable risks.

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 on favourable terms. The measures and acquisitions initiated in the previous year and also in the business year show improved results in all segments. This risk is assessed as medium the same as the previous year.

3.2.1.7 RISKS REGARDING ACCESS TO ASSETS

The Company strives for further growth in asset volume. For this, it is important to procure sustainable, long-lasting logistics assets. It is the requirement to find investment opportunities that meet the needs of the Company in terms of rental, profitability, maturity, market risk and creditworthiness of business partners. The Company has established a widespread network for this in the various business areas. The pipeline of possible assets to be procured increased significantly in 2018, especially against the backdrop of the NACCO transaction. The risk of not being able to raise sufficient assets was considered medium last year and is now considered low.

3.2.2 FINANCIAL RISKS

3.2.2.1 LIQUIDITY RISK

There is a liquidity risk if the liquid funds are insufficient to meet financial obligations of a certain amount and at a specified time, in particular in the event of age-related or damage-related outflow of fixed assets. This risk specifically applies to repayment and interest payments of the financing at the end of the service lives of these assts. The Management 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 maintains access to the capital market at all times in order to be able to choose the most favourable alternative from bank loans, institutional investments and direct investments, depending on the economic conditions. In the short term, the Management Board therefore does not expect any liquidity bottlenecks to occur. Due to the planned growth and relevance for the Company, there generally is a still a critical risk at the reporting date.

3.2.2.2 DEFAULT AND CREDITWORTHINESS RISK

In particular in times of high economic volatility, there is always the risk that customers and business partners of Aves suffer economic deterioration or insolvency and that they default on any receivables we have from them. Aves Group therefore pays attention to a diversified customer and distribution 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, ERR Duisburg and Wascosa already leads to a pre-selection of the leasing partners (shipping companies, logistic service providers, chemical groups, industrial companies). With these management companies, there are, for example, clear specifications for compliance with a minimum standard with regard to the Dynamar rating (for shipping companies) when initiating leasing contracts. There is currently no credit insurance, but receivables as part of the lease to the end customers are credit-insured by the container managers.

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

3.2.2.3 INTEREST RATE RISK

As part of debt 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 at 31 December 2018 are fixed. In order to limit the refinancing risks, interest rate agreements are fixed for the longest possible periods. As part of the financing of the NACCO portfolio and the refinancing of an existing rail portfolio, interest rate hedges (interest rate caps) were concluded in order to limit the interest rate risk. Despite the currently low level of interest rates, rising interest rates cannot be ruled out in the short to medium term.

The interest risk is assessed as medium.

3.2.2.4 FINANCE RISK

Direct investments

The traditional base of financing are direct investments from the private sector or private placements via the financing partner BoxDirect AG (since 26 March 2019 BoxDirect GmbH) and BoxDirect Vermögensanlagen AG (since 26 March 2019 BoxDirect Vermögensanlagen GmbH). 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 developments, self-inflicted image damage, either through no fault of its own or brought about externally may impair the container investment as an investment form. Additionally, regulatory intervention from BaFin may affect the opportunity to use financing via direct investments.

Even though the relative share of direct investments in the financing mix of Aves has fallen, the risk must be regarded as medium when financing through direct investments or private placements is not possible in future.

Institutional investors

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

Bank financing

Financing through banks is subject to high collateral and reporting requirements. Failure to meet the required reporting requirements may result in an early repayment of the entire loan amount and a possible exclusion for further financing. Therefore, the Management Board closely monitors compliance with financing terms and conditions and reporting requirements through Aves' existing reporting, control and risk management system. After this form of financing was used exclusively in the Rail sector in the previous year, bank financing was also agreed for swap bodies and containers.

The risk is assessed as low at the time of analysis.

3.2.2.5 RISKS REGARDING FINANCING

Aves Group is heavily dependent on obtaining financing for the performance of its 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 185 million are contractually fixed for 2019, a relevant portion of which had already been paid or refinanced by the time the financial statements were prepared.

This risk is assessed as medium.

3.2.2.6 EVALUATION RISKS FROM SHAREHOLDINGS

There is a risk that Aves will incur losses from unprofitable shareholdings. It counters this risk by continuously and intensively reviewing the financial data of existing equity participations.

There is currently a 51 % joint venture (BSI Blue Seas Conical GmbH) with CONICAL Container Industrie Consulting-Agentur und –Leasing GmbH in the Container business area.

This investment is held as equity in the IFRS consolidated financial statement. Thus, the risks here only apply in the context of the liability contribution and do not pose any significant financial risks.

Additionally, the complex corporate structures leads to diverse internal shareholding relationships between the companies of Aves Group that may contain potential valuation risks at the level of the individual companies, but that would have no impact on the IFRS consolidated financial statements.

The valuation risk regarding the external investment is considered to be low for the reporting period.

3.2.2.7 EVALUATION RISK REGARDING FIXED ASSETS

The fixed assets in the balance sheet are subject to the fluctuations on the sales and procurement markets regarding their recoverability. Therefore, there is a risk that the book values of the fixed assets may be higher than the net realisable value or actual value in use. Assumptions and estimates are subject to considerable fluctuations due to changes in the underlying conditions and the development of the market underlying the respective segment. In the event of any changes, these may lead to an impairment of the fixed assets and consequently an impairment loss.

Due to market volatilities, there is a valuation risk for the Company with respect to the shipping containers at the reporting date, which should be regarded as medium and constantly requires attentive monitoring, so that countermeasures can be taken immediately if necessary.

3.2.2.8 RISK REGARDING VALUE RETENTION OF THE BALANCED ASSETS „COMMISSION FEES FOR AGENCY"

Due to the brokerage agreement concluded between BoxDirect AG and BSI Blue Seas Investment GmbH dated 7 December 2016, a performance-based flat fee remuneration for brokerage services for logistics real estate amounting to EUR 2.5 million was agreed for a first-ranking offer of logistics portfolios of at least EUR 100 million, which became due 10 days after conclusion of the contract. With the addendums of 18 December 2017 and 10 February 2018, the original brokerage services were extended by means of freight transporters (containers, swap bodies, freight wagons and locomotives) and the amount of the portfolio to be tendered was set at EUR 62 million.

During the course of the year, the acquisition of a logistics property already accounted for KEUR 333 of the commission. Taking this into account together with exchange rate effects of KEUR 171, the brokerage commission amounted to KEUR 1,995 as at the balance sheet date.

There is a risk that the amount of KEUR 1,995 reported as at the balance sheet date may be fully or partially impaired if there is no offer and as a result, a conclusion of the corresponding purchasing agreements for logistics real estate or freight transport. This risk is considered to be low against the background of transactions in the project pipeline.

3.2.2.9 RISK REGARDINIG THE MARKET CAPITALISATION VALUE

As a publicly listed company, Aves is exposed to specific risks arising from the tradability of the Company's shares and related regulations. This includes possible inside trading, price manipulation, unequal treatment of the shareholders as well as false ad-hoc announcements or other communication. Both unintentional and intentional activities must be excluded here. Sensitive handling of confidential information is just as necessary as transparent structures, a two-person check and in-depth specialist knowledge of the employees.

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

Even small irregularities can seriously affect the market capitalisation value of the Company. However, there are no indications that Aves has violated either of these regulations or that this is to be expected, which is the reason that the risk is considered low as at the valuation 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 these reasons, a reputation for reliability and durability is very important in this relatively small market. Even small incidents may cause lasting damage. The risk is assessed as low at the valuation date.

3.2.3 ORGANISATION AND PERSONNEL RISK MANAGEMENT

3.2.3.1 PERSONNEL RISK

The streamlined structure of the Company makes sufficient staffing levels and the existence of certain mandatory key qualifications and further technical qualifications a critical factor. Against the background of demographic trends and the associated competition for qualified employees, it is an objective of the Aves Group to position itself sustainably as an attractive employer. Particularly in connection with the acquisition of financing and assets, it is essential to have a good network with players in the respective market areas. Here full trust, business but also personal relationships are in the foreground. These networks are tied to specific individuals, making their affiliation with the Company a critical success factor of the business model.

Attractive workplaces and a professional management culture act towards strengthening identification of employees with the Company and to retain them in the long term. In order to reduce personnel risk, minimising fluctuation is crucial in addition to timely recruitment of personnel when expanding business activities. The close interlocking of personal economic interests with those of the Company reduces the likelihood of fluctuation.

Overall, the risk is viewed as medium.

3.2.3.2 RISK REGARDING ASSET DAMAGE

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

3.2.3.3 RISK REGARDING MINORITY RIGHTS

As a result of the sale of the shares in ERR Duisburg, the latter has left the Aves Group and, to that extent, the risk of any conflicting interests as a minority shareholder no longer exists. The risk is therefore no longer existent.

3.2.3.4 IT-RISKS

Aves depends on functioning IT systems to manage 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 minor delays in the workflow. Documentation of the hardware structure and the corresponding contract persons are available. Standard software is essentially used for the handling of the daily process, in particular in the form of Microsoft Office products, the ERP system COMARCH, Lucanet and DATEV. In particular, with regard to the expansion of the Comarch functionalities and the use of Lucanet as a consolidation software and planning tool, further progress has been made in the finance department in terms of stability and analytical capability. In contrast, the use of complex special solutions poses the risk that they will only be mastered with limitations by all employees or only completely by some employees. This risk is addressed through the creation of staff redundancy and the introduction of standard tools. Furthermore, a database is kept for the provision of container assets in the container segment. There is currently no complete documentation and inventory of IT. As a result, the IT risk at the time of analysis is still rated as low overall.

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 public or civil consequences can be very costly. Expenses may arise as a result of judicial or administrative decisions or as a result of agreeing to settlements. The risk is considered medium.

3.2.3.6 FRAMEWORK CONDITIONS FOR DIRECT INVESTMENTS

Direct investments are generally exclusively designed and processed via BoxDirect and distributed exclusively via CH2. This ensures a highest degree of continuity and reliable credit rating for investors. As a long time specialist in the financing market, especially in the field of direct investment, CH2 is well positioned to minimise contractual risks through an extensive network of specialised lawyers and other industry experts with the appropriate specialised know-how.

There is a regulatory risk due to BaFin's endeavour to steadily increase investor protection by regulating market access. The laws were tightened in this regard from 1 January 2016, creating certain market barriers. For BoxDirect, this initially means higher expenses to fulfil the requirements (prospectus requirements). Further regulation could lead to further increases in prospectus requirements. On the other hand, opportunities may arise for reputable providers through a streamlining of the market and an increasing value of direct investments in the perception of potential investors.

The Aves Group believes that it is still outside the scope of the German Capital Investment Act (Kapitalanlagegesetzbuch – "KAGB"). However, there is a risk that this will be assessed differently by the supervisory authorities in the future and that any necessary intercompany restructuring measures would require the consent of third parties. It cannot be ruled out that these possibly necessary restructuring measures would lead to a reversal of existing processes. This could have a significant negative impact on the investor's achievable economic performance, leading to a complete loss of the investor's investment.

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

3.2.3.7 FRAMEWORK CONDITIONS FOR INSTITUTIONAL INVESTORS

Investors are usually bound to a certain credit rating and risk assessment of their respective investments. Usually, institutional investors pledge their assets through financing. Due to the listing on the stock market and possibly further capital increases in the future, the Management Board expects a more favourable risk classification compared to the previous classifications, e.g. a Crefo rating for Aves One AG.

CH2 is a founding limited partner of five closed funds. Three secondary market shipping funds are subject to the latent risk of litigation due to the negative market situation in the shipping market. These funds 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 incorrect prospecting.

These risks are assessed as low at the time of analysis.

3.2.3.8 RISK FROM STOCK EXCHANGE LISTING

As a publicly listed company, Aves is subject to many regulatory requirements and demands. Should Aves fail to comply or only partially comply with legal and private regulations, there is also a risk of a significant loss of image in addition to financial sanctions. This risk is assessed to be low 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. However, with the exception of the legal disputes described below, 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), that have a material effect on the net assets, financial and earnings position of Aves One AG and / or Aves Group, or may influence them in the future.

Claim and counter-claim pursuant to a container purchase agreement

On 23 December 2014, SLI Dritte Verwaltungsgesellschaft mbH & Co. KG ("SLI") filed a claim against BSI Blue Seas Investment GmbH ("BSI Blue Seas") for payment of a contractual penalty of USD 3 million plus interest at 5 % above the base interest rate before the regional court *[Landgericht]* Hamburg. SLI establishes its claim on a contractual agreement in a container framework 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 agreement 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 has defended itself with numerous objections and argued that the prerequisites for the penalty in the purchasing agreement were not fulfilled and that the claim is unlawful. For its part, BSI Blue Seas has claimed approximately USD 6.8 million in damages and a claim for reimbursement of USD 1.2 million.

On 9 February 2017, the district court passed a judgement in which BSI Blue Seas was ordered to pay USD 3.5 million plus interest to SLI and SLI to pay USD 0.2 million to BSI Blue Seas. It has been agreed between SLI and BSI Blue Seas that a bank guarantee will be provided by the BSI Blue Seas. This can only be used if the legal dispute has been finally settled.

This ruling contradicts the opinion of BSI Blue Seas, which is why the judgment was appealed on 16 March 2017, which was adopted in the summer of 2017 by the Hanseatic Higher Regional Court of Hamburg.

Furthermore, SLI filed a declaratory action in 2017 regarding an alleged purchasing obligation for the so-called residual containers from the framework purchasing agreement of 19 August 2013.

The regional court announced on 7 June 2018, the first-instance judgment in this case. In it, the district court has granted declaratory action of the SLI third parties. Despite undisputedly partly damaged containers, the ruling states that BSI Blue Seas has a purchase obligation. In this legal dispute, BSI Blue Seas has filed a counterclaim, by way of a class action, for information on the disputed containers relating to the proceeds generated and then for the payment of those proceeds which SLI has collected from third parties since 1 July 2014.

Since this is a declaratory judgment, the judgment cannot be enforced for acceptance and payment of the residual containers so that the SLI third parties are not entitled to any direct payment claim. On 5 July 2018, the decision was appealed to the Higher Regional Court.

On April 16, 2019, an oral hearing was held for both of the above-mentioned legal disputes. After the preliminary deliberations of the Senate, it is clear that the contractual penalty claim of the SLI third party is in principle affirmed. The action for a declaratory judgment brought by the SLI third parties for acceptance and payment of the remaining containers, on the other hand, is regarded as unfounded.

The Senate has requested information by 30 April 2019 as to whether a non-contentious settlement of the two proceedings is possible and has scheduled a date for the announcement of the decision for 28 May 2019. Efforts to reach a settlement with SLI third parties have not been successful.

On the basis of the results of the oral hearing and after appraisal of all the documents available to the Management Board and the assessments of the lawyers accompanying this legal dispute, provisions of EUR 2.7 million were recognised in the consolidated financial statements as at 31 December 2018 to cover the risks and costs arising from the legal disputes.

3.2.3.10 RISKS FROM THE SHARE PURCHASE OF AVES RAIL RENT GMBH

It cannot be definitively determined whether the ownership of any or all of Aves Rail Rent GmbH's freight wagons has been effectively transferred to the Company, so that the Aves Group may not have become the owner of all freight wagons resulting from the acquisition of Aves Rail Rent GmbH in 2016 and may be subject to release claims from the actual owners or claims of the financing bank to which the freight wagons were transferred by way of security after the completion of the acquisition of the shares in Aves Rail Rent GmbH. Furthermore, it cannot be excluded that due to contracts concluded by Aves Rail Rent GmbH additional fees will be payable by Aves Rail Rent GmbH in accordance with the Austrian Fees Act of 1957.

This risk was estimated to be low in the previous year and is still considered to be low.

3.2.4 TAX RISKS

Inaccurate assessments of tax matters, e.g. in the scope of calculation of tax provisions may lead to negative financial effects, among others in the course of tax audits. Apart from this, the Company's reputation may be damaged if the Company becomes the focus of regulatory investigations due to failure to comply with regulations or missed deadlines. In addition, tax disadvantages in the scope of corporate acquisitions/disposals or restructuring must always be included in the strategic corporate planning. The installed risk management system counteracts such developments. Appropriate provisions are formed for potential tax risks that result from different valuation issues. The risk is reduced by the involvement of external and internal specialists in tax law. At the reporting date the risk is assessed as medium.

Business-related risks

When containers are sold by the management companies due to unsuitable positioning, this usually happens abroad. Occasionally, sales transactions also take place during sea transport or in the free port area. Therefore, German sales tax is only taken into account in the calculation of sales if the sale is demonstrably made in Germany. The correct tax treatment for sales abroad lies primarily with the container management companies, which handle the business on behalf of Aves. Aves remains the seller, and thus the party responsible for tax purposes. In this context, there is a risk from non-compliance with local VAT regulations. However, since the transaction volume is not very high, the risk is classified as low at the time of analysis.

3.2.5 OTHER RISKS

There are influences on the course of business beyond the risks described above that are not foreseeable and therefore 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 related to the loss of equipment are covered by insurances. Other risks have an indirect effect on the overall economic effects or market developments and are discussed in the relevant section of this report.

3.2.6 OVERALL VIEW OF RISK SITUATION

The business model of Aves Group is based on three essential, mutually interacting factors: acquisition of long-lived logistics assets with sustainably good cash flow performance in liquid markets, access to favourable financing terms and capital generation.

These three factors represent the main risk areas. Awareness of this situation characterises the activities of the Management Board. This is considered as the basis for further optimisation of financing on favourable terms. At the same time, investment projects are being initiated and developed to meet the requirements for sustainability and return. Closely related to this is the supply of liquid funds, which must be secured at all times, in order to fulfil the obligations to investors or lenders, but also to be able to react quickly to market opportunities for investment. In addition to all other risk areas that are subject to constant monitoring, the Management Board also considers itself able to meet the outstanding issues through the expertise and stable shareholder structure that exists in the Company and able to successfully carry out capital raising measures if necessary. At the balance sheet date, there are significant and critical risks that do not threaten the existence of the Company, which, either individually or in their entirety, endanger the continued existence of the Company.

3.3 REPORT ON OPPORTUNITIES

The opportunities of Aves Group have continued to increase compared to the previous year. The main contributor here is the NACCO transaction, which made significant contributions to sales and earnings in the past business year, and which is expected to generate sales of around EUR 37 million and an EBITDA contribution of EUR 28 million in the 2019 business year. In addition, the continued increase in demand for logistics assets, continued high levels of utilisation and the improvement in the financing structure will have positive effects on the Aves Group. The opportunities are presented in accordance with the current significance for the Aves Group.

Rail

In Germany and Europe, the liberalisation of rail freight transport is promoted and demanded. According to a European Commission target, fifty percent of freight traffic is expected to switch from road to other means of transport, such as rail or ship, by 2050. The aim is to achieve climate protection targets, such as the reduction of CO_2 emissions, and thus to take advantage of and expand the environmental advantages of the rail mode over road transport. 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 wagons seems rather unlikely. In the USA, leasing companies control approximately 65% of the freight wagon market; while in Europe, the proportion is steadily rising at just over 30% but comparatively is still low. Replacement investments are and will remain the market drivers in the freight wagon sector, since the high average age of the freight wagon fleet in Europe will require high replacement investments in the next few years. According to information from operators and manufacturers, fewer wagons are still being produced than replacement investments would be needed, so this further increases the average age of the fleets. Aves sees good opportunities for growth in this market and to contribute to closing the growing gap between market demand and supply through additional initial investment or expansion investment. With the investments made during the business year, Aves has a broad portfolio of freight and tank wagons, intermodal wagons, bulk wagons and other wagons. The Management Board is focusing on the Rail business sector and intends to significantly expand this business unit through further acquisitions and to pursue growth opportunities. Reference is made to the explanations under 2.2.

Container

The container market particularly depends on world trade, which is expected to grow by 3.5 % in 2019 and by 3.6 % in 2020, according to International Monetary Fund estimates. Specifically in the container sector, in addition to increased transport demand, the development of the steel price and the use of water-based paints, which are prescribed in China for the construction of new containers (Waterborne Paint), have an impact on container prices. In addition, market participants, such as shipping companies, are expected to focus on their core business and plan only limited budgets for new container purchases, and following the trend of recent years, will own fewer and fewer logistics assets. In the 2018 business year, the trend continued to show that the fleets of the leasing companies are growing significantly faster than those of the shipping companies. Against this background of greater flexibility, shipping companies will increasingly rent containers from container companies, which in turn will work with containers of the Aves Group among others.

New build prices for containers have increased significantly since mid-2016 and at USD 2,150, are at approximately the same level as in 2017. The annual average for used containers was USD 1,245, compared to USD 1,055 in the previous year, but declined slightly towards the end of the year. According to Harrison Consulting, container growth is not expected to achieve the growth of 4.5 % in the previous year, but will continue to grow moderately with a growth rate of 3-4 %. In addition, despite fluctuations in prices of new 20 feet dry van containers, used container prices remained at their high level in the first quarter of 2019. Since the margin pressure in shipping is high at the same time, interesting container portfolios for acquisition are regularly available. Due to the excellent networking in the market, Aves have always been offered new container portfolios. A favourable procurement of containers with a growing need for leasing containers can therefore be met.

In the Special Equipment segment, 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-Consumer) but there has also been an increase for international shipments. According to the Bundesverband Paket und Expresslogistik e. V. (Federal Association of Parcel and Express Logistics), further growth in the volume of shipments by a total of 5.2 % per year to 4.4 billion shipments is expected for the next three years. Logisticians continue to concentrate on their core business or, for balance sheet reasons, have no means of procuring these mobile assets. These two factors accelerate the growth of leasing companies that are partners of the Aves Group.

The opportunities of Aves Group

Should the markets develop as forecast, and the planned strategic measures of Aves are able to be implemented, there are good opportunities to keep the utilisation rates across all business areas stable at a high level and thus improve the earnings situation. Furthermore, the current and future markets will be examined in light of opportunities for strategic acquisitions, investments or partnerships in order to complement organic growth. Such activities may strengthen the competitive position of Aves Group in the currently managed markets, access new markets or complement the portfolio in selected areas. The Management Board expects a high chance of being able to implement the planned measures.

4 INTERNAL CONTROL SYSTEM OF THE ACCOUNTING PROCESS

Aves Group has an internal control and risk management system in accordance with Section 91 Para. 2 of the German Stock Corporation Act (AktG) with regard to 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 to ensure a timely, consistent and accurate recording of all business processes or transactions. This ensures compliance with the legal standards, accounting standards and internal accounting directives, which are binding for all companies included in the consolidated financial statements. Changes in the law, accounting standards and other pronouncements are continually analysed for relevance and effects on the individual and consolidated financial statements and the resulting changes in accounting and the financial statements are taken into account. The basics of the internal control systems are system-technical and manual coordination processes, the separation of functions and compliance with directives and work instructions. Here, the targeted separation of various functions via a two-person review principle in the accounting-relevant processes, such as order, approval, release, signature permissions at banks and payment release functions plays a major role. The Management Board regularly reviews compliance with these processes.

Through a series of measures, the Aves Group ensures the application and compliance with the statutory accounting requirements as part of the preparation of the consolidated financial statements. Aves Group has, e.g., a central accounting department that acts on the basis of a standardised chart of accounts as well as work instructions. This ensures that accounting processes are recorded in the individual financial statements in a standardised, accurate and timely manner. Various analyses such as target/actual comparisons, forecasting, developments and comparisons are carried out in a timely manner and then evaluated.

Aves One AG continued the optimisations begun in the middle of last year in the financial accounting software and realised further improvements in the accounting procedures. In the 2018 business year, implementation and introduction of the consolidation tool "Lucanet" was completed. The processes within the accounting were further optimised.

The consolidated financial statements of Aves are prepared in accordance with IFRS. The annual financial statements and the group consolidated financial statements are prepared as part of a structured process and using a fixed schedule agreed with the Management Board and the Supervisory Board. When preparing the consolidated financial statements, the Management Board of Aves is significantly involved in all matters. In addition, there is very close cooperation between the Management Board and the employees of the subsidiaries on all major issues.

An internal auditing apartment has not yet been created. The Management Board has assessed the effectiveness of the accounting-related internal control system. The assessment showed that the accounting-related internal control system was operational for the 2018 business year. The effectiveness of the internal control system is monitored by the Supervisory Board of Aves in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch – "HGB") and the German Stock Corporation Act (AktG). Irrespective of this, it is important to bear in mind that an internal control system does not provide absolute security, but should ensure that material accounting misstatements are avoided or detected.

5 RISK REPORTING REGARDING USE OF FINANCIAL INSTRUMENTS

The use of derivative financial instruments does not result in any known material risks for Aves One AG. In general, the Aves Group is exposed to interest rate risks that may change depending on the level of market interest rates. During the reporting year, interest rate caps were created in connection with the financing of the NACCO portfolio and the refinancing of an existing rail portfolio, which are in a hedging relationship in accordance with IFRS 9. In addition, there is an insignificant interest rate cap (NBV <EURK 5), which arose after the acquisition of Aves Rail rent GmbH at the end of the 2016 business year and which is still held by the company, for which there are no hedging relationships in accordance with IFRS 9.

As part of the hedging strategy, the Aves Group documented the economic relationship between the interest rate caps and the underlying transaction at the beginning of the hedging relationship. Interest rate caps were used that best reflect conditions such as term, payment date, reference interest rate or interest rate adjustment dates. An effect on income only exists for changes in value that cannot be hedged (ineffective portion). The effective portion of changes in fair value is recognized in other reserves.

Effectiveness is reviewed on a regular basis. Reasons for ineffectiveness in interest rate caps can be default risks of the parties or the discontinuation of the hedged transaction. No indications of such events were identified in the financial year.

6 FORECAST REPORT

6.1 OVERALL ECONOMIC SITUATION

The global economy contracted at the end of the year. With a slight weakening compared to 2018, the global economy is expected to develop on a solid but no longer expansionary growth path in the 2019 business year.

The International Monetary Fund forecasts global growth of 3.3 % in 2019 and 3.6 % in 2020. For Europe, compared to 2018, the GDP growth rate is expected to slow to 1.3 % in 2019 and 1.5 % in 2020. For Germany in particular, the growth forecast for 2019 was reduced to 0.8 % due to, among other things, weaker export demand in key markets in the euro zone. According to the International Monetary Fund, growth is expected to slow further to 6.3 % for the Chinese economy. After a growth of 6.6 % in 2018, this would be a further low point compared to the growth rates of the last 30 years. For the US, a slowdown in growth to 2.3 % in 2019 is forecast due to the expiration of fiscal stimulus, which contributed to growth of 2.9 % in 2018.

The RWI-Leibniz Institute for Economic Research does not see any signs of a recession in Germany despite the slowdown, as, among other things, the increasingly important service sector continues to expand and the business climate in this area has noticeably improved in the first quarter of 2019, but also special factors, especially in the Automotive industry in the second half of 2018 contributed to the slowdown in growth.

The ifo Business Climate Index rose from 98.7 to 99.6 points in March 2019, making it the first increase after the last six consecutive declines, showing that the mood has brightened somewhat.

Overall, global economic development in the 2019 business year will also largely depend on government policy decisions, including resolving key issues related to trade disputes between the three major economies of the US, China and the European Union, and may give new impetus to economic growth. According to the International Monetary Fund, the global economy is also expected to pick up in the second half of the year due to the lack of inflationary risk, the continued easing of monetary policy of the European Central Bank and the US Federal Reserve's signalling that interest rates will not increase in 2019.

6.2 INDUSTRY SITUATION

Rail

The market share of rail freight transport in total transport capacity in Europe is around 18 %. The progressive liberalisation of the markets, which have so far been dominated by state railways, opens up growth opportunities for private logistics service providers. In addition, the German Federal Government and the European Commission have decided to strengthen and expand rail freight transport in the long term due to its environmental benefits and climate protection goals. In addition, growth impulses are expected due to the route price reduction decided by the German Federal Government in rail freight traffic.

The majority of the railway operations have recognised the need for restructuring and consolidation, and in some cases have taken initial steps. Often, however, there is a lack of willingness on the part of the public authorities to implement recognised reform steps consistently and to finance the necessary investments or to focus on the rail network infrastructure and passenger traffic.

As part of the consolidation process, numerous mergers and corporate takeovers have already taken place and others are likely to follow. Growing interest in railway assets has been seen by global logistics providers, shipping companies and private equity firms as well as infrastructure funds. 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.

The topic of noise protection is and will remain an important factor in European rail freight transport in order to achieve the environmental goals. In addition, the customer increasingly expects to have a standard in terms of wagon equipment, as is already the case in road freight transport, for example the existence of digital systems with which among others, a determination of the vehicles position and mileage data are possible. With regard to maintenance and repair management, the possibility of data collection and evaluation is playing an increasingly important role in order to reduce maintenance costs and simplify logistics processes.

Container

According to the RWI-Leibnitz Institute for Economic Research and the Institute of Shipping Economics and Logistics, the container throughput index increased from 137.7 in December to 138.2 in January, before falling to 133.9 in February. This was due in particular to the decline in transhipment in the Chinese ports. According to Harrison Consulting's estimates for the first quarter of 2019, the outlook for container leasing companies is generally positive. Although container growth will be slower than last year, it will still rise at 3-4 %. In addition, fleet utilisation remains high despite a slight decline. Moreover, despite fluctuations in new container prices, resale prices have remained relatively stable. In 2018, container production increased from 3.7 million TEUs to 4.4 million TEU.

It is also expected that market players, such as shipping companies, will continue to focus on their core business as a result of margin pressure, and that, in line with the trend of recent years, fewer and fewer logistics assets will be held in-house. In the context of greater flexibility, shipping companies will increasingly lease containers from container leasing companies, which in turn are partners of the Aves Group.

In the field of special equipment, logistics companies from the courier, express and parcel market (CEP market) are among the main lessees of swap bodies. The Bundesverband Paket und Expresslogistik e. V. (The Federal Association of Parcel and Express Logistics) expects shipment volume to grow by 5.2 % to a total of 4.4 billion shipments by 2022. One of the main growth drivers continues to be the increasing online commerce in the B2C segment (Business-to-Consumer), but there has also been an increase for international shipments, which will continue and increase in the future.

6.3 OUTLOOK

The business model of the Aves Group is based on solid foundations, according to the Management Board. The focus in particular will be on the rail segment and the container segment in the 2019 business year. The investments in the rail and container segment in the first quarter of 2019 show that the Company has already been able to take advantage of interesting opportunities and has come closer to the goal of exceeding the one-billion-euro threshold of asset volume. By focusing on these business segments, Aves is setting itself apart from other market participants.

Based on the measures being implemented and the full-year effect of the strong investment activity of the past 2018 business year, the Management Board again expects higher sales revenues and a further improvement in the operating result for the current 2019 business year.

To finance the further growth of the Aves Group and the acquisitions of portfolios of mobile logistics assets, various forms of financing will continue to be examined. In this context, the reduction of financing costs already initiated in 2017 through refinancing as well as other capital measures by the Management Board will be consistently pursued.

As a general conclusion, the Management Board expects increasing sales revenues for the Rail and Container business units in 2019. A sales volume of over EUR 110 million is forecast. This sales growth is expected to result from the investments already made and the logistics assets still to be acquired in 2019.

For the same reason, the operating result (EBITDA) is expected to increase further. The Management Board forecasts EBITDA of more than EUR 80 million for the 2019 financial year.

The financing costs will continue to increase in absolute terms due to the planned asset growth. However, as in 2018, the relative financing costs are expected to continue to decline due to the refinancing measures and the optimisation of the financing mix.

In the Rail segment, the Management Board continues to expect capacity utilisation at a high level. The utilisation rate in the Container sector is also expected to continue at a high level.

As in the previous year, the Management Board notes that due to the fact that the Container segment and all related operations are settled in USD, although some of the financing is still denominated in EUR, the consolidated financial statements can be strongly influenced by currency effects. Based on the consolidated result, a further increase is anticipated for the 2019 business year, mainly due to non-cash currency effects. As already commenced in 2017, the Management Board is working on the establishment of maturity matching for financing as well as the highest possible currency congruence. In other words, the aim is to obtain new funding for the purchase of containers in USD or to convert existing financing.

7 INFORMATION TO SEC. 315A OF THE GERMAN COMMERCIAL CODE

Composition of the susrcibed cpaital

The share capital of Aves AG amounting to EUR 13,015,053.00 is divided into 13,015,053 non-par-value shares. It is fully paid up.

Limitations regarding voting rights or transfer of shares

As part of the capital increase in 2016 made against cash contributions, the major 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 admission on 24 November 2016 of the shares for trade on the regulated market of the Frankfurt Stock Exchange.

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

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

The information on direct or indirect shares in the capital of the company of more than 10 % are presented in the Notes in the section "Disclosed shareholdings according to the Securities Trading Act" (Wertpapierhandelsgesetz – "WpHG").

Shares with special rights

Shares with special rights that give controlling rights were not present in the 2018 business year.

Voting rights control in case of capital shares of employees

Voting rights control pursuant to Sec. 315 Para. 4 no. 5 of the German Commercial Code did not apply in the 2018 business year.

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

The Company is authorised to acquire own its shares amounting to up to 10 % of the Company's share capital at the time of the resolution. The authorisation came into effect on 5 September 2016 and is valid until 4 September 2021. The purchase is made at the discretion of the Management Board and within the limits set by the German Stock Corporation Act, while observing the principle of equal treatment (Section 53a AktG) via the stock exchange or outside of the stock exchange; the latter shall specifically take place by way of public offer and subject to exclusion of the offer rights of the shareholders. In case of a public offer, the Company may either specify a price or a price range for the acquisition. If the shares are acquired via the stock exchange, the purchase price paid per share (excluding incidental acquisition costs) may not be above or below the average of the share prices (closing auction prices for the Company's shares in XETRA® trading or a successor system) ("relevant price") on the last ten stock exchange trading days before the acquisition by more than 5 %.

The Management Board is authorised, with the consent of the Supervisory Board, to sell its shares acquired based on this or any preceding authorisation according to Section 71 Para. 1 no. 8 of the German Stock Corporation Act, again while observing the principle of equal treatment (Section 53a German Stock Corporation Act for purposes other than to trade in its own shares.

Legal provision and statutes regarding changes in the composition of the Management Board and the Articles of Association

Regarding the appointment and dismissal of Management Board members, reference is made to the statutory provisions of Sections 84 and 85 of the German Stock Corporation Act. In addition, Section III. Management Board, Section 5 of the Articles of Association of Aves AG, stipulates that the Management Board has one or several members and moreover that the Supervisory Board determines the number of members of the Management Board. The Supervisory Board may appoint a Chairman of the Management Board if the Management Board consists of several persons. The Supervisory Board may also appoint deputy member of the Management Board. The provisions on the amendment of the Articles of Association are derived from Sections 133 and 179 of the German Stock Corporation Act.

Change of control clauses in material agreements of the company

There were no agreements of the Company that are subject to the condition of a control change following a takeover bid.

Compensation agreement in the event of a takeover bid

There are no compensation agreements with members of the Management Board or employees in the event of a takeover bid.

8 REMUNERATION REPORT FOR THE MANAGAMENT BOARD AND SUPERVISORY BOARD

In accordance with the employment contracts, the Management Board received the following remuneration from the Company in 2018 which is presented in the template tables recommended by the German Corporate Governance Codex (version: 7 February 2017) according to item 4.2.5. It discloses which benefits the Board of Aves received for 2018 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 Management Board

BENEFITS GRANTED (EUR) TOBIAS AULICH, DIRECTOR
Entry 29 November 2018

	2017	2018	2018(Min.)	2018(Max.)
Fixed remuneration	0.00	20,833.00	20,833.33	20,833.33
Secondary payments	0.00	167,781.00	167,781.00	167,781.00
Total	**0.00**	**188,614.00**	**188,614.33**	**188,614.33**
One-year variable remuneration	0.00	75,000.00	75,000.00	75,000.00
Multiple-year variable remuneration	0.00	0.00	0.00	0.00
Total	**0.00**	**75,000.00**	**75,000.00**	**75,000.00**
Pension expenses	0.00	0.00	0.00	0.00
Total	**0.00**	**263,614.00**	**263,614.33**	**263,614.33**

INFLOW (EUR) JÜRGEN BAUER, DIRECTOR

	2017	2018
Fixed remuneration	300,020.00	300,020.00
Secondary payments	0.00	33,818.00
Total	**300,020.00**	**333,838.00**
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	**300,020.00**	**333,838.00**

BENEFITS GRANTED (EUR) SVEN MEIß-
NER, DIRECTOR

ENTRY 1 FEBRUARY 2018

	2017	2018	2018(Min.)	2018(Max.)
Fixed remuneration	0.00	250,983.00	250,983.00	250,983.00
Secondary payments	0.00	28,261.00	28,261.00	28,261.00
Total	**0.00**	**279,244.00**	**279,244.00**	**279,244.00**
One-year variable remuneration	0.00	135,000.00	135,000.00	135,000.00
Multiple-year variable remuneration	0.00	0.00	0.00	0.00
Total	**0.00**	**135,000.00**	**135,000.00**	**135,000.00**
Pension expenses	0.00	0.00	0.00	0.00
Total	**0.00**	**414,244.00**	**414,244.00**	**414,244.00**

INFLOW (EUR) SVEN MEIßNER, DIRECTOR

ENTRY 1 FEBRUARY 2018

	2017	2018
Fixed remuneration	0.00	250,983.00
Secondary payments	0.00	28,261.00
Total	**0.00**	**279,244.00**
One-year variable remuneration	0.00	35,000.00
Multiple-year variable remuneration	0.00	0.00
Total	**0.00**	**35,000.00**
Pension expenses	0.00	0.00
Total	**0.00**	**314,244.00**

INFLOW (EUR) PETER KAMPF, DIRECTOR

EXIT 30 JUNE 2018

	2017	2018
Fixed remuneration	198,500.00	0.00
Secondary payments	0.00	0.00
Total	**198,500.00**	**0.00**
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	**198,500.00**	**0.00**

BENEFITS GRANTED (EUR) HENRIK CHRISTIANSEN, DIRECTOR
EXIT 31 OCTOBER 2017

	2017	2018	2018(Min.)	2018(Max.)
Fixed remuneration	150,000.00	0.00	0.00	0.00
Secondary payments	15,166.00	0.00	0.00	0.00
Total	**165,166.00**	**0.00**	**0.00**	**0.00**
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
Payments after the end of the employment	118,520.00	0.00	0.00	0.00
Total	**283,686.00**	**0.00**	**0.00**	**0.00**

INFLOW (EUR) HENRIK CHRISTIANSEN, DIRECTOR
EXIT 31 OCTOBER 2017

	2017	2018
Fixed remuneration	150,000.00	0.00
Secondary payments	15,165.60	0.00
Total	**165,165.60**	**0.00**
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
Payments after the end of the employment	118,520.00	0.00
Total	**283,685.60**	**0.00**

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 additional benefits of Mr. Tobias Aulich relate to a one-off payment, which was granted as part of the conclusion of the four-year employment contract.

The employment contract of Mr. Jürgen Bauer stipulates a non-performance-related total remuneration, which amounts to EURK 334 for the 2018 business year since his appointment as a member of the Management Board and relates to the existing contract with Aves Rail Rent GmbH (formerly Aves Rail GmbH or ERR Vienna).

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

The total remuneration of the Supervisory Board was determined at the 2018 Annual General Meeting. Accordingly, each member of the Supervisory Board receives a fixed annual remuneration of EUR 15,000.00 for every full business year of membership in the Supervisory Board starting in the 2018 business year. 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. At the beginning of office or termination of office in the current business year, the remuneration is reduced on pro rata temporis basis.

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

RALF WOHLTMANN

	Chairman of the Supervisory Board	Chairman of the Supervisory Board
	2017	2018
Remuneration according to the articles of association	41,667.00 *	50,000.00
Expenses	0.00	5,831.00
Total	**41,667.00**	**55,831.00**

EMMERICH G. KRETZENBACHER

	Deputy Chairman of the Supervisory Board	Deputy Chairman of the Supervisory Board
	2017	2018
Remuneration according to the articles of association	50,000.00	50,000.00
Expenses	0.00	3,500.00
Total	**50,000.00**	**53,500.00**

BRITTA HORNEY

	Supervisory Board member	Supervisory Board member
	2017	2018
Remuneration according to the articles of association	13,375.00 *	15,000.00
Expenses	0.00	0.00
Total	**13,375.00**	**15,000.00**

RAINER W. BAUMGARTEN

	Supervisory Board member	Supervisory Board member
	2017	2018
Remuneration according to the articles of association	15,000.00	15,000.00
Expenses	0.00	0.00
Total	**15,000.00**	**15,000.00**

* pro rata for the business year

The remuneration of the Management Board for the past business year amounted to in total EURK 1,012 (prior year: EURK 816) and that of the Supervisory Board EURK 139 (prior year: EURK 120).

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 ist website at https://www.avesone.com/de/aves_investoren_cg_directors_dealings.php and will keep this information available for at least 5 years after publication.

In the 2018 business year, no reportable transactions were carried out by members of the executive bodies.

1 CORPORATE GOVERNANCE CODEX DECLARATION

The declaration prescribed by § 315 HGB and 289f HBG can be accessed under http://www.avesone.com/de/aves_investoren_corporategovernance.html and will be published together with the corporate governance report.

Hamburg, April 26 2019

The Management Board

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

Relationships with affiliated companies

SUPERIOR Beteiligungen and RSI Societas GmbH had acquired control of Aves One AG within the meaning of Section 29 Para. 2 of the Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz – "WpÜG") on 6 March 2012 due to a share acquisition transaction. Through this investor group, Mr Jörn Reinecke still holds an indirect share of 34,24 % as at 31 December 2018, which means that, as at the balance sheet date, he has no controlling influence over Aves One AG.

Hamburg, 26 April 2019

Tobias Aulich   Jürgen Bauer   Sven Meißner

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

OF AVES ONE AG OF 31 DECEMBER 2018

in EURk	Notes reference	31.12.2018	31.12.2017
Assets			
Intangible fixed assets	2.8, 7.1	8,195	8,235
Fixed assets	2.9, 7.2	810,032	448,460
Financial investments accounted for at equity		10,900	0
Financial investments balanced according to the equity method	7.3	0	1,158
Other financial investments	7.4	6,618	2
Deferred tax claims	2.18, 7.9	10,152	8,784
Long-term assets		**845,897**	**466,639**
Inventories	7.5	4,398	3,338
Long-term assets held for sale (IFRS 5)	7.6	0	3,375
Trade accounts receivable	2.12, 7.7	20,932	10,388
Financial receivables	2.11, 7.8	522	4,277
Other assets and advance payments	7.8	30,588	17,059
Tax reimbursement claims	2.18, 7.9	4,193	141
Liquid funds	2.13, 7.10	17,148	14,908
Short-term assets		**77,781**	**53,486**
Balance sheet total		**923,678**	**520,125**

in EURk	Notes refe-rence	31.12.2018	31.12.2017
Equity			
Subscribed capital	2.15, 7.11.1	13,015	12,900
Capital reserves	2.15, 7.11.1/.4	40,043	39,391
Currency translation reserve	2.15, 7.11.6	1,188	2,104
Group retained losses/profits	2.15, 7.11.5	-20,709	-32,793
Other reserves	7.11.7	-739	0
Equity of the owners of the parent		**32,798**	**21,602**
Non-contolling interests		100	0
Equity		**32,898**	**21,602**
Capital increases not yet registered on the balance sheet date	7.12	0	627
Debt			
Financial liabilities	2.17, 7.14.1/.2	701,872	383,079
Deferred tax liabilities	2.19, 7.13	8,410	9,291
Reserves	7.16	4	4
Long-term liabilities		**710,286**	**392,374**
Tax liabilities	2.19, 7.13	742	487
Financial liabilities	2.17, 7.14.1/.2	160,169	96,188
Trade accounts payable	2.16, 7.14.3	8,341	2,337
Other liabilities	7.14.4	8,576	6,466
Other provisions	2.20, 7.15	2,666	44
Short-term liabilities		**180,494**	**105,522**
Total liabilities		**890,780**	**497,896**
Balance sheet total		**923,678**	**520,125**

CONSOLIDATED PROFIT AND LOSS STATEMENT

OF AVES ONE AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

In EURk	Notes reference	2018	2017
Sales	6.1	77,676	53,432
Other operating income	6.2	2,838	1,175
Cost of material	6.3	-13,267	-12,874
Personnel costs	6.4	-4,510	-4,809
Other operating costs	6.6	-10,880	-8,256
Profit and loss shares in companies that are balanced at equity, after taxes	6.7	329	438
Earnings before depreciation, interest and taxes (EBITDA)		**52,186**	**29,106**
Depreciations	6.5	-21,013	-15,928
Depreciation on non-current assets held for sale (IFRS 5)	6.5	0	-3,784
Earnings from operating activities at equity -result (EBIT)		**31,173**	**9,394**
Interest and similar income	6.8	577	1,220
Interest and similar expenses	6.8	-28,134	-21,758
Currency effects on financial receivables and financial liabilities	6.8	8,376	-21,628
Financing secondary costs	6.8	-813	-1,174
Other financing-related costs	6.8, 7.11	-29	-3,396
Financial results		**-20,023**	**-46,736**
Period result before taxes		**11,150**	**-37,342**
Taxes on income and profit	6.9	933	2,362
Consolidated annual profit/loss		**12,083**	**-34,980**
of which attributable to			
Shareholders of group parent company		12,034	-34,980
non-controlling interests		49	0
Result per share (diluted and undiluted):			
from the consolidated result (EUR)	6.10	1.11	-3.15
Average number of outstanding shares (diluted and undiluted)	6.10	12,963,454	11,107,972

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OF AVES ONE AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

In EURk	2018	2017
Consolidated annual profit/loss	**12,083**	**-34,980**
Other comprehensive income		**0**
Items subsequently reclassifiable to profit or loss		
Currency translation differences recorded in equity with no profit or loss effect	-917	713
Cash flow hedges - effective part of fair value changes	-1,194	0
Taxes on income	352	0
	-1,759	**713**
Total changes in equity with no profit or loss effect	-1,759	713
of which accounted for using the equity method	0	0
Consolidated comprehensive income	**10,324**	**-34,267**
Including for:		
Shareholders of group parent company	10,275	-34,267
Non controlling interests	49	0
	10,324	**-34,267**
Consolidated comprehensive income (attributable to shareholders of group parent company):	**10,275**	**-34,267**

CONSOLIDATED STATEMENT OF EQUITY CHANGES

OF AVES ONE AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018 (IN EURK)

	Numbers of shares in circulation	Capital stock AG	Capital reserves	Consolidated balance sheet profit	Currency translation adjustment	Other reserves	Attributable to shareholders of Aves One AG	Non controlling interests	Equity total
		in EURk	*in EURk*	*in EURk*	*in EURk*	*in EURk*	*in EURk*	*in EURk*	*in EURk*
as of 01/01/2017	**8,910,000**	**8,910**	**15,984**	**2,205**	**1,391**	**0**	**28,490**	**0**	**28,490**
Total result for this period	0	0	0	-34,980	713	0	-34,267	0	-34,267
Capital increase (1/2017)	297,000	297	1,485	0	0	0	1,782	0	1,782
Capital increase (8/2017)	3,692,509	3,693	23,461	0	0	0	27,154	0	27,154
Capital procurement costs for capital increase	0	0	-1,891	0	0	0	-1,891	0	-1,891
Tax effects on capital procurement costs	0	0	352	0	0	0	352	0	352
Addition to the consolidated companies	0	0	0	-18	0	0	-18	0	-18
as of 31/12/2017	**12,899,509**	**12,900**	**39,391**	**-32,793**	**2,104**	**0**	**21,602**	**0**	**21,602**
as of 01/01/2018	**12,899,509**	**12,900**	**39,391**	**-32,793**	**2,104**	**0**	**21,602**	**0**	**21,602**
Total result for this period	0	0	0	12,083	-916	-739	10,428	100	10,528
Capital increase (6/2018)	115,544	115	702	0	0	0	817	0	817
Capital procurement costs for capital increase	0	0	-50	0	0	0	-50	0	-50
as of 31/12/2018	**13,015,053**	**13,015**	**40,043**	**-20,709**	**1,188**	**-739**	**32,798**	**100**	**32,898**

CONSOLIDATED CASH FLOW STATEMENT

OF AVES ONE AG FOR THE PERIOD FROM 1 JANUARY TO 31 DE-CEMBER 2018

In EURk	2018	2017
Period result before taxes	**11,150**	**-37,342**
plus/minus		
Depreciation on intangible fixed assets and tangible fixed assets as well as other financial assets	21,013	15,928
Depreciation from long-term assets held for sale (IFRS 5)	0	3,784
IAS 40 Revaluation	-827	0
Changes in bad debt provisions for trade accounts receivable	83	168
Gains (-)/losses (+) on the sale/derecognition of tangible fixed assets	400	1,799
Profit or loss share of entities accounted for at equity, after taxes	-329	-438
Interest income	-577	-1,220
Interest cost	28,134	21,758
Exchange gains (-)/losses (+) (not cash-effective)	-8,410	20,827
Book loss from reduction of financial liabilities	29	3,396
Operational cash flow before changes in working capital	**50,666**	**28,660**
Changes in working capital		
Increase (-)/Decrease of:		
Inventories	0	-486
Trade accounts receivable not attributable to investing/financing activities	-9,227	-1,345
Other assets and prepayments	193	-2,911
Increase (-)/Decrease of:		
Trade accounts payable not attributable to investing/financing activities	6,004	44
Other liabilities and other accruals and provisions	3,964	-310
Payments of taxes on earnings	-598	656
Cash flow from ongoing business operations	**51,002**	**24,308**
Cash flow from investment activities		
Payments for investments in intangible fixed assets	-233	0
Receipts from disposals of tangible fixed assets	10,241	9,676
Payments for investments in tangible fixed assets	-386,575	-61,029
Receipts from disposals of financial assets	500	0
Payments for financial investments acquired	-8,176	0
Receipts from changes to the consolidated companies	0	1,940
Receipts from financial asset investments in connection with short term financial management measures	0	113
Cash flow from investment activities	**-384,243**	**-49,300**

In EURk	2018	2017
Cash flow from financing activities		
Receipts from capital injections by the shareholders	0	1,782
Payments made in connection with capitalized costs of equity increase	0	-861
Receipts from the issuing of bonds and (financial) loans	629,960	169,647
Amortization payments for bonds and (financial) loans	-258,275	-134,111
Interest paid	-22,569	-19,209
Cash flow from financing activities	**349,116**	**17,248**
Cash-effective changes in liquid funds	15,875	-7,744
Liquid funds brought forward	14,908	23,077
Transfer to restricted cash	-13,722	0
Change to the consolidated companies	0	7
Exchange rate related changes in liquid funds	87	-432
Liquid funds carried forward	**17,148**	**14,908**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
OF AVES ONE AG AS OF 31 DECEMBER 2018

2 BASIC INFORMATION

The consolidated financial statements relate to Aves One AG, a listed company headquartered in Hamburg (HRB 124 894), and its subsidiaries (hereinafter referred to as the "Aves Group").

The shares of Aves One AG are traded in the Prime Standard (regulated market) of the Frankfurt Stock Exchange and in the General Standard (regulated market) of the Hamburg and Hanover Stock Exchanges.

The Company's fiscal year is the calendar year (January 1 to December 31).

2.1 ACTIVITIES OF THE AVES GROUP

The Aves Group is a logistics group specialized in inventory management and the management of logistics assets. The Aves Group invests in long-lived logistics assets with sustainable stable cash flows. The focus of its business activities is on inventory management and the active management of logistics assets. As of the balance sheet date 31 December 2018, the asset portfolio totalled around EUR 821 million. The Rail division developed into the most important business segment in the past financial year and will be at the centre of further growth in the future. Other key areas of activity for the Group are sea containers and swap bodies. The very good access to the equipment market as well as extensive knowledge on the subject of financing by the management and an excellent network of partners from both areas are the foundation for the continuous development and expansion of business activities.

Investments were made in all areas during the financial year. The acquisition of 30% of the NACCO fleet of around EUR 267 million plays a key role in this respect. In addition, other notable investments were made in the rail sector (around EUR 52 million), sea containers (USD 59 million) and swap bodies (EUR 9.4 million).

The Real Estate segment, in which around EUR 10 million was invested in the financial year, is currently not being expanded further against the background of the focus on Rail in particular but also on containers and the associated strategic orientation of the Aves Group. The main reason for this is also the current market situation on the real estate market.

2.2 PRINCIPLES OF THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Aves One Group for the period ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRSIC) as adopted by the European Union (EU). Section 315e (1) HGB was observed. The consolidated financial statements and the Group management report are published in the electronic Federal Gazette.

The consolidated financial statements of the Aves Group are prepared in euros. Unless otherwise stated, values are stated in thousands of EUR (EURk). As the calculations of the individual items are based on unabridged figures, rounding differences may occur if amounts are shown in thousands of EUR. The financial statements of the individual consolidated companies are prepared as of the balance sheet date of the consolidated financial statements.

The consolidated financial statements for the period ended 31 December 2018 (including comparative figures for the 2017 financial year) were approved and released for issue by the Management Board on 26 April

2019. The Supervisory Board is expected to approve the consolidated financial statements at its meeting on April 29, 2019.

The consolidated financial statements were prepared in accordance with the acquisition cost principle. In accordance with IAS 1, the balance sheet is divided into non-current and current assets and liabilities. Assets and liabilities with a maturity of one year are reported as current. Deferred tax assets and liabilities are reported as non-current assets or liabilities in accordance with IAS 12. The consolidated income statement was prepared in accordance with the nature of expense method. The items shown are explained separately in the notes to the consolidated financial statements.

DEFINITION OF EBITDA, EBIT, EBT

Alternative key figures are used in these financial statements. These include all key figures that are not defined in the relevant accounting standards, including EBITDA, EBIT and EBT, which were used in the 2017 Annual Report and are also used in the 2018 Annual Report.

In connection with segment reporting, key figures adjusted for holding company charges and other special effects are used. This adjustment was explained in section 5.2 "Explanation of segment data" in order to make it clear that adjustments were made at this point with regard to holding company charges that are not part of segment management control.

EBITDA also includes all income statement items with the exception of depreciation, amortization, interest and similar expenses, interest and similar income, ancillary financing costs, discounts from the issue of shares, and currency effects on financial receivables and liabilities.

EBIT comprises EBITDA and depreciation and amortization.

EBT also includes interest and similar income, interest and similar expenses, currency effects on financial receivables, ancillary financing costs and discounts from the issue of shares.

The significant accounting policies applied in the preparation of the consolidated financial statements as of December 31, 2018 are summarized below.

2.3 STANDARDS, INTERPRETATIONS AND CHANGES THAT HAVE TO BE TAKEN INTO ACCOUNT FOR THE FIRST TIME IN THE FISCAL YEAR 2018 FOR APPLICATION

The Group applied the following standards and interpretations of the IASB and the following amendments to standards for the first time in the reporting period 2018:

- IFRS 15 – Revenue from contracts with customers
- IFRS 9 – Financial Instruments
- Amendments to IFRS 2: Classification and measurement of share-based payments

The first-time application of these new regulations had no material impact on the consolidated financial statements of the Aves Group. In particular, matters that fall under the rules of IFRS 9 and IFRS 2 occurred for the first time in 2018. These are therefore not innovations due to amended standards.

Further amendments to standards to be applied for the first time have not yet been applied in the Aves Group. This concerns:

- 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 Transactions in foreign currencies and prepayments made

2.3.1 IFRS 9 – FINANCIAL INSTRUMENTS

IFRS 9 sets out the requirements for the recognition and measurement of financial assets, financial liabilities and some contracts for the purchase or sale of non-financial contracts. This Standard supersedes IAS 39.

The introduction of IFRS 9 has resulted in consequential amendments to IAS 1 - Presentation of Financial Statements, according to which impairments of financial assets must be reported in a separate item of the statement of comprehensive income. In the Aves Group, such impairments previously occurred primarily in trade receivables and were reported under other operating expenses (individual allowances for doubtful accounts). For reasons of materiality, impairments of other financial assets continued to be shown in the financial result.

There were no effects from the transition to IFRS 9 on the opening balance sheet at Aves One AG.

2.3.1.1 CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

IFRS 9 contains three basic categories for the classification of financial assets:

- Measured at amortized cost
- Measured at fair value in other comprehensive income (FVOCI)
- Measured at fair value with changes in value in profit or loss (FVTPL)

The classification of financial assets in accordance with IFRS 9 is based on the entity's business model for managing financial assets and the characteristics of contractual cash flows.

IFRS 9 eliminates the previous categories of IAS 39: held to maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the underlying financial asset is within the scope of the standard are never accounted for separately. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements of IAS 39 for the classification of financial liabilities.

The first-time application of IFRS 9 had no material impact on the Group's accounting policies with respect to financial liabilities and derivative financial instruments.

For an explanation of how the Group classifies and measures financial instruments and related gains and losses in accordance with IFRS 9, see Note 8. The following table and accompanying disclosures explain the original IAS 39 measurement category and the new IFRS 9 measurement category as at 1 January 2018 for each class of financial assets and financial liabilities that the Group forms.

In EURk

Financial Assets	**Original measurement according to IAS 39**	**New measurement according to IFRS 9**	**Original book value according to IAS 39**	**New book value according to IFRS 9**
Long term financial assets excluding interest rate caps	Available for Sale (afS)	Amortized costs	0	0
Long term financial assets - interest rate caps	Fair Value through profit or loss (FVTPL)	Fair Value through profit or loss (FVTPL)	2	2
Accounts receivables	Loans and Receivables (LaR)	Amortized costs	10,388	10,388
Financial receivables	Loans and Receivables (LaR)	Amortized costs	4,277	4,277
Other receivables and other financial assets	Loans and Receivables (LaR)	Amortized costs	17,059	17,059
Cash and cash equivalents	Loans and Receivables (LaR)	Amortized costs	14,908	14,908
Total financial assets			**46,634**	**46,634**

Financial Liabilities				
Long term financial liabilities	Financial liabilities measured at amortized cost (FLAC)	Financial liabilities measured at amortized cost (FLAC)	-383,079	-383,079
Accounts payable	Financial liabilities measured at amortized cost (FLAC)	Financial liabilities measured at amortized cost (FLAC)	-2,337	-2,337
Short term financial liabilities	Financial liabilities measured at amortized cost (FLAC)	Financial liabilities measured at amortized cost (FLAC)	-96,188	-96,188
Other liabilities	Financial liabilities measured at amortized cost (FLAC)	Financial liabilities measured at amortized cost (FLAC)	-6,466	-6,466
Total financial liabilities			**-488,070**	**-488,070**

TABELLE 1: NEW CLASSIFICATION AND VALUATION OF FINANCIAL INSTRUMENTS AND LIABILITIES

Trade receivables and other receivables classified as loans and receivables in accordance with IAS 39 are now classified at amortized cost. There was no change in the value adjustment resulting from the application of IFRS 9 due to the partial assumption of risk by the managers and generally very low losses on receivables. Accordingly, the introduction of the expected credit loss model as a substitute for the loss incurred model does not lead to changes in the assessment of impairment.

2.3.2 ACCOUNTING FOR HEDGING TRANSACTIONS

There have been no changes in the accounting treatment of hedging transactions for the Group, as hedging relationships will be accounted for the first time in the 2018 financial year.

The Aves Group has decided to apply the new general model for hedge accounting in accordance with IFRS 9. This requires the Group to ensure that hedging relationships are consistent with the objectives and strategy of risk management and that it adopts a more qualitative and forward-looking approach to assessing the effectiveness of hedges.

The Group uses interest rate hedges to hedge fluctuations in market interest rates. The effective portion of changes in the fair value of the hedging instrument is recognised as a cash flow hedge reserve as a separate component in equity.

For a detailed explanation of hedge accounting in the consolidated financial statements, see section 7.5.

2.3.2 IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

In the financial year beginning on 1 January 2018, the Group applied the new standard IFRS 15 "Revenue from Contracts with Customers" for the first time, which replaces the existing standards IAS 11 "Construction Contracts" and IAS 18 "Revenue", using the modified retrospective method. A conversion effect on the revenue reserve from the first-time application of IFRS 15 did not arise for the Aves Group.

The core principle of IFRS 15 is to recognise revenue to the extent that an entity is expected to be entitled to receive goods or services from a customer in exchange for those goods or services. Revenue is recognized when the customer obtains control of the goods or services. IFRS 15 also contains requirements for the recognition of excess benefits or obligations at contract level. In addition, the standard requires preparers of financial statements to provide users of financial statements with more detailed information than previously.

To determine the timing (or period) and amount of revenue to be recognised, IFRS 15 has introduced a five-step model that is used in assessing transactions.

Aves One generates revenues from the rental of investment assets, the sale of investment assets as part of normal business activities and the sale of inventories.

The goods and services transferred by Aves One represent individual service obligations or bundles of service obligations. The allocation of the transaction prices to the individual performance obligations on the basis of the individual selling prices has not changed from the previous practice, as there are no multi-component transactions in the Group and the percentage-of-completion method (POC) is not applied. There are therefore no effects on the carrying amounts of assets and liabilities reported in the consolidated balance sheet.

When containers are sold, the sale and processing is carried out by the respective container manager. However, the resulting sales revenues are of minor significance for the Group.

2.4 PUBLISHED BUT NOT YET APPLIED STANDARDS, INTERPRETATIONS AND CHANGES

At the time of preparation of the consolidated financial statements, the following standards and interpretations of the IASB and their amendments and revisions had either not been adopted by the European Union or their application was not mandatory in the 2018 financial year and were not voluntarily applied early by the Aves Group:

(1) FIRST-TIME ADOPTION AS OF 1 JANUARY 2019 MANDATORY

- IFRS 16 - Leases

The new standard IFRS 16 was published by the IASB in January 2016 and replaces the previously valid IAS 17. Especially for lessees, there are significant changes in accounting. As a matter of principle, all leasing agreements must therefore be recorded in the balance sheet as rights of use. For lessors, there are no significant changes in the balance sheet presentation.
The standard is intended to improve transparency in financial reporting and reduce information asymmetries. The EU has adopted this standard into EU law by Regulation 2017/1986.
Please refer to section 1.4.1 for detailed explanations of the effects on the Aves One consolidated financial statements and their implementation.

- IFRIC 23 Uncertainty with regard to income tax treatment (loss carryforwards, unused tax credits and tax rates)
- Amendments to IAS 19 - Plan amendments, curtailments or settlements
- Improvements to IFRS 2015-2017 cycle (amendments to IFRS 3 (Successive Business Combinations upon obtaining control of a business operation in which the entity previously participated as part of a joint activity), IFRS 11 (Under joint agreements, a previously held interest is not revalued if a party obtains joint control of a business operation in which it previously participated as part of a joint activity), IAS 12 (Income Tax Consequences of Dividend Payments), IAS 23 (Consideration of Borrowing Costs for Qualifying Assets)

(2) FIRST-TIME ADOPTION AS OF 1 JANUARY 2020 MANDATORY

- Amendments to IAS 1 and IAS 8 - Definition of materiality (creation of a uniform and clearly defined definition of the materiality of financial statement information)
- Amendments to IFRS 3 - Definition of a business (clarification of definitions)

(3) FIRST-TIME ADOPTION AS OF 1 JANUARY 2021 MANDATORY

- IFRS 17 – Insurance Contracts

(4) THE DATE OF FIRST APPLICATION FOR THE FOLLOWING AMENDMENTS IS CURRENTLY STILL OPEN OR HAS BEEN POSTPONED INDEFINITELY:

- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and an associate or joint venture

The above standards and interpretations must be applied to the consolidated financial statements of the Aves Group from the 2019 financial year or later, provided that they have been endorsed by the EU. Apart from additional or modified disclosure requirements, the Aves Group currently assumes that the first-time application of these standards, interpretations or their amendments will have only an insignificant impact on the consolidated financial statements.

Potential material changes are currently only to be expected from IFRS 16, so a more detailed assessment of the effects has been made here. IFRS 16 replaces the previous standard IAS 17 on accounting for leases, IFRIC 4, SIC 15 and SIC 27.

2.4.1 IFRS 16 LEASES

IFRS 16 regulates the recognition, measurement, disclosure and disclosure requirements for leases. For the lessee, the standard provides for a single accounting model, the right-of-use model, which eliminates the distinction between finance and operating leases made under IAS 17. This model requires the lessee to recognise all assets and liabilities arising from leases in the balance sheet unless the lease term is twelve months or less (short-term leases) or it is a low-value asset (either option). For accounting purposes, the lessor continues to distinguish between finance and operating leases. The lessor's accounting model under IFRS 16 does not differ significantly from that under IAS 17 "Leases", i.e. lessors must continue to classify leases as finance or operating leases.

The Group will apply IFRS 16 from the mandatory adoption date of 1 January 2019. However, the transition will be made in accordance with the transitional provisions of IFRS 16 using the modified retrospective method, whereby the comparative amounts for 2018 will not be adjusted retrospectively and will therefore continue to be presented in accordance with IAS 17.

The overall effects of the application were examined in detail in 2018 following an analysis already carried out in the previous year. The following preliminary findings result from this at the present time:

For Aves as lessee, the new model affects the accounting of existing and future operating leases; existing finance leases are continued unchanged. Agreements previously classified as operating leases under IAS 17 and disclosed in the notes to the financial statements relate to both equipment (e.g. company cars, photo-copiers) and real estate (rent for office space) leases.

The actual impact of the application of IFRS 16 on the consolidated financial statements at the date of initial application will depend on future economic conditions, such as the discount rate to be applied by the Group as of January 1, 2019, the composition of the lease portfolio at that date, the Group's assessment of the exercise of renewal options and the extent to which the Group makes use of exemptions and exemptions from recognition.

To date, the most significant impact identified has been that the Group will recognise a small amount of new assets and liabilities for its operating leases for company cars and buildings. As of December 31, 2018, the future minimum lease payments for non-cancellable operating leases (on a non-discounted basis) amounted to EURk 587.

Type of leased object	Undiscounted lease payments across the term
Office property	435
Vehicle leasing	128
Other, office equipment	24
Total	**587**

TABELLE 2: UNDISCOUNTED LEASE PAYMENTS

Assets with a low value (other, office equipment) are capitalized at the option of capitalization and are therefore not included in the balance sheet.

In addition, the nature of the expenses associated with these leases will change in the future, as IFRS 16 replaces the expenses for operating leases with a depreciation expense for right-of-use assets and interest expense for lease liabilities.

No material effects on the Group's finance leases are expected.

The revised IFRS 16 does not contain any significant changes for lessors. It may be necessary to expect requests for detailed information from lessees which, however, do not have any impact on the balance sheet of Aves One AG.

The Group does not expect the adoption of IFRS 16 to have any impact on its ability to meet the agreed loan conditions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING AND VALUATION METHODS

The significant accounting policies applied in the preparation of these consolidated financial statements are described below. The methods described are applied consistently to the reporting periods presented unless otherwise indicated.

3.1 PRINCIPLES OF CONSOLIDATION

(A) SUBSIDIARIES

Subsidiaries are all companies controlled by Aves One AG. Aves One AG controls an investment company if it has control over the company, there is a risk burden from or rights to variable returns from its involvement in the investment company and Aves One AG has the ability to use its control over the investment company in such a way that the amount of the variable returns of the investment company is influenced.

The consolidation of an affiliated company begins on the date on which Aves One AG acquires control of the company. It ends as soon as Aves One AG loses control over the associated company.

Acquisition of subsidiaries for consideration:

Acquired subsidiaries are accounted for using the acquisition method. The consideration paid for the acquisition corresponds to the fair values of the assets given up, the equity instruments issued by the Group and the liabilities assumed by the former owners of the acquired subsidiary at the acquisition date.

In addition, the consideration transferred includes the fair values of any recognized assets or liabilities resulting from agreed contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. If the acquired subsidiary meets the requirements for a business operation, the difference between the consideration transferred and the balance of assets and liabilities acquired is recognised as goodwill. Otherwise, any difference is recognised as an expense.

Costs associated with the acquisition are expensed in the periods in which they are incurred.

All shares in the former Nacco Luxembourg S.a.r.L., Luxembourg (now Aves Rail Rent Hamburg GmbH & Co. KG, Hamburg) were acquired by purchase agreement dated 13 August 2018. This transaction does not meet the criteria of IFRS 3, because although a company was legally acquired, it is merely an owner of railway wagons and there were no processes or employees of its own. Therefore, an asset deal can be assumed to have occurred and the transaction does therefore not fall under the provisions of this standard and was therefore treated as an acquisition of assets and liabilities.

Intragroup transactions and standardized Group valuation

Intragroup transactions, balances and unrealised gains and losses from transactions between Group companies are eliminated. Where necessary, the amounts reported by subsidiaries have been amended to bring them into line with the Group's accounting policies.

In accordance with IAS 21.45, any currency effects from intragroup transactions were not eliminated.

Sale/Disposal of subsidiaries

If the Group loses control of an entity, any remaining interest in the entity is remeasured to fair value at the date of loss of control and the resulting difference is recognised as a gain or loss. This fair value is the initial value used to subsequently measure the retained interest as an associate, joint venture or financial asset. In addition, all amounts previously recognised in other comprehensive income relating to this company are recognised as if the Group had sold the corresponding assets and liabilities directly. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(B) ASSOCIATED COMPANIES

Associated companies are all companies over which the Group exercises significant influence but not control, usually accompanied by a share of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost. In subsequent periods, the carrying amount of the investment increases or decreases in proportion to the Group's share of the associate's profit or loss. The Group's interest in an associate includes the goodwill arising on acquisition and any hidden reserves.

If the ownership interest in an associate has decreased but significant influence remains, only the portion of the amounts previously recognised in other comprehensive income is reclassified to profit or loss, as appropriate.

The carrying amount of the investment in an associate increases or decreases after the acquisition date in proportion to the Group's share of the associate's profits and losses recognised in the income statement and changes in other comprehensive income of the associate recognised in other comprehensive income of the Group. If the Group's share of losses in an associate equals or exceeds the Group's interest in that entity, including other unsecured receivables, the Group does not recognise any further losses unless it has incurred legal or constructive obligations on behalf of the associate or has made payments on behalf of the associate.

At each balance sheet date, the Group assesses whether there are any indications that the investment in an associated company is impaired. If this is the case, the impairment is determined as the difference between the carrying amount of the investment in the associate and the corresponding recoverable amount and recognised separately in the income statement.

As there were no indications of impairment at the balance sheet date, there was no need for an impairment test.

Unrealized gains or losses from upstream and downstream transactions between Group companies and an associate are only recognized in the consolidated financial statements in proportion to the minority interest in the associate. Unrealised losses are eliminated unless the transaction indicates that the transferred asset is impaired. The accounting and valuation methods of associated companies were adjusted where necessary to ensure uniform accounting and valuation throughout the Group.

3.2 OPERATING SEGMENTS

Operating segments are reported in a manner consistent with internal reporting to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to business segments and assessing their performance. The Management Board of Aves One AG was identified as the main decision-maker, as it makes and has made the strategic decisions in each case.

The business segments are unchanged in accordance with internal corporate management:

- Container, unchanged to prior year
- Rail, unchanged to prior year
- Real Estate with the currently existing storage park in Münster and the logistics property in Alsdorf

All administrative and overhead costs and central services are summarised in the segment reporting under "Holding activities".

3.3 CURRENCY TRANSLATION

(A) FUNCTIONAL CURRENCY AND REPORTING CURRENCY

The items included in the financial statements of each Group company are measured using the currency of the primary economic environment in which the company operates (functional currency). The consolidated financial statements are prepared in the currency "Euro", the reporting currency of Aves One AG.

(B) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the transaction date or, in the case of revaluations, at the valuation date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate are recognized in the income statement. Foreign currency gains and losses are presented in the income statement as "Foreign currency gains/losses from financing activities" in respect of the expenses and income arising from financial receivables and financial liabilities in the financial result and, to the extent that they result from operating activities, are shown separately under "Other operating income" or "Other operating expenses"; they result primarily from the currency adjustments of the euro financial liabilities at the operating subsidiaries with the functional currency US dollar as of the reporting date.

(C) GROUP COMPANIES

The functional currency of the companies operating in the field of inventory management and the management of sea containers is the US dollar, as this currency represents the primary economic environment. The acquisition of the containers as well as the material income generated from them and the related material expenses are denominated in US dollars. The results and balance sheet items of these Group companies, which have a functional currency other than the reporting currency of the Group (EUR), are translated into euros as follows:

- Assets and liabilities are translated at the closing rate for each balance sheet date.
- Income and expenses are translated at average rates for each income statement (unless the use of average rates does not give a reasonable approximation of the cumulative effects that would have resulted from translation at the rates prevailing on the transaction dates, in which case income and expenses are translated at their transaction rates).

All resulting exchange differences are recognized in other comprehensive income. Currency translation is based on the following exchange rates:

	Rate on the balance sheet date		Average exchange rate	
1 EURO =	31.12.2018	31.12.2017	2018	2017
US Dollar	1.1450	1.1993	1.1815	1.1297

TABELLE 3: EXCHANGE RATES

3.4 DETERMINATION OF FAIR VALUE

When measuring fair values, the market prices used in an active market for identical assets or liabilities are used at Level 1. If market prices cannot be used, the fair value is measured at Level 2 on the basis of other directly or indirectly observable input factors. If these are also not available, other suitable input factors are used for the design at level 3.

3.5 RECOGNITION OF INCOME AND EXPENSES

Revenues are measured at the fair value of the consideration received or receivable. They comprise the consideration mainly from the transfer of use of containers, swap bodies and railway wagons and are shown net, i.e. without value added tax and after deduction of rebates and price reductions, after elimination of intra-Group sales.

The Aves Group recognises revenue when the amount of revenue can be measured reliably, when it is probable that economic benefits will flow to the entity and when specific criteria - as described below - are met for each type of activity of the Group. The Group estimates recoverability based on historical experience, taking into account customer-specific, transaction-specific and contract-specific features. Income from user fees is deferred in accordance with the economic content of the relevant agreements and recognized pro rata temporis:

- Revenue from the sale of containers is recognised when the assets have been delivered and the risk has passed to the buyer.
- Income from usage fees is recognized monthly over the term of the relevant agreements.

Dividends are collected when the claim has legally arisen. Interest expenses and interest income are recorded pro rata temporis, if necessary using the effective interest method.

3.6 STRUCTURE OF THE BALANCE SHEET

Assets and liabilities are reported in the balance sheet as non-current assets and liabilities if the remaining term is more than one year. Residual maturities of less than one year result in their recognition as current assets and liabilities. Debts are generally regarded as short-term if there is no unrestricted right to avoid fulfilment in the following year. Deferred tax assets and liabilities are shown as non-current assets or liabilities. Current income tax assets and liabilities, on the other hand, are reported as current assets or liabilities. If the assets and liabilities have long-term and short-term components, these are reported as short-term or long-term assets and liabilities in accordance with the balance sheet structure.

3.7 IMPAIRMENTS

Intangible assets, including goodwill, that have an indefinite useful life are not amortized. They are tested for impairment at least annually.

Assets subject to scheduled depreciation are tested for impairment if events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is recognised for the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For an impairment test, assets are grouped together at the lowest level for which cash flows can be identified separately (cash-generating unit). For non-monetary assets for which an impairment loss was recognised in the past, an assessment is made at each balance sheet date as to whether a reversal of the impairment loss may be required. If the reasons for impairment losses recognised in previous years no longer apply, corresponding write-ups are recognised.

The Company monitors the recoverability of its cash-generating units on an ongoing basis. There were no indications of impairment of fixed assets.

3.8 INTANGIBLE ASSETS INCLUDING BUSINESS OR COMPANY VALUE

In addition to goodwill of EUR 5.6 million resulting from the acquisition of the shares in CH2 AG in 2017, intangible assets mainly include an "agent's commission for freight transport equipment and logistics properties" of originally EUR 2.5 million, which arose from a contractual agreement with a related party at the end of the 2016 financial year. The brokerage commission is not depreciated separately, but capitalized as ancillary acquisition costs for the means of freight transport and logistics real estate still to be acquired (initially as an acquired right (brokerage service)) and is only depreciated as a component of acquisition costs upon addition. In fiscal year 2018, a corresponding amount of EURk 333 was offset against this commission due to the acquisition of the logistics property in Alsdorf, which was reported at EURk 1,996 as of the balance sheet date taking into account exchange rate effects. The remaining change in this item results from currency translation effects. Please refer to section 14.1.3 for information on "Significant transactions with related parties".

Purchased other intangible assets with finite useful lives are carried at cost and amortized mainly on a straight-line basis over three years.

Goodwill is not subject to scheduled amortization. An annual impairment test is performed at the level of the cash-generating unit (CGU). If the carrying amount of the CGU is not recoverable, an initial impairment loss is recognized on goodwill. The audit did not result in any need for impairment.

3.9 TANGIBLE FIXED ASSETS

Property, plant and equipment are generally measured at amortized cost less scheduled straight-line depreciation and any impairment losses.

Acquisition costs include all consideration paid to acquire an asset and bring it to an operational condition.

Assets with a limited useful life are depreciated on a straight-line basis. When calculating the amount to be depreciated, a residual value achievable at the end of the useful life is deducted from the acquisition costs, which takes into account the specific characteristics of the asset and is generally derived from market transactions.

Scheduled depreciation is essentially based on the following economic useful lives and residual values; in the case of second-hand assets acquired, depreciation is measured over the residual useful life resulting from the useful lives:

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	1,092
· 40 foot containers	up to 15 years	-	1,550	1,354
· 40 foot high cube containers	up to 15 years	-	1,950	1,703
· 40 foot refrigerated containers	up to 15 years	-	4,500	3,930
Railway carriages		-	-	-
· Freight cars	up to 45 years	740-13.480	-	-
· Overhaul costs	six years	-	-	-
· Wheelsets	up to 27 years	630	-	-
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 1.1450

TABELLE 4: USEFUL LIFE OF FIXED ASSETS

The logistics property acquired at the end of March 2018 was measured in accordance with IAS 40 and reported separately from property, plant and equipment under "Investment property". Please also refer to section 7.3 for further details.

3.10 LEASES

In a number of leasing agreements, the Company mainly acts as lessor for operating leases, but in individual cases is also lessee under finance leases.

IAS 17 (Leases), IFRIC 4 (Determining whether an Arrangement contains a Lease) and SIC 27 (Assessing the Economic Content of Transactions in the Legal Form of a Lease) were applied in the presentation, measurement and disclosure requirements. As explained above, IFRS 16 was not applied early.

3.10.1 OPERATING LEASE ARRANGEMENTS

In the case of operating leases, the lease or rental payments are recognised in the income statement on a straight-line basis over the term of the lease.

Financing through direct investments is generally effected via purchase, rental and repurchase agreements by selling sea containers and special equipment to investors under civil law via the financing partners BoxDirect AG, BoxDirect Vermögensanlagen AG and BoxDirect Erste Vermögensanlagen GmbH, by leasing them back and by repurchasing them at a fixed price at the end of the contract term. Due to the contract constellation in terms of SIC 27. 5c, this transaction is not to be classified as a leasing relationship, but is treated as a loan relationship.

Through its subsidiaries, the company leases railway wagons, sea containers, swap bodies and real estate under operating leases on a large scale. The contracts with the customer (with the exception of real estate rental contracts) are not concluded on behalf of the respective Group company, but on behalf of the asset managers commissioned to pass on the income and expenses from these contracts to the respective Group companies.

From an economic point of view, the rental agreements are therefore allocated to the Group company and treated as if it had concluded rental agreements in its own name. In legal terms, the wagons are not leased to the asset managers; rather, the asset managers are authorised to lease the wagons of the Group company in their own name on behalf of the respective company.

Similar constellations exist for the rental agreements for containers, tank containers and swap bodies, in which the respective asset managers act as lessors to the outside world but the companies of the Aves One Group become lessors in economic terms.

3.10.2 FINANCE LEASES

Through its subsidiary Aves Rail Rent GmbH in Austria, the Group has become a lessee in a finance lease relationship. The lease was classified as a finance lease by evaluating the lease agreement with regard to future minimum lease payments or the agreements made in the agreement. See also Section 7.15.2, Notes to finance lease liabilities.

There were no contingent rental payments in 2017 or 2018 that were recognised as profit or loss under finance leases.

3.11 FINANCIAL INSTRUMENTS

The effect of the first-time application of IFRS 9 on the consolidated financial statements of Aves One AG is presented in Section 1.3.

In accordance with IFRS 9, financial assets are classified into the following categories:

- Measured at amortized cost
- Measured at fair value through other comprehensive income (FVOCI)
- Measured at fair value through profit or loss (FVTPL)

The classification of financial assets in accordance with IFRS 9 is based on the company's business model for managing financial assets and the characteristics of contractual cash flows.

There have been no material changes in the classification of financial liabilities.

Financial instruments held as part of a hedging relationship exist for the first time in the fiscal year in the form of interest caps. These are reported at fair value under non-current assets under financial assets.

3.12 INVENTORIES

Inventories are carried at the lower of cost or net realizable value. The net realizable value is the estimated ordinary selling price less the necessary variable costs to sell. Inventories of the same type are valued using the average cost method.

3.13TRADE 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.

3.14 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.

3.15EQUITY

Ordinary shares are classified as equity.

Costs relating to the issue 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.

3.16TRADE ACCOUNTS PAYABLES

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.

3.17FINANCIAL 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.

3.18PROVISIONS 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.

3.19CURRENT 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 from loss carryforwards or from temporary differences are generally recognised if sufficient positive taxable income is probable. If, on the other hand, there is a history of losses, they are only capitalized if there are sufficient taxable temporary differences or if there are substantial indications of taxable income in the next five years.

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.

3.20 OTHER ACCRUALS

Other provisions are recognized for uncertain legal and constructive obligations to third parties, the occurrence of which is likely to result in an outflow of resources. They are carried at the expected settlement amount, taking into account all identifiable risks, and are not offset against recourse claims. The valuation is based on the best possible estimate of the current obligation at the balance sheet date, taking into account the discounting of long-term obligations.

In the 2018 financial year, provisions essentially comprise EURk 2,666 in risks from legal disputes with SLI third parties, which were taken into account on the basis of the results of the oral negotiations before the Hanseatic Higher Regional Court of Hamburg on 16 April 2019.

For details please refer to the following section 3.2.

4 USE OF ESTIMATES AND ASSUMPTIONS

4.1 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.

4.2 LITIGATION RISKS

The companies of the Aves One Group themselves generally have no direct litigation risks from their regular business transactions, as these do not act as external contractual partners. Any disputes with customers are settled by the asset managers and are taken into account in individual value adjustments on receivables (default risks) where necessary.

There is currently one ongoing legal dispute concerning claims for damages arising from a container purchase agreement - with regard to the changes compared with the previous year, we refer to the following explanations:

a) Action for performance BSI Blue Seas Investment GmbH ./. SLI Dritte Verwaltungsgesellschaft mbH & Co KG

On 23 December 2014, SLI Dritte Verwaltungsgesellschaft mbH & Co. KG, Salzburg, Austria, ("SLI Dritte") filed a lawsuit at the Hamburg Regional Court (Case No. 403 HKO 29/15) against the group company BSI Blue Seas Investment GmbH, Hamburg ("BSI BS") for payment of USD 3,000,000.00 plus interest. In 2015, SLI Dritte extended the claim by a compensation claim of USD 475,477.55 plus interest. The subject matter of the lawsuit are receivables from a container framework purchase agreement dated 19 August 2013 (the "purchase agreement"), on the basis of which BSI BS purchased the entire container portfolio of SLI Dritte and acquired it in full except for a disputed residual quantity.

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.

In detail, the following claims are in dispute:

Action		Claim(s) USD	09/02/2017 Ruling
A.)	**SLI Dritte claim => BSI BS**		
1	Contract penalty	3,000,000.00	3,000,000.00
2	Further claims	475,478.00	475,478.00
Total SLI Dritte		**3,475,478.00**	**3,475,478.00**
			zzgl. Zinsen
Counter-claim			
B.)			
1	DDP sales	1,955,039.00	
2	Damages disastar class container	1,221,563.00	
3	Distributions from pool/trust agreement	456,044.00	
4	Repayment containers not delivered	204,208.00	
5	HSH Nordbank cost rechanges	224,022.00	224,022.00
6	Further damages	2,651,245.00	
Total BSI Blue Seas		**6,712,121.00**	**224,022.00**
			zzgl. Zinsen

TABELLE 5: DISPUTED CLAIMS IN LAWSUIT SLI III

The key point of dispute in the process is a contractual penalty claim from 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 regard to the contractual penalty, the Regional Court took the view that the demonstrable lack of practicability of the purchase agreement with regard to HSH Nordbank's declaration of release was only a "technical implementation problem" and that it was reasonable for BSI to find a different settlement solution for the retrieval of containers with a purchase price of USD 90,000,000.00.

To the extent that the proceedings relate to receivables from services rendered prior to the commencement of legal proceedings, allowances were recognized to measure the receivables at the present value of expected future cash flows. Receivables from possible claims for damages were not recognized in the balance sheet.

A guarantee account has been opened with a bank. BSI BS has agreed with the opposing party to provide a court guarantee to avert enforcement from the first-instance judgment until a legally binding decision is reached in the appeal proceedings. Consequently, the guaranteeing bank must only pay the guarantee if BSI BS is defeated after appeal and, if necessary, revision. Thus, the possibility of recovering the guarantee depends on the outcome of the appeal procedure. Until then, however, BSI BS's assets are protected by a guarantee provided in this way.

After both the litigating law firm and a separately commissioned Hamburg law firm had described litigation risks, but assumed that the overall prospects for appeal were positive, BSI BS filed an appeal against the ruling of the Hanseatic Higher Regional Court Hamburg on 16 March 2017.

On April 16, 2019, an oral hearing of this legal dispute took place at the Hanseatic Higher Regional Court in Hamburg. After the preliminary deliberations of the Senate, it emerges that the contractual penalty claim of the SLI third parties is in principle affirmed, but that the compensation claim of the SLI Dritte is regarded as unfounded. Of the counterclaim claims, the Senate considers the claim for damages for defective containers in the amount of KUSD 223 to be fundamentally justified in addition to the HSH expense allowance in the amount of KUSD 224. In addition, the Senate considers the claim for undelivered containers in the partial amount of KUSD 30 thousand to be justified. The counterclaim for Damage protection plan revenues and the claim item Disaster Class Container were regarded as unfounded.

The Senate has requested information by 30 April 2019 as to whether a non-contentious settlement of the two cases is possible and has scheduled a date for the announcement of the decision for 28 May 2019. Efforts to reach a settlement with SLI Dritte have not been successful.

On the basis of the results of the oral hearing and after evaluating all the documents available to the Management Board and the assessments of the attorneys accompanying this legal dispute, the Management Board decided to recognize provisions of EUR 2.7 million in the consolidated financial statements as of December 31, 2018 to cover the risks and costs arising from the legal disputes.

b) Declaratory action BSI Blue Seas Investment GmbH ./. SLI Dritte Verwaltungsgesellschaft mbH & Co KG

SLI Dritte Verwaltungsgesellschaft mbH & Co KG

Additionally, SLI Dritte submitted another action for purchase of residual containers. In this legal dispute, which is conducted at the Hamburg Regional Court under file number 403 HKO 113/17, SLI Dritte is suing for a declaration that BSI BS is obliged to accept further containers which have not yet been accepted on the basis of a container framework purchase agreement dated 19 August 2013. The SLI Dritte named a value of USD 7,148,779.20 as the provisional amount in dispute. This is a residual stock of 6,943 CEU containers.

BSI BS has not yet accepted these units as they are damaged according to the information provided by the container manager Florens, but the purchase contract requires the handover of a defect-free item. Whether one and which part of the remaining containers is free of defects and must therefore be accepted cannot be determined by the SLI Dritte, in this respect it has not been determined for which containers acceptance is required.

On 7 June 2018, the Regional Court announced the first-instance ruling in this case and upheld the declaratory action of the SLI Dritte. Despite undisputedly partially damaged containers, the judgment found that BSI BS was obliged to take delivery. In this legal dispute, BSI BS filed a counterclaim in the form of a staged action as an alternative, namely for information on the revenues generated and then for payment of the revenues which SLI has collected from third parties since 1 July 2014 with the containers in dispute.

As this is a declaratory judgement, the judgement cannot be enforced on the acceptance and payment of the remaining containers so that the SLI Dritte is not entitled to a direct payment claim from this either. On 5 July 2018, an appeal against the judgment was lodged with the Higher Regional Court.

At the hearing on 16 April 2019, the Hanseatic Higher Regional Court in Hamburg considered the action for declaratory judgement brought by SLI Dritte for acceptance and payment of the remaining containers to be unfounded.

The Senate has requested information by 30 April 2019 as to whether a non-contentious settlement of the above two cases is possible and has scheduled a date for the decision to be announced on 28 May 2019. Efforts to reach a settlement with SLI third parties have not been successful.

On the basis of the oral proceedings, the attorneys' assessments and its own considerations, the Management Board does not come to the conclusion that a provision should be set up here.

4.3 BAD DEBT PROVISION 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.

For various reasons, bad debt losses in the Aves Group are generally very low. This is partly due to the fact that the default risk is partially covered by the asset managers, who are regularly large and well-known industrial or logistics tenants, so that insolvencies hardly ever occur. For reasons of materiality, these factors in particular are not considered to constitute a general default risk. In 2018, the expense for allocations to specific valuation allowances amounted to EURk 104 with a simultaneous reversal of EURk 21 in specific valuation allowances. Net expenses thus amounted to EURk 83 with revenues of EURk 77,676. This corresponds to a value adjustment ratio of around 0.1%, which means that the risk of bad debts is considered insignificant.

4.4 AMOUNTS WRITTEN OFF FOR TANGIBLE FIXED ASSTES

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.

4.5 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

4.6 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

For the period from October to December 2018, the Aves Group had not yet received any invoices from the asset manager for maintenance work carried out on the acquired NACCO fleet. For this reason, the maintenance expenses for this period were estimated on the basis of the invoices and other accounting documents available to the asset manager and their estimates of the amount of expenses for this period, the planned values of the NACCO portfolio and experience with existing portfolios.

4.7 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.

5 SCOPE OF CONSOLIDATION FOR THE FISCAL YEAR 2018

In addition to Aves One AG including a company accounted for using the equity method, a total of 63 subsidiaries (previous year: 58) were included in the consolidated financial statements in 2018. The scope of consolidation as of December 31, 2018 comprises the following companies:

Number	Name and seat of undertaking	Participation in %	
	Fully consolidated entities	**31/12/2018**	**31/12/2017**
	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	100.0	100.0
4	CH2 Logistica Portfolioverwaltung GmbH & Co. KG, Hamburg	100.0	100.0
5	CH2 Logistica No. 2 Asset GmbH, Hamburg	100.0	100.0
	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 Logistics IX GmbH & Co. KG, Hamburg (since 24/04/2018)	100.0	0.0
28	BSI Blue Seas Resale GmbH, Hamburg	100.0	100.0
29	Aves Special Equipment Management GmbH, Hamburg	100.0	100.0
30	Aves Special Equipment Holding GmbH & Co. KG, Hamburg	100.0	100.0
31	Aves Special Equipment I GmbH & Co.KG, Hamburg	100.0	100.0
32	Aves Special Equipment I Verwaltungs GmbH, Hamburg	100.0	100.0
33	Aves Special Equipment II GmbH & Co. KG, Hamburg	100.0	100.0
34	Aves Special Equipment Zweite Verwaltungs GmbH, Hamburg	100.0	100.0
35	Aves Special Equipment III GmbH & Co. KG, Hamburg	100.0	100.0
36	Aves Special Equipment IV GmbH & Co. KG, Hamburg	100.0	100.0
37	Aves Special Equipment V GmbH & Co. KG, Hamburg	100.0	100.0
	Rail		

38	ARHA Invest GmbH, Wien, Österreich	100.0	100.0
39	Aves Rail Rent GmbH, Perchtoldsdorf, Österreich (formerly: Aves Rail GmbH, Wien, Österreich)	100.0	100.0
40	Aves Rail Equipment Holding GmbH, Hamburg	100.0	100.0
41	Aves Rail Junior I Verwaltungs GmbH, Hamburg	100.0	100.0
42	Aves Rail Junior I GmbH & Co. KG, Hamburg	100.0	100.0
43	Aves Rail Junior II GmbH & Co. KG, Hamburg	100.0	100.0
44	Aves Rail Equipment I GmbH & Co. KG, Hamburg	100.0	100.0
45	Aves Rail Equipment Verwaltungs GmbH, Hamburg	100.0	100.0
46	Aves Rail Equipment II GmbH & Co. KG, Hamburg	100.0	100.0
47	Aves Rail Equipment Zweite Verwaltungs GmbH, Hamburg	100.0	100.0
48	Aves Rail Equipment III GmbH & Co. KG, Hamburg	100.0	100.0
49	Aves Rail Equipment Dritte Verwaltungs GmbH, Hamburg	100.0	100.0
50	Aves Rail Equipment IV GmbH & Co. KG, Hamburg (since 29/06/2018)	100.0	0.0
51	Aves Rail Equipment Vierte Verwaltungs GmbH, Hamburg (since 29/06/2018)	100.0	0.0
52	Aves Eins GmbH, Wien (since 21/03/2018)	100.0	0.0
53	Aves Rail Rent GmbH, Hamburg (since 01/10/2018)	100.0	0.0
	Real Estate		
54	Aves Storage Verwaltungs GmbH, Hamburg	100.0	100.0
55	Aves Storage GmbH & Co. KG, Hamburg	100.0	100.0
56	Aves Storage II GmbH & Co. KG, Hamburg	100.0	100.0
57	Aves Logistik Immobilien Verwaltungs GmbH, Hamburg	100.0	100.0
58	Aves Logistik Immobilien GmbH & Co. KG, Hamburg	100.0	100.0
59	Aves LI Alsdorf Holding GmbH & Co. KG, Hamburg	100.0	100.0
60	Aves LI Alsdorf Besitz GmbH & Co. KG, Hamburg	100.0	100.0
61	Aves LI VG1 Holding GmbH & Co. KG, Hamburg	100.0	100.0
62	Aves LI VG1 Besitz GmbH & Co. KG, Hamburg	100.0	100.0
63	Aves LI Alsdorf Betriebs GmbH, Hamburg (since 01/04/2018)	94.9	0.0
	Undertakings balanced according to the equity method		
64	BSI CONICAL Container GmbH, Hamburg (Segment Container)	51.0	51.0

TABELLE 6: SCOPE OF CONSOLIDATION

Compared with December 31, 2017, the following companies have been included in the scope of consolidation as a result of the formation of new companies:

- BSI Logistics IX GmbH & Co. KG, Hamburg (from April 24 2018)
- Aves Rail Equipment IV GmbH & Co. KG, Hamburg (from June 29 2018)
- Aves Rail Equipment Vierte Verwaltungs GmbH, Hamburg (from June 29 2018)
- Aves Eins GmbH, Wien (from March 21 2018)

By merger agreement dated 11 July 2018, the former Aves Rail GmbH, Vienna, was merged with all rights and obligations of Aves Rail Rent GmbH, Perchtoldsdorf, by transfer of its assets as a whole by way of universal succession.

In connection with the NACCO transaction, all shares in the former Nacco Luxembourg S.a.r.L., Luxembourg, were acquired by agreement dated 13 August 2018. The transition date and therefore the date of initial consolidation was 1 October 2018. The company was converted into a GmbH by way of a cross-border change of legal form and was renamed Aves Rail Rent GmbH, Hamburg, on the balance sheet date.

By agreement dated 28 March 2018, 94.9% of the shares in LU GE XIII S.a.r.L, Luxembourg, were acquired. MAGNA Erste Projekt GmbH became a minority shareholder by acquiring the remaining 5.1% of the shares. The company has been consolidated since 1 April 2018 and has been trading as Aves LI Alsdorf Betriebs GmbH, Hamburg, since the conversion resolution of 28 May 2018.

In all cases, these are fully consolidated investments.

No companies were deconsolidated in the fiscal year.

ASSOCIATED COMPANIES

Two companies in the Aves Group were classified as associated companies during the year. They are or were accounted for using the equity method.

BSI CONICAL Container GmbH

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 und -Leasing GmbH, Hamburg.

The object of the company is the acquisition, trading, leasing and management of means of transport and mobile residential units, in particular containers, in its own name and for its own account.

With a share purchase agreement dated 30 December 2015, BSI Blue Seas Resale GmbH acquired an additional stake of one percent in the capital of BSI CONICAL Container GmbH from CONICAL Container Industrie Consulting-Agentur und -Leasing GmbH. At the same time, the company agreement was also amended, which now provides for a majority of 60% for shareholder resolutions, unless the law or the company agreement prescribes a larger majority. Due to the lack of the possibility of control, the company is therefore still not fully consolidated. The company is currently in liquidation.

The investment in BSI CONICAL was allocated to the "Container" segment in accordance with the previous year. See also the information on segment reporting in Section 5 below.

ERR European Rail Rent GmbH

By agreement dated 22 August 2016, 33.3 % of the shares in ERR European Rail Rent GmbH, Duisburg (hereinafter ERR Duisburg), were acquired. The acquisition was made in connection with the takeover of the assets and liabilities of today's Aves Rail Rent GmbH, Perchtoldsdorf.

ERR Duisburg is responsible for the commercial and technical management of the railcars of Aves Rail Rent GmbH, other Aves companies and wagons of external parties. In this context, it is the task of ERR Duisburg to carry out all tasks related to maintenance, storage, insurance and possible conversions of railway wagons. In addition, ERR Duisburg is the owner of the railway wagons of ERR Vienna and enters into rental agreements for railway wagons with customers for the account of Aves Rail Rent GmbH.

In addition to the service functions, ERR Duisburg trades in railway wagons and their spare parts.

By agreement dated July 16, 2018, the investment in ERR Duisburg was sold with immediate effect. The company has thus left the Aves Group.

6 SEGMENT REPORTING

6.1 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.

The segmentation of the Group is unchanged from the previous year. The business segments are thus in line with internal corporate management:

- Rail
- Container (with all sea containers and the former Special Equipment Assets)
- Real Estate with the currently existing storage park in Münster and the logistics property in Alsdorf acquired in March 2018

All administrative and overhead costs and central services are combined in the segment reporting in a reconciliation item to the Group under "Holding activities", irrespective of the company in which they were incurred within the framework of the corporate structure.

The segments are not condensed to "other segments" or similar. Although the Real Estate segment is currently still so small that it does not exceed the threshold for its own reporting, it is the only segment that does not exceed this threshold. In this respect, there has been no consolidation.

Rail

The "Rail" segment includes the rental of railway wagons - such as coil transport wagons (Shimmns), sliding tarpaulin wagons (Rilnss), steel transport wagons (Sgmmns) and bulk goods wagons (Falns); in this case, management (both technical and commercial) is carried out by ERR Duisburg, a related party.

New additions in the fiscal year are tank cars for gases and liquids such as mineral oil or raw materials for the chemical industry. Wascosa AG will take over the management of these wagons. Wascosa AG will also take over the management of the newly acquired wagons in the NACCO portfolio.

With an asset volume of EURk 537,998, a sales contribution of EURk 40,647 and an EBITDA contribution of EURk 28,142, the segment became the largest subdivision of the Aves One Group at the latest when the NACCO portfolio was acquired. Due to these and other transactions, the asset volume in this segment more than doubled from EURk 229,764 to EURk 537,998 (an increase of 134%).

Container

The "Containers" segment includes the rental of sea containers - dry containers in the 20-foot, 40-foot and 40-foot high cube variants as well as reefer containers in the 40-foot variant, whereby container management is carried out by external service providers.

The Special Equipment subdivision is also assigned here. This includes the leasing of swap bodies and tank containers to logistics companies in the so-called courier, express and parcel market. Here, too, management is carried out by external service providers.

Real Estate

The Real Estate segment is currently a small segment of the Aves Group and does not in itself meet the size criteria for a separate segment.

The existing Self Storage Park in Münster and the logistics property in Alsdorf were allocated to this segment. Due to a lack of acquisition opportunities and sufficient profitability, no further investments were made in the real estate segment.

Holding activities

The structure of the Aves Group makes it necessary to allocate services between the individual segments. These include administrative services provided by the holding companies. These services are valued at cost plus a premium to make them customary for third parties (cost plus method). The upper limit of transfer prices is the market price to be applied for the service.

Aves One AG and BSI Logistics GmbH operate exclusively across the Group and are therefore included in a reconciliation item to the Group in addition to the consolidation entries.

CH2 Contorhaus Hansestadt Hamburg AG was also included here unchanged, as it operates as a Group-wide financing service provider.

6.2 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.

The rail business is conducted exclusively in the DACH region, while the container business is not segmented by country in relation to sea containers due to the mondial use of each individual container.

Therefore, no management on a regional basis takes place.

6.3 KEY FIGURES BY SEGMENT

Based on the internal reporting system, the segments for the financial year ended 31 December 2018 are as follows (all figures in TEUR):

	Reporting segments				Reconcilitation to the group		
	Container	Rail	Real Estate	Total	Holding activities	Consolida-tion	Consoli-dated re-sult
Sales							
External sales	32,215	40,645	584	73,444	4,232	0	77,676
Intersegment sales	0	0	0	0	8,861	-8,861	0
Sales (total)	32,215	40,645	584	73,444	13,093	-8,861	77,676
Cost of purchased ser-vices	-4,591	-8,677	-4	-13,272	21	-16	-13,267
Personnel costs	0	-248	0	-248	-4,262	0	-4,510
Other segment sales and expenses, opera-tive	-1,523	-1,462	614	-2,371	-17,969	13,507	-6,833
Not included: internal holding allocations	-1,648	-2,121	0	-3,769	8,861	-5,092	0
EBITDA excl. hol-ding allocations	**25,278**	**30,258**	**1,194**	**57,553**	**-9,117**	**4,630**	**52,187**
EBITDA incl. holding allocations	**23,630**	**28,137**	**1,194**	**53,784**	**-256**	**-462**	**52,187**
Depreciatons	-10,464	-10,399	-12	-20,875	-139	1	-21,013
Interest and similar in-come	-16,478	-11,733	-395	-28,606	1,036	13	-27,557
Financial liabilities	8,211	0	0	8,211	3	162	8,376
ancillary financing costs	-813	0	0	-813	0	0	-813
Discount from the issue of shares	0	0	0	0	-29	0	-29
Financial result	-9,079	-11,733	-395	-21,207	1,010	174	-20,023
EBT excl. holding al-locations	**5,735**	**8,126**	**777**	**14,638**	**-8,246**	**4,759**	**11,151**
EBT incl. holding al-locations	**5,818**	**8,127**	**777**	**14,722**	**-8,225**	**4,759**	**11,256**
Taxes on income	**1,754**	-589	-36	1,129	-136	-60	933
Net income	**5,841**	**5,416**	**751**	**12,008**	**479**	**-403**	**12,084**
Total assets	**325,170**	**594,054**	**15,533**	**934,757**	**114,252**	**-125,331**	**923,678**
Fixed assets by seg-ment	**272,041**	**537,998**	**10,901**	**820,940**	**284**	**-292**	**820,932**
Investments by seg-ment	**61,042**	**319,458**	**9,776**	**390,276**	**510**	**0**	**390,786**
Total liabilities	**350,164**	**593,064**	**15,315**	**958,543**	**44,483**	**-112,246**	**890,780**

TABELLE 7: KEY FIGURES BY SEGMENT 2018

In accordance with the management reporting, the information under the heading "Reconcilitation to the Group" includes the elimination of expenses and income between the segments (column "Consolidation") as well as expenses and income not allocated to the segments, which have been combined in the "Holding activities" area. The key figures in the Group are adjusted for the allocation of holding costs within the Group, which cannot be directly allocated to segment activity (overhead costs). These costs are not part of segment management either, but are monitored across the board by the management of the holding company and are therefore reported in the "Holding activities" column.

The segmentation for the previous year is as follows:

	Reporting segments				Reconcilitation to the group		
	Container	Rail	Real Estate	Total	Holding activities	Consolida-tion	Consoli-dated re-sult
Sales							
External sales	24,095	26,340	39	50,474	2,957	0	53,432

	Reporting segments				Reconcilitation to the group		
Intersegment sales	0	0	0	0	7,792	-7,792	0
Sales (total)	24,095	26,340	39	50,474	10,749	-7,792	53,432
Cost of purchased services	-6,610	-6,266	0	-12,876	-152	154	-12,874
Personnel costs	-359	-479	0	-838	-3,971	0	-4,809
Gewinn- und Verlustanteile an Unternehmen, die nach der Equity-Methode bilanziert werden, nach Steuern	0	118	0	118	320	0	438
Other segment sales and expenses, operative	-2,208	-298	-291	-2,797	-3,589	-694	-7,081
Not included: internal holding allocations	-7,353	-1,097	0	-8,450	0	8,450	0
EBITDA excl. holding allocations	**14,918**	**19,415**	**-252**	**34,081**	**-4,435**	**-540**	**29,106**
EBITDA incl. holding allocations	**7,565**	**18,318**	**-252**	**25,631**	**3,357**	**118**	**29,106**
davon Umlage aus Holding	*-7,353*	*-1,097*	*0*	*-8,450*	*7,792*	*0*	*-658*
thereof allocations from holding	*0*	*0*	*0*	*0*	*0*	*658*	*658*
Depreciatons	-8,286	-7,569	0	-15,855	-73	0	-15,928
	-3,784	0	0	-3,784	0	0	-3,784
EBIT vor Holdingumlage	**2,848**	**11,846**	**-252**	**14,442**	**-4,508**	**-540**	**9,394**
EBIT nach Holdingumlagen	**-4,505**	**10,749**	**-252**	**5,992**	**3,285**	**118**	**9,394**
Interest and similar income	-12,805	-8,697	-119	-21,621	1,064	20	-20,538
Financial liabilities	-21,470	0	0	-21,470	0	-158	-21,627
ancillary financing costs	-1,174	0	0	-1,174	0	0	-1,174
Discount from the issue of shares	0	0	0	0	-3,396	0	-3,396
Financial result	-35,450	-8,697	-119	-44,266	-2,331	-138	-46,736
EBT excl. holding allocations	**-32,602**	**3,149**	**-371**	**-29,824**	**-6,839**	**-678**	**-37,342**
EBT nach Holdingumlagen	**-39,955**	**2,052**	**-371**	**-38,274**	**953**	**-20**	**-37,342**
EBT incl. holding allocations	**-7,348**	**3,148**	**-371**	**-4,571**	**-3,443**	**-520**	**-8,534**
Taxes on income	3,063	345	-38	3,370	-989	-20	2,361
Net income	**-36,892**	**2,397**	**-409**	**-34,904**	**-36**	**-40**	**-34,980**
Total assets	**331,781**	**283,395**	**4,029**	**619,205**	**123,551**	**-222,631**	**520,125**
Fixed assets by segment	**218,402**	**229,764**	**27**	**448,193**	**266**	**0**	**448,460**
Investments by segment	**50,927**	**12,649**	**0**	**63,576**	**0**	**0**	**63,576**
Total liabilities	**315,719**	**239,521**	**4,665**	**559,905**	**54,505**	**-116,514**	**497,896**

TABELLE 8: KEY FIGURES BY SEGMENT 2017

7 NOTES TO THE CONSOLIDATED INCOME STATEMENT

(1) SALES REVENUES

in EURk	2018	2017
Segment Container		
Rental	31,859	24,086
Other sales	356	9
	32,215	24,095
Segment Rail		
Rental	40,607	26,228
Other sales	38	112
	40,645	26,340
Segment Real Estate		
Rental	570	33
Other sales	14	6
	584	39
All other segments		
Rental	0	0
Other sales	0	0
	0	0
Holding		
Other sales	13,093	10,750
	13,093	10,750
Consolidation		
Other sales	-8,861	-7,792
	-8,861	-7,792
Total	**77,676**	**53,432**

TABELLE 9: SALES REVENUES BY SEGMENT

The business of the Aves Group is subject to only minor seasonal fluctuations. The 45 % increase in sales is the result of a further expansion of business across all segments.

The Rail segment made the largest contribution to this growth with a sales growth of 54.3 %, which on the one hand resulted from further investments in smaller portfolios spread over the year and in 2017 (which were not yet included with full annual sales in the previous financial statements), but on the other hand also from the acquisition of the NACCO portfolio on 1 October 2018, which made a significant contribution to sales growth with three monthly sales of EURk 8,996.

In the Container Sector, in addition to several new investments (e.g. in a larger container portfolio with an investment volume of around USD 59 million in June and in swap bodies on an ongoing basis), the significantly improved market situation in 2018 also led to revenue growth of 33.7 %.

The increase in revenues in the Real Estate segment is mainly due to the acquisition of the logistics property in Alsdorf in March 2018.

(2) OTHER OPERATING INCOME

in EURk	2018	2017
Gains from the sale/disposal of property, plant and equipment	879	51
IAS 40 revaluation result	827	0
Gains from the sale of Investments accounted for using the equity method	413	0
Income from the reduction/reversal of specific valuation allowances on receivables	21	134
Exchange rate gains	16	237
Income from an agreement with an undertaking assessed at equity	0	500
Other	682	253
Total	**2,838**	**1,175**

TABELLE 10: OTHER OPERATING INCOME

The gains from the disposal of fixed assets relate to containers which were sold in the reporting year as part of the streamlining of the depot and led to corresponding book profits due to the positive market situation in the financial year.

The income reported in accordance with IAS 40 results from the subsequent valuation of the logistics property acquired in Alsdorf during the financial year. The valuation result is based on an expert opinion by Jones Lang LaSalle SE, which determined a market value of EUR 10,900 thousand for the properties. See also 7.3.

By agreement dated July 16, 2018, the investment in ERR Duisburg, which had previously been accounted for using the equity method, was sold. This resulted in a capital gain of EURk 413.

The income from an agreement with a company accounted for using the equity method in the previous year resulted from a one-time agreement under which certain contractually granted rights were waived.

Miscellaneous income mainly includes income unrelated to the accounting period and derecognition of prior-year deferred liabilities to third parties.

(3) COST OF MATERIAL / COST OF PURCHASED SERVICES

in EURk	2018	2017
Cost of purchased services	13,267	12,874
thereof Segment Container	4,591	6,610
thereof Segment Rail	8,677	6,266
thereof Segment Real Estate	4	0
thereof Segment Holding	-21	152
thereof consolidation between the segments	16	-154
Total	**13,267**	**12,874**

TABELLE 11: COST OF MATERIAL AND PURCHASED SERVICES

As in the previous year, cost of materials in fiscal year 2018 almost exclusively includes expenses for purchased services for the remuneration of service providers in the Container and Rail segments. These payments cover the costs of commercial and operational management of the assets, including maintenance work carried out on the leased assets by the service providers and storage costs for non-leased assets.

The significant decline in the Container segment despite higher revenues is mainly due to the year-on-year increase in capacity utilisation and the resulting decline in storage costs.

The increase in the cost of materials in the Rail segment is mainly attributable to the NACCO fleet in the amount of EURk 1,802.

(4) PERSONNEL COSTS

in EURk	2018	2017
Wages and salaries	3,979	4,260
Costs for social security and retirement benefits	531	549
thereof retirement benefits	*145*	*162*
Total	**4,510**	**4,809**

TABELLE 12: PERSONNEL COSTS

Despite the increase in the average number of employees from 37 to 40, personnel expenses declined, mainly due to cost savings in the Container segment.

Please refer to section 12.4 for the headcount figures.

Expenses for social security contributions and pensions include current contributions to defined contribution plans amounting to EURk 145 (previous year: EURk 162). This also includes payments to the German pension insurance scheme.

(5) DEPRECIATIONS

The following table illustrates the depreciation, amortization and impairment of fixed assets.

in EURk	2018	2017
Impairment write-downs and amortization and depreciation on intangible fixed assets and tangible fixed assets	21,013	15,928
thereof impairment	*0*	*0*
Impairment on long term assets available for sale (IFRS 5)	0	3,784
Total	**21,013**	**19,712**

TABELLE 13: DEPRECIATIONS AND IMPAIRMENT OF FIXED ASSETS

Depreciation and amortization increased by 31.9 % compared with the previous year. This is mainly due to the increase in the average volume of assets over the year. The acquisition of the NACCO portfolio is only included in the annual financial statements with three monthly depreciations (acquisition date 1 October 2018).

Impairments that would have led to unscheduled write-downs were not identified.

No changes were made to the useful lives or residual values compared with the previous year.

(6) OTHER OPERATING COSTS

in EURk	2018	2017
risk of litigation	2,539	0
Fees, charges, advisory costs	2,412	1,936
Sales and representation costs	1,745	1,413
Losses on disposal/derecognition of fixed assets	814	1,849
Third party services	602	442
Rent/leases	425	467
Insurance	381	130
Travel expenses	215	158
IT costs	179	166
Vehicle related costs	170	89
Additions to specific bad debt provisions	104	302
Exchange losses	93	41
Other costs	1,201	1,263
Total	**10,880**	**8,256**

TABELLE 14: OTHER OPERATING COSTS

Other operating expenses have generally increased compared to the previous year.

The increase is mainly due to one-off and non-operating expenses in connection with legal disputes with SLI Dritte Verwaltungsgesellschaft mbH & Co. KG, Salzburg. These are based on risk assessments from the oral hearing before the Hanseatic Higher Regional Court in Hamburg, which took place on 16 April 2019. Please refer to section 3.2 for details on this special matter.

Excluding these costs not attributable to the operating activities of the fiscal year, other operating expenses amounted to EURk 8,341 and were almost at the previous year's level despite the significant growth in sales.

Fees, fees and consulting costs as well as sales and representation costs increased in particular.

The increase in consulting costs is mainly driven by costs in connection with capital increases initiated in the previous year as well as general consulting costs in connection with portfolio expansions/acquisitions and refinancing, some of which were not classified as incidental acquisition costs or incidental financing costs.

The selling and representation expenses mainly result from the sales activities of the subsidiary CH2 AG in the context of the procurement of financing mainly through direct investments.

Losses from the disposal of fixed assets developed in the opposite direction, with a significant decline. This is due in particular to the good price development of the container market in the 2018 financial year. The losses continue not to result from scheduled sales, but from sales of individual containers, which continue to be difficult to let due to the location.

The reported exchange rate losses resulted predominantly from the valuation of the euro receivables and liabilities resulting from operating activities, which are accounted for at the subsidiaries using the functional currency US dollar. Exchange rate effects in connection with financing activities are reported in the financial result.

All other components developed at a slower rate than the growth of the Group, so that general administrative expenses remained largely constant despite growth. Other expenses include various expenses not covered by the above categories.

(7) PROFIT AND LOSS SHARES IN COMPANIES THAT ARE BALANCED AT EQUITY, AFTER TAXES

in EURk	2018	2017
Profit and loss shares in companies that are balanced at equity, after taxes	329	438
thereof ERR Duisburg	*329*	*118*
thereof BSI Conical	*0*	*0*
thereof CH2 AG	*0*	*320*
Total	**329**	**438**

TABELLE 15: PROFIT AND LOSS SHARES IN COMPANIES THAT ARE BALANCED AT EQUITY

The investment in ERR Duisburg accounted for using the equity method was sold with effect from July 16, 2018, so that the results due from this investment up to the date of sale were recognized in the fiscal year.

Due to accumulated past losses, BSI Conical continues to be carried at an investment amount of EURk 0. The company is in liquidation and no further income is expected from this investment. There is no obligation to make additional contributions for losses of the company.

With regard to CH2 AG, no more results at equity were recorded in 2018, as the company has been fully consolidated since 11 July 2017.

(8) FINANCIAL RESULT (NET)

in EURk	2018	2017
Interest and similar income	**577**	**1,220**
thereof from other related persons or entities	545	1,042
Interest and similar expenses	**-28,134**	**-21,758**
thereof to other related persons or entities	*-6,805*	*-8,938*
	-407	*-79*
Currency effects on financial receivables and financial liabilities	**8,376**	**-21,628**
Financing secondary costs	**-813**	**-1,174**
Discount from the emission of shares	**-29**	**-3,396**
Total	**-20,023**	**-46,736**

TABELLE 16: FINANCIAL RESULT

The financial result is affected by several opposing factors, which are explained below:

Interest and similar income

Interest and similar income result almost exclusively from clearing accounts with the financing partner BoxDirect and its subsidiaries, which handles the direct investments. These clearing accounts were cleared or netted in the course of the year, with the result that interest income from them declined significantly.

Interest and similar expenses

Interest and similar expenses rose by a total of 22.7 %, mainly as a result of the overall development of loan liabilities, which rose by around 40 % in 2018 compared with the same period of the previous year if the quarterly average is taken into account. The increase in interest expenses was thus significantly lower than the increase in average liabilities, which shows a further optimization of the financing structure.

Currency effects on financial receivables and financial liabilities

This item represents the currency effects on financial receivables and financial liabilities. These are currency effects affecting the income statement, primarily from the valuation of foreign currency loans as of the balance sheet date. In particular, the operating companies that use the US dollar as their functional currency have euro loans that must be measured at the closing rate. The resulting expenses or income, as they result directly from financing, are reported in the financial result.

The development depends directly on the development of the EUR/USD exchange rate. The closing rate developed from 1.1993 to 1.1450 Euro in 2018, the Dollar has been revalued accordingly by EUR 0.0543 against the Euro. On the other hand, the trend from 2017 is from 1.0541 to 1.1993, a depreciation of EUR 0.1452. The change in currency effects is thus in line with the development of the exchange rate.

Financing secondary costs

This item includes current external costs for financing services, in particular for the BoxDirect companies, in connection with investor support and direct investments insofar as these are not spread over the term of the loans using the effective interest method.

Discount from the emission of shares

This item results from the non-cash capital increase carried out in the 2018 financial year, in which receivables from Group companies were contributed in return for the issue of shares.

This transaction is subject to the provisions of IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments). On the basis of these regulations, the issue of equity instruments is remuneration paid for the receivables contributed. The value of the receivables was lower than the value of the equity instruments issued. Due to the fact that the equity instruments must be measured at fair value (cf. IFRIC 19.6), there is a difference that must be recognized in the income statement, IAS 39.41, IFRIC 19.9.

These were non-cash special expenses. These effects are not recurring, but cannot be excluded from comparable capital measures in the future either. In 2018, only a few such contribution transactions were processed, so that the item no longer plays a significant role in the annual financial statements.

(9) TAXES ON INCOME AND PROFIT

in EURk	2018	2017
Current taxes in business year	-974	-532
Deferred taxes		
- due to changes in tax rates	0	0
- due to temporary differences	6,643	3,529
- due to tax losses and interest carried forward	-4,736	-635
	1,907	2,894
Taxes on income and profit	**933**	**2,362**

TABELLE 17: TAXES

The actual tax result of EURk +933 deviates by EURk 4,532 from the expected revenue for taxes on income and profit of EURk 3,599, 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 EURk	2018	2017
Earnings before tax	**11,150**	**-37,341**
Tax rate	32.28%	32.28%
Expected tax refund / charge	**-3,599**	**12,050**
Effects from tax rate differences	461	220
Non-deductible charges	-35	-1,186
Adjustment temporary differences	889	-360
Adjustment loss carryforwards	161	0
Depreciation and disposal charges for ancillary purchase costs with no corresponding tax effect	-634	-1,085
Addition of trade tax	-1,293	-796
Other tax free income	133	133
Effect of currency translation of tax balance sheet values to functional currencies	895	0
Change of Impairment write-down DTA	4,192	-6,446
Other effects	-237	-168
Disclosed returns from taxes on income and profit	**933**	**2,362**
Consolidated tax rate	**4.8%**	**-6.3%**

TABELLE 18: TAX RECONCILIATION

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

at	31.12.2018	31.12.2017
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**

TABELLE 19: EXPECTED TAX RATE

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 4.8% of the result before taxes. In the prior year, the tax charge amounted to -6.3% of earnings before taxes on earnings.

Further information on taxes on earnings is disclosed under 7.13.

(10) EARNINGS PER SHARE

in EURk	2018	2017
Shareholders‘ share of Group results (in EURk)	**10,275**	**-34,267**
Result per share (in EUR)	**1.11**	**-3.15**
Weighted average number of shares	**12,963,454**	**11,107,972**

TABELLE 20: EARNINGS PER SHARE

Earnings per share improved significantlyin by EUR 4.26 to EUR 1.11 in the fiscal year. In fiscal year 2017, a loss per share of EUR 3.15 was reported here.

The calculation in the numerator is based on the profit after tax attributable to the owners of Aves One AG. Earnings per share are calculated on the basis of the weighted average number of ordinary shares outstanding. The number of outstanding shares used to calculate basic earnings per share for the twelve-month period ended December 31, 2018, was 12,963,454 shares, compared to 11,107,972 shares in the same period of the previous year, see subitem 7.11. Basic and diluted earnings per share are the same. With regard to the number of outstanding shares, we refer to the comments under 7.11.1 Share capital.

8 NOTES ON THE CONSOLIDATED SHEET

(1) INTANGIBLE FIXED ASSETS INCLUDING GOODWILL

In addition to goodwill resulting from the acquisition of the shares in CH2 AG, intangible assets mainly include a "brokerage commission for freight transport equipment and logistics properties" originally amounting to EUR 2.5 million, which arose on the basis of a contractual agreement with a related party at the end of the 2016 financial year. The brokerage commission is not depreciated separately, but capitalised as incidental acquisition costs for the logistics properties and means of goods transport still to be acquired (initially as an acquired right (brokerage service)) and is only depreciated as a component of acquisition costs upon addition.

A first logistics property was successfully brokered in 2018, which led to a reclassification of a partial amount of originally EURk 333 to 2018. Further changes in this item result from currency effects (transformation from the presentation currency to the presentation currency).

In the year under review, investments in software totalled EURk 242.

Purchased other intangible assets with finite useful lives are carried at cost and amortized mainly on a straight-line basis over three years.

Goodwill is not subject to scheduled amortization. An annual impairment test is performed at the level of the cash-generating unit (CGU). If the carrying amount of the CGU is not recoverable, an initial impairment loss on goodwill may be recognized.

in EURk	Software	Brokerage fees	Industrial property rights	Goodwill	Total
Procurement/manu-facturing costs					
As of 01/01/ 2018	**615**	**2,197**	**0**	**5,624**	**8,436**
Additions	242	0	3	0	245
Outflaws	0	0	0	0	0
Transfers	0	-297	0	0	-297
Currency adjustments	11	95	0	0	106
As of 31/12/ 2018	**868**	**1,995**	**3**	**5,624**	**8,490**
Accumulated deprecia-tion /amortisation and impairments					
As of 01/01/ 2018	**201**	**0**	**0**	**0**	**201**
Consolidated entities	0	0	0	0	0
Additions	94	0	0	0	94
Outflaws	0	0	0	0	0
Transfers	0	0	0	0	0
Currency adjustments	0	0	0	0	0
As of 31/12/ 2018	**295**	**0**		**0**	**295**
Remaining carrying values					
As of 01/01/ 2018	**414**	**2,197**	**0**	**5,624**	**8,235**
As of 31/12/ 2018	**573**	**1,995**	**3**	**5,624**	**8,195**
Currency transla-tion differences	**11**	**95**	**0**	**0**	**106**

TABELLE 21: INTANGIBLE ASSETS 2018

in EURk	Software	Brokerage fees	Goodwill	Total
Procurement/manufacturing costs				
As of 01/01/ 2017	**79**	**2,500**	**0**	**2,579**
Consolidated entities	243	0	0	**243**
Additions	309	0	5,624	5,933
Outflaws	0	0	0	0
Transfers	0	0	0	0
Currency adjustments	-16	-303	0	-319
As of 31/12/ 2017	**615**	**2,197**	**5,624**	**8,436**
Accumulated depreciation /amortisation and impairments				
As of 01/01/ 2017	**12**	**0**	**0**	**12**
Consolidated entities	150	0	0	**150**
Additions	42	0	0	**42**
Outflaws	0	0	0	0
Transfers	0	0	0	0
Currency adjustments	-3	0	0	-3
As of 31/12/ 2017	**201**	**0**	**0**	**201**
Remaining carrying amounts				
As of 01/01/ 2017	**67**	**2,500**	**0**	**2,567**
As of 31/12/ 2017	**414**	**2,197**	**5,624**	**8,235**
Currency translation differences	-13	-303	0	-316

TABELLE 22: INTANGIBLE ASSETS 2017

Impairment test Goodwill CH2 Contorhaus Hansestadt Hamburg AG

An impairment test was performed on the goodwill of CH2 AG. The Container segment was identified as the cash-generating unit (CGU), as CH2 AG operated almost exclusively for this segment in the 2018 financial year and this also represents the lowest level at which goodwill is monitored. Goodwill has therefore been assigned as follows:

in EURk	**2018**	**2017**
Container	5,624	5,624

TABELLE 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	2018	2017
Depreciation rate	7.0%	7.0%
Sustainable growth rate	1.0%	1.0%
Planned EBITDA growth rate (average of the next 3 years)	19.3%	35.3%

TABELLE 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 segement were accepted based on the operative investment planning
- The financing costs reflect current market conditions
- The USD developement was assumed at a fixed exchange rate
- Storage costs were reduced due to a nearly completed depot adjustment

(2) FIXED ASSETS

in EURk	Container	Railway carriages	Swap bodies	Tank containers	Other assets, BGA	Total
Procurement/manufacturing costs						
As of 01/01/ 2018	**202,363**	**239,152**	**30,185**	**3,420**	**788**	**475,908**
Consolidated entities	0	0	0	0	0	0
Additions	48,515	319,488	12,484	45	233	380,765
Outflaws	-5,760	-1,464	-2,343	0	-23	-9,590
Transfers	0	0	0	0	0	0
Currency adjustments	10,937	0	0	82	-4	11,015
As of 31/12/ 2018	**256,055**	**557,176**	**40,326**	**3,547**	**994**	**858,098**
Accumulated depreciation /amortisation and impairments						
As of 01/01/ 2018	**14,769**	**9,438**	**2,394**	**413**	**434**	**27,448**
Consolidated entities	0	0	0	0	0	0
Additions	6,719	10,394	3,478	221	107	20,919
Outflaws	-570	-254	-434	0	-2	-1,260
Transfers	0	0	0	0	0	0
Currency adjustments	959	0	0	0	0	959
As of 31/12/ 2018	**21,877**	**19,578**	**5,438**	**634**	**539**	**48,066**
Remaining carrying values						
As of 01/01/ 2018	**187,594**	**229,714**	**27,791**	**3,007**	**354**	**448,460**
As of 31/12/ 2018	**234,178**	**537,598**	**34,888**	**2,913**	**455**	**810,032**
Currency translation differences	**9,978**	**0**	**0**	**82**	**-4**	**10,056**

TABELLE 25: TANGIBLE ASSETS 2018

in EURk	Container	Railway carriages	Swap bodies	Tank containers	Other assets, BGA	Total
Procurement/manufacturing costs						
As of 01/01/ 2017	**211,153**	**227,929**	**17,278**	**3,522**	**352**	**460,234**
Consolidated entities	0	0	0	0	376	376
Additions	37,888	12,867	13,543	0	76	64,374
Outflaws	-7,784	-1,644	-636	-20	-2	-10,086
Transfers	-12,494	0	0	0	0	-12,494
Currency adjustments	-26,400	0	0	-82	-14	-26,496
As of 31/12/ 2017	**202,363**	**239,152**	**30,185**	**3,420**	**788**	**475,908**
Accumulated depreciation /amortisation and impairments						
As of 01/01/ 2017	**11,902**	**2,228**	**377**	**141**	**186**	**14,834**
Consolidated entities	0	0	0	0	196	196
Additions	5,708	7,551	2,304	271	52	15,886
Outflaws	-404	-341	-287	1	0	-1,031
Transfers	-679	0	0	0	0	-679
Currency adjustments	-1,758	0	0	0	0	-1,758
As of 31/12/ 2017	**14,769**	**9,438**	**2,394**	**413**	**434**	**27,448**
Remaining carrying amounts						
As of 01/01/ 2017	**199,251**	**225,701**	**16,901**	**3,381**	**166**	**445,400**
As of 31/12/ 2017	**187,594**	**229,714**	**27,791**	**3,007**	**354**	**448,460**
Currency translation differences	**-24,642**	**0**	**0**	**-82**	**-14**	**-24,738**

TABELLE 26: TANGIBLE ASSETS 2017

Due to extensive investments, tangible assets increased significantly to EURk 810,032 (previous year EURk 448,460) in the current year. This is mainly due to the NACCO transaction and the addition of around 4,400 freight cars. In addition, additional investments in the rail and container sectors contributed to the growth in tangible assets.

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 73.0 M in the current business year (prior year: EUR 50.3 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:

TABELLE 27: FUTURE MINIMUM LEASING PAYMENTS

	Future minimum leasing payments							
	Container		Railways carriages		Real Estate		Total	
in EURk	2018	2017	2018	2017	2018	2017	2018	2017
Less than one year	0	15,848	0	26,673	0	37	0	42,558
Between one and five years	0	27,562	0	28,445	0	6	0	56,013
More than five years	0	2,959	0	1,928	0	0	0	4,887
	0	**46,369**	**0**	**57,046**	**0**	**43**	**0**	**103,458**

(3) INVESTMENT PROPERTY

in EURk	2018	2017
Balance at January 1	0	0
Acquisitions	9,740	0
Reclassification from intangible assets (commission fees)	333	0
Changes in fair value	827	0
Total	**10,900**	**0**

TABELLE 28: TRANSITION OF THE CARRYING AMOUNTS

Investment property includes a logistics property in Alsdorf acquired in March 2018. The property is fully leased to a third party and the lease has a non-cancellable term of 4 years. Options exist for subsequent extensions.

The rental agreements do not contain any contingent rental payments.

Changes in fair value are recognized in profit or loss and are included in other operating income. All gains are unrealized.

(3.1) Determination of fair values

The fair value of the investment property was determined by an external independent real estate valuer (JLL) who has relevant professional qualifications and current experience with the location and nature of the property to be valued. The value is determined according to plan once a year.

The valuation at fair value of the investment property was classified as a level 3 fair value based on the input factors of the valuation technique used.

(3.2) Valuation techniques and significant input factor assumptions

The following table shows the valuation technique used and the assumptions used for input factors:

Valuation technique	Sigificant assumptions regarding input factors	Correlation between assumptions made and fair value measurement
Discounted cash flows: In the valuation model, the present value of the net cash flows expected from the property is used, including the expected rental increase rate, occupancy rates, rent incentives, rent default rates and costs that cannot be further quantified. The expected net cash flows are discounted using risk-adjusted discount rates. The discount rate takes into account the location and creditworthiness of the tenant and the term of the lease.	- A market rent from comparable areas was used to calculate an annual gross profit. - Non-apportionable operating expenses were assumed at 3% of gross profit - Maintenance costs assumed at 7% of gross profit - Loss of rental income risk assumed at 3% of gross profit - Remaining useful life assumed to be 49 years - The real estate interest rate was 4.20%	The estimated fair value would decrease (increase) if: - the rents attainable on the market would decrease (increase) - Vacancy periods arise - Rent free periods are granted - Interest rates rise (fall) - Failure rates or non-allocable costs increase (decrease

TABELLE 29: VALUATION TECHNIQUES AND ASSUMPTIONS ON INPUT FACTORS

(4) FINANCIAL INVESTMENTS BALANCED ACCORDING TO THE EQUITY METHOD

The amount of EURk 1,158 reported under this item in the previous year was fully attributable to the investment in ERR Duisburg. By contract dated July 16, 2018, the 33.33 % interest in ERR Duisburg was sold. As a result, ERR Duisburg has been removed from the scope of consolidation of the Aves Group.

Due to the allocation of negative results from BSI Conical Container GmbH, Hamburg, the investment was already written down to a value of EURk 0 in 2016. There are no additional funding liabilities or similar obligations, so that no contingent liabilities or additional liabilities have to be shown.

SUMMARISED FINANCIAL INFORMATION CONCERNING THE ASSOCIATED UNDERTAKINGS:

Financial information concerning BSI CONICAL Container GmbH, Hamburg, accounted for in accordance with the equity method is summarised in the following table:

	BSI CONICAL Container GmbH, Hamburg	
in EURk	**31/12/2018**	**31/12/2017**
Short-term assets, without liquid funds	0	575
Liquid funds	3	33
Short-Tterm liabilities	17	788
Revenues	0	423
Taxes	0	16
Net profit for the year	**-14**	**-44**
Total result	**-14**	**-44**

TABELLE 30: ASSOCIATED UNDERTAKINGS – FINANCIAL INFORMATION

This information includes both the Group's share and the share of minority interests in the assets, liabilities and items of the income statement.

Reconciliation of the summarized financial information presented to the carrying amount of companies accounted for using the equity method:

	BSI CONICAL Container GmbH, Hamburg	
in EURk	**31/12/2018**	**31/12/2017**
Net assets at the time of acquisition/founding or 01/01/	-75	-31
Annual surplus (if appl. From acquisition; before interim result consolidation)	-14	-44
Net assets as of 31/12/ (before interim result consolidation)	**-89**	**-75**
Share of Aves One AG in the net assets		
in percent	51.0%	51.0%
in EURk	-45	-38
Carrying value	**0**	**0**
Maximum loss risk	**0**	**0**

TABELLE 31: ASSOCIATED UNDERTAKINGS – SUMMARISED FINANCIAL INFORMATION

(5) OTHER FINANCIAL ASSETS

The other financial assets in the Aves Group are interest rate hedges, which are predominantly treated as cash flow hedges. The hedging transactions designated in this way are new circumstances. The interest rate hedges, which continue to exist from the previous year, are only insignificant in scope and have no hedging relationship.

Hedging transactions are accounted for in accordance with IFRS 9. The Group ensures that the hedging relationships are aligned with the objectives and strategy of risk management. A forward-looking approach is used to assess effectiveness.

All interest rate hedges are measured at fair value in the balance sheet. The Aves One Group designates and documents hedging transactions as hedge accounting if the conditions of IFRS 9 for hedge accounting are met. With a cash flow hedge, fluctuations in future cash flows from highly probable expected transactions or cash flows to be paid or received are hedged in connection with a recognized asset or liability. Designated interest caps have the same conditions as the underlying transaction; this applies to the reference interest rate, interest rate adjustment dates, payment dates, maturities and base amount. During the financial year, the main contractual terms and conditions were the same and the remaining term of the hedging transactions is expected to be the same, resulting in economic relationships between the hedged item and the hedging instrument. In addition to the objectives of risk management, the documentation of the hedging relationship also includes the type of hedging relationship, the hedged risk, the description of the hedging instrument and the hedged item as well as an assessment of the effectiveness criteria. Effectiveness is reviewed on a regular basis. Reasons for ineffectiveness in interest rate caps can be default risks of the parties or the discontinuation of the hedged transaction. No indications of such events were identified in the fiscal year.

A profit or loss effect only exists for changes in value that cannot be brought into a hedging relationship (ineffective portion). Otherwise, changes in value are regularly recognised in other comprehensive income, as are deferred taxes on these items. Changes in the fair value of the hedging instrument are excluded from designation as a hedging instrument and treated as costs of hedge accounting. These are temporarily recognised in other comprehensive income and are recognised in the income statement over the term of the hedge. Changes in the value of undesignated hedging instruments are recognised at fair value through profit or loss.

In the case of the designated financial instruments, the cumulative hedging gains/losses from the hedging transactions are transferred from the equity reserve to the consolidated result at the same time as the hedged underlying transaction affects the result.

In the event of a possible change in designation, for example because the requirements for hedge accounting no longer apply, measurement is at fair value through profit or loss (FVTPL).

(6) 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 EURk 105 are also part of the acquisition costs.

In addition, inventories include containers with a carrying amount of EURk 958 which are also not intended to remain in the Group's long-term assets.

(7) TRADE ACCOUNTS RECEIVABLE

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

in EURk	31/12/2018	31/12/2017
Trade accounts receivable	22,826	12,202
Value adjustments	-1,894	-1,814
Total	**20,932**	**10,388**

TABELLE 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 EURk	Book value as of 31/12/2018	therof written down at balance sheet date	threrof neither written down nor overdue at balance sheet date	therof not written down and overdue for the following intervals at abalnce sheet date			
				less than 30 days	30 to 60 days	61 to 90 days	more thna 90 days
from third parties	22,138	1,894	18,896	656	430	9	253
from entities accounted for at equity	11	0	11	0	0	0	0
from other related persons or undertakings	677	0	677	0	0	0	0
Total	**22,826**	**1,894**	**19,584**	**656**	**430**	**9**	**253**

TABELLE 33: DUE DATES FOR TRADE ACCOUNTS RECEIVABLE 2018

Until the end of March 2019, the trade accounts receivable were settled except for an amount of EUR 2.3 M. The open amount comprises, among others, a legally pending receivable at EUR 1.2 M for which there are value adjustments at EURk 939 as of 31 December 2018. 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 EURk	Book value as of 31/12/2017	therof written down at balance sheet date	threrof neither written down nor overdue at balance sheet date	therof not written down and overdue for the following intervals at abalnce sheet date			
				less than 30 days	30 to 60 days	61 to 90 days	more thna 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
Total	**12,202**	**1,814**	**8,854**	**446**	**793**	**63**	**232**

TABELLE 34: DUE DATES FOR TRADE ACCOUNTS RECEIVABLE 2018

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 EURk	2018	2017
As of 01/01/	1,814	1,919
Utilization	0	0
Reversals	-21	-388
Additions	104	302
Foreign currency translation	-3	-18
As of 31/12/	**1,894**	**1,814**

TABELLE 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 EURk	2018	2017
Costs arising in connection with full bad debt write-offs	7	1

TABELLE 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

	31/12/2018		31/12/2017	
in EURk	Total	Remaining term more than one year	Total	Remaining term more than one year
Financial receivables	**522**	**0**	**4,277**	**0**
▪ thereof towards other related persons and undertakings, including at-equity undertakings	384	0	1,967	0
▪ thereof towards external third parties	138	0	2,310	0
Financial receivables	**522**	**0**	**4,277**	**0**
Other assets	**30,588**	**0**	**17,059**	**0**
▪ therof restricted cash	20,418	0	6,696	0
▪ thereof from taxes	4,656	0	4,082	0
▪ therof towards other related persons and undertakings, including at-equity undertakings	3,128	**0**	3,105	**0**
▪ therof accruals and deferrals	547	0	692	0
▪ thereof towards controlling entities or persons	0	**0**	42	**0**
Other assets	**30,588**	**0**	**17,059**	**0**
Total	**31,110**	**0**	**21,336**	**0**

TABELLE 37: FINANCIAL RECEIVABLES AND OTHER ASSETS

The financial receivables at EURk 522 (prior year: EURk 4,277) 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 increase in other assets to EURk 30,588 compared to the previous year's figure of EURk 17,059 is mainly due to the increase in restricted cash. A total of EURk 12,548 had to be deposited in the financial year as part of the financing of the NACCO portfolio and the refinancing of an existing rail portfolio.

(9) TAX ASSETS

in EURk	31/12/2018	31/12/2018
Deferred tax assets	10,152	8,784
Current tax assets	4,193	141
Total	**14,345**	**8,925**

TABELLE 38: TAX ASSETS

Explanations on the deferred taxes can be found under 6.9.

(10) LIQUID FUNDS

in EURk	31/12/2018	31/12/2017
Bank balances	17,144	14,903
Cash in Hand	4	5
Total	**17,148**	**14,908**

TABELLE 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 EURk 20.418 (previous year: EURk 6.696) was first indicated in the Other assets kin this year because the liquidity criterion was not met. The development of liquid funds is shown in the cash flow statement and the notes to the cash flow statement in 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 13,015,053.00 (prior year: EUR 12,899,509.00). It is divided into 13,015,053 (prior year: 12,899,509) bearer shares with no nominal value and a proportional value of EUR 1.00 per share.

(11.1.1) Capital increase in kind

In fiscal year 2018, Aves One AG carried out a non-cash capital increase as well as the entry of a non-cash capital increase from fiscal year 2017.

In both cases, these are transactions that fall under the provisions of IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments). As a result of these regulations, the issue of equity instruments is consideration paid for the receivables contributed. As a result of the fact that the equity instruments must be measured at fair value (see IFRIC 19.6), there is a difference that must be recognised in profit or loss, IAS 39.41, IFRIC 19.9.

(11.1.1.1)Capital increase through contribution of receivables

By resolution of the Management Board and after approval by the Supervisory Board on 29 December 2017, a capital increase was resolved from authorised capital with the aim of redeeming liabilities. The share capital was increased from EUR 12,899,509.00 by EUR 87,617.00 to EUR 12,987,126.00. For this purpose, 87,617 new shares were issued, which are entitled to dividends as of January 1, 2018. Shareholders' subscription rights were excluded. In return, receivables from Group companies in the amount of around EUR 560 thousand were contributed in this process. The contribution was made by subscription form dated 29 December 2017. For further details, please refer to chapter 7.12 of the 2017 annual report.

This capital increase was registered on 13 June 2018.

(11.1.1.2)Capital increase through contribution of receivables

By resolution of the Management Board and after approval by the Supervisory Board on 23 March 2018, a capital increase was resolved from the authorised capital with the aim of redeeming liabilities. The share capital was increased from EUR 12,987,126.00 by EUR 27,927.00 to EUR 13,015,053.00. For this purpose, 27,927 new shares were issued, which are entitled to dividends as of January 1, 2018. Shareholders' subscription rights were excluded. In return, receivables from Group companies in the amount of around EUR 169 thousand were contributed in this process. The contribution was made with a subscription certificate dated 23 March 2018.

A share price of EUR 6.85 was used to determine the market value of the shares issued, which corresponds to the average price (Frankfurt/XETRA) on the day before the transaction. The use of this price results in a discount of TEUR 29 to be recognised in the income statement, which is shown in the item "Discount from the emission of shares".

	Rate used	EUR	6.85
x	Number of emitted shares		27,927
=	Market value of the emitted shares	EUR	191,299.95
+	Cash surrender	EUR	6,700.00
-	Value of the contribution	EUR	169,120.91
=	Discount from the emission of shares	EUR	28,879.04

TABELLE 40: CAPITAL INCREASE BY CONTRIBUTION OF RECEIVABLES

This capital increase was registered on 13 June 2018.

(11.2) Conditional share capital

By resolution of the Annual General Meeting on 21 August 2018, conditional share capital 2016 (Section 4 (6) of the Articles of Association) was cancelled. At the same time, a new Conditional Capital 2018 was resolved.

The company was authorised by resolution of the Annual General Meeting on 21 August 2018 to issue convertible bonds, warrant-linked bonds and participating certificates with or without conversion or option entitlements as well as toexclude pre-emption rights with a total nominal value of up to EUR 50,000,000. The bearers of these bonds may be granted conversion or option rights of up to 6,507,526 bearer shares with no nominal value and a proportional share of the issued share capital of EUR 6,507,526.00 in total. Accordingly, a resolution on conditional capital in the amount of EUR 6,507,526.00 was passed by issuing 6,507,526 new bearer shares with dividend rights from the beginning of the fiscal year in which they are issued.

(11.3) Authorised Capital

By resolution of the General Meeting of the Company from 21 August 2018, the authorised capital 2017 (§ 4 para. 5 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 20 August 2023 by up to a total of EUR 6,507,526.00 by one or more issues of bearer shares with no nominal value by means of cash contribution or contribution in kind (Authorized Capital 2018). 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.

No use had been made of these authorisations by the balance sheet date.

(11.4) Capital reserves
The change to the capital reserves from EURk 39,391 to EURk 40,043 results from the above capital increase and the connected equity procurement costs.

(11.4.1) Cost of obtaining capital
The capital procurement costs amount to TEUR 50 and result primarily 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 2.15.

(11.5) Consolidated retained loss
The Consolidated loss as of 31 December 2018 comprises the consolidated annual profit 2018 and the consolidated retained loss as of 31 December 2017.

(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) Other reserves
Other reserves include the portion of the gain or loss on the interest rate hedging instruments that was determined to be an effective hedge. A loss in the amount of EURk 842 was recorded in the year under review.

In addition, Superior Beteiligungen AG sold Mr. Tobias Aulich a total of 100,000 shares subject to a cancellation condition by contract dated April 30, 2018. If the employment relationship is not terminated before December 31, 2020, vesting occurs as follows. As of December 31, 2018, 30,000 shares had been vested. A further 30,000 shares were vested at the subsequent balance sheet date. The remaining 40,000 shares will be vested as of December 31, 2020. Insofar as the employment relationship is terminated before December 31, 2020, a reversal may be made for the portion not yet earned.

In accordance with the accounting standard on "Share-based Payments" IFRS 2, the valuation was made at market values at the time of acquisition. The market value results from the difference between the share price at the time of acquisition and the discounted purchase price. This difference corresponds to the fair value of the share-based payment and amounts to EURk 1,975 per share. The acquisition date was the date on which the contract for share-based payments was concluded. A total of EURk 198 has thus been or will be allocated.

As of December 31, 2018, EURk 103 from the recognition of this compensation agreement was recognized in other reserves. EUR 65 thousand in 2019 and EURk 30 in 2020 will have to be recognized by the end of the term of the agreement.

(11.8) Presentation of the result per share

The 115,544 shares newly issued in the course of 2017 in the scope of the capital increase 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

The capital increase not registered in the previous year was entered in the commercial register on 13 June 2018. There were no comparable circumstances on the balance sheet date of 31 December 2018.

(13) INCOME TAX LIABILITIES

in EURk	31/12/2018	31/12/2017
Deferred income tax liabilities	8,410	9,291
Current income tax liabilities	742	487
Total	**9,152**	**9,778**

TABELLE 41: 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 EURk	31/12/2018	31/12/2017
Status at the beginning of the year	-507	-4,164
Additions from capital increase without effect on the result	0	352
Additions from acquisition of subsidiaries without effect on the result	0	6
Effects from currency conversion without effect on the result	-10	405
Other comprehensive Income from Hedge Accounting	352	0
Taxes with effect on the result	1,907	2,894
As of 31/12/	**1,742**	**-507**

TABELLE 42: RECONCILIATION OF BALANCE FOR DEFERRED TAXES

Deferred taxes were calculated using the company-specific tax rates (for the German companies: corporations: 32.28 % and 16.45 % for partnerships; for the subsidiaries in Austria: 25 %).

The amount from temporary differences in connection with shares in subsidiaries and companies accounted for using the equity method, for which no deferred tax liabilities were recognized in accordance with IAS 12.39 in the reporting year, amounts to EUR 0.9 million (previous year: EUR 3.3 million).

The following deferred tax assets and liabilities are attributable to recognition and measurement differences in the individual balance sheet items:

in EURk	31/12/2018 deferred tax assets by situation	31/12/2018 deferred tax liability by situation	31/12/2017 deferred tax assets by situation	31/12/2017 deferred tax liability by situation
Intangible fixed assets	54	0	95	0
Fixed assets	0	12,753	0	7,306
Inventories	353	0	317	0
Financial receivables	0	82	0	0
Trade accounts receivable	0	285	2	0
Other asstes and advance payments	1,197	0	41	0
Assets available for Sale	0	0	0	1,089
Financial liabilities	0	3,411	0	2,291
Tax liabilities	2	0	13	0
Trade accounts payable and other liabilities	239	0	18	575
Other liabilities	0	498	0	0
Other provisions	15	0	0	0
Loss and interest carryforward	16,911	0	10,268	0
Total	**18,771**	**17,029**	**10,754**	**11,261**
Balancing	-8,619	-8,619	-1,970	-1,970
	10,152	**8,410**	**8,784**	**9,291**

TABELLE 43: DEFERRED TAXES BY BALANCE SHEET ITEM

in EURk	31/12/2018	31/12/2017
Deferred tax receivables		
Deferred tax receivables realised after more than 12 months	9,146	6,759
Deferred tax receivables realised within 12 months	1,006	2,025
Deferred tax receivables	**10,152**	**8,784**
Deferred tax liabilities		
Deferred tax liabilities realised after more than 12 months	6,298	6,633
Deferred tax liabilities realised within 12 months	2,112	2,658
Deferred tax liabilities	**8,410**	**9,291**

TABELLE 44: MATURITIES OF DEFERRED TAXES

Deferred tax assets for tax loss carryforwards are recognized to the extent that it is probable that future taxable profit will be available against which the tax loss carryforwards can be utilized.

In the case of companies with tax losses in previous years, deferred tax assets on loss carryforwards are only taken into account if sufficient deferred tax liabilities exist and it can be assumed with a high degree of certainty that the tax losses will be usable in the future due to fundamental changes in income situations or substantial evidence. In addition, tax optimizations are planned here in order to make the best possible use of existing loss carryforwards.

The tax planning of the companies on which the usability of deferred taxes is based only takes into account the tax results expected in the next five years according to business planning, for which it is highly probable that they will be used. The income according to tax planning results, among other things, from tax reversal effects in connection with assets which serve as collateral for expiring direct investments. In the case of these assets, the cumulative additional tax depreciation compared with depreciation under IFRS is recognised in profit or loss and thus in profit or loss when the assets are sold internally or externally.

The following table shows the amount of non-capitalized deferred taxes and the amount of the underlying loss carryforwards:

in EURk	2018 Loss carryforward	2018 applicable deferred tax savings not recognised in assets	2017 Loss carryforward	2017 applicable deferred tax savings not recognised in assets
Loss carryforward under corporate tax	71,381	3,455	60,795	3,888
Trade tax loss carryforwards	52,335	0	45,153	2,537
Total		**3,455**		**6,425**

TABELLE 45: TAX LOSS CARRYFORWARDS

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

A corporate income tax rate of 25% applies to the Austrian subsidiaries; trade tax is not levied.

(14) LIABILITIES

in EURk	31/12/2018 carrying value	31/12/2018 Remaining term more than one year	31/12/2018 Remaining term more than five years	31/12/2017 carrying value	31/12/2017 Remaining term more than one year	31/12/2017 Remaining term more than five years
Financial liabilities						
Institutional lenders	217,496	105,188	4,349	94,222	75,251	4,349
Banks	480,583	290,538	168,306	187,425	169,366	7462
Direct investors - towards other related persons or undertakings	160,690	118,265	9	188,911	121,366	2,166
Liabilities from financing leasing	3,254	2,908	0	8,708	3,118	0
Other	18	0	0	0	0	0
Financial liabilities	**862,041**	**516,899**	**172,664**	**479,266**	**369,101**	**13,977**
Trade accounts payable						
towards external third parties	7,285	0	0	1,994	0	0
from other related persons or undertakings	1056	0	0	343	0	0
Trade accounts payable	**8,341**	**0**	**0**	**2,337**	**0**	**0**
Other liabilities	**8,576**	**0**	**0**	**6,466**	**0**	**0**
	742	**0**	**0**	**0**	**0**	**0**
· thereof from taxes	145	0	0	1909	0	0
· thereof in the scope of social security	8	0	0	9	0	0
· thereof from accruals and deferra	3	0	0	231	0	0
Total	**878,958**	**516,899**	**172,664**	**488,069**	**369,101**	**13,977**

TABELLE 46: OVERVIEW OF LIABILITES

(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 2018 and the prior year are set out as follows:

CREDIT INSTITUTIONS

	31/12/2018			31/12/2017		
Creditors	Original amount in issue currency	Interest rate or effective interest rate*	As of 31/12/ in EURk	Original amount in issue currency	Interest rate or effective interest rate*	As of 31/12/ in EURk
Rail						
Various creditors	416,654,652 EUR	1,72%-3,34%	406,180	182,338,640 EUR	1,95%-3,34%*	164,846
Container equipment						
Various creditors	15,425,413 EUR	2,80%-3,01%	13,956	13,869,078 EUR	2,80%-3,01%	13,354
One creditor	61,680,554 USD	5,35%-5,75%	53,656	11,200,000 USD	5,35%-5,45%	9,225
Real estate						
One creditor	7,000,000 EUR	1.00%	6,791			
Total			**480,583**			**187,425**

TABELLE 47: FINANCIAL LIABILITIES TOWARDS CREDIT INSTITUTIONS

The loans from credit institutions are fixed interest loans.

INSTITUTIONAL LENDERS

	31/12/2018			31/12/2017		
Institutional investors	Original amount in issue currency	Interest rate or effective interest rate*	As of 31/12/ in EURk	Original amount in issue currency	Interest rate or effective interest rate*	As of 31/12/ in EURk
Container Equipment						
various investors	48,373,638 EUR	5,00%-6,00%	37,764	39,734,408 EUR	5,00%-5,50%	39,043
various investors	54,693,903 USD	5,00%-7,91%	39,571	44,583,657 USD	5,00%-7,91%*	31,669
Rail Equipment						
various investors	144,848,717 EUR	5,00%-7,00%	137,137	23,511,217 EUR	5,00%-7,00%	23,510
Real estate						
various investors	3,023,550 EUR	0.06	3,024			
Total			**217,496**			**94,222**

TABELLE 48: FINANCIAL LIABILITIES TOWARDS INSTITUTIONAL LENDERS

The loans from institutional lenders are fixed interest loans.

DIRECT INVESTORS

	31/12/2018			31/12/2017		
Direct investors	Original amount in issue currency	Nominal interest	As of 31/12/ in EURk	Original amount in issue currency	Nominal interest	As of 31/12/ in EURk
Var. products and investors	185,449,825 EUR	3,57%-7,56%	160,529	222,530,874 EUR	3,25%-7,56%	188,723
Var. products and investors	207,032 USD	5.27%	161	381,286 USD	4,67%-5,27%	188
			160,690			**188,911**

TABELLE 49: FINANCIAL LIABILITIES TOWARDS DIRECT INVESTORS

The loans from direct investors are fixed interest loans.

(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 2017 or 2018 that were recognised as profit or loss in the scope of the financing leasing.

Liabilities from finance leases are made up of the following:

	Future minimum leasing payments		Interest payments		Cash value of the minimum leasing payments	
in EURk	2018	2017	2018	2017	2018	2017
Financial liabilities						
Less than obe year	211	5,518	81	127	292	5,645
Between one and five years	2,907	3,118	134	209	2,962	3,063
More than five years	0	0	0	0	0	0

TABELLE 50: FINANCIAL LIABILITIES FROM FINANCE LEASES

The book value of financed assets as of 31 December 2018 amounted to EURk 4.194.

(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.

in EURk	As of 01/01/2018	Utilization	Dissolution	Addition	Deconsolidation	Currency difference	As of 31/12/2018
risk of litigation	44	0	0	2,539	0	83	2,666
Remaining other provisions	4	0	0	0	0	0	4
Other provisions	**48**	**0**	**0**	**2,539**	**0**	**83**	**2,670**

TABELLE 51: DEVELOPMENT OF OTHER RESERVES

	31/12/2018			31/12/2017		
	Remaining terms			Remaining terms		
in EURk	Total	up to one year	more than one year	Total	up to one year	more than one year
risk of litigation	2,666	2,666	0	44	44	0
Remaining other provisions	4	0	4	4	0	4
Other provisions	**2,670**	**2,666**	**4**	**48**	**44**	**4**

TABELLE 52: REMAINING TERMS OF OTHER RESERVES

9 REPORTING ON FINANCIAL INSTRUMENTS

Financial instruments are contractual agreements that give rise to claims or obligations of the Group. These lead to an outflow or inflow of financial assets. According to IFRS 9, these include primary and derivative financial instruments. Primary financial instruments include in particular bank balances, receivables, liabilities, loans, advances and accrued interest. Various interest rate caps exist as derivative financial instruments, some of which are also used to hedge underlying transactions and are shown as hedge accounting, see 7.5.

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

The classification of financial instruments was based on the balance sheet items. Homogeneous items, such as trade receivables and trade payables to third parties, affiliated non-consolidated companies and related parties were combined.

The following categories are used in accordance with IFRS 9:

Amortized cost	AC
Financial assets at fair value through profit or loss	FVTPL
Financial liabilities measured at amortised cost	FLAC
Available for Sale	afS

In accordance with IAS 39, the following categories were used in the previous year - for transition see section 1.3:

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 fair values and carrying amounts of the financial assets and financial liabilities included in the individual balance sheet items in the 2018 financial year and in the previous year.

Book values, recorded amounts and fair values by categories:			Value indication according to IFRS 9			
in EURk	Category according to IFRS 9	Carying value 31/12/2018	Continued procurement costs	Fair value		Value indication balance sheet according to IAS 17
Long-term financial assets without interest cap	afS	0	0	0	0	0
Derivatives without hedge relationship	FVTPL	92	0	92	0	0
Derivatives with hedge relationship	hedge accounting	6,526	0	0	6,526	0
Trade accounts receivable	AC	20,932	20,932	0	0	0
Financial receivables	AC	522	522	0	0	0
Other receivables and other financial assets	AC	30,587	30,587	0	0	0
Cash and cash equivalents	AC	17,148	17,148	0	0	0
Long-term financial liabilities	FLAC	701,872	698,910	0	0	2,962
Trade accounts payable	FLAC	8,341	8,341	0	0	0
Short-term financial liabilities	FLAC	160,169	159,877	0	0	292
Other liabilities	FLAC	8,431	8,431	0	0	0
Summarised totals according to categories according to IAS 39:						
Financial assets available for sale	afS	0	0	0	0	0
Financial assets with effect on result at fair value	FVTPL	92	0	92	0	0
Derivatives accounted for under hedge accounting	hedge accounting		0	0	6526	0
Loans and receivables	AC	69,189	69,189	0	0	0
Financial liabilities measured an amortized cost	FLAC	878,813	875,559	0	0	3,254

TABELLE 53: IFRS 7 INFORMATION 2018

Buchwerte, erfasste Beträge und beizulegende Zeitwerte nach Kategorien:			Value indication according to IAS 39			
in EURk	Category according to IAS 39	Carrying value 31/12/2017	Continued procurement costs	Fair value		Value indication balance sheet according to IAS 17
Long-term financial assets without interest cap	afS	0	0	0	0	0
Long-term financial assets - interest cap	FVTPL	2	0	2	0	0
Trade accounts receivable	LaR	10,388	10,388	0	0	0
Financial receivables	LaR	4,277	4,277	0	0	0
Other receivables and other financial assets	LaR	17,059	17,059	0	0	0
Cash and cash equivalents	LaR	14,908	14,908	0	0	0
Long-term financial liabilities	FLAC	383,079	356,034	0	0	27,045
Trade accounts payable	FLAC	2,337	2,337	0	0	0
Short-term financial liabilities	FLAC	96,188	89,997	0	0	6,191
Other liabilities	FLAC	6,466	6,466	0	0	0
Summarised totals according to categories according to IAS 39:						
Financial assets available for sale	afS	0	0	0	0	0
Financial assets with effect on result at fair value	FVTPL	2	0	2	0	0
Loans and receivables	LaR	46,632	46,632	0	0	0
Financial liabilities measured an amortized cost	FLAC	488,070	454,834	0	0	33,236

TABELLE 54: IFRS 7 INFORMATION 2017

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 2018, net result according to valuation categories are as follows:

in EURk	Interest	Evaluation	others	2018
from:				
Loans and receivables	577	-3,742	0	-3,165
Financial liabilities assessed at continued procurement costs	-28,134	11,950	0	-16,184
Total	**-27,557**	**8,208**	**0**	**-19,349**

TABELLE 55: NET RESULT BY VALUATION CATEGORY 2018

Within the category „valuation", loans and receivables include

- Charges relating to write-downs of EURk 104 (included in the line item „other operating costs")
- Costs from foreign currency translation of EURk 3,638 (included in the line item „other operating costs" 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

- Income from foreign currency translation of EURk 11,950 (included in the line item „other operating income" and „Currency effects on financial receivables and financial liabilities " in the financial result).

In the prior year the net result was as follows:

in EURk	Interest	Evaluation	others	2017
from:				
Loans and receivables	1,220	4,053	0	5,273
Financial liabilities assessed at continued procurement costs	-21,758	-25,511	0	-47,269
Total	**-20,538**	**-21,458**	**0**	**-41,996**

TABELLE 56: NET RESULT BY VALUATION CATEGORY 2017

Within the category „valuation", loans and receivables include

- Charges relating to write-downs of EURk 87 (included in the line item "other operating costs")
- Income from foreign currency translation of EURk 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 KEUR 25,511 (included in the line item „other operating costs" and „Currency effects on financial receivables and financial liabilities" in the financial result)

10 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.

10.1 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.

10.2 LIQUIDITY RISK

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:

	31/12/2018						
in EURk	2019	2020	2021 to 2023	as of 2024	Total	deferred transaction costs	Total
Bank loans	36,462	56,943	267,363	179,768	540,536	6280	534,256
Loans institutional investors	121,869	19,351	106,562	4953	252,735	1099	251,636
Direct investors	54,259	47,158	81,149	13	182,579	4,974	177,605
Liabilities from financing leasing	286	287	2,755	0	3,328	0	3,328
Other loans	18	0	0	0	18	0	18
Total	**212,894**	**123,739**	**457,829**	**184,734**	**979,196**	**12,353**	**966,843**

TABELLE 57: LIQUIDITY RISK 2018

	31/12/2017						
in EURk	2018	2019	2020 to 2022	as of 2023	Total	deferred transaction costs	Total
Bank loans	14,739	140,791	34,857	7,927	198,314	291	198,023
Loans institutional investors	17,767	69,073	11,502	4,349	102,691	803	101,888
Direct investors	69,238	48,046	96,251	2,470	216,005	5,282	210,723
Liabilities from financing leasing	5,684	286	3,041	0	9,011	0	9,011
Other loans	0	0	0	0	0	0	0
Total	**107,428**	**258,196**	**145,651**	**14,746**	**526,021**	**6,376**	**519,645**

TABELLE 58: LIQUIDITY RISK 2017

"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 46) 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 2018 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 46). 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.

		Cashflows 2019			Cashflows 2020		
in EURk	Balance sheet indication 31/12/2018	Interest	Interest variable	Repayment	Interest	Interest variable	Repayment
Financial liabilities							
Bank loans	480,583	10,915	0	25,547	10,108	0	46,835
Loans institutional investors	217,496	10,338	0	111,531	5,693	0	13,658
Direct investors	160,690	6,868	0	47,391	4,852	0	42,306
Liabilities from financing leasing	3,254	75	0	211	70	0	217
Other loans	18	0	0	18	0	0	0
Total	**862,041**	**28,196**	**0**	**184,698**	**20,723**	**0**	**103,016**

		Cashflows 2021 - 2023			Cashflows 2024 ff.		
in EURk	Balance sheet indication 31/12/2018	Interest	Interest variable	Repayment	Interest	Interest variable	Repayment
Financial liabilities							
Bank loans	480,583	23,660	0	243,703	11,462	0	168,306
Loans institutional investors	217,496	15,032	0	91,530	604	0	4,349
Direct investors	160,690	5,190	0	75,959	4	0	9
Liabilities from financing leasing	3,254	64	0	2,826	0	0	0
Other loans	18	0	0	0	0	0	0
Total	**862,041**	**43,946**	**0**	**414,018**	**12,070**	**0**	**172,664**

TABELLE 59: UNDISCOUNTED INTEREST AND AMORTISATION PAYMENTS 2018

		Cashflows 2018			Cashflows 2019		
in EURk	Balance sheet indication 31/12/2017	Interest	Interest variable	Repayment	Interest	Interest variable	Repayment
Financial liabilities							
Bank loans	187,425	5,468	0	9,271	3,501	0	137,290
Loans institutional investors	94,222	4,737	0	13,030	2,239	0	66,834
Direct investors	188,911	8,088	0	61,150	5,276	0	42,770
Liabilities from financing leasing	8,708	127	0	5,557	75	0	211
Other loans	0	0	0	0	0	0	0
Total	**479,266**	**18,420**	**0**	**89,008**	**11,091**	**0**	**247,105**

		Cashflows 2020 - 2022			Cashflows 2023 ff.		
in EURk	Balance sheet indication 31/12/2017	Interest	Interest variable	Repayment	Interest	Interest variable	Repayment
Financial liabilities							
Bank loans	187,425	5,468	0	9,271	3,501	0	137,290
Loans institutional investors	94,222	4,737	0	13,030	2,239	0	66,834
Direct investors	188,911	8,088	0	61,150	5,276	0	42,770
Liabilities from financing leasing	8,708	127	0	5,557	75	0	211
Other loans	0	0	0	0	0	0	0
Total	**479,266**	**18,420**	**0**	**89,008**	**11,091**	**0**	**247,105**

TABELLE 60: UNDISCOUNTED INTEREST AND AMORTISATION PAYMENTS 2017

10.3 FINANCIAL MARKET RISK

10.3.1 GENERAL

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

To manage financial market risks, the Aves Group uses interest rate caps to hedge against interest rate 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.

10.3.2 INTEREST RATE RISK

Interest rate risks arise from potential changes in interest rates, which could have a negative impact on the Group in the current reporting period and in the coming years.

With the exception of bank balances and other financial liabilities, the Group has no other significant interest-bearing assets and liabilities that are exposed to interest rate risks. The interest-bearing assets are primarily short-term bank deposits. A major part of the Group's earnings and operating cash flow is essentially independent of changes in market interest rates.

In the 2018 financial year, loans were taken out with various banks at an interest rate dependent on the market interest rate. In order to counter the risk from rising market interest rates and the resulting cash flow risks, interest caps were concluded for these variable-interest loans. These interest rate caps each have a cap in the range of 0.5 % to 1.0 %. The interest payments are limited by these hedging instruments to a maximum in the amount of the respective cap.

In addition, the interest rate risk to which the Aves Group is exposed currently mainly results from the sensitivity of payments with regard to variable-interest funds as a result of a change in the market interest rate level.

10.3.3 FOREIGN CURRENCY RISK

Within the meaning of IFRS 7, currency risks arise from primary and derivative financial instruments whose issue currency differs from the functional currency of a company (foreign currency items). The US dollar was identified as the relevant risk variable in the Aves Group. In particular, the predominantly non-cash currency effects at Aves result from the euro financing available in the Container segment from direct investments.

As of December 31, 2018 and December 31, 2017, no derivative financial instruments were held to hedge currency risks in connection with planned transactions in foreign currencies.

The resulting currency effect in the Container Segment in 2018, which had an effect on income but was predominantly non-cash, amounted to approximately EUR 8.4 million. Assuming that no derivative financial instruments will be used to hedge currency risks at Aves in the future either, a comparable development of the non-cash currency result should be assumed in the future, assuming the container and financing situation remain unchanged. A 10% change in the USD/EUR currency pair c.p. would lead to a non-cash currency effect of approximately EUR 15 million. While a depreciation of the USD against the EUR would result in a non-cash expense, an increase in the value of the USD against the EUR would result in a corresponding income.

11 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 IFRS 9 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:

in EURk	2018	2017
Liquid funds	17,148	14,908
Financial receivables	522	4,277
Financial liabilities	-862,041	-479,266
Net debt	**-844,371**	**-460,081**

TABELLE 61: CAPITAL STRUCTURE MANAGEMENT

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

in EURk	2018	2017
Net debt	**844,371**	**460,081**
EBITDA	52,186	29,106
Ration net debt/EBITDA	**16**	**16**

TABELLE 62: RATIO OF NET FINANCIAL LIABILITIES TO 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 strongly restricted. As a result of the positive development of EBITDA, the ratio remained constant compared with the previous year with a sharp increase in net financial liabilities due to extensive investments.

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 2018, the equity to assets ratio of the Group amounted to 3.6 % (prior year: 4.2%). 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 2018 36.6 % (previous year: -161.9 %).

All contractually agreed financial covenants were complied with in the fiscal year.

12 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 2018 at EURk 20,418 (prior year EURk 6,696) 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 2018.

Outflows for investments in intangible assets and fixed assets (EUR 386.6m; Prior year EUR 61.0m) 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 630,0m.; prior year: EUR 169.6m). The amortisation of loans and other financial liabilities of EUR 258.3m (prior year: EUR 134.1m) mainly relate to the scheduled amortisation of financial liabilities.

Significant transactions with no cash effect:

2018:

- Sale of the shares of ERR Duisburg (purchase price payment so far only in the amount of EURk 500).

2017:

- Capital increases in kind, see 7.11.2
- Damages received by way of natural restitution
- Equity procurement costs, see 7.11.4.5

The reconciliation calculation (IAS 7.44A-E) in the business year is as follows:

in EURk	2018	2017
Financial liabilities		
As of 01/01/	**479,267**	**468,938**
Changes to the cashflow from financing activities		
Receipts from the issuing of bonds and (financial) loans	629,960	169,647
Amortization payments for bonds and (financial) loans	-258,275	-134,111
Overall change to the cash flow from financing activities	**371,685**	**35,536**
Changes from acquisition or loss of subsidiaries or other business operations	**0**	**0**
Effect of exchange rate changes	**11,089**	**-4,576**
Changes of the fair value	**0**	**0**
Other changes	**0**	**-20,632**
· thereof fixed capital increases by contribution of receivables	0	-18,916
As of 31/12/	**862,041**	**479,266**

TABELLE 63: DEVELOPEMENT OF THE FINANCIAL LIABILITIES PURSUANT TO IAS 7

13 OTHER INFORMATION

13.1 SECURITIES

In connection with the purchase of containers with a book value of EUR 234.2 (prior year: 176.9m), 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 537.0m (prior year: EUR 228.3m.) 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 tot he required interest and amortisation payments and
- a particular ratio oft he residual balance oft he loans with reference tot he 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 from 16 February 2017 to 31 December 2017, from 28 February 2018 to 31 December 2018 and from 13 March 2019 to 31 December 2019. 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 presen 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.

As of 12 November 2018, Aves One AG issued several independent maximum amount guarantees for BoxDirect AG with a total volume of up to TEUR 43,761 (product 248 to 300). The object of each guarantee is to secure the repurchase obligations from the container direct investment business of BoxDirect AG. The guarantee remains valid until the complete expiration of all repurchase obligations arising from the container direct investment. The risk of recourse is considered to be low, as the obligation to repurchase from BoxDirect AG is again performed by BSI Blue Seas Investment GmbH, which in turn can fulfil this obligation completely and on time. There were no discernible indications at the time of preparation that would require a different assessment.

In addition, Aves One AG issued a further guarantee promise dated 19 December 2018 for the creditors of Aves Storage GmbH & Co. KG in the amount of EUR 252,000. The object is to secure the liabilities from the loan agreement with EVC Crowdinvest GmbH. The guarantee remains in force until all obligations arising from the loan agreement expire in full. The risk of the claim being made is estimated to be low, as Aves Storage GmbH & Co. KG is able to meet its obligations under the loan agreement in full and on time. There were no discernible indications at the time of preparation that would require a different assessment.

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 Rent 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.

13.2 OTHER FINANCIAL OBLIGATIONS

The nominal value oft he other financial obligations for the business year 2018 and the prior year are as follows:

in EURk	up to one year	more than one up to five years	more than five years	Total 31/12/2018
Obligations from rent, lease and leasing contracts	193	354	40	587
Order obligation	23,778	5,687	0	29,465
Total	**23,971**	**6,041**	**40**	**30,052**

TABELLE 64: OTHER FINANCIAL OBLIGATIONS 2018

in EURk	up to one year	more than one up to five years	more than five years	Total 31/12/2017
Obligations from rent, lease and leasing contracts	318	390	79	787
Order obligation	15,893	0	0	15,893
Total	**16,211**	**390**	**79**	**16,680**

TABELLE 65: OTHER FINANCIAL OBLIGATIONS 2017

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 be delivered in 2019 and 2020.

The entire rental and leasing effort for the business year of 2018 amounts to EUR 0.5 M (prior year: EUR 0.5 M).

13.3 AUDITOR'S FEES

In the 2018 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 EURk	**2018**	**2017**
Audit services	463	505
Tax advisory services	185	105
Other attestation services	28	90
Other services	101	72
Total	**777**	**772**

TABELLE 66: AUDITOR'S FEES

The tax consulting services mainly relate to the preparation of income tax returns for the Group companies and related issues on the part of the tax authorities in connection with these preparations.

The audit services mainly include expenses for audit reports for special purposes.

Other services in the amount of EUR 84 thousand were incurred in connection with an admission aspect for the listing of the new shares issued as part of the 2017 capital increase and for the disclosure of annual financial statements.

13.4 ANNUAL AVERAGE NUMBER OF EMPLOYEES

The following table sets out the average number of employees during the year.

	2018	2017
Salaried staff	40	37
Total	**40**	**37**
thereof abroad	3	3

TABELLE 67: ANNUAL AVERAGE NUMBER OF EMPLOYEES

13.5 CONTINGENT LIABILITIES

In accordance with the purchase and sale, leaseback and repurchase agreement described further under 14.1.2, 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 2018 and 31 December 2017 the providing of such securities had not been requested by BoxDirect AG. Deposits required under the current circumstances would amount to EUR 2.8m (prior year: EUR 3.1m).

In addition to this, there are various letters of comfort and guarantees; on this, see other information, 12.1.

14 POST BALANCE SHEET DATE EVENTS

Expansion of portfolio through rail acquisitions and acquisition of swap bodies

After the balance sheet date, the Aves Group acquired or ordered approx. 2,000 swap bodies with a volume of around EUR 17 million in several transactions. The acquisitions include approximately 1,200 brand-new swap bodies, most of which are leased to the Hamburg logistics company Hermes Germany GmbH (Hermes). Aves One AG has thus expanded its swap body portfolio to around 7,800 swap bodies. Aves One AG also signed further portfolio expansion agreements after the reporting date. At the end of March 2019, transactions with a volume of EUR 32.5 million were concluded - including the acquisition of 234 flat cars, 40 tank cars and 80 container transport cars. Together with the contracts concluded last year, deliveries of freight and tank cars with a volume of more than EUR 45 million have already been fixed for 2019. The asset portfolio of Aves One AG in the Rail segment will thus increase to around 9,300 freight cars with a volume of over EUR 570 million. The asset management of the acquired assets is carried out by the two renowned asset managers Wascosa AG and ERR Duisburg.

Significant litigation

Reference is made to section 3.2 for information on developments in connection with significants litigation matters.

There were no other significant events after the balance sheet date.

15 RELATIONSHIPS WITH RELATED UNDERTAKINGS AND PERSONS

15.1 RELATED UNDERTAKINGS AND PERSONS

15.1.1 GENERAL

Acompany 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.

As of the balance sheet date, Mr Jörn Reinecke eK held 34% of the shares of the Aves Group. Due to his extensive entrepreneurial activities, mainly through his direct and indirect shareholdings in companies controlled by him, all business relationships of the Aves Group with these companies are reported as relationships with related parties.

15.1.2 ESSENTIAL RELATIONSHIPS WITH RELATED UNDERTAKINGS AND PERSONS

BoxDirect-Companies

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

4. Administrative and IT services in the course of strategy, control and risk management

The BoxDirect companies offer private investors the opportunity to subscribe to direct container investments. Since 2017, BoxDirect Vermögensanlagen AG and BoxDirect Erste Vermögensanlagen GmbH have been selling direct investments and BoxDirect AG has been selling private placements.

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.

The sales services provided by the BoxDirect companies (1) and the investor support services (2) are remunerated on the basis of the volume of purchase, rental and repurchase agreements concluded (KMR agreements). In addition, BoxDirect AG received a flat fee (3) of EUR 250,000 per year for management services, and BoxDirect Erste Vermögensanlagen GmbH and BoxDirect Zweite Vermögensanlagen GmbH each received a flat fee (3) of EUR 80,000,000 per year. BoxDirect Vermögens-anlagen GmbH and BoxDirect AG receive an annual management fee (3) based on the volume of the concluded purchase, rental and repurchase agreements (KMR agreements). For administrative and IT services rendered (4), remuneration is based on corresponding expenses.

15.1.3 SIGNIFICANT TRANSACTION WITH RELATED UNDERTAKINGS AND PERSONS IN THE BUSINESS YEAR OR THE PRIOR YEAR

In the business year 2018, the following significant transactions took place with related undertakings and persons:

(A) Sale, leaseback and resale contracts with BoxDirect AG, BoxDirect Vermögensanlagen AG, BoxDirect Erste Vermögensanlagen GmbH and BoxDirect Zweite Vermögensanlagen GmbH

The balance resulting from BoxDirect-entities from SLR agreements and extension agreement is at balance sheet date approx. EUR 161 M.

Interest expenses for financial liabilities in the reporting year arose at EUR 8.3 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, BoxDirect Vermögensanlagen AG, BoxDirect Erste Vermögensanlagen GmbH and BoxDirect Zweite Vermögensanlagen GmbH

Due to the existing service agreements with the BoxDirect companies, the Group companies were invoiced amounts of EUR 3.7 million in 2018, in particular for sales services, management services and investor support.

(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.

Interest income in the amount of EUR 0.1 million and interest expenses in the amount of EUR 0.2 million arose from the deferred settlement agreement in 2018.

(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.

In a supplement to the brokerage agreement dated 18 December 2017, it was agreed that the contractor would receive a commission of 3.5% of the total value of the logistics portfolio in the event of the purchase and takeover of a logistics portfolio demonstrably brokered by the contractor. The remuneration shall be set off against any commission due.

In the second addendum dated 10 February 2018, it was agreed with effect from 1 January 2019 that the contractor undertakes to ensure and warrants that suitable logistics portfolios and means of freight transport with a total value of at least EUR 62.0 million will be offered to the principal in first place by 31 December 2020.

(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 2018 business year, ERR European Rail Rent GmbH invoiced a total of EUR 5.4m.

By agreement dated July 16, 2018, the 33.3 % stake in ERR Duisburg was sold to the company itself. As a result, ERR has left the Aves Group.

With effect from December 3, 2018, Jürgen Bauer acquired shares in ERR Duisburg. Thus, ERR Duisburg is to be regarded as a related company from this date.

In the 2018 business year, the following significant transactions took place with related undertakings and persons:

(H) Loan granted to BSI Conical Container GmbH

A Group entity granted a loan subject to interest at 5.0 % p.a. of up to EUR 4.0m, of which EUR 0.4m were outstanding at 31 December 2018, 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 2018 business year, interest income of KEUR 21 arose.

15.2 INFORMATION ON RELATIONSHIPS WITH RELATED PERSONS AND UNDERTAKINGS

(1) Transactions recorded in fixed assets or equity, and itmes reflected in the valuation or financial liabilities

in EURk	Text item	31.12.2018	31.12.2017
Purchases of goods and services from undertakings accounted for at equity and other holdings			
Goods		4,689	0
Services	G	2,307	5,875
Purchases of goods and services from related undertakings and persons			
Goods		7619	0
Other rights and intangible fixed		0	0
Services	D, G	4,508	6,256

TABELLE 68: TRANSACTIONS WITH RELATED PERSONS/ENTITIES PURCHASE OF GOODS AND SERVICES

(2) Transactions recorded in profit and loss

in EURk	Text item	2018	2017
Revenues from and costs charged by controlling entities			
Sales, other operating income		49	0
Costs		0	0
Interest income		0	0
Interest cost		0	0
Revenues from and costs charged by controlling entities			
Sales, other operating income		3,855	2603
Costs	C, D, E	1,751	1,969
Interest income	C, E	145	1,053
Interest cost	A, B, E	8,261	8,938

TABELLE 69: TRANSACTIONS WITH RELATED PERSONS/ENTITIES INCOME AND COSTS

(3) Outstanding itmes in the balance sheet

in EURk	Text item	31.12.2018	31.12.2017
Receivables from other related entities or persons			
From trading activities	E	1,682	2,168
Financial receivables		4,810	6,304
Other receivables		63	0
Liabilities towards other related persons or undertakings			
From trading activities	A	19,252	17,023
Financial receivables	A, B	156,957	158,984
Other receivables		151	990

TABELLE 70: TRANSACTIONS WITH RELATED PERSONS/ENTITIES RECEIVABLE OR PAYABLE

15.3 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 EURk	2018	2017
Short term remuneration	**2,279**	**1,799**
thereof Management Board	1012	712
thereof key Group management *	1128	967
thereof Supervisory Board	139	120
Post employment benefits	**0**	**119**
thereof Management Board	0	119
Total	**2,279**	**1,918**

TABELLE 71: REMUNERATION

On February 1, 2018, the Supervisory Board of Aves One AG appointed Mr. Sven Meißner to the Management Board of the Company for a period of three years.

Mr. Peter Kampf resigned from his position as member of the Management Board of Aves One AG with effect from 30 June 2018.

On November 29, 2018, the Supervisory Board of Aves One AG appointed Mr. Tobias Aulich to the Management Board of the Company with immediate effect for a period of four years.

16 LIST OF SHAREHOLDINGS

TABELLE 72: SHAREHOLDINGS

Name and seat of undertaking	Share in the capital in %		Equity in EURk	Annual net profit in EURk
	Directly	Indirectly		
Fully consolidated entities				
Holding				
BSI Logistics GmbH, Hamburg	100.0		12,773	-372
CH2 Contorhaus Hansestadt Hamburg AG, Hamburg		100.0	2,121	60
CH2 Logistica Portfolioverwaltung GmbH & Co. KG, Hamburg		100.0	135	-22
CH2 Logistica No. 2 Asset GmbH, Hamburg		100.0	10	1
Container				
BSI Blue Seas Investment GmbH, Hamburg		100.0	-6,473	5,529
BSI Asset GmbH, Hamburg		100.0	18,990	-5,225
BSI Regulierte Direktinvestment II GmbH & Co. KG, Hamburg		100.0	-9	-3
BSI Blue Seas Direktinvestment I GmbH & Co. KG , Hamburg		100.0	10,471	36
BSI Direktinvestment II GmbH & Co. KG , Hamburg		100.0	-11	-4
BSI Direktinvestment III GmbH & Co. KG, Hamburg		100.0	3,529	493
BSI Direktinvestment Verwaltungs GmbH		100.0	33	3
BSI Logistics II GmbH & Co. KG, Hamburg		100.0	10,064	4,277
BSI Zweite Verwaltungs GmbH, Hamburg		100.0	26	0
BSI Logistics III GmbH & Co. KG, Hamburg		100.0	2,537	-38
BSI Dritte Verwaltungs GmbH, Hamburg		100.0	27	0
BSI Logistics IV GmbH & Co. KG, Hamburg		100.0	846	579
BSI Vierte Verwaltungs GmbH, Hamburg		100.0	13	0
BSI Logistics V GmbH & Co. KG, Hamburg		100.0	-35	99
BSI Fünfte Verwaltungs GmbH, Hamburg		100.0	12	0
BSI Logistics VI GmbH & Co. KG, Hamburg		100.0	104	501
BSI Sechste Verwaltungs GmbH, Hamburg		100.0	14	1
BSI Logistics VII GmbH & Co. KG, Hamburg		100.0	-2,039	162
BSI Siebte Verwaltungs GmbH, Hamburg		100.0	13	1
BSI Logistics VIII GmbH & Co. KG, Hamburg (formerly: BSI Regulierte Direktinvestment I GmbH & Co. KG)		100.0	929	101
BSI Achte Verwaltungs GmbH, Hamburg (formerly: BSI Regulierte Direktinvestment Verwaltungs GmbH)		100.0	16	3
BSI Logistics IX GmbH & Co. KG, Hamburg (since 24/04/2018)				
BSI Blue Seas Resale GmbH, Hamburg		100.0	-1,686	953
Aves Special Equipment Management GmbH, Hamburg	100.0			
Aves Special Equipment Holding GmbH & Co. KG, Hamburg		100.0	-1,029	70
Aves Special Equipment I GmbH & Co.KG, Hamburg		100.0	241	215
Aves Special Equipment I Verwaltungs GmbH, Hamburg		100.0	19	4
Aves Special Equipment II GmbH & Co. KG, Hamburg		100.0	804	125
Aves Special Equipment Zweite Verwaltungs GmbH, Hamburg		100.0	13	1
Aves Special Equipment III GmbH & Co. KG, Hamburg		100.0	1,598	268
Aves Special Equipment IV GmbH & Co. KG, Hamburg		100.0	1,046	138
Aves Special Equipment V GmbH & Co. KG, Hamburg		100.0	-74	-75
Rail				
ARHA Invest GmbH, Wien, Österreich	100.0		-3,572	-1,622
Aves Rail Rent GmbH, Perchtoldsdorf, Österreich (formerly: Aves Rail GmbH, Wien, Österreich)		100.0		
Aves Rail Equipment Holding GmbH, Hamburg		100.0	-1,642	-556
Aves Rail Junior I Verwaltungs GmbH, Hamburg		100.0	16	1
Aves Rail Junior I GmbH & Co. KG, Hamburg		100.0	-53	-13

Aves Rail Junior II GmbH & Co. KG, Hamburg		100.0	-19	-7
Aves Rail Equipment I GmbH & Co. KG, Hamburg		100.0	1,884	123
Aves Rail Equipment Verwaltungs GmbH, Hamburg		100.0	13	1
Aves Rail Equipment II GmbH & Co. KG, Hamburg		100.0	2,018	365
Aves Rail Equipment Zweite Verwaltungs GmbH, Hamburg		100.0	13	1
Aves Rail Equipment III GmbH & Co. KG, Hamburg		100.0	-203	-193
Aves Rail Equipment Dritte Verwaltungs GmbH, Hamburg		100.0	23	4
Aves Rail Equipment IV GmbH & Co. KG, Hamburg (since 29/06/2018)		100.0	-551	-552
Aves Rail Equipment Vierte Verwaltungs GmbH, Hamburg (since 29/06/2018)		100.0	12	-1
Aves Eins GmbH, Wien (since 21/03/2018)		100.0	55	-5
Aves Rail Rent GmbH, Hamburg (since 01/10/2018)		100.0	1,648	1,979
Real Estate				
Aves Storage Verwaltungs GmbH, Hamburg	100.0		12	-2
Aves Storage GmbH & Co. KG, Hamburg		100.0	-758	-166
Aves Storage II GmbH & Co. KG, Hamburg		100.0	10	10
Aves Logistik Immobilien Verwaltungs GmbH, Hamburg		100.0	27	1
Aves Logistik Immobilien GmbH & Co. KG, Hamburg		100.0	-5	-3
Aves LI Alsdorf Holding GmbH & Co. KG, Hamburg		100.0	-137	-118
Aves LI Alsdorf Besitz GmbH & Co. KG, Hamburg		100.0	-7	-6
Aves LI VG1 Holding GmbH & Co. KG, Hamburg		100.0	-5	-3
Aves LI VG1 Besitz GmbH & Co. KG, Hamburg		100.0	-5	-3
Aves LI Alsdorf Betriebs GmbH, Hamburg (since 01/04/2018)		95.0	3,647	957
Undertakings balanced according to the equity method				
BSI CONICAL Container GmbH, Hamburg (Segment Container)		51.0	-25	-24

17 SUPERVISORY BOARD

17.1 SUPERVISORY BOARD MEMBERS

- Mr Ralf Wohltmann, Berlin, chairman, Merchant
- Mr Emmerich G. Kretzenbacher, Hamburg, deputy chairman, Wirtschaftsprüfer and Steuerberater (certified auditor and tax advisor)
- Ms Britta Horney, Appen, Lawyer
- Mr Rainer W. Baumgarten, Hamburg, Commercial Manager

17.2 FURTHER APPOINTMENTS OF THE SUPERVISORY BOARDS

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 (until 26/03/2019 change into GmbH)
- BoxDirect Vermögensanlagen AG, Deputy Supervisory Board chairman (until 26/03/2019 change into GmbH)
- Engel & Völkers Capital AG, Supervisory Board chairman
- Jung, DMS & Cie. AG, Deputy Supervisory Board chairman (since 30/06/2018)
- Finum Private Finance AG, Supervisory Board member (since 12/03/2018)
- Kapilendo AG, Supervisory Board member (since 04/05/2018)

Ms Britta Horney:
- SUPERIOR Beteiligungen AG, Deputy Supervisory Board chairwoman
- BoxDirect AG, Deputy Supervisory Board chairwoman
- BoxDirect Vermögensanlagen AG, Supervisory Board chairwoman
- CH2 Contorhaus Hansestadt Hamburg AG, Supervisory Board member

18 MANAGEMENT BOARD

18.1 MEMBERS OF THE MANAGEMENT BOARD

- Mr Tobias Aulich, Commercial Manager (as of 29 February 2018)
- Mr Jürgen Bauer, Master of Philosophy
- Mr Sven Meißner, Commercial Manager (as of 1 February 2018)
- Mr Peter Kampf, Commercial Manager (until 30 June 2018)

18.2 OTHER APPOINTMENTS OF THE MANAGEMENT BOARD

Mr Sven Meißner

- MAGNA Asset Management AG, Supervisory board member

19 APPLICATION OF § 264 B HGB

The following companies make use of the exemption requirements in accordance with § 264 b HGB for the financial statements as of 31 December 2018:

- 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
- BSI Logistics IX 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 Junior III 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 Rail Equipment IV GmbH & Co. KG
- 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
- Aves LI Alsdorf Betriebs GmbH & Co. KG, Hamburg

20 RESPONSIBILITY STATEMENT OF LEGAL RE-PRESENTATIVES

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, April 26 2019

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 RE-PORT

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 annual financial statements of Aves One AG and its subsidiary companies (the Group) comprising the consolidated balance sheet as at 31 December 2018, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the business year from 1 January 2018 to 31 December 2018 and also the consolidated notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the consolidated management report of Aves One AG, Frankfurt am Main, Germany for the business year from 1 January 2018 to 31 December 2018. In accordance with 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 annual financial statements comply, in all material respects with IFRS as adopted by the EU and in accordance with the requirements of German commercial law *[HGB]* pursuant to Section 315e Para. 1 and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2018 and of its financial performance for the business year from 1 January 2018 to 31 December 2018, and
- the accompanying consolidated management report as a whole provides an appropriate view of the Group's position. In all material respects, this consolidated management report is consistent with the consolidated annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not extend to the content of other information in the group management report.

Pursuant to Section 322 Paragraph3 Sentence 1 of the German Commercial Code *[HGB]*, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated annual financial statements and of the consolidated 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 Sec. 317 of the German Commercial Code *[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 Annual Financial Statements and of the Consolidated Management Report" section of our auditor's report. We are independent of the Group in accordance with the requirements of 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 best judgment, were most significant in our audit of the consolidated financial statements for the business year from 1 January 2018 to 31 December 2018. These issues were addressed in the context of our audit of the consolidated financial statements as a whole and in our audit opinion thereon, we do not provide a separate audit opinion on these matters.

IMPAIRMENT OF THE CARRYING AMOUNTS OF FIXED ASSETS IN THE SEA CONTAINER SEGEMENT

Related information in the consolidated financial statements and group management report

The information provided by the Company on the Sea Container segment is given in the notes to the financial statements under 7.6 and in the management report under section 3.2.1.15.

Sachverhalt und Risiko für die Prüfung

The sea container segment has accumulated large losses which have accumulated over several years, as is shown in the consolidated financial statements. Previously, these were due to the fact that sales revenues in the sea container segment were insufficient to cover expenses, in particular depreciation. Due to the accumulated losses, the question arises as to whether the book values of fixed assets in the shipping container segment amounting to EUR 234 million are justified or whether an unscheduled depreciation needs to be carried out.

Audit procedures and findings

As part of the audit, the Group submitted a valuation of the fixed assets on the basis of corporate planning for the sea container segment. This value was determined on the basis of the expected, discounted net returns, in particular from leases, and from planned sales at the end of the planned useful life of the respective shipping containers on the resale market. The valuation was checked by us with regard to structure and systematics and the plausibility of the expected returns from leasing and sales based on the data of third parties as well as the interest rate used. The result of the valuation is that the expected returns are sufficient to justify the value of the fixed assets. The book value of the shipping containers which is shown in the fixed assets within the consolidated balance sheet, lies within the parameters determined within the scope of the valuation and can therefore be considered as justified.

LITIGATION BSI BLUE SEAS

Related information in the consolidated financial statements and group management report

The information provided by the Company regarding the legal dispute BSI Blue Seas Investment GmbH is included in the notes to the consolidated financial statements under 3.2. and in the group management report under section 3.2.3.9.

Facts and risks for the audit

The subsidiary BSI Blue Seas Investment GmbH is affected by two ongoing civil proceedings as defendants. Plaintiff in both cases 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 of the lawsuits concerns the question of whether BSI Blue Seas has to pay a contractual fine of around USD 3 million plus interest and other claims of approximately KUSD 475 due to a breach of contractual acceptance obligations. BSI Blue Seas has responded to this lawsuit with a counterclaim based on unpaid rental income, non-delivery of containers and repayment of overpaid fees and interest totalling USD 6.5 million. The lawsuit was lost in the Regional Court of Hamburg and an appeal been raised by the Company in the Higher Regional Court of Hamburg. The counterclaim was also lost and an award of KUSD 224 was made. In the second action, a declaratory action was submitted to the Regional Court of Hamburg, the applicant seeks the finding that BSI Blue Seas is obliged to take delivery of further containers which have not yet been accepted. The plaintiff puts the value of these shipping containers at USD 7.15 million. BSI Blue Seas also defended itself against this action as part of the legal process, which was lost before the Regional Court of Hamburg. BSI Blue Seas has also raised an appeal against this verdict in the Regional Court of Hamburg. The Higher Regional Court of Hamburg has merged both of these procedures, and on 16 April 2019 a first oral meeting took place. In the context of that, the Higher Regional Court of Hamburg has stated that it essentially substantiates the claim for payment of the contractual penalty, and considers claims from the countersuit essentially unfounded. The declaratory action sees this as unfounded. After an amicable dispute resolution had not been made at the suggestion of the court, the Management Board has instructed BSI Blue Seas to set up a provision to cover the process and cost risk amounting to EUR 2.7 million. A verdict in both cases is expected by the end of May 2019.

The audit risk consists in the question whether the provisions formed for the two proceedings are sufficient to cover the process and cost risk. The possible financial burden of a final conviction in both proceedings would not be insignificant.

Audit procedures and findings

The company has set up a provision of EUR 2.7 million for the litigation claim. Based on the estimates of the Management Board and the associated legal counsel of the Company, this provision has been created on the basis of the expected judgement considering the statements made by the Higher Regional Court of Hamburg as to the reasons and the amount. As part of the audit, we attended the session of the Higher Regional Court of Hamburg and considered the assessments of the company and the lawyers. In the context of this assessment, we come to the conclusion that the assessment of the risk by the Management Board was carried out properly and that the provision made, to the best of our knowledge, adequately covers the process and cost risk.

Having regard to the statements made by the court, the Company has not formed any provision for the declaratory action for delivery of the containers that have not yet been accepted. We have appreciated the remarks of the Higher Regional Court Hamburg as well as the opinion of the company's lawyers and come to the conclusion that the non-recognition of the provision is justifiable.

RECOGNITION OF DEFERRED TAX ASSETS

Related information in the consolidated financial statements and group management report

The information provided by the Company on the recognition of deferred taxes is shown in the balance sheet and in the notes to the financial statements under 3.7.

Facts and risks for the audit

Tax losses carried forward are available especially in the sea container sector. The Management Board has decided to recognise deferred tax assets for part of the tax losses. The deferred tax assets are shown in the consolidated balance sheet and explained in the notes to the consolidated financial statements. The background and the origin of the tax losses carried forward were also explained. The recognition of deferred tax assets from losses carried forward is, as in this case, only possible within stringent conditions for a history of losses. This requires among other things, future loss utilisation based on convincing evidence, i.e., with a particularly high probability of occurrence.

Audit procedures and findings

The company has submitted a business and tax planning calculation as well as board resolutions, which are to ensure the implementation of measures within the budget for a period of five years, taking into account the utilisation of losses carried forward. In the course of the audit, we plausibility-checked the planning with the data available to us and examined the reconciliation with the tax data. Furthermore, we have agreed the assumptions underlying the business planning based on data from third parties. The planning calculations have a plausible and comprehensive structure, the results have been calculated correctly and the decisions of the Management Board are formally correct. The company's estimate of the extent of the individual losses carried forward, the use of which is assumed to be highly probable, is plausibly derived within acceptable parameters. A recognition of deferred tax assets for tax losses carried forward therefore appears reasonable and appropriate in the amount calculated.

OTHER INFORMATION

The legal representatives are responsible for the other information. The other information comprises:

- The confirmation pursuant to Sections 297 Para. 2 and Section 315 Para.1 of the German Commercial Code *[HGB]* regarding the 2018 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, and
- The corporate governance statement contained in section 9 of the Group management report.

The Supervisory Board is responsible for the following other 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.

RESPONSIBITILTIES OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The legal representatives 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 Section 315e Para. 1 of the German Commercial Code *[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 annual financial statements, the legal representatives 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 legal representatives are responsible for the preparation of the group management report that as a whole provides an appropriate view of the Company'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 legal representatives 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 Section 317 of the German Commercial Code *[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 scepticism 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 controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the consolidated 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 legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- conclude on the appropriateness of the legal representatives' 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 consolidated 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 Section 315e Para. 1 of the German Commercial Code *[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 legal representatives in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives 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 21 August 2018. We were engaged by the supervisory board on 24 January 2019. We have been the group auditor of Aves One AG without interruption since the 2012 business year.

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).

In addition to those described in the notes to the consolidated financial statements, we did not provide any further non-audit services.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Oliver Heising.

Hamburg, 29 April 2019

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft