CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2019
OF

AVES ONE AG

INDEX

Dear Shareholders,

The Aves One Group continued to grow siginficantly in the 2019 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 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 excellent capacity utilisation and has been further rejuvenated with targeted acquisitions. The dynamic growth course, especially in the Rail segment, was consistently continued by the acquisition of new wagons and used portfolios. With these investments as well as deliveries fixed for 2020, the portfolio will be further sustainably expanded and the growth rate maintained at a high level. The transactions will result in significant sales and earnings potential for the future.

THE SUPERVISORY BOARD‘S WORK

Against the background of the further expansion of the operating business in all divisions, the Executive Board and Supervisory Board had 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 of these meetings, on current business developments, corporate planning, the liquidity situation and corporate strategy, and discussed with it the financing required for the asset purchases. 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 conscientiously and diligently performed all the tasks incumbent upon it under the law, the Articles of Association and the Rules of Procedure, monitoring the management of the Executive Board and regularly advising it on the management of the company. The Supervisory Board continues to consist of four members, but has refrained from forming committees. Mr. Kretzenbacher, in his capacity as auditor and tax advisor, also makes additional recommendations for the Supervisory Board after 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 Group in the year under review, the work of the Supervisory Board was intensive and characterised by a large number of meetings and resolutions. In the 2019 financial year, the Supervisory Board of Aves One AG held a total of 7 ordinary Supervisory Board meetings and 5 resolutions were also passed by telephone. The meetings took place on the days 24 April, 25 April, 24 June and 12 August, 1 October, as well as 21 November and 18 December 2019. Resolutions were passed by telephone on April 29, July 15, September 20, October 21 and October 23, 2019. Most of the meetings and resolutions were attended by all members of the Supervisory Board and, in most cases, by members of the Management Board. In addition, two representatives of the auditors were present physically or by telephone at the meetings in April 2019. Thus, the resolution on April 24, 2019 served as a preliminary discussion of the annual financial statements for 2018 and the consolidated financial statements for 2018. The annual financial statements for 2018 were approved at the Supervisory Board meeting on April 25, 2019 and the consolidated financial statements at the Supervisory Board meeting on April 29, 2019. On June 24, 2019, 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 has been made permanently accessible at the Internet at https://www.avesone.com/de/aves_investoren_cg_erklaerung_unternehmensfuehrung.php.

FOCUS ON SUPERVISORY BOARD CONSULTATIONS

In addition to the report of the Management Board on the business situation and development of Aves One AG and its subsidiaries, the Supervisory Board dealt with corporate planning and strategy at its meetings and in the context of the resolutions adopted. In addition, risk management was dealt with in addition to the expansion and financing 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 contracts, loan agreements, framework agreements and other agreements of the individual Group companies required for this purpose.

ASSIGNMENT OF THE AUDITING MANDATE TO THE AUDITING COMPANY PRICEWATERHOUSECOOPERS GMBH, HAMBURG

The Supervisory Board issued the audit engagement for the 2019 financial year and for any interim financial report reviews for the 2019 and 2020 financial years to PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg ("PwC"), the auditors elected at the Annual General Meeting on 13 August 2019. The engagement was granted in accordance with the provisions of the Corporate Governance Code with regard to the cooperation between the Supervisory Board and the auditors and also includes the audit of the risk early warning system.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, has duly 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 annual general meeting of shareholders held on April 30, 2020 to all members of the Supervisory Board. On April 23, 2020, the auditor presented the status of the audit and provided supplementary information and answered questions. Following its own examination of the documents, the Supervisory Board concurred with the auditor and approved the financial statements prepared by the Management Board. The annual and consolidated financial statements 2019 of Aves One AG are thus adopted.

CHANGES IN THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

There were no personnel changes on the company's Management Board in the reporting period:

On December 18, 2019, the Supervisory Board of Aves One AG appointed Mr. Jürgen Bauer to the Company's Management Board for a further period of three years.

The Management Board thus continues to consist of Tobias Aulich, Jürgen Bauer and Sven Meißner.

There were no changes in the composition of the Supervisory Board in the reporting year.

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, 30. April 2020
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	30.92% *
	Versorgungswerk der Zahnärztekammer Berlin	20.66%
	Universal-Investment-Gesellschaft mbH (VZN)	15.03%
	Freefloat	33.38% **

* Voting rights are mutually attributed
** other shareholders
As of: 15 April 2020

GROUP MANAGEMENT REPORT 2019

1 BASIC PRINCIPLES

1.1 BUSINESS MODEL

1.1.1 OVERVIEW

The Aves One Group (hereinafter "Aves Group"; "Aves One AG" also individually as "Aves" or "Company") is a strongly expanding holder of long-life logistics assets with a focus on freight wagons. The portfolio also includes containers and swap bodies. The Company plans to further increase the asset volume on a sustainable basis by the end of 2020. With a young, profitable wagon portfolio, Aves One AG is one of the leading private holders of logistics assets for rail in Europe. The strategy is geared towards constantly optimising of the company's own portfolio and the continuous expansion 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, headquartered in Hamburg, 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 68 companies belong to the Aves Group. As at 31 December 2019, the Group had 66 fully consolidated companies in addition to Aves One AG and of these, 63 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 stable cash flows. Business activity focuses on holding portfolios of logistics assets and their active management. As at the balance sheet date, 31 December 2019, the managed asset portfolio amounted to a total of approximately EUR 923 million. The Rail division is the company's most important business area and will continue to be the focus of further growth. Other key areas of the Group's activities are sea containers and swap bodies. Against the background of a lack of growth opportunities, the strategic decision was made not to invest in the sea container sector in the future. The very good access to the markets 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 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. In this respect, leasing solutions are no longer used only to cover 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.

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 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.

Strong partners

Operational management of the assets is performed by the mandated 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.

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,
- Bearer bonds,
- Institutional investors,
- Direct investments.

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 two business units:

- Rail,
- Container

Rail:

The Rail business unit has specialised in holding portfolios of freight and tank wagons with a useful life of up 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 10,245 freight wagons with a book value of approximately EUR 651.7 million as at 31 December 2019 and has one of the industry's youngest and most modern fleets in the market. The Aves Group’s lessees are primarily state-owned-rail companies, but also private rail companies, large industrial and logistics companies as well as chemicla and petroleum 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”), which has many years of extensive expertise in leasing and managing freight and tank 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.

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. In the year under review, listed bearer bonds with an issue volume of EUR 40.0 million were successfully issued to finance further growth. The issue of bonds is also planned or already implemented for the 2020 financial year.

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 around 15 years. As of the reference date of 31 December 2019, the Container unit comprised a fleet of around 125,000 containers, equivalent to approximately 169,000 CEUs (= Cost Equivalent Units; a unit used when assessing the value of different container variants) (balance sheet value EUR 222.9 million). Swap bodies also belong to this business unit. This equipment has an average useful life of up to 12 years. Investments in swap bodies continued in 2019, bringing the portfolio to 8,745 units or a volume of around EUR 48.0 million as of 31 December 2019.

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 Textainer, San Francisco, as well as 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 as well as Container Invest GmbH (hereinafter “Container Invest”), Oststeinbek, through the sale of direct investments. Investors acquire containers from BoxDirect or Container Invest, which in turn obtains the containers from Aves subsidiary companies. Simultaneously, the investor leases the containers back to BoxDirect or Container Invest and by BoxDirect or Container Invest 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. In addition, bearer bonds with an issue volume of EUR 9.5 million were placed in the 2019 financial year, which can also be used to finance the acquisition of swap bodies. This form of financing will continue to be used increasingly for the container sector in the future, gradually reducing the proportion of containers financed by direct investments.

Real Estate:

The Real Estate segment, represented by a logistics property and a self-storage park, was already of minor importance in the 2018 financial year against the background of the Aves Group's strategic focus on the Rail and Container business units.

The investment property in the Alsdorf Business Park near Aachen was sold in June 2019 as part of the focus on the core business areas. The remaining activities of the self-storage park do not represent a business unit or operating segment for Aves and were transferred to the holding company activities.

The self-storage park, which was reported under inventories as of the balance sheet date 31 December 2019, was sold in the first quarter of 2020. Please refer to section 14 in the notes on events after the balance sheet date.

1.1.5 CORPORATE BODIES AND EMPLOYEES

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

With effect from 18 December 2019, the Supervisory Board of Aves One AG has appointed Mr. Jürgen Bauer to the Management Board of the company for a further three years.

The Aves Group employed 45 (previous year 42) staff on the balance sheet reference date of 31 December 2019. 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 almost 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 stable cash flows focused on rail. Containers and swap bodies are also part of the portfolio. The company plans to further increase the asset volume significantly by the end of 2020.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-owned 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: The primary indicators used to measure financial success are sales revenues and earnings before interest, taxes, depreciation and amortization (EBITDA). The following key indicators are used to support this measurement: revenues per day, occupancy rate or occupancy ratios (lease days / calendar days of the month), rental price developments, cash on cash (gross profit/(acquisition cost + incidental acquisition costs)) and earnings before taxes (adjusted EBT) adjusted for the currency effects reported in the financial result. In this respect, 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 significant upturn in recent years, global economic growth was marked by a noticeable slowdown in 2019.

According to estimates by the International Monetary Fund (hereinafter "IMF") in January 2020, economic growth in 2019 was 2.9 %, a decline compared to the previous year, when the global economy had grown by 3.6 %. Global economic growth was thus lower than the IMF's original forecasts, which in April 2019 had still assumed growth of 3.5 %. According to the IMF, the main reason for this was a slowdown in growth, particularly in the euro zone and the major industrial nations, and even more so in the emerging markets. According to the IMF, the industrialized nations are expected to grow by 1.7 % in 2019 (previous year: 2.2 %). According to IMF analysts' estimates, gross domestic product for the emerging and developing countries grew by 3.7 %, compared to 4.5 % in the previous year.

Geopolitical tensions, customs and trade conflicts, declines in industrial production in the second half of 2019 as well as the effects of climate change and the structural slowdown in demand growth in China have led to great economic uncertainty.

After a growth of 1.9 % in 2018, a decline to 1.2 % was recorded for Europe. In Germany, economic output rose by 0.5 % in 2019 and thus grew much more slowly than in the previous year, when growth of 1.5 % was achieved. In addition to the general factors listed above, the decline is due in particular to special effects in the automotive industry in connection with the introduction of new emission standards and uncertainties regarding new technologies. The trade disputes with the USA and weakened domestic demand led to economic growth in China of 6.1 % (previous year: 6.6 %). After growth of 2.9 % in 2018, the IMF estimates that the USA will grow by 2.3 % due to trade and customs conflicts.

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.

According to the new performance and financing agreement signed by the federal government and Deutsche Bahn at the beginning of 2020, a total of EUR 86 billion is to be invested in rail infrastructure by 2030. This means that an average of EUR 8.6 bn per year will be invested in maintaining and modernising the rail network. Relevant investments in the rail freight infrastructure are also planned in France, Austria, Poland and Switzerland, among others. This shows the importance of rail freight transport in Germany and Europe.

In the US, leasing companies dominate approximately 65 % of the freight wagon market. Pursuant to SCI Verkehr GmbH, Cologne (hereinafter "SCI"), the share of leasing companies in Europe will increase from 36 % in 2018 to 45 % by 2025, thus increasing the freight wagon fleet of the leasing companies by 2.2 - 2.5

% annually. 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, rail forwarding agencies and, 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 world trade volume, which is important for the demand for container transport services, rose by only 1.0 % in 2019, after the IMF had forecast growth of 4.0 % at the beginning of the year.

The container handling index of the RWI - Leibniz Institute of Economic Research and the Institute of Shipping Economics and Logistics (ISL) fell to a value of 102.5 in February 2020, after 113.4 in January 2020, and thus represents the strongest monthly decline ever observed. The reason for the decline was the Chinese ports, but the ports on the west coast of the USA also handled significantly fewer containers.

According to the industry service Seabury, the global cargo volume in 2019 was around 152 million TEU, an increase of 0.8 % over the previous year.

The total capacity of the world container vessel fleet rose by 3.7 % year-on-year to around 22.9 million TEU and is also expected to grow by 3.7 % in the year 2020. (Drewry Container Forecaster Q4, Dezember 2019).

In its Container Equipment Insight Q4/2019, Drewry states that in 2019 approx. 2.8 million TEU (previous year 4.4 million TEU) containers will have been produced and expects production to increase to 4.2 million TEU due to an increased need for replacement. In addition, Drewry forecasts that leasing companies will further increase their share of the global container fleet from 52.5 % in 2019 to 54.3 % in 2023. Prices for used 20-foot standard containers averaged USD 1,100 in 2019 compared to USD 1,245 in the previous year.

Harrison Consulting estimates that after reducing production in 2019, manufacturers will be able to increase the price of containers, a trend that will have a positive impact on landlords in terms of both lease renewal rates and container resale prices. Furthermore, the secondary market demand for containers is likely to continue to rise in the future due to the wide range of possible uses, including for buyer groups in the area of infrastructure projects and aid programmes that use them as a cost-effective means of accommodation. This in turn may lead to rising prices in the resale market. In particular, the use of used containers as storage containers or as part of one-off transports for large, heavy, high-value or critical cargo 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 4.7 % per year to 4.4 billion shipments is expected for the next three years to 2023. 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

In the reporting year, the focus continued to be on continuing the growth course, especially in the Rail division, increasing sales and group earnings, and further optimizing the financing structure. In addition to investing in logistics assets with stable cash flows, capacity utilisation in the rail and sea container segment was maintained at a high level and increased in the swap body segment, while rental rates in the rail and swap body segment were improved.

The assets of Aves held in its own portfolio amounted to a total volume of around EUR 923 million on the balance sheet date 31 December 2019 following several transactions:

In detail, the following significant transactions occurred in 2019:

Comittee resolutions

The audit mandate was awarded to PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, 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 2019 business year and for the reviews of the interim financial statements for 2019 and 2020, respectively, to the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, who was elected at the ordinary general meeting on 13 August 2019. This order also includes the audit of the risk early warning system.

Economic transactions

The continuous development of the growth course was successfully implemented with an investment volume of around EUR 156 million. The acquired logistics assets primarily have long-term leases and significant sales and earnings potential for the future.

In the first quarter of 2019, the Aves Group acquired or ordered approximately 2,000 swap bodies in several transactions with a volume of around EUR 17 million. The acquisitions include around 1,200 brand new swap bodies, most of which are leased to the Hamburg logistics company Hermes Germany GmbH (Hermes).

By the end of March 2019, transactions with a volume of EUR 32.5 million had been concluded - including the acquisition of 234 flat wagons, 40 tank wagons and 80 container transport wagons, all of which are leased on long-term contracts. The asset management of the acquired assets is carried out by the two renowned asset managers Wascosa and ERR Duisburg.

As part of the continued strategic focus of the Aves Group on its core business areas, the logistics property held as a financial investment was sold for a sales price of EUR 11.1 million.

At the beginning of July 2019, Aves Group signed purchase agreements for the acquisition of around 800 used freight cars with an average age of less than ten years. The acquired rail assets are almost fully leased and were delivered mainly in 2019. Wascosa will take over the management of the acquired freight cars.

After the balance sheet date, the Aves Group continued its steady growth course and further increased its stock of fixed deliveries in the first weeks of the current 2020 financial year to a total of around EUR 110 million. These freight wagons ordered include new wagons in an amount of approximately 85 %. The majority of the freight cars, which are almost fully leased, are to be delivered this year. This increases the Rail segment's asset portfolio, including the currently fixed deliveries, to more than 11,100 freight cars and tank wagons. Asset management of the portfolio is handled by Wascosa and ERR Duisburg.

2.4 CHANGES TO THE CONSOLIDATED COMPANIES

The consolidated financial statements of Aves One AG include a total of 63 domestic and 3 foreign subsidiaries as well as two at equity investments.

Compared to 31 December 2018, the following companies are fully consolidated for the first time in the Group statement due to formation:

- Aves Rail Rent Verwaltungs GmbH, Hamburg
- Aves Transport 1 GmbH & Co. KG, Hamburg
- Aves Special Equipment VI GmbH & Co. KG, Hamburg
- CH2 Datentreuhand GmbH, Hamburg
- Aves Schienenlogistik 1 GmbH & Co. KG, Hamburg
- Aves Eisenbahn 1 GmbH & Co. KG, Hamburg
- Aves Rail Junior III Zweite GmbH & Co. KG, Hamburg
- Aves Rail Equipment V GmbH & Co. KG, Hamburg

In all cases, these are fully consolidated investments with a shareholding of 100 % in each case. The former Aves Rail Rent GmbH, Hamburg, was converted into Aves Rail Rent Hamburg GmbH & Co. KG, Hamburg, by way of a change of legal form with effect from 25 March 2019.

Compared with 31 December 2018, the following companies have been dropped from the scope of consolidation:

- Aves Rail Junior II 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

H2S Holzhafen Service GmbH, Hamburg, in which the Aves Group has acquired a 25 % share, was founded by agreement dated 6 March 2019. This company has been included at equity in the consolidated financial statements of Aves One AG since this date.

2.5 REVENUE SITUATION

Increase of the Group turnover

Aves-Group was able to significantly increase its sales to EURK 116,778 in the reporting period (PY EURK 77,676). This represents an increase of 50.3 %. The significant sales growth is mainly due to the strong investment activities of the previous year and the related sales effects for the entire reporting period as well as the investments made in the course of the financial year. EURK 76,127 (PY 40,645) of the revenue relates to the rail segment and EURK 39,455 (PY EURK 32,215) to the container segment. Besides the positive revenue effects from investment activity, improved rental rates with high capacity utilisation at the previous year's level in the rail segment and higher capacity utilisation with slightly improved rental rates in the swap body area contributed to the revenue growth.

At EURK 2,567 other operating income was slightly down from the prior year's EURK 2,838 and related to the rail segment at EURK 619 (PY EURK 64) and the container segment at EURK 2,120 (PY EURK 1,353). 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. As a result of the strong growth in sales, the cost of materials increased to EURK 20,193 compared to EURK 13,267, although the number of assets continued to grow. Overall, there was a slight decline in the margin from 82.9 % in the previous year to 82.7 % in the year under review. However, the operating divisions were able to increase their margins in the rail segment to 80.3 % (previous year 78.7 %) and in the container segment to 86.8 % (previous year 85.8 %).

At EURK 4,545 (PY EURK 4,510), personnel expenses remained at the previous year's level. Other operating expenses were reduced from EURK 10,880 in the previous year to EURK 10,004 in the year under review. Losses from asset disposals, which increased by EURK 2,632, were offset by a EURK 2,539 thousand reduction in expenses for risks from legal disputes and a EURK 665 thousand reduction in selling and representation expenses. Depreciation and amortization increased by EURK 11,891 to EURK 32,904 due to the strong investment activity in the previous year and the year under review.

Result development

The earnings before interest, income taxes and amortisation/depreciation (EBITDA) increased significantly to EURK 84,600 in 2019 (PY EURK 52,186), an 62.1 % increase over the previous year. The EBITDA margin improved from 67.2 % to 72.4 % in the reporting period. The increase in EBITDA is mainly due to the investments made in the previous year and the year under review, improved rental rates in the rail and swap body areas, as well as increased capacity utilisation in the swap body area and the resulting margin improvements with relatively constant fixed costs. The rail segment contributed EBITDA of EURK 54,815 (PY EURK 28,137) and the container segment EURK 28,067 (PY EURK 23,630) in the year under review.

The result from operating activities (EBIT) also increased significantly to EURK 51,696 (PY EURK 31,173). The financial result of the Group developed from EURK -20,023 to EURK -37,194. This significant increase is mainly due to higher interest expenses of EURK 39,411 (PY EURK 28,134) as a result of borrowings (in the form of bank loans, loans from institutional investors, direct investments and bonds) to finance newly acquired assets and a reduction in non-cash currency effects from EURK 8,376 in the previous year to EURK 3,401 in 2019.

Taken into account the financial result, earnings before taxes (EBT) thus amount to EURK 14,502 (PY EURK11,150). Of this amount, an amount of EURK 15,930 (PY EURK 6,005) is attributable to the rail segment and EURK -3,316 (PY EURK 4,087) to the container segment. After taxes, a consolidated net profit for the year amounts to EURK 11,952 (PY EURK 12,083) is reported.

The overall Group result amounts to EURK 8,681 (PY EURK 10,324) 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 as well as changes in value from the hedge accounting of interest caps and the resulting deferred taxes.

The effects of the first-time application of IFRS 16 on the earnings situation are of minor significance for the Aves Group. Please refer to the notes to the financial statements.

2.6 FINANCIAL SITUATION & ASSET SITUATION

The balance sheet total (total assets) of Aves Group as at the balance sheet date increased to EUR 1,036 million compared to the prior year's amount of EUR 924 million.

Increase of the assets by new assets acquired

On the asset side, the long-term assets increased by EURK 99,036 to EURK 944,933. Intangible assets decreased to EURK 6,566 (PY EURK 8,195) and mainly include goodwill of EUR 5,624 from the acquisition of CH2 Contorhaus Hansestadt Hamburg AG, Hamburg (hereinafter "CH2") in 2017. Tangible fixed assets increased to EURK 924,327 (PY EURK 810,032), mainly due to investments in the rail and container portfolio. The logistics property reported in the previous year at EURk 10,900 under the item investment property was sold in the year under review.

Financial assets include interest rate caps of EURK 2,305 (PY EURK 6,618), which were treated as hedge accounting with the exception of one interest rate cap. In addition, EURK 741 relates to early termination rights of the bonds issued by the Aves Group.

Current assets increased to EURK 91,273 compared to EURK 77,781 in the previous year. Trade receivables increased to EURK 22,465 from EURK 20,932 in the previous year. This increase was disproportionately lower than the increase in sales. The other assets and prepayments of EURK 30,071 (PY EURK 30,588) mainly contain restricted cash and cash equivalents of EURK 21,976 (PY EURK 20,418), which is deposited primarily in connection with the financing of rail portfolios. Inventories of EURK 3,765 (PY EURK 4,398 essentially include a self-storage park of EURK 3,348, which was developed for marketing purposes.

The tax refund claims of EURK 3,661 (PY EURK 4,193) mainly result in the amount of EURK 3,330 from input tax refund claims for freight wagons acquired in Austria and Sweden.

Cash and cash equivalents increased from EURK 17,148 to EURK 30,887 in the 2019 business year, mainly due to funds raised that will be used for further growth in the following 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 13,015,053). It is divided into 13,015,053 (PY EUR 13,015,053) 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 2019 is EURK 40,043 (PY EURK 40,043), regarding the composition and change, we refer to the information in the Notes under section 7.11.4.

The consolidated retained losses improved significantly due to the consolidated annual profit from EURK 20,758 to EURK 8,776.

Liabilities

In total, the pure financial liabilities (short- & long-term) of the Group in the reporting year amount to EURK 972,400 (PY EURK 862,041). In the area of the long-term debt, the financial debt increased to EURK 805,906 from EURK 701,872 in the previous year. Short-term financial liabilities amounted to EURK 166,494, compared to EURK 160,169 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 2019 (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.

The deferred tax liability amounted to EURK 7,310 (PY EURK 8,410). 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 12,330 (PY EURK 16,917).

The decrease in these liabilities is mainly due to tax refund claims arising from the acquisition of freight cars in the previous year and to be refunded to NACCO S.A.S., Paris, France.

The first-time application of IFRS 16 is only of minor significance for the Aves Group, as the effect of this on fixed assets and the corresponding liabilities is only EURK 473.

Analysis of the cashflow statement

The cashflow from operating activities increased to EURK 80,005 (PY EURK 51,002), primarily due to an improved operating result. The cashflow from investment activities amounted to EURK -130,928 (PY EURK -397,965). In the reporting year, further investments into tangible fixed assets were made of EURK -156,240 (PY EURK -386,575).

The cashflow from financing activities amounted to EURK 64,645 (PY EURK 349,116).

The Company increased its liabilities to EURK 276,903 in the 2019 business year compared to the previous year (PY EURK 629,960) for the financing of the freight and tank wagons, containers and swap bodies. In addition cash-effective interest payments were made of EURK -30,844 (PY EURK -22,569). Payments for redemption of bonds and (financial) loans amounted to EURK -180,141 (PY EURK -258,275). 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.

The effects of the first-time application of IFRS 16 on the financial position are of minor significance for the Aves Group. Please refer to the notes to the financial statements.

2.7 FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

Aves Group uses various financial performance indicators to control the Company. The major performance indicators are, sales revenues as well as EBITDA (earnings before taxes, interest, depreciation and amortisation).

In the scope of a comprehensive monthly reporting for the respective business area, supporting 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))
- Operating cash flows
- EBT (adjusted earnings before taxes) adjusted for exchange rate effects disclosed in the financial result.

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

In addition to various measures aimed at optimizing the return on capital employed, the aim is also 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. 3.5 % in 2019.

2.8 FORECAST ACTUAL COMPARISON

For the year under review, the Management Board again expected higher sales revenues and a further improvement in the operating result (EBITDA) as a result of the strong investment activity of the previous year and the acquisitions in 2019. The increasing sales revenues in the rail and container sectors should be achieved through the further expansion of logistics assets. The asset volume should exceed the one billion mark in 2019. It was also forecast that due to the growth in assets, financing costs would continue to rise in absolute terms, while relative financing costs would continue to decline due to refinancing and the optimisation of the financing mix.

In the year under review, all forecast essential key performance indicators were achieved, as shown in the following table.

	Forecast 2019	Actual 2019
Revenues	increasing/clearly increasing	increasing/ cleary increasing
Earnings (EBITDA)	increasing	clear increased

In the 2019 business year, sales increased significantly, from EURK 77,676 to EURK 116,778 , particularly against the background of the acquisitions in the rail and and swap bodies divisions. EBITDA also improved significantly with an increase of around 62 %, rising from EURK 52,186 to EURK 84,600 . Thus, the operating ranges for revenues and EBITDA forecast in the course of the year were exceeded.

Growth in 2019 continued to focus on the most important business unit, rail, but also on the container sector. The already communicated decision not to expand the Real Estate unit was taken into account by selling the logistics property. The goal of raising the asset volume above the one billion mark was not achieved. The main reasons for this were delays in the delivery of newly built wagons due to overstretched manufacturing capacities. In addition, planned opportunities and investments in the sea container sector were not pursued further in the 2019 reporting year due to the market situation and the strategic orientation of the company, and the focus continued to be placed on the rail and swap body sector.

In line with expectations, the capacity utilisation rate in the rail segment was maintained at a high level. In the container segment, too, the capacity utilisation rate was maintained at a continuing high level. While slight declines were recorded in the sea container segment, the swap body segment was able to increase its capacity utilisation. Accordingly, daily turnover and cash on cash developed positively. The operating cash flow was significantly increased compared to the previous year.

Financing costs have risen in absolute terms due to further growth. However, as expected, a further reduction in the average nominal interest rate from 3.6 % in the previous year to 3.5 % in 2019 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 2019 is assessed as extremely positive by the Management Board due to the significantly increased revenue, the significantly increased EBITDA and an EBT of EURK 11,101 adjusted for currency effects in the financial result. With continuous acquisitions and a clear focus on the rail segment, the market position is to be further expanded. Furthermore, significant earnings contributions are expected from the transactions concluded in the future which, in connection with future acquisitions, should further increase profitability.

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 EURk, it is divided into four categories:

- Low (< EURk 1,000)
- Medium/significant (EURk 1,000 – 5,000)
- Critical (EURk 5,000 – 10,000)
- Existence-threatening (above EURk 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 complement the portfolio signficantly. 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 CO2 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, UES, Textainer and Seaco which inform it early on about negative market developments in their monthly reporting.

The market for swap bodies will continue to grow, according to Aves. A shipment volume of over 4 billion shipments is expected in 2021. 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 and tank 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.

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) in order to selectively sell or rent them out.

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

Swap Bodies

In the case of swap bodies 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. In the case of newly acquired portfolios, particular emphasis is placed on keeping the age of the units as low as possible and an underlying long-term rental agreement.

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

3.2.1.4 SUBSEQUENT LETTING RISK

Container

In the case of the boxes acquired from UES in 2015, there is a risk with regard to follow-up letting after the initial rental agreements expire. Depending on the market environment and demand, this may result in shorter lease terms and/or lower lease payments.

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

Swap Bodies

In the case of boxes with expiring rental agreements, there is a risk with regard to follow-up leases. Depending on the market environment and demand, this may result in shorter rental periods and/or lower rental rates.

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

3.2.1.5 RESIDUAL VALUE RISK

Container

The Florence and CAI boxes will be 15 years old on average in 2021 and 2022 respectively. They will thus reach their theoretical end of life. Depending on the market environment and demand, this may result in lower resale prices and associated book losses from the disposal of sea containers.

The residual value risk is estimated as medium at the time of consideration.

Swap Bodies

Depending on the market environment and demand, swap bodies reaching their theoretical end of life (12 years) may lead to lower resale prices and thus to book losses from the disposal of swap bodies.

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

3.2.1.6 RISK IN CONNECTION WITH MARKET PRICE CANGES OF ASSETS

Rail

The Aves Group is generally exposed to a market price change risk. The prices for the purchase of new freight wagons (new construction proces) are rising. The price level for lettings remains largely stable with a further upward trend. A sale is not planned. or increased slightly in 2018. The risk is still considered low compared to the previous year. Container

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, although currently stable, is generally regarded as critical due to the high volatility.

3.2.1.7 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 medium.

3.2.1.8 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 operativ results in all segments. This risk is assessed as medium the same as the previous year.

3.2.1.9 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 has increased significantly in 2019, particularly against the background of the transactions carreid out in previous years. The risk of not being able to raise sufficient assets was considered medium last year and is now considered low.

3.2.2 FINANZWIRTSCHAFTLICHE RISIKEN

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 bond issuance, depending on the economic conditions. In the short term, the Management Board therefore does not expect any liquidity bottlenecks to occur. Nevertheless, due to the planned growth and significance for the Company and the fact that the effects of the COVID-19 pandemic cannot yet be reliable estimated at the time of reporting, there is a major risk in terms of the amount, although the Management Board generally assumes a low probability of liquidity shortage occuring.

At the reporting date, the liquidity risk is therefore considered to be medium.

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, chemical groups). 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. The asset managers Wascosa and ERR Duisburg also have the necessary rail expertise to select qualified leasing partners. There is currently no credit insurance, but receivables as part of the lease to the end customers are credit-insured by the container managers.

In the current challenging situation for many companies due to the COVID-19 pandemic, it cannot be ruled out that individual customers will default on payments and that individual segments will experience weaker capacity utilization. However, due to Aves One's overall very strong customer portfolio with a high proportion of state-owned railways and blue chip customers, the Aves Group does not expect any significant negative effects.

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 2019 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 a portfolio acquired in the previous year and in the course of refinancing of an existing rail portfolio in the previous year, interest rate hedges (interest rate caps) were concluded in order to limit the interest rate risk. At this stage, it is not possible to foresee to what extent the COVID-19 pandemic will change the conditions on the capital market for Aves One. This concerns above all the question of the short or medium-term possibility of providing financing and at what conditions.

The interest risk is assessed as medium.

3.2.2.4 FINANCE RISK

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 investment-team, together with the controlling department closely monitors compliance with financing terms and conditions and reporting requirements through Aves' existing reporting, control and risk management system. The base of banks with which Aves has contracts has been expanded to up to eight banks.

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

Direct investments

Until the balance sheet date, the traditional mainstay of container financing was direct investments from the private sector or private placements via the financing partners BoxDirect GmbH and its subsidiaries and Container Invest. The risk for the Company in this form of financing was the lack 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. In the year under review, a successful start was made on refinancing expiring financing arrangements by issuing bonds. Further bonds for expiring direct investments have already been placed in 2020. The strategy of replacing direct investments in the sea container sector with bond issues or other forms of financing will continue to be systematically pursued. A small proportion of the swap bodies financed will be refinanced by direct investments in the future, so that the total share of direct investments will only be of minor importance for Aves in the future.

Even though the relative share of direct investments in the financing mix of Aves has continued to decline, the risk can be considered medium if financing via bearer bonds, private placements fails to materialise in the future or can be refinanced elsewhere.

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

3.2.2.5 RISKS REGARDING FINANCING

Aves Group is substantially 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.

In principle, financing repayments of around EUR 174 million are contractually fixed in 2020 across all business divisions, a portion of which had already been paid or refinanced by the time the financial statements were prepared. As already noted in the context of interest rate risk, it is currently not possible to predict the extent to which the COVID-19 pandemic may change the financing mix for the Aves Group for upcoming refinancing and the associated conditions.

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.

As of the balance sheet date, the 51 % joint venture (BSI Blue Seas Conical GmbH i.l.) with CONICAL Container Industrie Consulting-Agentur und -Leasing GmbH still exists.

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.

This company will be finally liquidated in 2020. No risks are expected from this.

Additionally, the complex corporate structures lead 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 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.

3.2.2.9 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.

Overall, the risk is viewed as low.

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 IT-RISKS

Aves depends on functioning IT systems to manage its business. For this reason, only high-quality and always up-to-date hardware is used, which is checked and maintained by the IT service provider Comedia.IT GmbH, Hamburg. 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 and Lucanet. Further progress has been made in the finance department in terms of stability, analysis capability and transparency, particularly with regard to the expansion of Comarch functionalities and the use of Lucanet as a consolidation software and planning tool.

In the year under review, the implementation of a document management system including an electronic incoming invoice workflow was started using the enterprise content management software Enaio. This is expected to result in further process improvements and efficiency increases. In addition, a further project was started with the implementation of a data warehouse, which will enable large volumes of data to be analyzed and evaluated even more quickly and efficiently in future.

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.

3.2.3.4 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.

3.2.3.5 FRAMEWORK CONDITIONS FOR DIRECT INVESTMENTS

Direct investments are generally exclusively conceived and processed via BoxDirect and its subsidiaries and Container Invest and distributed exclusively via CH2. This ensures a highest degree of continuity and reliable credit rating for investors. As a long-standing specialist in areas such as direct investments 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 as well as Container Invest, 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 investments in the divisions and the strategy of using direct investments only to a small extent exclusively in the swap body sector, the share of direct investments in relation to the Aves Group will be significantly reduced in relative terms, so that the risk is considered medium at the time of analysis.

3.2.3.6 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 for Aves One AG.

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

3.2.3.7 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.

3.2.3.8 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

BSI Blue Seas Investment GmbH, Hamburg, ("BSI Blue Seas") was a defendant at the Hanseatic Higher Regional Court of Hamburg during the reporting period. On the basis of the verbal negotiations and after evaluation of all documents available to the Management Board and the estimates of the attorneys accompanying this legal dispute, provisions of EUR 2.7 million were recognized in the consolidated financial statements as of December 31, 2018 to cover risks and costs.

In a lawsuit, the Senate awarded SLI Dritte the claim for a contractual penalty of USD 3.0 million plus interest in a judgment dated June 4, 2019; however, the court rejected the further claim of SLI Dritte amounting to USD 0.5 million in deviation from the first instance and set aside the judgment of the Hamburg Regional Court in this respect. BSI Blue Seas has been awarded a partial amount of USD 30 thousand on the counterclaim. On July 1, 2019, BSI Blue Seas filed a non-admission appeal against this judgment with the German Federal Supreme Court (Bundesgerichtshof, "BGH"), on which the BGH has not yet ruled.

In a second lawsuit, the Hanseatic Higher Regional Court of Hamburg legally dismissed the action for a declaratory judgment of SLI Dritte, directed at acceptance and payment of the so-called residual containers from the framework purchase agreement of August 19, 2013. This means that BSI Blue Seas no longer has to purchase these containers.

BSI Blue Seas paid the claim arising from the ruling in the first legal dispute in full in the reporting year, with this payment being made subject to the reservation of recovery in the event of a different ruling by the German Federal Supreme Court. Any court costs were also paid or offset.

As a result of the payment made, there would be no further outflow of liquidity for BSI Blue Seas even if the appeal of non-admission were rejected.

Overall, this risk is assessed as low.

3.2.3.9 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.

3.2.3.10 RISK ARISING FROM DATA PROTECTION CONCEPT (EU-DSGVO)

On 25 May 2018, the EU's basic data protection regulation entered into force. The DSGVO was equipped with significantly higher penalties for non-compliance. Aves has commissioned and had a data protection audit carried out. Employee training was also provided. All essential processes have been documented and the data protection officer has been appointed.

The risk of a breach of data protection is considered to be low overall.

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, terrorist attacks and epidemics. In January 2020, the identification of a novel corona virus (COVID-19) was announced in several patients in China. The outbreak, which was initially localised in China, developed relatively quickly into a pandemic with an impact on the global economy. We refer to sections 2.1. and 6.1 ff.

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 essentials, mutually interacting factors: acquisition of long-lived logistics assets with stable cash flow performance in liquid markets, access to favourable financing terms and capital generation.

These 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 in terms of 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 investment opportunities arising in the market. In addition to all other risk areas that are subject to constant monitoring, the Management Board also considers itself to be in a position to succesfully implement necessary capital raising measures, if required, with regard to outstanding issues to the expertise available in the company and its shareholder structure. As of the balance sheet date, there were significant and critical risks, but no risks threatening the continued existence of the company, either individually or in their entirety.

3.3 REPORT ON OPPORTUNITIES

The risk management system includes both risk and opportunity potential. In addition to risk identification and risk avoidance, the strategic focus on business opportunities is intended to contribute to a sustained increase in enterprise value, increase profitability and secure the long-term existence of Aves. The opportunities of the Aves Group have increased further compared to the previous year. The investments made in the previous year and in the past financial year in particular contributed to this. In addition, the further increase in demand for logistics assets, capacity utilization at a continued high level and the improvement of the financing structure will have a positive impact on the Aves Group. The identification of opportunities is an integral part of corporate management. On the basis of the general conditions, market and industry situation and the business development described above, there are various potential opportunities, selected from those presented below.

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. SCI expects from this that the intermodal sector in particular will grow strongly until 2030 in order to be able to achieve the targets set for the shift from road to rail. Already today, 35% of the transport performance of the freight railways in Germany is provided by combined transport, which can be regarded as an important growth market.

Given these conditions, the Aves Group is in a market environment with good prospects. 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. According to SCI, the share of leasing companies in Europe will rise from 36 % in 2018 to 4 5% by 2025, which means that the freight wagon stock of leasing companies will grow by 2.2 - 2.5% per year. 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 as well as other wagons. The Management Board is countinuing to focus more strongly 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 market for containers is, among other things, particularly dependent on world trade, the capacity of the world container ship fleet and the production of new containers. Specifically, in the container sector, in addition to increased transport demand, the development of the steel price as well as the regulations concerning the reduction of sulphur dioxide emissions which will apply from 2020, also play a arole. 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. The trend is expected to continue, with the leasing companies' fleets growing much faster than those of 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.

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 estimates by the Bundesverband Paket und Expresslogistik e. V. (Federal Association of Parcel and Express Logistics), the volume of shipments is expected to continue to grow by a total of 4.7 % per year to 4.4 billion shipments over the next four years until 2023. 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. SCI also expects positive effects for the swap body market. Accordingly, new market participants are expected to expand the production capacity of swap bodies, which should be reflected in an increase in rental rates. Due to increasing online trade, demand for swap bodies is expected to rise. The internationalisation of logistics companies, especially to Eastern Europe, may create additional growth potential for the swap body market.

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 has continued the optimizations of its financial accounting software and implemented further improvements in its accounting procedures. In the 2018 financial year, the implementation and launch of the consolidation and planning tool "Lucanet" was completed. Further improvements and increases in efficiency are expected from the introduction of a document management system together with an electronic incoming invoice workflow. The processes within the accounting department have been and will continue to be permanently 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 2019 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

Due to the high capital intensity, especially on the debt side, financial management is of tremendous importance for the Aves Group. The financial management system is generally carried out centrally by the Group parent company and includes all Group companies. The objectives of the financial management system are to ensure that the Aves Group has an adequate supply of liquidity, to guarantee compliance with the covenants agreed with the financing partners and to limit the financial risks that may result from fluctuations in exchange rates or interest rates.

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. In the previous year, interest rate caps were concluded as part of the financing of a rail 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 (RBW < EUR 5k) resulting from the acquisition of the former Aves Rail Rent GmbH at the end of the 2016 financial year, for which no hedging relationship exists 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

In its January 2020 economic outlook, the International Monetary Fund predicted global growth of 3.3 % for 2020 and 3.4 % for 2021. The industrialized nations were expected to grow by 2.0 % in 2020, a slowdown of 0.3 % compared to 2019, while Europe's gross domestic product was expected to grow by 1.3 % in 2020 and 1.4 % in 2021. For Germany, the growth forecast for 2020 has been raised to 1.1 % due to an increase in export demand in key sales markets, after growth of only 0.5 % in 2019. In 2021, the German economy was expected to grow by 1.4 %. According to the International Monetary Fund, growth in the Chinese economy was expected to weaken further to 6.0 %. After growth of 6.1 % in 2019, this would be a further low point compared with the growth rates of the past 30 years. Due to the customs and trade conflicts, a weakening of the gross domestic product to 2.0 % in 2020 was forecast for the USA, for which growth of 2.3 % should still result in 2019. 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. According to the IMF expectation in January 2020, the continuing loose monetary policy of the major central banks as well as the waning concern about an unregulated withdrawal of Great Britain from the European Union and first partial agreements in the trade dispute between the USA and China could have had a positive effect on economic development. Nevertheless, the US trade disputes, geopolitical risks in the Middle East and the effects of climate change are weighing on the global economy. Furthermore, the global effects on the world economy from the spread of the coronavirus are not included in the IMF's January 2020 forecasts.

Exceptional global events, such as the outbreak of the coronavirus (COVID-19), have a negative impact on growth expectations. The dispersal of the coronavirus has had a negative impact on the trading and financial markets since the beginning of the year. Germany's leading economic research institutes have confirmed their joint diagnosis of a drastic economic slump at the beginning of April 2020. The previously visible signs of a revival in the global economy were abruptly reversed in February with the implementation of far-reaching measures to contain the disease. In its economic outlook from the beginning of April, the IMF also expects a dramatic slump in the global economy.

The IMF forecasts a decline in global economic growth of -3.0 % in 2020 - an even sharper decline than in the financial crisis of 2009 - and a noticeable recovery and growth of 5.8 % in 2021. According to the IMF experts, the recession will be reflected in Germany with a gross domestic product of -7.0 %, which is expected to grow strongly again in 2021 with 5.2 % growth. According to the joint diagnosis of Germany's leading economic research institutes, they expect a slump of -4.2 % in 2020, which is not as drastic as the IMF's and forecast a significant increase of 5.8 % in 2021. According to the IMF economists, drastic changes in growth rates are also expected for the USA (-5.9 %), China (1.2 %), Europe (-7.5 %) and the advanced economies (-6.1 %) in 2020. Similarly, a strong recovery is also forecast for 2021.

Overall, due to possible delayed market movements, disruptions in the production and supply chains, uncertainties regarding the containment of the virus disease and the timing of economic recovery and the efforts of central banks, governments, etc. to counteract the economic situation, the effects of COVID-19 on the global economy cannot be reliably estimated for the remainder of the year.

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-owned 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 targets. Additional growth impulses are also expected from the reduction in rail freight train path prices decided by the German government.

The majority of the railway companies have recognised the need for restructuring and consolidation, and in some cases have taken initial steps. Often, however, the state shareholders in particular are unwilling to consistently implement the reform steps identified and to finance the necessary investments, or they focus on the rail network infrastructure and passenger transport.

As part of the consolidation process, numerous mergers and corporate takeovers have already taken place and others are likely to follow. Increasing interest in so-called rolling stock assets was observed on the part of global logistics providers, shipping companies, private equity companies and infrastructure funds.

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.

The effects of the COVID-19 pandemic on rail freight transport, which has been declared to be systemically relevant, cannot be conclusively assessed at present, although it could even emerge stronger from this situation in the long term. So far, however, the Rail division of the Aves Group has only been slightly affected by the consequences of the outbreak of the virus. Nevertheless, the COVID-19 pandemic is expected to have different effects on various industries in which the Aves portfolio is used. Due to the poor state of the steel industry, slight declines in capacity utilization are expected, although this is currently still at a high level. In industries in which, for example, production figures or product demand is declining in the short term, capacity utilization may fall. In contrast, there will also be areas in which there is a higher demand for freight cars and tank cars. Rent increases, as recently widely accepted, will in all probability not be feasible in 2020.

It can be assumed that after the COVID-19 pandemic, infrastructure investments will be made as part of economic stimulus packages and that Europe as a production location will be strengthened. Accordingly, European rail freight transport is more likely to emerge as a winner from the overall development.

Container

The global trade volume, which is important for the demand for container transport services, rose by only 1.0 % in 2019. According to the estimates of the IMF in January 2020, the global trade volume is expected to recover in 2020 and grow by 2.7 % in 2020 and 3.7 % in 2021.

According to the industry service Seabury (Seabury, December 2019), cargo volumes are expected to increase by 3.1 % to 157 million TEU in 2020 and by 3.3 % to 162 million TEU.

Following the production of approx. 2.8 million TEU (previous year 4.4 million TEU) containers in 2019, Drewry (Drewry, Container Equipment Insight Q4/2019) forecasts an increase in production to 4.2 million TEU in 2020 due to an increased need for replacement. In addition, Drewry expects leasing companies to further expand their share of the global container fleet from 52.5% in 2019 to 54.3% in 2023.

These forecasts do not take into account the impact of the COVID-19-pandemic. In the joint diagnosis of the leading economic research institutes in Germany from the beginning of April 2020, it is assumed that the volume of world trade will collapse by -7.4 % in 2020 due to the massive slump in the global economy. For the following year, a significant increase of 7.0 % is assumed compared to the previous years. According to the IMF's forecasts from the beginning of April, the global trade volume is expected to slump even more noticeably to -11.0 % in 2020 and to grow even more strongly again in 2021 at 8.4 %.

According to Harrison Consulting, the reduced production of containers in 2019 and the closure of factories due to the corona virus, especially in China, has led to a further shortage of container capacity. This has had a significant impact on traders wishing to transfer containers to the European and US markets. As a result of the reduced capacities in China, the USA and Europe, the prices for new containers were increased from USD 1,800 at the beginning of the year to USD 2,100 at the end of March. The interruption in world trade in turn led to an increase in both demand and prices for used containers. According to Harrison, the secondary market demand for containers is also likely to continue to rise in the future due to the wide range of possible uses, including for buyer groups in the area of infrastructure projects and aid programmes that use them as a low-cost means of accommodation, and resale prices should therefore also rise.

The effects of the COVID-19 pandemic on the container market cannot be reliably estimated at present.

It is also expected that market players, such as shipping companies, will continue to focus on their core business due to the pressure on margins and, following the trend of recent years, will hold fewer and fewer logistics assets in their own inventory. Against the background of greater flexibility, shipping companies will increasingly lease containers from container leasing companies, which in turn are asset managers on behalf 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 4.7 % to a total of 4.4 billion shipments by 2023. 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

In the opinion of the Management Board, the Aves Group's business model is based on a solid foundation through its business divisions. In particular the rail segment, but also investments in the swap body portfolio will be the focus of attention in the financial year 2020. In the course of further focusing, the Management Board has made the strategic decision not to invest further in sea containers. The investments in the rail segment in the first quarter of 2020 show that the company is continuing to grow strongly, especially in the area of new wagons, and that the pace of growth can be maintained at a high level. By focusing on these business segments, Aves is setting itself apart from other market participants.

The effects of the COVID-19 pandemic on the overall economic development, supply and production chains, further delays by manufacturers of new wagons and reduced workshop capacities in maintenance are currently difficult to predict. It is also impossible to foresee at this time to what extent the COVID-19 pandemic will change conditions on the capital market for the Aves Group. This applies above all to the question of the conditions under which refinancing can be refinanced.

The Management Board has therefore decided to formulate the forecasts for 2020 with due caution. Nevertheless, the Management Board assumes that even in this difficult market environment, opportunities will arise for Aves, which intends to continue its high growth rate. Reliable statements on the expected value of the asset volume at the end of 2020 cannot be made reliably due to the current situation and will be substantiated in the course of the year.

On the basis of the measures currently being implemented and the full-year effect of the investment activities of the past 2019 financial year, the Management Board is confident about the future of the current 2020 financial year.

In order to finance the further growth of the Aves Group and the acquisition of portfolios of mobile logistics assets, various forms of financing are still being examined. In this context, the reduction of financing costs already initiated in previous years through refinancing and other capital measures by the Executive Board will be consistently continued.

As a general conclusion, against the background of the challenging environment, the Management Board expects at least revenues and EBITDA in 2020 to be on a level with the extremely strong 2019 financial year, thus forecasting revenues of over EUR 117 million and EBITDA of over EUR 84 million.

Financing costs will continue to increase in absolute terms due to the planned asset growth. However, the Management Board will continue to focus on the development of relative financing costs due to the refinancing measures and optimization of the financing mix.

In the Rail segment, the Executive Board anticipates slightly reduced capacity utilization, especially against the backdrop of the COVID-19 pandemic, but still at a high level. Improvements in rental rates, as in 2019, are unlikely to be achieved. The utilization rate in the container segment is expected to remain at a high level.

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

An agreement exists between SUPERIOR Beteiligungen GmbH and RSI Societas GmbH for the joint exercise of voting rights.

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 2019 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 2019 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

With the exception of corporate bonds issued in the fiscal year with a volume of around EUR 49.5 million, the Company has not entered into any agreements that are subject to a change of control 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

	2018	2019	2019 (Min.)	2019 (Max.)
Fixed remuneration	20,833.00	250,000.00	250,000.00	250,000.00
Secondary payments	167,781.00	29,768.00	29,767.61	29,767.61
Total	**188,614.00**	**279,768.00**	**279,767.61**	**279,767.61**
One-year variable remuneration	75,000.00	100,000.00	0.00	100,000.00
Multiple-year variable remuneration	0.00	0.00	0.00	0.00
Total	**75,000.00**	**100,000.00**	**0.00**	**100,000.00**
Pension expenses	0.00	0.00	0.00	0.00
Total	**263,614.00**	**379,768.00**	**279,767.61**	**379,767.61**

INFLOW (EUR) TOBIAS AULICH, DIRECTOR
ENTRY 29 NOVEMBER 2018

	2018	2019
Fixed remuneration	20,833.00	250,000.00
Secondary payments	167,781.00	29,768.00
Total	**188,614.00**	**279,768.00**
One-year variable remuneration	0.00	75,000.00
Multiple-year variable remuneration	0.00	0.00
Total	**0.00**	**75,000.00**
Pension expenses	0.00	0.00
Total	**188,614.00**	**354,768.00**

BENEFITS GRANTED (EUR) JÜRGEN BAUER, DIRECTOR

	2018	2019	2019 (Min.)	2019 (Max.)
Fixed remuneration	300,020.00	300,020.00	300,020.00	300,020.00
Secondary payments	33,818.00	33,818.00	33,818.00	33,818.00
Total	**333,838.00**	**333,838.00**	**333,838.00**	**333,838.00**
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
Total	**333,838.00**	**333,838.00**	**333,838.00**	**333,838.00**

INFLOW (EUR) JÜRGEN BAUER, DIRECTOR

	2018	2019
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 MEIßNER, DIRECTOR

ENTRY 1 FEBRUARY 2018

	2018	2019	2019 (Min.)	2019 (Max.)
Fixed remuneration	250,983.00	273,800.00	273,800.00	273,800.00
Secondary payments	28,261.00	57,191.00	57,191.05	57,191.05
Total	**279,244.00**	**330,991.00**	**330,991.05**	**330,991.05**
One-year variable remuneration	135,000.00	100,000.00	0.00	100,000.00
Multiple-year variable remuneration	0.00	0.00	0.00	0.00
Total	**135,000.00**	**100,000.00**	**0.00**	**100,000.00**
Pension expenses	0.00	0.00	0.00	0.00
Total	**414,244.00**	**430,991.00**	**330,991.05**	**430,991.05**

INFLOW (EUR) SVEN MEIßNER, DIRECTOR

ENTRY 1 FEBRUARY 2018

	2018	2019
Fixed remuneration	250,983.00	273,800.00
Secondary payments	28,261.00	57,191.00
Total	**279,244.00**	**330,991.00**
One-year variable remuneration	35,000.00	100,000.00
Multiple-year variable remuneration	0.00	0.00
Total	**35,000.00**	**100,000.00**
Pension expenses	0.00	0.00
Total	**314,244.00**	**430,991.00**

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 employment contract of Mr. Jürgen Bauer stipulates a non-performance-related total remuneration, which amounts to EURK 334 for the 2019 business year since his appointment as a member of the Management Board and relates to the existing contract with Aves Rail Rent GmbH, Vienna.

Please refer to the section on other reserves in the notes to the consolidated financial statements with regard to the one-off payments made to Tobias Aulich in the previous year as part of the conclusion of his employment contract.

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**
	2018	2019
Remuneration according to the articles of association	50,000.00 *	50,000.00
Expenses	5,831.00	5,831.00
Total	**55,831.00**	**55,831.00**

EMMERICH G. KRETZENBACHER

	Deputy Chairman of the Supervisory Board	**Deputy Chairman of the Supervisory Board**
	2018	2019
Remuneration according to the articles of association	50,000.00	50,000.00
Expenses	3,500.00	3,500.00
Total	**53,500.00**	**53,500.00**

BRITTA HORNEY

	Supervisory Board member		Supervisory Board member
	2018		2019
Remuneration according to the articles of association	15,000.00	*	15,000.00
Expenses	0.00		5,831.00
Total	**15,000.00**		**20,831.00**

RAINER W. BAUMGARTEN

	Supervisory Board member	Supervisory Board member
	2018	2019
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 (PY EURK 1,120) and that of the Supervisory Board EURK 145 (PY EURK 139).

A D&O insurance policy has been taken out for the members of the Management Board, senior executives and the Supervisory Board. There is also an E&O insurance policy for the Group.

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 2019 business year, no reportable transactions were carried out by members of the executive bodies.

1 CORPORATE GOVERNANCE CODEX DECLARATION

The declaration of compliance issued by the Management Board and Supervisory Board on the recommendations of the "Government Commission on the German Corporate Governance Code" in accordance with section 161 of the German Stock Corporation Act (AktG) has been made permanently accessible at the Internet address http://www.avesone.com.

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 30 2020

The Management Board

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

Relationships with affiliated companies

SUPERIOR Beteiligungen GmbH 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 30,92 % as at 31 December 2019, which means that, as at the balance sheet date, he has no controlling influence over Aves One AG.

Hamburg, 30 April 2020

Tobias Aulich Jürgen Bauer Sven Meißner

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

OF AVES ONE AG OF 31 DECEMBER 2019

in EURk	Notes reference	31.12.2019	31.12.2018
Assets			
Intangible fixed assets	3.8, 8.1	6,566	8,195
Fixed assets	3.9, 8.2	924,327	810,032
Financial investments accounted for at equity	8.3	0	10,900
Financial investments balanced according to the equity method	8.4	72	0
Other financial investments	8.5	3,046	6,618
Deferred tax claims	3.19, 8.9	10,922	10,152
Long-term assets		**944,933**	**845,897**
Inventories	3.12, 8.6	3,765	4,398
Trade accounts receivable	3.13, 8.7	22,465	20,932
Financial receivables	3.11, 8.8	424	522
Other assets and advance payments	8.8	30,071	30,588
Tax reimbursement claims	3.19, 8.9	3,661	4,193
Liquid funds	3.14, 8.10	30,887	17,148
Short-term assets		**91,273**	**77,781**
Balance sheet total		**1,036,206**	**923,678**

in EURk	Notes reference	31.12.2019	31.12.2018
Equity			
Subscribed capital	3.15, 8.11.1	13,015	13,015
Capital reserves	3.15, 8.11.1/.4	40,043	40,043
Currency translation reserve	3.15, 8.11.7	832	1,188
Group retained losses/profits*	3.15, 8.11.5	-8,776	-20,758
Other reserves	8.11.6/.8	-3,589	-739
Equity of the owners of the parent		**41,525**	**32,749**
Non-contolling interests*		119	149
Equity		**41,644**	**32,898**
Debt			
Financial liabilities	3.17, 8.13.1/.2	805,906	701,872
Deferred tax liabilities	3.19, 8.12	7,310	8,410
Reserves	7.16	0	4
Long-term liabilities		**813,216**	**710,286**
Tax liabilities	3.19, 8.12	2,522	742
Financial liabilities	3.17, 8.13.1/.2	166,494	160,169
Trade accounts payable	3.16, 8.13.3	7,854	8,341
Other liabilities	8.13.4	4,476	8,576
Other provisions	3.20, 8.14	0	2,666
Short-term liabilities		**181,346**	**180,494**
Total liabilities		**994,562**	**890,780**
Balance sheet total		**1,036,206**	**923,678**

*Adjusted due to profit allocation 2018 in the amount of EURk 49.

CONSOLIDATED PROFIT AND LOSS STATEMENT

OF AVES ONE AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2019

In EURk	Notes reference	2019	2018
Sales	7.1	116,778	77,676
Other operating income	7.2	2,567	2,838
Cost of material	7.3	-20,193	-13,267
Personnel costs	7.4	-4,545	-4,510
Other operating costs	7.6	-10,004	-10,880
Profit and loss shares in companies that are balanced at equity, after taxes	7.7	-3	329
Earnings before depreciation, interest and taxes (E-BITDA)		**84,600**	**52,186**
Depreciations	7.5	-32,904	-21,013
Earnings from operating activities at equity -result (EBIT)		**51,696**	**31,173**
Interest income	7.8	155	577
Interest expenses	7.8	-39,411	-28,134
Currency effects on financial receivables and liabilities	7.8	3,401	8,376
Financing secondary costs	7.8	-1,273	-813
Discount from the emission of shares	7.8	0	-29
Other financial result	7.8	-65	0
Financial results		**-37,194**	**-20,023**
Period result before taxes		**14,502**	**11,150**
Taxes on income and profit	7.9	-2,550	933
Consolidated annual profit		**11,952**	**12,083**
of which attributable to			
Aves One AG shareholders		11,982	12,034
Non-controlling interests		-30	49
Result per share (diluted and undiluted):			
from the consolidated result (EUR)	7.10	0.92	0.93
Average number of outstanding shares (diluted and undiluted)	7.10	13,015,053	12,963,454

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OF AVES ONE AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2019

In EURk	2019	2018
Consolidated profit	**11,952**	**12,083**
Items that will not be reclassified to profit or loss	***0***	***0***
Gains/losses on currency translation recognized in other comprehensive income	-356	-916
Transferred to profit or loss	0	0
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	-356	-916
Fair value changes recognized in other comprehensive income	-2,075	0
Transferred to profit or loss	0	0
Deferred taxes relating to cashflow hedges	642	0
Cashflow hedges, net of tax	-1,433	0
Fair value changes recognized in other comprehensive income	-2,132	-1,194
Transferred to profit or loss	6	0
Deferred taxes relating to deferred costs of hedging	644	352
Deferred costs of hedging, net of tax	-1,482	-842
Items that may be reclassified to profit or loss	***-3,271***	***-1,758***
Total comprehensive income	**8,681**	**10,325**
Attributable to		
Aves One AG shareholders	8,711	10,276
Non-controlling interests	-30	49
	8,681	**10,325**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF AVES ONE AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2019

							Hedging					
in EURk	Number of shares in circulation	Equity AG	Capital reserve	Retained earnings*	Other reserves	Currency translation reserve	Cashflow hedge reserve	Deferred costs of hedging	Equity-accounted investments	**Equity attributable to Aves One AG shareholders**	Non-controlling interests*	**Total equity**
as of 01/01/2018	**12,899,509**	**12,900**	**39,391**	**-32,793**	**0**	**2,104**	**0**	**0**	**0**	**21,602**	**0**	**21,602**
Consolidated profit	0	0	0	12,034	0	0	0	0	0	12,034	49	12,083
Other comprehensive income	0	0	0	0	0	-916	0	-842	0	-1,758	0	-1,758
Total comprehensive income	0	0	0	12,034	0	-916	0	-842	0	10,276	49	10,325
Capital increases/decreases	115,544	115	652	0	0	0	0	0	0	767	0	767
Other changes	0	0	0	0	103	0	0	0	0	103	100	203
as of 31/12/2018	**13,015,053**	**13,015**	**40,043**	**-20,758**	**103**	**1,188**	**0**	**-842**	**0**	**32,749**	**149**	**32,898**
as of 01/01/2019	**13,015,053**	**13,015**	**40,043**	**-20,758**	**103**	**1,188**	**0**	**-842**	**0**	**32,749**	**149**	**32,898**
Consolidated profit	0	0	0	13,607	0	0	0	0	0	13,607	-30	13,577
Other comprehensive income	0	0	0	0	0	-356	-1,433	-1,482	0	-3,271	0	-3,271
Total comprehensive income	0	0	0	13,607	0	-356	-1,433	-1,482	0	10,336	-30	10,306
Capital increases/decreases	0	0	0	0	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	65	0	0	0	0	65	0	65
as of 31/12/2019	**13,015,053**	**13,015**	**40,043**	**-7,151**	**168**	**832**	**-1,433**	**-2,324**	**0**	**43,150**	**119**	**43,269**

*Adjusted due to profit allocation 2018 in the amount of EURk 49.

CONSOLIDATED CASH FLOW STATEMENT

OF AVES ONE AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2019

In EURk	2019	2018
Period result before taxes	**14,502**	**11,150**
Depreciation on intangible fixed assets and tangible fixed assets as well as other financial assets	32,904	21,013
IAS 40 Revaluation	0	-827
Changes in bad debt provisions for trade accounts receivable	427	83
Gains (-)/losses (+) from the sale/disposal of tangible fixed assets and investment property	3,230	400
Profit or loss share of entities accounted for at equity, after taxes	3	-329
Interest income	-155	-577
Interest cost	39,411	28,134
Exchange gains (-)/losses (+) (not cash-effective)	-3,655	-8,410
Book loss from reduction of financial liabilities	0	29
Other expenses/income not attributable to operating activities	1,273	0
Other non-cash expenses/income	65	0
Operational cash flow before changes in working capital	**88,005**	**50,666**
Changes in working capital		
Increase (-)/Decrease of:		
Inventories	92	0
Trade accounts receivable not attributable to investing/financing activities	-1,960	-9,227
Other assets and prepayments	1,310	193
Increase (-)/Decrease of:		
Trade accounts payable not attributable to investing/financing activities	-487	6,004
Other liabilities and other accruals and provisions	-6,625	3,964
Payments of taxes on earnings	-330	-598
Cash flow from ongoing business operations	**80,005**	**51,002**
Cash flow from investment activities		
Payments for investments in intangible fixed assets	-436	-233
Receipts from disposals of tangible fixed assets	26,728	10,241
Payments for investments in tangible fixed assets	-156,240	-386,575
Receipts from disposals of financial assets	0	500
Payments for financial investments acquired	-75	-8,176
Receipts from financial asset investments in connection with short term financial management measures	-112	0
Interest received	-793	-13,722
Cash flow from investment activities	**-130,928**	**-397,965**

In EURk	2019	2018
Cash flow from financing activities		
Receipts from the issuing of bonds and (financial) loans	276,903	629,960
Amortization payments for bonds and (financial) loans	-179,577	-258,275
Amortization payments for lease liabilities	-564	0
Other expenses/income attributable to financing activities	-1,273	0
Interest paid	-30,844	-22,569
Cash flow from financing activities	**64,645**	**349,116**
Cash-effective changes in liquid funds	13,722	2,153
Liquid funds brought forward	17,148	14,908
Exchange rate related changes in liquid funds	17	87
Liquid funds carried forward	**30,887**	**17,148**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OF AVES ONE AG AS OF 31 DECEMBER 2019

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 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 2019, the asset portfolio totalled around EUR 925 million. The Rail division represents the most important business unit and will continue to be the focus of further growth in the future. The Group's other main areas of activity are swap bodies and sea containers. 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. In addition to significant investments in the Rail division (around EUR 131.5 million), investments were also made in the sea container division (EUR 5,5 million) and in the swap body division (EUR 18.8 million).

Against the background of the focus on rail in particular but also containers and the related strategic orientation of the Aves Group, the Real Estate division was already of minor importance in the previous year. Due to the sale of the logistics property in the reporting period, the remaining activities of the self storage park in the "Real Estate" area were no longer presented in a separate segment and transferred to the "Holding Activities" area.

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 2019 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 2019 (including comparative figures for the 2018 financial year) were approved and released for issue by the Management Board on 23 April 2020. The Supervisory Board is expected to approve the consolidated financial statements at its meeting on April 30, 2020.

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 2018 Annual Report and are also used in the 2019 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 and other special effects 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, 2019 are summarized below.

2.3 STANDARDS, INTERPRETATIONS AND CHANGES THAT OCCURRED FOR THE FIRST TIME IN THE FISCAL YEAR APPLIED IN 2019

The new and revised IFRS standards and interpretations listed below, which have been adopted by the EU, must be applied as of the beginning of the reporting period. They also include the amendments published as part of the IASB's ongoing Annual Im-provements Project (AIP) to IFRS.

Standard/Interpretation		Compulsory for financial years beginning on or after that date	Status of the EU Endorsement (Status 31.12.2019)
IFRS 16	New Standard - Leases	Jan. 1, 2019	endorsement effective
IFRS 9	Change - Early repayment regulation with negative compensation	Jan. 1, 2019	endorsement effective
IFRIC 23	Accounting for tax risk positions	Jan. 1, 2019	endorsement effective
IAS 28	Amendment - Non-current shares in associated companies and joint ventures	Jan. 1, 2019	endorsement effective
IAS 19	Changes - plan amendments, - curtailments or - settlements	Jan. 1, 2019	endorsement effective
AIP	Annual improvements of IFRS (cycle 2015 - 2017)	Jan. 1, 2019	endorsement effective

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

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

- Amendments to IFRS 9: Prepayment regulation with negative compensation
- IFRIC 23: Accounting for tax risk positions
- Amendment to IAS 28: Non-current Investments in Associates and Joint Ventures
- Amendment to IAS 19: Plan amendment, curtailment or settlement
- Annual improvements 2015-2017

The following first-time application of the standard had an impact on the amounts and disclosures reported:

2.4 IFRS 16 LEASES

Since 1 January 2019, the Aves Group has been applying the new regulations for the accounting of leasing relationships in accordance with IFRS 16. The new standard regulates the recognition, measurement, presentation and disclosure requirements for leases. For the lessee, the standard provides for a single accounting model, the right-of-use model, which means that the distinction made under IAS 17 between finance and operating leases no longer applies.

According to the new standard, lessees must, in accordance with the right-of-use model, recognize a lease liability in the balance sheet for all leases in the amount of the present value of the future lease payments and simultaneously capitalize a corresponding right of use.

During the term of the lease agreement, the lease liability is amortised using financial mathematics similar to the provisions of the previous IAS 17 for finance leases, while the right of use is amortised on a scheduled basis. For agreements with a term of up to 12 months as well as for assets that can be used independently and that have only a low value, IFRS 16 provides for simplifications to the effect that these agreements can remain off-balance sheet in the same way as operating leases. The Aves Group has applied this simplification. The relevant lease payments continue to be recognised as expenses in the income statement.

The Aves Group will apply the modified retrospective method for the first time as of January 1, 2019 (in accordance with IFRS 16.C5(b)) The prior-year periods have not been adjusted; accordingly, the comparative figures for 2018 have not been adjusted retroactively and are still presented in accordance with IAS 17. The weighted average incremental borrowing rate applied at the transition date was 3.6 %.

Lessor accounting essentially complies with the former provisions of IAS 17, and lessors must continue to classify assets as finance and operating leases based on the distribution of risks and rewards incidental to ownership of the asset.

The first-time recognition of rights of use and lease liabilities resulted in the following effects as of January 1, 2019:

In the opening balance sheet, rights of use in the amount of EURK 473 were recorded, which were reported in full under property, plant and equipment, and lease liabilities in the same amount, which were reported under other liabilities in the balance sheet.

There were no effects on equity from the first-time adoption.

In contrast to the previous approach, according to which expenses for operating leases were shown in full in the operating result, under IFRS 16 only the depreciation of the rights of use is now allocated to the operating result. The interest expense from the compounding of lease liabilities is shown in the financial result. This will result in a relief in EBIT of EURK 14 in the 2019 financial year.

Reconciliation of carrying amounts from IAS 17 to IFRS 16

in EURk	As of 31/12/2018	Reclassifications Finance leases	Adjustments due to IFRS 16 (modified retro-spective me-thod)	As of 01/01/2019
Assets				
Fixed Assets				
Land, rights equivalent to land and buildings	0			**0**
Rights of use - land / buildings	0		394	**394**
Container	234,178			**234,178**
Railway carriages	537,564	-4,134		**533,430**
Rights of use - railway carriages	0	4,134		**4,134**
Swap bodies	34,888			**34,888**
Tank containers	2,913			**2,913**
Other assets, BGA	455			**455**
Rights of use - other assets, BGA	0		79	**79**
Advance payments	34			**34**
Deferred Taxes	10,152			**10,152**
Liabilities				
Equity	32,898			**32,898**
Non-current financial liabilities	701,872		362	**702,234**
Liabilities from leasing relationships Remaining term 1 to 5 years	2,962		362	**3,324**
Current financial liabilities	160,169		111	**160,280**
Liabilities from leasing activities	292		111	**403**

TABLE 2: RECONCILIATION OF CARRYING AMOUNTS FROM IAS 17 TO IFRS 16

Reconciliation leasing liabilities

in EURk	
Minimum lease payments under non-cancellable operating leases as of 31 December 2018	518
Minimum lease payments of finance lease liabilities as of 31 December 2018	3,328
Gross lease liabilities according to IFRS 16 as of January 1, 2019	**3,846**
less interest included	-119
Leasing liabilities according to IFRS 16 as of January 1, 2019	**3,727**
less the present value of finance lease liabilities under IAS 17 as of 31 December 2018	-3,254
Additional lease liabilities due to first-time application of IFRS 16 as of 1 January 2019	**473**

TABLE 3: RECONCILIATION LEASING LIABILITIES

2.5 PUBLISHED BUT NOT YET APPLIED STANDARDS, INTERPRETATIONS AND CHANGES

At the time the consolidated financial statements were prepared, 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 2019 financial year and had not been voluntarily applied in advance by the Aves Group:

Standard/Interpretation		**Published by the IASB**	**Application mandatory**	**Adopted by the EU**	**Expected impact**
IFRS 3	Business Combinations: Definition of a Business	Oct. 22, 2018	Jan. 1, 2020	No	No material impact
IFRS 17	Insurance Contracts	May 18, 2017	Jan. 1, 2021	No	No material impact
IAS 1 and IAS 8	Presentation of Financial Statements and Accounting Policies, Cjanges in Accounting Estimates and Errors: Definition of Material	Oct. 31, 2018	Jan. 1, 2020	Yes	No material impact
IAS 1	Classification of liabilities	Jan. 23, 2020	Jan. 1, 2022	No	No material impact
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	Sep. 26, 2019	Jan. 1, 2020	Yes	No material impact

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. In the event of a corresponding constellation resulting in a negative difference (badwill), this would be recognised in income.

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

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.

After the "Real Estate" segment had already been of minor importance for the Aves Group in the consolidated financial statements for 2018, it was further reduced in the reporting period due to the sale of the logistics property. Therefore, the remaining activities in the "Real Estate" segment are no longer presented in a separate segment and were transferred to the "Holding Activities" segment.

The business segments are unchanged in accordance with internal corporate management:
- Container, unchanged to prior year
- Rail, unchanged to prior year

The former "Real Estate" segment is now shown under "Holding activities". The previous year's presentation of segment reporting was adjusted accordingly in order to ensure comparability of the segment data.

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 =	31.12.2019	31.12.2018	2019	2018
US Dollar	1.1234	1.1450	1.1196	1.1815

TABLE 4: EXCHANGE RATES

3.4 DETERMINATION OF FAIR VALUE

For financial assets and financial liabilities measured at fair value, the measurement method used depends on the input factors available in each case. If quoted prices in active markets can be determined for identical assets, these are used for measurement (level 1). If this is not possible, the fair values of comparable market transactions are used and financial methods based on observable market data are applied (level 2). If the fair values are not based on observable market data, they are determined using recognized financial methods or on the basis of observable achievable prices within the framework of the most recent qualified financing rounds, taking into account the life and development cycle of the respective company (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

Intangible assets essentially include goodwill of EUR 5.6 million resulting from the acquisition of the shares in CH2 AG in 2017.

The "Agency commission for freight transport equipment and logistics properties" of originally EUR 2.5 million reported in the previous year, which was incurred at the end of the 2016 financial year due to a contractual agreement with a related company, was capitalised in the financial year under review as incidental acquisition costs on an acquired rail portfolio. With regard to the comments on "Significant transactions with related parties", please refer to Section 15.1.3.

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	1,113
· 40 foot containers	up to 15 years	-	1,550	1,380
· 40 foot high cube containers	up to 15 years	-	1,950	1,736
· 40 foot refrigerated containers	up to 15 years	-	4,500	4,006
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 1.1234

TABLE 5: USEFUL LIFE OF FIXED ASSETS

3.10 LEASES

Until 31 December, 2018, the Aves Group has accounted for leases in accordance with IAS 17. A lease is defined as an agreement under which the lessor transfers to the lessee the right to use an asset for an agreed period of time in return for a series of payments. The lessee and lessor accounted for the lease on the basis of the distribution of the risks and rewards associated with the leased asset.

Where the main opportunities and risks were attributable to the Aves Group as lessee, the respective leased assets were capitalized at fair value or at the lower present value of the minimum lease payments and depreciated using the straight-line method over the shorter of the economic life or the lease term. The payment obligations resulting from the future lease installments were discounted and carried as a liability.

Where the Aves Group is the lessee under operating leases, i.e. where not all material risks and rewards have been transferred, the lease instalments or rental payments were recognised directly as an expense in the income statement.

3.11 LEASING RELATIONSHIPS AS LESSEE

Since 1 January 2019, leases have been accounted for in accordance with IFRS 16. IFRS 16 defines a lease as an agreement under which a lessor grants a lessee the right to use an asset for an agreed period of time in return for consideration.

If the Aves Group acts as lessee, it generally records a right of use and a leasing liability in its balance sheet for all leasing relationships. In the Aves Group, the lease liability is measured at the present value of the outstanding lease payments, while the right of use is generally measured at the amount of the lease liability plus any direct costs incurred.

During the lease term, the right of use is amortised on a straight-line basis over the term of the lease. The lease liability is compounded over the lease term and reduced by the payments made.

The rights of use recognised in the balance sheet as of the balance sheet date are reported under non-current assets in the item property, plant and equipment. This corresponds to the balance sheet item in which the assets underlying the lease would have been recognized if they were economically owned by the Aves Group.

The Aves Group makes use of the application simplifications granted by the standard with regard to short-term and low-value leasing relationships. Consequently, lease payments from leases with a term of up to twelve months and from leases where the new value of the leased asset does not exceed € 5,000 are recognised as an expense in the income statement.

Through its subsidiary Aves Rail Rent GmbH in Austria, the Aves Group is lessee in a lease, which is accounted for in accordance with the provisions of IFRS 16. The classification of the lease was based on an assessment of the lease with regard to future minimum lease payments or the agreements made in the contract. See also section 7.13.2, Notes on finance lease liabilities. The application of IFRS 16 has not led to any changes in the accounting treatment of this matter.

3.12 LEASING RELATIONSHIPS AS LESSOR

The Company also acts as lessor in a number of leasing agreements. Under IFRS 16, the accounting treatment for lessors is basically the same as under IAS 17 Leases, with a distinction between finance and operating leases.

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.

Direct investments are generally financed through purchase, rental and repurchase agreements, whereby sea containers and special equipment are sold to investors under civil law via the financing partners of the BoxDirectc-Group lor teh Container Invest leased back from them and repurchased at a fixed price at the end of the contract term. This transaction is not to be classified as a sale (and therefore Aves One not as an lessee) due to the contractual constellation.

Through its subsidiaries, the company leases railway wagons, sea containers, swap bodies and real estate under operating leases to a large extent. The contracts with customers are not concluded in the name of the respective Group company, but on behalf of the appointed asset managers, who pass on the income and expenses from these contracts to the respective Group companies.

Applying an economic approach, the rental agreements are therefore allocated to the Group company and treated as if it had concluded rental agreements in its own name. There is also no legal leasing of the wagons to the asset managers; instead, the asset managers are authorized to lease the wagons of the Group company in their own name on behalf of the respective company.

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

3.13 FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In the case of normal purchases or sales, financial instruments are recognized on the settlement date, i.e. the date on which the asset is delivered.

The classification and measurement of financial assets is determined by the business model operated and the structure of the cash flows.

IFRS 9 divides financial assets into the following categories:

- Financial assets at fair value through profit or loss (FVTPL),
- Financial assets at fair value through profit or loss (FVOCI) and
- Financial assets measured at amortised cost (AC).

Financial liabilities are classified in the following categories:

- Financial liabilities at fair value through profit or loss (FVTPL) and
- Financial liabilities measured at amortised cost (AC).

FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

Financial assets measured at amortised cost are held within the scope of a business model whose objective is to collect contractual cash flows ("hold" business model). The cash flows of these assets relate exclusively to principal and interest payments on the outstanding principal amount.

The amortised cost of a financial asset or financial liability is the amount of the asset or liability:

- at which a financial asset or financial liability was measured on initial recognition,
- less any repayments,
- taking into account any risk provisions, write-downs for impairment and uncollectability of financial assets, and
- plus or minus the cumulative distribution of any difference between the original amount and the amount repayable at maturity, distributed over the term of the financial asset or financial liability u-sing the effective interest method.

Financial liabilities carried at amortised cost using the effective interest method are liabilities to banks, bond-holders, institutional lenders and direct investors. Gains or losses from the development of the amortised cost are recognised in the income statement, including the effects of exchange rate changes. In the case of short-term liabilities (remaining term to maturity of up to one year), no discounting or addition is made for reasons of materiality.

- The financial assets and liabilities measured at amortised cost are
- Trade receivables and payables,
- Other receivables and financial assets and liabilities,
- Financial liabilities and
- Cash and cash equivalents.

IMPAIRMENTS ON FINANCIAL ASSETS

Financial assets are subject to default risks, which are accounted for by recognizing a risk provision or, in the case of losses already incurred, by recognizing an impairment loss. The default risk of receivables is taken into account by recognizing specific valuation allowances and portfolio-based valuation allowances for expected credit losses. In this context, a potential need for value adjustment is assumed not only in the event of various facts such as default of payment over a certain period of time, initiation of compulsory measures, imminent insolvency or overindebtedness, application for or opening of insolvency proceedings or failure of restructuring measures, but also for receivables that are not overdue.

To calculate portfolio-based allowances, non-significant receivables and significant individual receivables without indications of impairment are grouped together into homogeneous portfolios on the basis of comparable credit risk characteristics and broken down by risk class. Average historical default probabilities in conjunction with future-related parameters of the respective portfolio are used to determine the amount of the impairment.

A default with regard to a financial asset is generally assumed if the contracting party has failed to make contractual payments within 60 days of maturity, unless the individual case examination allows a different conclusion.

Financial assets are written off if, based on reasonable assessment, realizability is no longer expected, for example if a debtor refuses to enter into a repayment plan with the Aves Group. The Aves Group generally writes off a loan or receivable if a debtor fails to make contractual payments within 120 days of maturity and the Aves Group does not have a counterclaim. In this case, too, a different assessment may result from a case-by-case examination. If loans or receivables have been written off, the company continues to take enforcement measures in order to still realize the receivable due. Realized amounts are recognized in profit or loss.

Credit default risks must be considered for all financial assets that are measured at amortised cost. The impairment provisions also apply to risks from off-balance sheet irrevocable loan commitments and to the valuation of financial guarantees.

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Changes in the value of financial assets measured at fair value are either recognised directly in equity or recognised in the income statement.

In the Aves Group, the category of assets recognised at fair value with no effect on income includes exclusively debt instruments. Changes in fair value are generally recognised directly in equity after taking deferred taxes into account. Financial assets measured at fair value with no effect on income are held within the framework of a business model whose objective is the sale and receipt of contractually agreed cash flows ("hold and sell" business model).

All financial assets that are neither measured at amortised cost nor at fair value through profit or loss fall into the category of financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss relate exclusively to derivatives outside hedge accounting. The fair value generally corresponds to the market or stock exchange value. If no active market exists, fair value is determined, as far as possible, on the basis of other observable input factors. If no observable input factors are available, the fair value is determined using methods of financial mathematics, for example by discounting future cash flows at the market interest rate or by applying recognized option pricing models.

The assets measured at fair value are

- Derivative assets for hedging interest rate risks - with a hedging relationship
- Derivative assets for hedging interest rate risks - without a hedging relationship
- Derivative assets from call options - without hedging relationship.

The Aves Group does not hold any liabilities measured at fair value.

In the case of current financial receivables and liabilities, the amortised cost is generally equal to the nominal amount or the repayment amount.

The fair value option for financial assets and liabilities is not applied in the Aves Group.

Financial assets and financial liabilities are generally reported at gross value. Offsetting is only carried out if the offsetting of the amounts is legally enforceable by the Aves Group at the present time and there is an actual intention to offset.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Aves Group uses derivative financial instruments - so-called interest caps - to hedge interest rate risks. The Aves Group designates and documents interest rate hedges as cash flow hedges if the conditions of IFRS 9 for hedge accounting are met. In a cash flow hedge, fluctuations in future cash flows from highly probable forecast transactions or cash flows to be paid or received in connection with a recognised asset or liability are hedged.

The interest rate caps designated as cash flow hedges in the Aves Group have the same conditions as the underlying transaction, i.e. reference interest rate, interest rate adjustment dates, payment dates, maturities and base amount. In both the current and the previous financial year, the essential contractual conditions of the underlying and hedging transactions were identical and such an agreement is also expected for the remaining term of the hedging transactions, so that there is an economic relationship between the underlying and hedging transactions. 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 underlying transaction as well as the assessment of the effectiveness criteria. The effectiveness is reviewed on each balance sheet date.

As the underlying transaction, in contrast to the interest rate cap, usually does not contain a fair value component that could compensate for the changes in value of the fair value component of the hedging instrument, ineffectiveness may arise in the economic relationship between the underlying and hedging transaction. Significant changes in the default risk of the Aves Group or the contracting party of the hedging transaction can also lead to ineffectiveness.

All interest rate hedging transactions are measured at fair value. Effective changes in the value of the hedging instrument are recognised directly in equity, broken down into changes in the intrinsic value (CFH reserve) and changes in the fair value (deferred costs of the hedging relationship). Changes in the intrinsic value are only reclassified to profit and loss when the underlying transaction is realized. The changes in value in relation to the fair value are appropriately recognized in income over the term of the underlying transaction. The ineffective portion of cash flow hedges is immediately recognized in profit or loss.

Derivatives that do not meet the strict criteria of IFRS 9 regarding the application of hedge accounting are classified as financial assets at fair value through profit or loss. In the Aves Group, this relates to early termination options from bonds and a portion of an interest rate cap for which no hedging relationship could be established with the underlying transaction.

3.14 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.

3.15 TRADE ACCOUNTS RECEIVABLE

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. If they are expected to be realised within twelve months of the balance sheet date (or within the normal business cycle, if this is longer), the receivables are classified as current. Otherwise, they are classified as non-current.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses.

3.16 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.

3.17 EQUITY

Ordinary shares are classified as equity.

Costs that are directly attributable to the issue of new shares are recognized in equity as a deduction from the proceeds of the issue. The reduction amount was reduced by tax effects.

The valuation of issued shares is based on their market value at the time of issue.

3.18TRADE 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.

3.19 FINANCIAL LIABILITIES

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

3.20 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

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

3.21 CURRENT AND DEFERRED TAXES

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

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

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

Deferred tax assets 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.

3.22 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.

The provision formed in the previous year for risks arising from legal disputes with SLI Dritte was utilisised or reversed in the financial year.

For details please refer to the following section 4.2.

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.

In the previous year, a provision was formed for an ongoing legal dispute about claims for damages under a container purchase contract. With regard to the changes compared with the previous year, we refer to the following comments:

Legal disputes SLI Dritte

During the reporting period, BSI Blue Seas Investment GmbH, Hamburg, ("BSI Blue Seas") was the defendant in the legal disputes listed in the consolidated financial statements as of December 31, 2018 before the Hanseatic Higher Regional Court of Hamburg.

In a lawsuit, the Senate awarded SLI Dritte the claim for a contractual penalty of USD 3.0 million plus interest in a judgment dated June 4, 2019; however, the court rejected the further claim of SLI Dritte amounting to USD 0.5 million in deviation from the first instance and set aside the judgment of the Hamburg Regional Court in this respect. BSI Blue Seas has been awarded a partial amount of USD 30 thousand on the counterclaim.

On July 1, 2019, BSI Blue Seas filed a non-admission appeal against this ruling with the German Federal Supreme Court ("BGH"), on which the BGH has not yet ruled. In a second lawsuit, the Hanseatic Higher Regional Court of Hamburg has dismissed the action for declaratory judgement of SLI Dritte, directed at the acceptance and payment of the so-called residual containers from the framework purchase agreement of August 19, 2013, with legal effect. This means that BSI Blue Seas no longer has to purchase these containers.

BSI Blue Seas paid the claim arising from the ruling in the first legal dispute in full in the reporting period, with this payment being made subject to the reservation of recovery in the event of a different ruling by the Federal Court of Justice. As a result of the payment made, even if the appeal against denial of leave to appeal was rejected, there would be no further outflow of liquidity for BSI Blue Seas.

4.3 BAD DEBT PROVISION FOR TRADE ACCOUNTS RECEIVABLE

Trade receivables are carried at the invoiced amount and are not interest-bearing due to their short remaining term. A value adjustment for doubtful receivables is based on the best possible estimate of the potential loss of receivables.

In order to determine allowances, management makes assumptions based on the creditworthiness and payment behaviour of customers in the past and also relies on information provided by asset managers. The Company reviews the allowance for doubtful accounts at least quarterly. The receivables are written off against the allowance after all possibilities for collection have been exhausted and the chance of payment is considered remote. Actual losses may differ from the estimated values.

Value adjustments of trade receivables are partly carried out using value adjustment accounts. Whether a default risk is recorded via an allowance account or directly by writing off the receivable depends on how high the probability of default is estimated and how reliably the default risk can be assessed.

For various reasons, the Aves Group's bad debt losses are generally very low. This is due, among other things, to the fact that the default risk is partially covered by the asset managers or the tenants are regularly large and well-known industrial or logistics companies, so that insolvency cases hardly ever occur. Against this background, the net expense for impairment charges in the 2019 financial year was EURK 502, which corresponds to an impairment ratio of 0.43 % based on revenues of EURK 116,778.

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 3.9. 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

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 2019

In addition to Aves One AG, Hamburg, including two companies accounted for using the equity method, a total of 68 subsidiaries (previous year: 63) have been included in the consolidated financial statements for the 2019 financial year. The scope of consolidation as of December 31, 2019 includes the following companies:

Number	Name and headquarters of the company	Share in %	
	Fully consolidated entities	**31/12/2019**	**31/12/2018**
	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
6	CH2 Datentreuhand GmbH, Hamburg	100.0	0.0
7	Aves Transport 1 GmbH & Co. KG, Hamburg	100.0	0.0
8	Aves Storage Verwaltungs GmbH, Hamburg (in 2018 belonging to the Real Estate segment)	100.0	100.0
9	Aves Storage GmbH & Co. KG, Hamburg (in 2018 belonging to the Real Estate segment)	100.0	100.0
10	Aves Storage II GmbH & Co. KG, Hamburg (in 2018 belonging to the Real Estate segment)	100.0	100.0
11	Aves Logistik Immobilien Verwaltungs GmbH, Hamburg (in 2018 belonging to the Real Estate segment)	100.0	100.0
12	Aves Logistik Immobilien GmbH & Co. KG, Hamburg (in 2018 belonging to the Real Estate segment)	100.0	100.0
13	Aves LI Alsdorf Holding GmbH & Co. KG, Hamburg (in 2018 belonging to the Real Estate segment)	100.0	100.0
14	Aves LI Alsdorf Betriebs GmbH, Hamburg (in 2018 belonging to the Real Estate segment)	94.9	94.9
	Container		
15	BSI Blue Seas Investment GmbH, Hamburg	100.0	100.0
16	BSI Asset GmbH, Hamburg	100.0	100.0
17	BSI Regulierte Direktinvestment II GmbH & Co. KG, Hamburg	100.0	100.0
18	BSI Blue Seas Direktinvestment I GmbH & Co. KG, Hamburg	100.0	100.0
19	BSI Direktinvestment II GmbH & Co. KG, Hamburg	100.0	100.0
20	BSI Direktinvestment III GmbH & Co. KG, Hamburg	100.0	100.0
21	BSI Direktinvestment Verwaltungs GmbH	100.0	100.0
22	BSI Logistics II GmbH & Co. KG, Hamburg	100.0	100.0
23	BSI Zweite Verwaltungs GmbH, Hamburg	100.0	100.0
24	BSI Logistics III GmbH & Co. KG, Hamburg	100.0	100.0
25	BSI Dritte Verwaltungs GmbH, Hamburg	100.0	100.0
26	BSI Logistics IV GmbH & Co. KG, Hamburg	100.0	100.0
27	BSI Vierte Verwaltungs GmbH, Hamburg	100.0	100.0
28	BSI Logistics V GmbH & Co. KG, Hamburg	100.0	100.0
29	BSI Fünfte Verwaltungs GmbH, Hamburg	100.0	100.0
30	BSI Logistics VI GmbH & Co. KG, Hamburg	100.0	100.0
31	BSI Sechste Verwaltungs GmbH, Hamburg	100.0	100.0
32	BSI Logistics VII GmbH & Co. KG, Hamburg	100.0	100.0
33	BSI Siebte Verwaltungs GmbH, Hamburg	100.0	100.0
34	BSI Logistics VIII GmbH & Co. KG, Hamburg (formerly: BSI Regulierte Direktinvestment I GmbH & Co. KG)	100.0	100.0
35	BSI Achte Verwaltungs GmbH, Hamburg (formerly: BSI Regulierte Direktinvestment Verwaltungs GmbH)	100.0	100.0
36	BSI Logistics IX GmbH & Co. KG, Hamburg (since 24/04/2018)	100.0	100.0
37	BSI Blue Seas Resale GmbH, Hamburg	100.0	100.0
38	Aves Special Equipment Management GmbH, Hamburg	100.0	100.0

39	Aves Special Equipment Holding GmbH & Co. KG, Hamburg	100.0	100.0
40	Aves Special Equipment I GmbH & Co.KG, Hamburg	100.0	100.0
41	Aves Special Equipment I Verwaltungs GmbH, Hamburg	100.0	100.0
42	Aves Special Equipment II GmbH & Co. KG, Hamburg	100.0	100.0
43	Aves Special Equipment Zweite Verwaltungs GmbH, Hamburg	100.0	100.0
44	Aves Special Equipment III GmbH & Co. KG, Hamburg	100.0	100.0
45	Aves Special Equipment IV GmbH & Co. KG, Hamburg	100.0	100.0
46	Aves Special Equipment V GmbH & Co. KG, Hamburg	100.0	100.0
47	Aves Special Equipment VI GmbH & Co. KG, Hamburg	100.0	0.0
	Rail		
48	ARHA Invest GmbH, Wien, Österreich	100.0	100.0
49	Aves Rail Rent GmbH, Perchtoldsdorf, Austria (formerly: Aves Rail GmbH, Wien, Austria)	100.0	100.0
50	Aves Rail Equipment Holding GmbH, Hamburg	100.0	100.0
51	Aves Rail Junior I Verwaltungs GmbH, Hamburg	100.0	100.0
52	Aves Rail Junior I GmbH & Co. KG, Hamburg	100.0	100.0
53	Aves Rail Equipment I GmbH & Co. KG, Hamburg	100.0	100.0
54	Aves Rail Equipment Verwaltungs GmbH, Hamburg	100.0	100.0
55	Aves Rail Equipment II GmbH & Co. KG, Hamburg	100.0	100.0
56	Aves Rail Equipment Zweite Verwaltungs GmbH, Hamburg	100.0	100.0
57	Aves Rail Equipment III GmbH & Co. KG, Hamburg	100.0	100.0
58	Aves Rail Equipment Dritte Verwaltungs GmbH, Hamburg	100.0	100.0
59	Aves Rail Equipment IV GmbH & Co. KG, Hamburg (since 29/06/2018)	100.0	100.0
60	Aves Rail Equipment Vierte Verwaltungs GmbH, Hamburg (since 29/06/2018)	100.0	100.0
61	Aves Eins GmbH, Wien, Austria	100.0	100.0
62	Aves Rail Rent Hamburg GmbH, Hamburg (formerly: Aves Rail Rent GmbH, Hamburg)	100.0	100.0
63	Aves Rail Rent Verwaltungs GmbH, Hamburg	100.0	0.0
64	Aves Schienenlogisitk 1 GmbH & Co. KG, Hamburg	100.0	0.0
65	Aves Eisenbahn 1 GmbH & Co. KG, Hamburg	100.0	0.0
66	Aves Rail Junior III Second GmbH & Co. KG, Hamburg	100.0	0.0
67	Aves Rail Equipment V GmbH & Co. KG, Hamburg	100.0	0.0
	Companies accounted for using the equity method		
68	BSI CONICAL Container GmbH, Hamburg (Segment Container)	51.0	51.0
69	H2S Holzhafen Service GmbH, Hamburg	25.0	0.0

TABLE 6: SCOPE OF CONSOLIDATION

Compared with 31 December 2018, the following companies have been included in the scope of consolidation by way of new formation:

- Aves Rail Rent Verwaltungs GmbH, Hamburg
- Aves Transport 1 GmbH & Co. KG, Hamburg
- Aves Special Equipment VI GmbH & Co. KG, Hamburg
- CH2 Datentreuhand GmbH, Hamburg
- Aves Schienenlogistik 1 GmbH & Co. KG, Hamburg
- Aves Eisenbahn 1 GmbH & Co. KG, Hamburg
- Aves Rail Junior III Zweite GmbH & Co. KG, Hamburg
- Aves Rail Equipment V GmbH & Co. KG, Hamburg

In all cases, these are fully consolidated investments with a 100% shareholding. The former Aves Rail Rent GmbH, Hamburg, has been transformed into Aves Rail Rent Hamburg GmbH & Co. KG, Hamburg, by way of a change of legal form with effect from 25 March 2019.

Compared with 31 December 2018, the following companies have been removed from the consolidated group by way of liquidation:

- Aves Rail Junior II GmbH & Co. KG, Hamburg
- Aves LI Alsdorf Besitz GmbH & Co. KG, Hamburg
- Aves LI VG1 Holding GmbH & Co. KG, Hamburg
- Aves LI VG1 Ownership GmbH & Co. KG, Hamburg

ASSOCIATED COMPANIES

Two companies were included in the Aves Group 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 May 19, 2015 by the two shareholders, BSI Blue Seas Resale GmbH, Hamburg, and CONICAL Container Industrie Consulting-Agentur und -Leasing GmbH, Hamburg, who originally each held a 50% interest.

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 on its own account.

With a share purchase agreement dated 30 December 2015, BSI Blue Seas Resale GmbH acquired an additional one percent share in the capital of BSI CONICAL Container GmbH from CONICAL Contai-ner Industrie Consulting-Agentur und -Leasing GmbH. At the same time, the articles of association were also amended, which now provide for a majority of 60% for shareholder resolutions, unless a larger majority is required by law or the articles of association. Due to the lack 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 line with the previous year. See also the information on segment reporting in Section 6.

H2S Holzhafen Service GmbH

H2S Holzhafen Service GmbH, Hamburg, in which the Aves Group has acquired a 25 % share, was founded by contract dated 6 March 2019. This company has been included at equity in the consolidated financial statements of Aves One AG since this date.

The object of the company is the provision of commercial and IT-related services.

The investment in H2S Holzhafen Service GmbH is allocated to the "Holding" segment. See also the information on segment reporting in section 6.

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.

After the "Real Estate" segment had already been of minor importance for the Aves Group in the consolidated financial statements for 2018, it has been further reduced in the reporting period by the sale of the logistics property. For this reason, the remaining activities in the "Real Estate" segment are no longer presented in a separate segment and were transferred to the "Holding Activities" segment.

- Rail
- Container (with all sea containers and the former Special Equipment Assets)

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.

Rail

The "Rail" segment includes the rental of rail cars, such as tank wagons (chemical, petroleum and compressed gas tank wagons), flat wagons (including steel transport wagons, container wagons, double pocket wagons, timber transport wagons), open wagons, covered wagons and special wagons; management (technical and commercial) is carried out by the asset managers ERR Duisburg and Wascosa.

Container

The "Container" segment includes the rental of sea containers - dry containers in the 20-foot, 40-foot and 40-foot high cube variants and reefer containers in the 40-foot variant, whereby container management is carried out by external service providers.
In addition, the subarea Special Equipment is assigned here. This includes the rental of swap bodies and tank containers to logistics companies in the courier, express and parcel market, among others. Here too, management is carried out by external service providers.

Holding activities

The structure of the Aves Group requires cost allocations between the individual segments. These include administrative services by the holding companies. These services are valued at cost plus a mark-up to establish arm's length principle (cost plus method). The upper limit for transfer prices is the market price to be applied for the service.

Aves One AG and BSI Logistics GmbH operate exclusively on a group-wide basis and are therefore included in a reconciliation item for the group in addition to the consolidation entries.

CH2 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. Aves One has commissioned external asset managers to manage the assets, who, among other things, take over the leasing of the assets. Due to this asset manager structure, the Aves Group does not have the necessary information according to IFRS 8.33 at its disposal and can only be determined with disproportionately high effort.

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 2019 are as follows (all figures in TEUR):

	Reporting segments			Reconcilitation to the group		
	Container	Rail	Total	Holding activities	Consolidation	Consolidated result
Sales						
External sales	39,439	76,119	115,558	4,683	-3,463	116,778
Intersegment sales	16	8	24	6,422	-6,446	0
Sales (total)	39,455	76,127	115,582	11,105	-9,909	116,778
Cost of purchased services	-5,215	-14,981	-20,196	-11	14	-20,193
Personnel costs	-13	-492	-505	-4,575	535	-4,545
Share of profits and losses of companies accounted for using the equity method, after tax	0	0	0	-3	0	-3
Other segment sales and expenses, operative	-4,311	-1,931	-6,242	-11,308	10,113	-7,437
Not included: internal holding allocations	-1,849	-3,908	-5,757	6,422	-665	0
EBITDA excl. holding allocations	**29,916**	**58,723**	**88,639**	**-4,793**	**753**	**84,600**
EBITDA incl. holding allocations	**28,067**	**54,815**	**82,882**	**1,629**	**88**	**84,600**
Depreciatons	-13,068	-19,444	-32,512	-392	0	-32,904
Interest result	-20,536	-19,376	-39,912	661	-5	-39,256
Currency effects on financial receivables and liabilities	3,494	0	3,494	0	-93	3,401
Financing secondary costs	-1,273	0	-1,273	0	0	-1,273
Other financial result	0	-65	-65	0	0	-65
Financial result	-18,315	-19,441	-37,756	661	-99	-37,194
EBT excl. holding allocations	**-1,467**	**19,838**	**18,371**	**-4,524**	**655**	**14,502**
EBT incl. holding allocations	**-4,968**	**19,838**	**14,870**	**-4,524**	**755**	**11,101**
Taxes on income	1,599	-2,777	-1,178	-1,372	0	-2,550
Net income	**-1,717**	**13,153**	**11,436**	**526**	**-10**	**11,952**
Total assets	**306,094**	**719,500**	**1,025,594**	**132,964**	**-122,351**	**1,036,207**
Fixed assets by segment	**270,987**	**652,037**	**923,024**	**1,623**	**-320**	**924,327**
Total liabilities	**333,180**	**695,688**	**1,028,868**	**65,495**	**-99,801**	**994,562**

TABLE 7: KEY FIGURES BY SEGMENT 2019

In accordance with the management reporting, the information under the heading "Reconciliation 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	Total	Holding activities	Consolidation	Consolidated result
Sales						
External sales	32,215	40,645	72,860	4,816	0	77,676
Intersegment sales	0	0	0	8,861	-8,861	0
Sales (total)	32,215	40,645	72,860	13,677	-8,861	77,676
Cost of purchased services	-4,591	-8,677	-13,268	17	-16	-13,267
Personnel costs	0	-248	-248	-4,262	0	-4,510
Other segment sales and expenses, operative	-2,346	-1,462	-3,808	-17,355	13,451	-7,712
Not included: internal holding allocations	-1,648	-2,121	-3,769	8,861	-5,092	0
EBITDA excl. holding allocations	**25,278**	**30,258**	**55,536**	**-7,923**	**4,574**	**52,187**
EBITDA incl. holding allocations	**23,630**	**28,137**	**51,767**	**938**	**-518**	**52,187**
Depreciatons	-10,464	-10,399	-20,863	-151	1	-21,013
Interest result	-16,478	-11,733	-28,211	641	13	-27,557
Currency effects on financial receivables and liabilities	8,211	0	8,211	3	162	8,376
Financing secondary costs	-813	0	-813	0	0	-813
Discount from the issue of shares	0	0	0	-29	0	-29
Financial result	-9,079	-11,733	-20,812	615	174	-20,023
EBT excl. holding allocations	**5,735**	**8,126**	**13,861**	**-7,469**	**4,759**	**11,151**
EBT incl. holding allocations	**-2,481**	**8,127**	**5,646**	**-7,448**	**4,563**	**2,761**
Taxes on income	1,754	-589	1,165	-172	-60	933
Net income	**5,841**	**5,416**	**11,257**	**1,230**	**-403**	**12,084**
Total assets	**325,170**	**594,054**	**919,224**	**129,785**	**-125,331**	**923,678**
Fixed assets by segment	**272,041**	**537,998**	**810,039**	**11,185**	**-292**	**820,932**
Investments by segment	**61,042**	**319,458**	**380,500**	**10,286**	**0**	**390,786**
Total liabilities	**350,164**	**593,064**	**943,228**	**59,798**	**-112,246**	**890,780**

TABLE 8: KEY FIGURES BY SEGMENT 2018

7 NOTES TO THE CONSOLIDATED INCOME STATEMENT

(1) SALES REVENUES

in EURk	2019	2018
Segment Container		
Rental	37,073	31,859
Other sales	2,382	356
	39,455	32,215
Segment Rail		
Rental	76,010	40,607
Other sales	117	38
	76,127	40,645
Holding		
Other sales	11,105	13,677
	11,105	13,093
Consolidation		
Other sales	-9,909	-8,861
	-9,909	-8,861
Total	**116,778**	**77,676**

TABLE 9: SALES REVENUES BY SEGMENT

The business of the Aves Group is only subject to minor seasonal fluctuations. The total increase in sales of 50.3 % is the result of a further significant expansion of the business of the operating segments.

The Rail segment made the greater contribution to this growth with an 87.3 % increase in sales, which is mainly due to full-year effects of the investments made in 2018 and the acquisitions made in the period under review. Improved rental rates with capacity utilisation at the same level also contributed to the positive revenue trend.

The 22.5 % increase in turnover in the container Sector is mainly due to the full-year effects of investments made in the previous year as well as new investments and increases in capacity utilisation with slightly improved rental rates in the swap body sector.

(2) OTHER OPERATING INCOME

in EURk	2019	2018
Income legal disputes SLI	565	0
Income from asset management agreements undertaking assessed at equity	450	0
Exchange rate gains	331	16
Gains from the sale/disposal of investment property	191	0
Gains from the sale/disposal of property, plant and equipment	25	879
Income from the reduction/reversal of specific valuation allowances on receivables	3	21
IAS 40 revaluation result	0	827
Gains from the sale of investments accounted for using the equity method	0	413
Other	1,002	682
Total	**2,567**	**2,838**

TABLE 10: OTHER OPERATING INCOME

Income from SLI legal disputes includes reimbursements made in the course of the judgement relating to the legal disputes with SLI Dritte Verwaltungsgesellschaft mbH & Co. KG, Salzburg, and after mutual offsetting.

The income from asset management contracts relates to services that arose in connection with the transfer of an asset management contract.

The gains on disposal of investment property result from the sale of the logistics property in Alsdorf. In this respect, no comparable income from revaluation in accordance with IAS 40 arose in the reporting period.

The gains on the disposal of property, plant and equipment in the year under review relate to the Rail division in the amount of EURK 25 thousand. The decline is due in particular to container sales in the previous year for which corresponding book profits were realised in the course of the depot streamlining.

Other income mainly includes EURK 523 thousand in derecognitions of deferred liabilities.

(3) COST OF MATERIAL / COST OF PURCHASED SERVICES

in EURk	2019	2018
Cost of purchased services	**20,193**	**13,267**

TABLE 11: COST OF MATERIAL AND PURCHASED SERVICES

As in the previous year, the cost of materials in the 2019 financial year almost exclusively comprised expenses for purchased services for the remuneration of service providers in the rail and container segments as well as maintenance costs. These remunerations cover the costs of commercial and operational management of the assets, including maintenance work carried out by the service providers on the leased assets and storage costs for non-leased assets.

The cost of materials rose by 52.2 % to EURK 20,193 as a result of the strong increase in sales. Of this increase, EURK 6,304 is attributable to the rail segment, for which a slight rise in the margin ((sales revenues less cost of materials)/sales revenues)) from 78.7 % to 80.3 % was recorded. An improvement in this margin from 85.7 % in the previous year to 86.8 % in the year under review was also recorded for the container segment.

(4) PERSONNEL COSTS

in EURk	2019	2018
Wages and salaries	3,961	3,979
Costs for social security and retirement benefits	584	531
thereof retirement benefits	*181*	*145*
Total	**4,545**	**4,510**

TABLE 12: PERSONNEL COSTS

Despite the increase in the average number of employees from 40 to 44, personnel expenses remained almost at the previous year's level.

Please refer to section 13.4 with regard to the number of employees.

Expenses for social security contributions and pensions include current contributions to defined contribution plans amounting to EURK 181 (PY EURK 145). This also includes payments to the German pension insurance.

(5) DEPRECIATIONS

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

in EURk	2019	2018
Impairment write-downs and amortization and depreciation on intangible fixed assets and tangible fixed assets	32,904	21,013
thereof impairment	0	0
Total	**32,904**	**21,013**

TABLE 13: DEPRECIATIONS AND IMPAIRMENT OF FIXED ASSETS

Depreciation and amortization increased by 56.6 % compared with the previous year. This is mainly due to the increase in the average volume of assets over the year. The increase is in line with the increased asset volume as well as the complete annual depreciation of the investments received in the previous year in the course of the financial year.

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	2019	2018
Losses on disposal/derecognition of fixed assets	3,446	814
Fees, charges, advisory costs	2,176	2,412
Sales and representation costs	1,080	1,745
Insurance	433	381
Third party services	431	602
Additions to specific bad debt provisions	430	104
Rent/leases	272	425
IT costs	236	179
Travel expenses	173	215
Vehicle related costs	92	170
Additions to expected credit losses	75	0
Exchange losses	9	93
risk of litigation	0	2,539
Other costs	1,151	1,201
Total	**10,004**	**10,880**

TABLE 14: OTHER OPERATING COSTS

Other operating expenses were reduced by TEUR 876 compared to the previous year.

The increase in losses from the disposal of fixed assets resulted in particular from the deterioration in prices on the sea container market compared with the previous year. The losses continued to result not from scheduled sales but from sales of individual containers with a difficult letting situation due to the location.

Consulting costs were reduced slightly and essentially comprise general consulting expenses in connection with portfolio expansions/acquisitions, financing and refinancing, which in some cases were not classified as incidental acquisition costs or financing expenses. In addition, this item also includes the costs of preparing the annual financial statements, auditing costs and capital market consulting costs.

Selling and representation expenses result primarily from the sales activities of the subsidiary CH2 AG as part of the procurement of financing, primarily through the placement of bonds and direct investments.

The increase in expenses for specific bad debt allowances is primarily due to the adjustment of the receivable from SLI Dritte Verwaltungsgesellschaft mbH & Co. KG, Salzburg.

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

In the previous year, on the basis of the risk assessments from the oral hearing that took place on 16 April 2019 before the Hanseatic Higher Regional Court of Hamburg in connection with the legal disputes with SLI Dritte Verwaltungsgesellschaft mbH & Co. KG, Salzburg, in connection with the legal disputes with SLI Dritte Verwaltungsgesellschaft mbH & Co.

On 4 June 2019, the judgment was pronounced before the Senate for the legal disputes. The resulting payment consequences and refund claims were offset or paid. Please refer to section 3.2 for details on this special circumstance.

All other components essentially developed at a lower rate than the growth of the Group, so that general administrative expenses were slightly down despite growth.

(7) SHARE IN PROFIT AND LOSS OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD, AFTER TAXES

in EURk	2019	2018
Share in profit and loss of companies accounted for using the equity method, after taxes	-3	329
	-3	*0*
thereof ERR Duisburg	*0*	*329*
thereof BSI Conical	*0*	*0*
Total	**-3**	**329**

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

H2S Holzhafen Service GmbH, Hamburg, in which the Aves Group has acquired a 25 % share, was founded by contract dated 6 March 2019. The company has been included at equity in the consolidated financial statements of Aves One AG since this date.

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

BSI Conical continues to be carried at an investment of EUR 0 thousand due to cumulative past losses. The company is in liquidation and no further income from this investment is expected. There is no obligation to make additional contributions to the company's losses.

(8) FINANCIAL RESULT (NET)

in EURk	2019	2018
Interest income	**155**	**577**
Other interest and similar income	155	577
Interest expenses	**-39,411**	**-28,134**
Other interest and similar expenses	-34,065	-24,980
Interest result from unwinding discount on noncurrent liabilities	-5,230	-2,586
Expenses from valuation of interest derivatives	-6	-407
Interest expenses from leasing liabilities	-110	-160
Currency effects on financial receivables and liabilities	3,401	8,376
Financing secondary costs	-1,273	-813
Gains and losses from fair value changes of derivatives included in hedge accounting	-24	0
Gains and losses from fair value changes of derivatives not included in hedge accounting	-41	0
Discount from the emission of shares	0	-29
Total	**-37,194**	**-20,023**

TABLE 16: FINANCIAL RESULT

The financial result for the 2019 financial year is mainly influenced by higher interest expenses and lower income from the translation of financial receivables and liabilities denominated in foreign currencies, and thus shows a negative increase of 85.8 % compared to the previous year.

Interest expenses

Interest expenses rose by a total of 40.1 % compared with the previous year, mainly due to acquisitions made in the previous year as well as the transaction of the 2019 financial year. While a significant proportion was only considered for one quarter in the 2018 financial year, the interest expenses for 2019 con-these were only considered for one quarter in the 2018 financial year, the interest expenses for 2019 contain a full-year contribution.

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 at the reporting date. Euro loans exist, particularly in the operating companies that use the US dollar as their functional currency, which must be measured at the closing rate. The resulting expenses or income are reported in the financial result, as they result directly from the financing.

The decline in income compared with the previous year is directly related to the development of the euro/US dollar exchange rate. The exchange rate on the reporting date changed from EUR 1.1450 to EUR 1.1234 in 2019, and the dollar was devalued accordingly by EUR 0.0216 against the euro. This contrasts with the development from 2018 from 1.1993 to 1.1450, which corresponds to a devaluation of EUR 0.0543. The lower income from currency effects thus follows the development of the exchange rate.

Financing secondary costs

This item includes current external costs for financing services, especially of the BoxDirect companies, but also of Container Invest GmbH in connection with investor support and direct investments, to the extent that these cannot be spread over the term of the loans using the effective interest method.

(9) TAXES ON INCOME AND PROFIT

in EURk	**2019**	**2018**
Current taxes in business year	-2,963	-974
Deferred taxes		
- due to changes in tax rates	0	0
- due to temporary differences	3,424	6,643
- due to tax losses and interest carried forward	-3,011	-4,736
	413	1,908
Taxes on income and profit	**-2,550**	**934**

TABLE 17: TAXES

The actual tax result of EURk -2,550 deviates by EURk 2,131 from the expected revenue for taxes on income and profit of EURk 4,681, 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	2019	2018
Earnings before tax	**14,502**	**11,150**
Tax rate	32.28%	32.28%
Expected tax refund / charge	**-4,681**	**-3,599**
Effects from tax rate differences	651	461
Non-deductible charges	-33	-35
Adjustment temporary differences	6,866	889
Adjustment loss carryforwards	-5,542	161
Depreciation and disposal charges for ancillary purchase costs with no corresponding tax effect	-709	-634
Addition of trade tax	-1,977	-1,293
Other tax free income	0	133
Effect of currency translation of tax balance sheet values to functional currencies	0	895
Change of Impairment write-down DTA	3,074	4,192
Other effects	-199	-237
Disclosed returns from taxes on income and profit	**-2,550**	**933**
Consolidated tax rate	**17.6%**	**4.8%**

TABLE 18: TAX RECONCILIATION

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

at	31.12.2019	31.12.2018
Future corporation tax rate expected	15.00	15.00
Future solidarity surcharge rate expected	0.83	0.83
Future trade tax rate expected	16.45	16.45
Future tax rate expected	**32.28**	**32.28**

TABLE 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 17.6% of the result before taxes. In the prior year, the tax charge amounted to -4.8% of earnings before taxes on earnings.

Further information on taxes on earnings is disclosed under 7.14.

(10) EARNINGS PER SHARE

in EURk	2019	2018
Shareholders‘ share of Group results (in EURk)	**11,982**	**12,034**
Result per share (in EUR)	**0.92**	**0.93**
Weighted average number of shares	13,015,053	12,963,454

TABLE 20: EARNINGS PER SHARE

Earnings per share declined by EUR 0.01 to EUR 0.92 in the fiscal year.

The calculation is based on the profit after tax attributable to the owners of Aves One AG. The earnings per share are calculated on the basis of the weighted average of the outstanding ordinary shares. The number of outstanding shares used to calculate basic earnings per share for the twelve-month period ended December 31, 2019, is 13,015,053 shares, compared to 12,963,454 shares in the same period of the previous year, see 7.12. Basic and diluted earnings per share are identical. With regard to the number of shares outstanding, we refer to the explanations under 7.12.1 Share capital. The previous year's calculation was based in the numerator on the consolidated total income attributable to the owners of Aves One AG. This method of calculation was corrected to the methodology described above for the previous year.

8 NOTES TO THE CONSOLIDATED BALANCE 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 software.

The „brokerage commission for freight transport equipment and logistic properties" of originally EUR 2.5 million reported in the previous year, which arose at the end of the 2016 financial year on the basis of a contractual agreement with a related company, was capitalized as incidental acquisition costs in the financial year as part of a portfolio acquisition of freight wagons.

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	Soft-ware	Bro-kerage fees	Indust-rial pro-perty rights	Goodwill	Advance pay-ments	Total
Acquisition cost						
As of 01/01/2019	**868**	**1,995**	**3**	**5,624**	**0**	**8,490**
Additions	304	10	0	0	132	446
Disposals	0	0	0	0	0	0
Transfers	0	-2,040	0	0	0	-2,040
Currency adjustments	4	45	0	0	0	49
As of 31/12/2019	**1,176**	**10**	**3**	**5,624**	**132**	**6,945**
Accumulated depreciation/amortisation and impairments						
As of 01/01/2019	**295**	**0**	**0**	**0**	**0**	**295**
Additions	82	2	0	0	0	84
Disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Currency adjustments	0	0	0	0	0	0
As of 31/12/2019	**377**	**2**	**0**	**0**	**0**	**379**
Remaining carrying values						
As of 01/01/2019	**573**	**1,995**	**3**	**5,624**	**0**	**8,195**
As of 31/12/2019	**799**	**8**	**3**	**5,624**	**132**	**6,566**
Currency translation differences	**4**	**45**	**0**	**0**	**0**	**49**

TABLE 1: INTANGIBLE ASSETS 2019

in EURk	Soft-ware	Bro-kerage fees	Indust-rial pro-perty rights	Goodwill	Advance pay-ments	Total
Acquisition cost						
As of 01/01/2018	**615**	**2,197**	**0**	**5,624**	**0**	**8,436**
Additions	242	0	3	0	0	245
Disposals	0	0	0	0	0	0
Transfers	0	-297	0	0	0	-297
Currency adjustments	11	95	0	0	0	106
As of 31/12/2018	**868**	**1,995**	**3**	**5,624**	**0**	**8,490**
Accumulated depreciation /amortisation and impairments						
As of 01/01/2018	**201**	**0**	**0**	**0**	**0**	**201**
Additions	94	0	0	0	0	94
Disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Currency adjustments	0	0	0	0	0	0
As of 31/12/2018	**295**	**0**	**0**	**0**	**0**	**295**
Remaining carrying amounts						
As of 01/01/2018	**414**	**2,197**	**0**	**5,624**	**0**	**8,235**
As of 31/12/2018	**573**	**1,995**	**3**	**5,624**	**0**	**8,195**
Currency translation differences	**11**	**95**	**0**	**0**	**0**	**106**

TABLE 2: INTANGIBLE ASSETS 2018

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	2019	2018
Container	**5,624**	5,624

TABLE 3: 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	2019	2018
Discount rate	4.1%	7.0%
Sustainable growth rate	0.5%	1.0%
Planned EBITDA growth rate (average of the next 5 years, PY 3 years)	2.4%	19.3%

TABLE 4: EVALUATION ASSUMPTIONS

The sales growth rate as an average for the next five years was 1.9 % for the impairment test. The amount by which the recoverable amount of ZGU exceeds the carrying-amount (headroom) is therefore EURK 24,860, more than double the previous year's figure. Sensitivities in relation to headroom were calculated. With a change in the cost of capital to 4.4 %, with all other assumptions remaining unchanged, the recoverable amount of the CGU corresponds to the carrying-amount. Furthermore, headroom would be reduced to zero if the expected average growth in the next five years were to fall by approximately 55 %, from around 1.9 % to around 1.1 %.

The cash flow forecasts contained specific estimates for five years and a 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	Land, rights equivalent to land and buildings	Container	Railway carriages	Swap bodies	Tank containers	Other assets, BGA	Advance payments	Total
Acquisition cost								
*Adjustment**	*394*	*0*	*0*	*0*	*0*	*79*	*0*	*473*
As of 01/01/2019	**394**	**256,055**	**557,142**	**40,326**	**3,547**	**1,073**	**34**	**858,571**
Additions	794	5,518	129,336	19,270	0	488	2,357	157,763
Disposals	0	-15,280	-1,207	-1,003	-3,547	-210	0	-21,247
Transfers	0	0	2,075	0	0	0	-34	2,041
Currency adjustments	0	4,960	0	0	0	2	0	4,962
As of 31/12/2019	**1,188**	**251,253**	**687,346**	**58,593**	**0**	**1,353**	**2,357**	**1,002,090**
Accumulated depreciation/amortisation and impairments								
As of 01/01/2019	**0**	**21,877**	**19,578**	**5,438**	**634**	**539**	**0**	**48,066**
Additions	176	7,620	19,409	5,263	192	160	0	32,820
Disposals	0	-1,540	-947	-142	-826	-68	0	-3,523
Transfers	0	0	0	0	0	0	0	0
Currency adjustments	0	400	0	0	0	0	0	400
As of 31/12/2019	**176**	**28,357**	**38,040**	**10,559**	**0**	**631**	**0**	**77,763**
Remaining carrying amount								
As of 01/01/2019	**394**	**234,178**	**537,564**	**34,888**	**2,913**	**534**	**34**	**810,505**
As of 31/12/2019	**1,012**	**222,896**	**649,306**	**48,034**	**0**	**722**	**2,357**	**924,327**
Currency translation differences	**0**	**4,560**	**0**	**0**	**0**	**2**	**0**	**4,562**

*The adjustments result from the initial application of the financial reporting standard IFRS 16 Leases as of January 1, 2019. In accordance with the transitional provisions of IFRS 16, prior-year comparatives have not been adjusted.

TABLE 5: TANGIBLE ASSETS 2019

in EURk	Land, rights equivalent to land and buildings	Container	Railway carriages	Swap bodies	Tank containers	Other assets, BGA	Advance payments	Total
Acquisition cost								
As of 01/01/2018	**0**	**202,363**	**239,152**	**30,185**	**3,420**	**788**	**0**	**475,908**
Additions	0	48,515	319,454	12,484	45	233	34	380,765
Disposals	0	-5,760	-1,464	-2,343	0	-23	0	-9,590
Transfers	0	0	0	0	0	0	0	0
Currency adjustments	0	10,937	0	0	82	-4	0	11,015
As of 31/12/2018	**0**	**256,055**	**557,142**	**40,326**	**3,547**	**994**	**34**	**858,098**
Accumulated depreciation/amortisation and impairments								
As of 01/01/2018	**0**	**14,769**	**9,438**	**2,394**	**413**	**434**	**0**	**27,448**
Additions	0	6,719	10,394	3,478	221	107	0	20,919
Disposals	0	-570	-254	-434	0	-2	0	-1,260
Transfers	0	0	0	0	0	0	0	0
Currency adjustments	0	959	0	0	0	0	0	959
As of 31/12/2018	**0**	**21,877**	**19,578**	**5,438**	**634**	**539**	**0**	**48,066**
Remaining carrying amount								
As of 01/01/2018	**0**	**187,594**	**229,714**	**27,791**	**3,007**	**354**	**0**	**448,460**
As of 31/12/2018	**0**	**234,178**	**537,564**	**34,888**	**2,913**	**455**	**34**	**810,032**
Currency translation differences	**0**	**9,978**	**0**	**0**	**82**	**-4**	**0**	**10,056**

TABLE 6: TANGIBLE ASSETS 2018

Due to extensive investments, tangible assets increased significantly to EURk 924,327 (previous year EURk 810,032) in the current year. This is mainly due to the investments in the rail segment, but the swap body sector also contributed to the growth in and container sectors contributed to the growth in fixed assets.

The concluded rent contracts for containers incl. swap bodies, railway cars 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 113.6 M in the current business year (prior year: EUR 73.0 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:

	Future minimum leasing payments							
	Container		Railways carriages		Others		Total	
in EURk	2019	2018	2019	2018	2019	2018	2019	2018
Less than one year	20,277	25,468	65,588	66,817	0	104	85,865	92,389
Between one and five years	49,261	52,972	99,172	103,714	0	8	148,433	156,694
More than five years	1,038	2,722	19,675	26,206	0	0	20,713	28,928
	70,576	**81,162**	**184,435**	**196,737**	**0**	**112**	**255,011**	**278,011**

TABLE 7: FUTURE MINIMUM LEASING PAYMENTS

Development of rights of use included in property, plant and equipment (previous year: assets under lease)

in EURk	**Land, rights equivalent to land and buildings**	**Railway carriages**	**Swap bodies**	**Other assets, BGA**	**Total**
Acquisition cost					
*Adjustment**	***394***	***0***	***0***	***79***	***473***
As of 01/01/2019	**0**	**4,938**	**0**	**0**	**4,938**
Additions	793		49	135	977
Disposals					0
Transfers					0
Currency adjustments					0
As of 31/12/2019	**1,187**	**4,938**	**49**	**214**	**6,388**
Accumulated depreciation/amortisation and impairments					
As of 01/01/2019	**0**	**803**	**0**	**0**	**803**
Additions	175	117	5	67	364
Disposals					0
Transfers					0
Currency adjustments					0
As of 31/12/2019	**175**	**920**	**5**	**67**	**1,167**
Remaining carrying amount					
As of 01/01/2019	**0**	**4,135**	**0**	**0**	**4,135**
As of 31/12/2019	**1,012**	**4,018**	**44**	**147**	**5,221**
Currency translation differences	**0**	**0**	**0**	**0**	**0**

*The adjustments result from the initial application of the financial reporting standard IFRS 16 Leases as of January 1, 2019. In accordance with the transitional provisions of IFRS 16, prior-year comparatives have not been adjusted.

in EURk	Land, rights equivalent to land and buildings	Railway carriages	Swap bodies	Other assets, BGA	Total
Acquisition cost					
As of 01/01/2018	**0**	**4,938**	**0**	**0**	**4,938**
Additions					0
Disposals					0
Transfers					0
Currency adjustments					0
As of 31/12/2018	**0**	**4,938**	**0**	**0**	**4,938**
Accumulated depreciation/amortisation and impairments					
As of 01/01/2018	**0**	**685**	**0**	**0**	**685**
Additions		118			118
Disposals					0
Transfers					0
Currency adjustments					0
As of 31/12/2018	**0**	**803**	**0**	**0**	**803**
Remaining carrying amount					
As of 01/01/2018	**0**	**4,253**	**0**	**0**	**4,253**
As of 31/12/2018	**0**	**4,135**	**0**	**0**	**4,135**
Currency translation differences	**0**	**0**	**0**	**0**	**0**

TABLE 8: DEVELOPMENT OF RIGHTS OF USE INCLUDED IN PROPERTY, PLANT AND EQUIPMENT 2018

(3) INVESTMENT PROPERTY

in EURk	2019	2018
Balance at January 1	0	0
Acquisitions	0	9,740
Reclassification from intangible assets (commission fees)	0	333
Changes in fair value	0	827
Total	**0**	**10,900**

TABLE 9: TRANSITION OF THE CARRYING AMOUNTS

The logistics property previously recognised under IAS 40 in the amount of TEUR 10,900 was sold during the reporting period in accordance with an agreement dated 30 April 2019. The resulting book profit of TEUR 191 is reported under other operating income.

(4) FINANCIAL INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amount of EURk 72 reported under this item in the current financial year is entirely attributable to the investment in H2S Holzhafen Service GmbH, Hamburg, which was founded by agreement dated 6 March 2019 and in which the Aves Group acquired a 25% share. The amount of EURk 1,158 thousand reported under this item in the previous year was attributable to the 33.33 % interest in ERR Duisburg, which the Aves Group sold by contract dated July 16, 2018.

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

SUMMARISED FINANCIAL INFORMATION CONCERNING ACCOUNTED FOR USING THE EQUITY METHOD:

The following is a summary of financial information for H2S Holzhafen Service GmbH, Hamburg, and BSI CONICAL Container GmbH i.L., Hamburg, which are accounted for using the equity method. This information includes both the Group's share and that of third parties in the assets, liabilities and income statement items.

	H2S Holzhafen Service GmbH, Hamburg		**BSI CONICAL Container GmbH i.L., Hamburg**	
in EURk	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**
Long-term assets	202	0	0	0
Short-term assets, without liquid funds	193	0	0	0
Liquid funds	38	0	2	3
Long-term liabilities	0	0	0	0
Short-term liabilities	145	0	44	27
Revenues	523	0	0	0
Taxes	0	0	0	0
Net profit for the year	**-12**	**0**	**-17**	**-24**
Total result	**-12**	**0**	**-17**	**-24**

TABLE 10: ASSOCIATED UNDERTAKINGS – FINANCIAL INFORMATION

The following table reconciles the summarised financial information to the carrying amount of the investment accounted for using the equity method:

	H2S Holzhafen Service GmbH, Hamburg		**BSI CONICAL Container GmbH i.L., Hamburg**	
in EURk	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**
Net assets at the time of acquisition/founding or 01/01/	300	0	-25	-1
Annual surplus (if appl. from acquisition; before interim result consolidation)	-12	0	-17	-24
Net assets as of 31/12/ (before interim result consolidation)	**288**	**0**	**-42**	**-25**
Share of Aves One AG in the net assets				
in percent	25.0%	0.0%	51.0%	51.0%
in EURk	72	0	-21	-13
Carrying value	**72**	**0**	**0**	**0**
Maximum loss risk	**72**	**0**	**0**	**0**

TABLE 11: ASSOCIATED UNDERTAKINGS – SUMMARISED FINANCIAL INFORMATION

(5) OTHER FINANCIAL ASSETS

Other financial assets consist entirely of derivative assets with and without a hedging relationship.

in EURk	31/12/2019	31/12/2018
Derivative assets for hedging interest rate risks (cashflow hedges)	2,305	6,526
Derivative assets not included in a hedging relationship	741	92
Total	**3,046**	**6,618**

TABLE 12: OTHER FINANCIAL ASSETS

(5.1) Derivative assets for hedging interest rate risks (cash flow hedges)

The derivative assets used to hedge against interest rate risks are interest rate caps that hedge the Aves Group against rising interest rates on variable-interest credit lines.

The Aves Group designates and documents interest rate hedges as cash flow hedges if the conditions of IFRS 9 for hedge accounting are met. In a cash flow hedge, fluctuations in future cash flows from highly probable expected transactions or cash flows to be paid or received in connection with a recognized asset or liability are hedged.

The interest rate caps designated as cash flow hedges in the Aves Group have the same conditions as the underlying transaction, i.e. reference interest rate, interest rate adjustment dates, payment dates, maturities and base amount. In both the current and the previous financial year, the essential contractual conditions of the underlying and hedging transactions were identical and such an agreement is also expected for the remaining term of the hedging transactions, so that there is an economic relationship between the underlying and hedging transactions. 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 underlying transaction as well as the assessment of the effectiveness criteria. The effectiveness is reviewed on each balance sheet date.

All interest rate hedges are measured at fair value in accordance with the requirements of IFRS 9. Changes in value that cannot be hedged are only recognised in profit or loss (ineffective portion), whereas effective changes in fair value and the related deferred taxes are recognised in other comprehensive income.

The derivative assets used to hedge interest rate risks show a loss in value of EURk 4,221 compared to the previous year, which was primarily recognised in other comprehensive income. This change reflects both the continuing low market interest rates and their expected development.

(5.2) Derivative assets without hedging relationship

As at 31 December 2019, the derivative assets without a hedging relationship mainly relate to early termination options which the Aves Group has secured for itself as part of its bond issues. Further information on the bonds can be found in section 8.13.1.

As the call options, which can be exercised after a term of two or three years, are not part of a hedging relationship, they are recognised at fair value through profit or loss in accordance with the requirements of IFRS 9 (FVTPL).

In addition, derivative assets without a hedging relationship as at 31 December, 2019, also include interest rate caps that could not be brought into a hedging relationship with the underlying transaction.

In the previous year, the derivative assets without a hedging relationship were interest rate caps that could not be brought into a hedging relationship with the underlying transaction and therefore also had to be recognised at fair value through profit or loss.

(6) INVENTORIES

Inventories include EURK 3,348 the storage park in Münster. The units built there are not intended to remain in the Group's assets in the long term and are therefore reported under inventories. In addition to incidental acquisition costs in the form of consultancy fees, the acquisition costs also included costs for external financing until completion. Please refer to the report on events after the balance sheet date regarding the sale of the property.

In addition, the inventories include containers with a book value of EUR 417 thousand (PY: EURK 958), which are also not intended to remain in the Group's assets on a long-term basis.

(7) TRADE ACCOUNTS RECEIVABLE

As in the previous year, all trade receivables are due within one year.

in EURk	31/12/2019	31/12/2018
Trade accounts receivable	22,868	22,826
Impairments	-403	-1,894
Total	**22,465**	**20,932**

TABLE 13: TRADE ACCOUNTS RECEIVABLE

For an analysis of the default risk of trade receivables, please refer to the maturities shown in the table below. The selected time bands correspond to the time bands usually used by the Aves Group's receivables management.

				thereof not impaired but overdue for the following intervals at balance sheet date			
in EURk	Book value as of 31/12/2019	thereof impaired at balance sheet date	thereof neither impaired nor overdue at balance sheet date	less than 30 days	30 to 60 days	61 to 90 days	more than 90 days
from third parties	19,601	328	16,706	1,401	398	346	422
from related, non consolidated entities	14	0	14	0	0	0	0
from entities accounted for at equity	3,220	0	3,220	0	0	0	0
from other related persons or undertakings	33	0	33	0	0	0	0
Total	**22,868**	**328**	**19,973**	**1,401**	**398**	**346**	**422**
Expected credit loss rate	0	0	0.21%	0.50%	0.75%	1.45%	4.27%
Impairment for expected credit loss	-403	-328	-42	-7	-3	-5	-18
Total	**22,465**	**0**	**19,931**	**1,394**	**395**	**341**	**404**

The outstanding receivables mainly result from settlements with container and rail managers, who generally pay with a time lag.

For the previous year, the maturities of trade receivables are as follows:

in EURk	Book value as of 31/12/2018	thereof impaired at balance sheet date	thereof neither impaired nor overdue at balance sheet date	thereof not impaired but overdue for the following intervals at balance 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**

In the previous year, no portfolio-based allowances for expected credit losses were recognised.

With regard to trade receivables that are neither impaired nor overdue, there are no indications as of the balance sheet date that the debtors will not meet their payment obligations.

The impairments on trade receivables developed as follows in the reporting period:

in EURk	2019	2018
As of 01/01/	1,894	1,814
Utilization	-1,990	0
Reversals	-3	-21
Additions	505	104
Foreign currency translation	-3	-3
As of 31/12/	**403**	**1,894**

TABLE 14: INDIVIDUAL VALUE ADJUSTMENTS FOR TRADE ACCOUNTS RECEIVABLE

The following table shows the expenses from the complete write-off of trade receivables and the income from the receipt of payments for trade receivables already written off:

in EURk	2019	2018
Expenses relating to full write-offs	333	7

TABLE 15: INCOME AND EXPENSES FROM FULL BAD-DEBT WRITE-OFFS

All expenses and income from trade receivables written off are reported under other operating income or other operating expenses.

(8) FINANCIAL RECEIVABLES AND OTHER ASSETS

in EURk	31/12/2019 Total	31/12/2019 Remaining term more than one year	31/12/2018 Total	31/12/2018 Remaining term more than one year
Financial receivables	**424**	**0**	**522**	**0**
· thereof towards other related persons and undertakings, including at-equity undertakings	334	0	384	0
· thereof towards external third parties	90	0	138	0
Financial receivables	**424**	**0**	**522**	**0**
Other assets	**30,071**	**0**	**30,588**	**0**
· therof restricted cash	21,976	0	20,418	0
· therof towards other related persons and undertakings, including at-equity undertakings	3,263	**0**	3,128	**0**
· thereof from taxes	867	0	4,656	0
· therof accruals and deferrals	397	0	547	0
· thereof towards controlling entities or persons	3,568	**0**	1,839	**0**
Other assets	**30,071**	**0**	**30,588**	**0**
Total	**30,495**	**0**	**31,110**	**0**

TABLE 16: FINANCIAL RECEIVABLES AND OTHER ASSETS

The financial receivables of EURk 424 (prior year: EURk 522) were neither impaired nor over-due as of balance sheet date. There were no indications on the balance sheet date that the debtors would not meet their payment obligations.

Other assets decreased slightly compared to the previous year. While restricted cash increased slightly year-on-year, receivables from domestic tax authorities declined in line with reporting date-related fluctuations. The increase in miscellaneous other assets results from proceeds from a bond issue, which had not yet been called up on the balance sheet date in the amount of EURK 1,789.

(9) TAX ASSETS

in EURk	31/12/2018	31/12/2018
Deferred tax assets	10,922	10,152
Current tax assets	3,661	4,193
Total	**14,583**	**14,345**

TABLE 17: TAX ASSETS

Explanations on the deferred taxes can be found under 8.12.

(10) LIQUID FUNDS

in EURk	31/12/2019	31/12/2018
Bank balances	30,885	17,144
Cash in Hand	2	4
Total	**30,887**	**17,148**

TABLE 18: LIQUID FUNDS

Liquid funds mainly consist cash investments that can be called up at short notice. As in the previous year, the amount not freely available in the bank accounts at EURk 21,976 (previous year: EURk 20,418) was disclosed under other assets due to the liquidity criterion not being met. The development of liquid funds is shown in the cash flow statement and the notes to the cash flow statement in section 12.

(11) EQUITY

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

Other comprehensive income is shown separately in the statement of comprehensive income.

(11.1) Share capital

The fully paid-up or paid up share capital of the company amounted to EUR 13,015,053.00 (previous year EUR 13,015,053.00) as of the balance sheet date. It is divided into 13,015,053 (PY: 13,015,053) no-par value bearer shares with a proportionate amount of the share capital of EUR 1.00 per share.

(11.2) Contingent capital

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

By resolution of the Annual General Meeting of 21 August 2018, the Company was authorised to issue convertible bonds, bonds with warrants and profit participation rights with and without conversion and subscription rights and to exclude subscription rights in a total nominal amount of up to EUR 50,000,000. The holders of these bonds may be granted conversion or subscription rights to up to 6,507,526 no-par value bearer shares of the Company with a pro rata amount of the subscribed capital totalling up to EUR 6,507,526.00. A resolution on conditional capital in the amount of EUR 6,507,526.00 was adopted accordingly by issuing 6,507,526 new bearer shares with entitlement to profits from the beginning of the financial year in which they are issued.

(11.3) Authorised capital

By resolution of the Annual General Meeting of the Company on 21 August 2018, authorised capital 2017 (Article 4 (5) of the Articles of Association) was cancelled. At the same time, new Authorised Capital 2018 with the option to exclude subscription rights was resolved with the associated amendment to the Articles of Association.

This resolution authorizes the Management Board, with the approval of the Supervisory Board, to increase the Company's subscribed capital in the period up to August 20, 2023 by a total of up to EUR 6,507,526.00 by issuing new bearer shares on one or more occasions against cash and/or non-cash contributions ("Authorized Capital 2018"). The shareholders are generally entitled to a subscription right, whereby the Management Board was authorised to exclude the subscription right of the shareholders in whole or in part under certain conditions.

Accordingly, an exclusion of the subscription right is permissible under the following conditions:

- if, in the case of capital increases against cash contributions, the shares of the Company are traded on the stock exchange, the shares issued do not exceed 10% of the share capital and the issue price of the new shares of the Company is not significantly lower, within the meaning of Sections 203 (1) and (2), 186 (3) Sentence 4 of the German Stock Corporation Act, than the stock exchange price of the Company's shares of the same class and features already traded on the stock exchange at the time the issue price is determined.

- In the case of capital increases against contributions in kind, in particular for the acquisition of companies, parts of companies and participations in companies, industrial property rights, such as patents, trademarks or licences directed towards them or other product rights or other contributions in kind, including bonds, convertible bonds and other financial instruments.
- Insofar as this is necessary to grant the holders or creditors of bonds with option or conversion rights or obligations issued by the Company or its Group companies a subscription right to new shares to the extent to which they would be entitled after exercising their option or conversion right or after fulfillment of an option or conversion obligation
- For fractional amounts that arise as a result of the subscription ratio.

No use had been made of these authorizations as of the balance sheet date.

(11.4) Capital reserve

The capital reserve remains unchanged from the previous year at EURk 40,043.

Further details can be found in the consolidated statement of changes in equity.

(11.5) Retained earnings

Retained earnings comprise the profit carried forward as of 31 December, 2018, and the consolidated net income for 2019.

(11.6) Other reserves

Superior Beteiligungen GmbH has sold a total of 100,000 shares to Mr Tobias Aulich with contract of April 30, 2018, subject to a condition precedent. If the employment relationship is not terminated before December 31, 2020, "vesting" will occur as follows. As of the balance sheet date, December 31, 2018, 30,000 shares had been vested. A further 30,000 shares were vested in the reporting year. The remaining 40,000 shares will be vested as of December 31, 2020. Insofar as the employment relationship is terminated before 31 December, 2020, the portion not yet earned can be reversed. The seller may terminate this contract by giving one month's notice no earlier than 30 June 2021.

In accordance with the accounting standard on "Share-based Payments" IFRS 2, the shares were measured at fair value at the time of acquisition. The fair 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 EUR 1.975. The acquisition date was the date on which the contract for the share-based payments was concluded. A total of EURk 198 has been or will be allocated.

As of December 31, 2019, EURk 168 (PY: EURk 103) from the accounting treatment of this compensation agreement was recognized in other reserves. EURk 30 will still have to be recognized in 2020 until the agreement expires.

(11.7) Currency translation reserve

The equity item for currency translation serves to record the accumulated differences from the translation of business operations with a functional currency other than the euro into the reporting currency (euro).

Differences arising in the fiscal year are reported in the statement of comprehensive income under other comprehensive income. Translation differences arising from foreign currency translation are recognised in the income statement when a foreign operation is sold. The change in the currency adjustment item is shown in other comprehensive income.

(11.8) Hedging

The equity item for hedges comprises both the cash flow hedge reserve and the deferred costs of the hedging relationship.

The losses recognised directly in equity under other comprehensive income in the current and previous financial years result from interest rate hedges designated as cash flow hedges at fair value (see also section 8.5.1), whereby changes in the intrinsic value of the hedging instrument (cash flow hedge) must be reported separately from changes in the fair value of the deferred costs of the hedging relationship.

The losses recognized directly in equity in the 2019 financial year and in the previous year via other comprehensive income, the deferred taxes recognized thereon and the effects of reversing the fair value recognized in profit or loss are shown in the statement of comprehensive income.

(12) INCOME TAX LIABILITIES

in EURk	31/12/2019	31/12/2018
Deferred income tax liabilities	7,310	8,410
Current income tax liabilities	2,522	742
Total	**9,832**	**9,152**

TABLE 19: 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	31/12/2019	31/12/2018
Status at the beginning of the year	1,742	-507
Additions from capital increase without effect on the result	0	0
Additions from acquisition of subsidiaries without effect on the result	0	0
Effects from currency conversion without effect on the result	0	-10
Other comprehensive Income from Hedge Accounting	1,458	352
Taxes with effect on the result	412	1,907
As of 31/12/	**3,612**	**1,742**

TABLE 20: 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 0.1 million (previous year: EUR 0.1 million).

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

in EURk	31/12/2019 deferred tax assets by situation	31/12/2019 deferred tax liability by situation	31/12/2018 deferred tax assets by situation	31/12/2018 deferred tax liability by situation
Intangible fixed assets	0	28	54	0
Fixed assets	0	19,502	0	12,753
Other financial investments	852	0	0	0
Inventories	135	0	353	0
Financial receivables	0	267	0	82
Trade accounts receivable	0	342	0	285
Other asstes and advance payments	4,442	141	1,197	0
Financial liabilities	0	3,185	0	3,411
Tax liabilities	0	0	2	0
Trade accounts payable and other liabilities	1,367	0	239	0
Other liabilities	0	238	0	498
Other provisions	0	0	15	0
Loss and interest carryforward	20,519	0	16,911	0
Total	**27,315**	**23,703**	**18,771**	**17,029**
Balancing	-16,393	-16,393	-8,619	-8,619
	10,922	**7,310**	**10,152**	**8,410**

TABLE 21: DEFERRED TAXES BY BALANCE SHEET ITEM

in EURk	31/12/2019	31/12/2018
Deferred tax receivables		
Deferred tax receivables realised after more than 12 months	8,545	9,146
Deferred tax receivables realised within 12 months	2,377	1,006
Deferred tax receivables	**10,922**	**10,152**
Deferred tax liabilities		
Deferred tax liabilities realised after more than 12 months	7,005	6,298
Deferred tax liabilities realised within 12 months	305	2,112
Deferred tax liabilities	**7,310**	**8,410**

TABLE 22: 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	2019 Loss carryforward	2019 applicable deferred tax savings not recognised in assets	2018 Loss carryforward	2018 applicable deferred tax savings not recognised in assets
Loss carryforward under corporate tax	66,983	0	71,381	3,455
Trade tax loss carryforwards	58,697	381	52,335	0
Total		**381**		**3,455**

TABLE 23: 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 5.5 0%. 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.

(13) LIABILITIES

in EURk	31/12/2019 carrying value	31/12/2019 Remaining term more than one year	31/12/2019 Remaining term more than five years	31/12/2018 carrying value	31/12/2018 Remaining term more than one year	31/12/2018 Remaining term more than five years
Financial liabilities						
Institutional lenders	230,086	167,145	0	217,496	105,188	4,349
Banks	549,255	330,464	169,569	480,583	290,538	168,306
Direct investors - towards other related persons or undertakings	150,949	96,638	0	160,690	118,265	9
Leasing liabilities	4,134	3,605	0	3,254	2,908	0
Bonds	37,976	37,976	0	0	0	0
Other	0	0	0	18	0	0
Financial liabilities	**972,400**	**635,828**	**169,569**	**862,041**	**516,899**	**172,664**
Trade accounts payable						
towards external third parties	7,691	0	0	7,285	0	0
from other related persons or undertakings	163	0	0	1,056	0	0
Trade accounts payable	**7,854**	**0**	**0**	**8,341**	**0**	**0**
Other liabilities	**4,476**	**0**	**0**	**8,576**	**0**	**0**
thereof from taxes	1,277	0	0	18	0	0
thereof from prepayments	0	0	0	145	0	0
thereof in the scope of social security	9	0	0	8	0	0
thereof from accruals and deferrals	1	0	0	3	0	0
Total	**984,730**	**635,828**	**169,569**	**878,958**	**516,899**	**172,664**

TABLE 24: OVERVIEW OF LIABILITES

(13.1) 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 2019 and the prior year are set out as follows:

CREDIT INSTITUTIONS

	31/12/2019			31/12/2018		
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	497,407,920 EUR	1,39%-3,03%	478,551	416,654,652 EUR	1,72%-3,34%	406,180
Container equipment						
Various creditors	21,720,958 EUR	2,73%-3,01%	17,098	15,425,413 EUR	2,80%-3,01%	13,956
One creditor	61,680,554 USD	5,35%-5,75%	51,551	61,680,554 USD	5,35%-5,45%	53,656
Holding						
One creditor	2,100,000 EUR	1.26%	2,055	7,000,000 EUR	6.00%	6,791
Total			**549,255**			**480,583**

TABLE 25: FINANCIAL LIABILITIES TOWARDS CREDIT INSTITUTIONS

With the exception of two financings, the loans from credit institutions have fixed interest loans. The variable-interest loans are hedged with interest caps.

INSTITUTIONAL LENDERS

	31/12/2019			31/12/2018		
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	41,837,846 EUR	2,11%-5,50%	48,718	48,373,638 EUR	5,00%-6,00%	37,764
various investors	54,693,903 USD	5,00%-7,75%	35,756	54,693,903 USD	5,00%-7,91%*	39,571
Rail Equipment						
various investors	161,695,387 EUR	3,25%-6,30%	145,612	144,848,717 EUR	5,00%-7,00%	137,137
Holding						
various investors		0.00%	0	3,023,550 EUR	6.00%	3,024
Total			**230,086**			**217,496**

TABLE 26: FINANCIAL LIABILITIES TOWARDS INSTITUTIONAL LENDERS

The loans from institutional lenders are fixed interest loans.

	31/12/2019			31/12/2018		
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
Rail Equipment						
various investors	30,559,000 EUR	5.25%	30,089		0.00%	0
Holding						
various investors	7,999,999 EUR	5.25%	7,887		0.00%	0
Total			**37,976**			**0**

TABLE 27: FINANCIAL LIABILITIES TOWARDS BONDS

In the 2019 financial year, the Aves Group issued three publicly listed bonds with a total nominal value of EURk 47,999. As of 31 December 2019, the subscription volume amounted to EURk 38,820.

All three bonds have a fixed interest rate of 5.25 % p.a. and a term of five years. In addition, the bond conditions provide for early termination rights in favour of the Aves Group, which can be exercised after a two-year (2021) or three-year (2022) term. The fair value of the call options increases the carrying amount of the bonds at the date of issuance by EURk 741 and, together with transaction costs of EURk 2,288, is recognised in interest income until the expected maturity date using the effective interest method.

As of December 31, 2019, transaction costs and termination options lead to a deviation from the nominal value of EURk 1,454. In addition, accrued interest of EURk 610 at year-end is included.

The market value of the bonds issued is generally determined on the basis of the stock market prices on the reporting dates. As of December 31, 2019, the cumulative market value of the listed bonds amounted to EURk 37,303 with a nominal value of EURk 38,820 and a carrying amount of EURk 37,366 without taking into account accrued interest. The stock market prices are allocated to level 1 of the fair value hierarchy.

DIRECT INVESTORS

	31/12/2019			31/12/2018		
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	164,487,699 EUR	3,55%-6,26%	150,800	185,449,825 EUR	3,57%-7,56%	160,529
Var. products and investors	206,643 USD	5.27%	149	207,032 USD	5.27%	161
			150,949			**160,690**

TABLE 28: FINANCIAL LIABILITIES TOWARDS DIRECT INVESTORS

The loans from direct investors are fixed interest loans.

(13.2) 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 2018 or 2019 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	2019	2018	2019	2018	2019	2018
Financial liabilities						
Less than one year	420	5,518	108	127	528	5,645
Between one and five years	3,488	3,118	118	209	3,606	3,063
More than five years	0	0	0	0	0	0

TABLE 29: FINANCIAL LIABILITIES FROM FINANCE LEASES

The book value of financed assets as of 31 December 2019 amounted to EURk 4,076.

(13.3) TRADE ACCOUNTS PAYABLE

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

(13.4) OTHER LIABILITIES

Other liabilities mainly comprise VAT liabilities and various liabilities for outstanding invoices. The other liabilities are all short-term.

(14) RESERVES

The other provisions as well as the provision for covering risks from legal disputes with SLI third parties were fully utilised in the financial year, so that no provisions are shown in the balance sheet as at 31 December 2019.

in EURk	As of 01/01/2019	Utilization	Dissolution	Addition	Deconsolidation	Currency difference	As of 31/12/2019
Risk of litigation	3	-3	0		0	4	0
Remaining other provisions	4	-4	0	0	0	0	0
Other provisions	**3**	**-3**	**0**	**0**	**0**	**4**	**0**

TABLE 30: DEVELOPMENT OF OTHER RESERVES

	31/12/2019			**31/12/2018**		
	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	0	0	0	2,666	2,666	0
Remaining other provisions	0	0	0	4	0	4
Other provisions	**0**	**0**	**0**	**2,670**	**2,666**	**4**

TABLE 31: REMAINING TERMS OF OTHER RESERVES

9 FINANCIAL INSTRUMENTS

Financial instruments are contractual agreements that result in claims or obligations for 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, credits and deferred interest. Derivative financial instruments include various interest rate caps, some of which also serve as hedges for underlying transactions and are recognised as hedge accounting (see section 8.5.1).

Fair values and carrying amounts of financial instruments by valuation category

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

The following categories are used in accordance with IFRS 9:

Amortised cost	AC
Fair value through profit or loss	FVTPL
Fair value through OCI	FVOCI

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 fiscal year 2019 and in the previous year.

Carrying values and fair values by categories:			Value stated according to IFRS 9			
in EURk	Category according to IFRS 9	Carrying value 31/12/2019	At amortised cost	Fair value through profit and loss	Fair value through OCI	Value stated according to IFRS 16
Derivatives without hedge relationship	FVTPL	741	0	741	0	0
Derivatives with hedge relationship	n/a	2,305	0	0	2,305	0
Trade accounts receivable	AC	22,465	22,465	0	0	0
Financial receivables	AC	424	424	0	0	0
Other receivables and other financial assets	AC	30,071	30,071	0	0	0
Cash and cash equivalents	AC	30,887	30,887	0	0	0
Long-term financial liabilities excluding lease liabilities	AC	802,301	802,301	0	0	0
Long-term lease liabilities	n/a	3,605	0	0	0	3,605
Trade accounts payable	AC	7,854	7,854	0	0	0
Short-term financial liabilities excluding lease liabilities	AC	165,966	165,965	0	0	0
Short-term lease liabilities	n/a	528	0	0	0	528
Other liabilities	AC	4,476	4,476	0	0	0

TABLE 32: IFRS 9 INFORMATION 2019

Carrying values and fair values by categories:			Value stated according to IFRS 9			
in EURk	Category according to IFRS 9	Carrying value 31/12/2018	At amortised cost	Fair value through profit and loss	Fair value through OCI	Value stated according to IFRS 16
Derivatives without hedge relationship	FVTPL	92	0	92	0	0
Derivatives with hedge relationship	n/a	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 excluding lease liabilities	AC	698,910	698,910	0	0	0
Long-term lease liabilities	n/a	2,962	0	0	0	2,962
Trade accounts payable	AC	8,341	8,341	0	0	0
Short-term financial liabilities excluding lease liabilities	AC	159,877	159,877	0	0	0
Short-term lease liabilities	n/a	292	0	0	0	292
Other liabilities	AC	8,576	8,576	0	0	0

TABLE 33: IFRS 9 INFORMATION 2018

The other financial assets reported in the balance sheet exclusively comprise derivative assets with and without a hedging relationship. The derivative assets used to hedge interest rate risks are interest rate caps that hedge the Aves Group against rising interest rates on variable-interest credit lines. The fair value of the interest rate hedging instruments is allocated to level 2 of the fair value hierarchy.

The derivative assets without a hedging relationship as at 31 December, 2019, mainly relate to early termination options which the Aves Group has secured for itself as part of its bond issues. In addition, derivative assets without a hedging relationship as at 31 December, 2019, also include interest rate caps that could not be brought into a hedging relationship with the underlying transaction.

In the previous year, the derivative assets without a hedging relationship were interest rate caps that could not be brought into a hedging relationship with the underlying transaction. The fair value of termination options and interest rate caps without a hedging relationship is allocated to level 2 of the fair value hierarchy.

Trade receivables, other assets and prepayments and cash and cash equivalents regularly have short remaining terms to maturity. Their carrying amounts on the balance sheet date therefore correspond to their fair value.

Trade payables, financial liabilities and other liabilities regularly have short remaining terms, so that the values shown in the balance sheet represent the fair value. Financial liabilities excluding lease obligations, which represent liabilities to banks, institutional investors, bond creditors and direct investors - see also section 8.13.1 - are measured at amortised cost. As of December 31, 2019, financial liabilities amounted to EURk 968,267. The fair value amounts to EURk 938,776. The fair values of financial liabilities are calculated as the present values of future cash inflows or outflows. They are discounted using the interest rate with the appropriate term on the balance sheet date. The fair value of financial liabilities is allocated to level 2 of the fair value hierarchy.

Net result by valuation category

The net result is broken down into the components interest, valuation and other. Valuation comprises the results resulting from foreign currency translation, measurement at fair value or impairment.

The net result by valuation category as of December 31, 2019, is as follows:

in EURk	Interest income	Interest expenses	Valuation	2019
from:				
Financial assets at fair value through profit and loss	0	0	-41	-41
Financial assets at amortised cost	155	0	-975	-820
Financial liabilities at amortised cost	0	-39,295	4,794	-34,501
Total	**155**	**-39,295**	**3,778**	**-35,362**

TABLE 34: NET RESULT BY VALUATION CATEGORY 2019

For financial assets measured at amortised cost "Valuation" includes

- Net expenses for impairment of EURk 493 (included in "Other operating expenses" and "Other operating income")
- Expenses from foreign currency conversions in the amount of EURk 473 (included in "Other operating expenses" and "Currency effects on financial receivables and financial liabilities" in the financial result)

and for financial liabilities measured at amortised cost "Valuation" includes

- Income from foreign currency conversions in the amount of EURk 4,794 (included in "Other operating income" and "Currency effects on financial receivables and financial liabilities" in the financial result).

The net result for the previous year is as follows:

in EURk	Interest income	Interest expenses	Valuation	2018
from:				
Financial assets at fair value through profit and loss	0	-407	0	-407
Financial assets at amortised cost	577	0	-3,742	-3,165
Financial liabilities at amortised cost	0	-27,567	11,950	-15,617
Total	**577**	**-27,974**	**8,208**	**-19,189**

TABLE 35: NET RESULT BY VALUATION CATEGORY 2018

For financial assets measured at amortised cost "Valuation" includes

- Expenses for impairment of EURk 104 (included in "Other operating expenses")
- Expenses from foreign currency conversions amounting to EURk 3,638 (included in "Other operating expenses" and "Currency effects on financial receivables and financial liabilities" in the financial result)

and for financial liabilities measured at amortised cost "Valuation" includes

- Income from foreign currency conversions amounting to EURk 11,950 (included "Other operating income" and "Currency effects on financial receivables and financial liabilities" in the financial result).

10 HEDGING STRATEGY AND RISK MANAGEMENT

The Aves Group is exposed to various financial risks in the course of its business activities. Specifically, these are default risks, liquidity risks and financial market risks, which are discussed below.

For further information on the Aves Group's risk management system, please refer to the information provided in the opportunities and risks report as part of the Group management report.

10.1 DEFAULT RISK

The default risk in the Aves Group is mainly concentrated on the fact that outstanding receivables ("trade receivables") are paid late or are partially or completely defaulted on. On the other hand, there is the risk that suppliers do not meet their obligations from advance payments ("Other assets and advance payments") or do not meet them in full.

The Aves Group applies the expected credit loss model of IFRS 9 to trade receivables. Consideration of the expected credit loss model of IFRS 9 includes both risk provisions for financial assets without objective evidence of impairment and risk provisions for financial assets that have already been impaired. Please refer to sections 3.11, 4.3 and 8.7 for further information.

In principle, the Aves Group counters the risk of default by means of effective debtor management.

The maximum default risk from financial assets corresponds to the carrying amounts reported in the balance sheet for the respective counterparty.

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 and undiscounted payments including expected interest payments) shows their influence on the liquidity situation of the Aves Group:

							31/12/2019
in EURk	2020	2021	2022 to 2024	as of 2025	Total	deferred transaction costs	Total
Financial Liabilities							
Bank loans	63,555	42,847	318,565	178,605	603,572	2,660	600,912
Loans institutional investors	75,023	42,909	147,399	0	265,331	873	264,458
Direct investors	65,725	44,922	56,923	0	167,570	3,306	164,264
Bonds	2,872	2,520	46,118	0	51,510	582	50,928
Lease liabilities	634	586	3,138	0	4,358	0	4,358
Other loans	0	0	0	0	0	0	0
Total	**207,809**	**133,784**	**572,143**	**178,605**	**1,092,341**	**7,421**	**1,084,920**

TABLE 36: LIQUIDITY RISK 2019

							31/12/2018
in EURk	2019	2020	2021 to 2023	as of 2024	Total	deferred transaction costs	Total
Financial Liabilities							
Bank loans	36,462	56,943	267,363	179,768	540,536	6,280	534,256
Loans institutional investors	121,869	19,351	106,562	4,953	252,735	1,099	251,636
Direct investors	54,259	47,158	81,149	13	182,579	4,974	177,605
Bonds	0	0	0	0	0	0	0
Lease liabilities	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**

TABLE 37: LIQUIDITY RISK 2018

"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. To ensure the solvency of Aves One AG and its subsidiaries at all times, the remaining liquidity requirement is covered by the operating cash flow.

Reference is made to 8.13 above for details of the due dates of financial loans, trade accounts payable and other financial liabilities.

The following liquidity analysis shows which payments from financial liabilities are likely to arise over the next years. The status as of December 31, 2019 represents the residual debt for financial liabilities without accrued interest. Due to the short-term nature of trade payables and other financial liabilities, the resulting cash flows are not presented. The cash flows approximate to the amounts listed under residual terms in section 8.13. The overview shows the contractually agreed undiscounted interest and principal payments of the original financial liabilities. Target figures for future new liabilities are not included.

		Cashflows 2020			Cashflows 2021		
in EURk	Balance sheet indication 31/12/2019	Interest	Interest variable	Repayment	Interest	Interest variable	Repayment
Financial liabilities							
Bank loans	549,255	11,672	0	51,882	10,502	0	32,345
Loans institutional investors	230,086	11,709	0	63,315	8,778	0	34,130
Direct investors	150,949	7,108	0	58,617	3,705	0	41,217
Bonds	37,976	2,872	0	0	2,520	0	0
Lease liabilities	4,134	107	0	528	92	0	494
Other loans	0	0	0	0	0	0	0
Total	**972,400**	**33,468**	**0**	**174,342**	**25,597**	**0**	**108,186**

		Cashflows 2022 - 2024			Cashflows 2025 ff.		
in EURk	Balance sheet indication 31/12/2019	Interest	Interest variable	Repayment	Interest	Interest variable	Repayment
Financial liabilities							
Bank loans	549,255	20,446	0	298,119	9,036	0	169,569
Loans institutional investors	230,086	13,885	0	133,514	0	0	0
Direct investors	150,949	2,502	0	54,421	0	0	0
Bonds	37,976	7,560	0	38558	0	0	0
Lease liabilities	4,134	27	0	3,112	0	0	0
Other loans	0	0	0	0	0	0	0
Total	**972,400**	**44,420**	**0**	**527,724**	**9,036**	**0**	**169,569**

TABLE 38: UNDISCOUNTED INTEREST AND AMORTISATION PAYMENTS 2019

		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
Lease liabilities	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
Lease liabilities	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**

TABLE 39: UNDISCOUNTED INTEREST AND AMORTISATION PAYMENTS 2018

10.3 FINANCIAL MARKET RISK

10.3.1 GENERAL

Interest rate and currency risks represent the main financial market risks in the Aves Group.

The Aves Group has been using interest rate caps to hedge against interest rate risks since the 2018 financial year.

IFRS 7 requires sensitivity analyses to be carried out in order to present financial market risks, which show the effects of hypothetical changes in relevant risk variables on earnings and equity. The periodic effects are determined by relating the hypothetical changes in risk variables to the portfolio of primary and derivative financial instruments as of the balance sheet date. It is ensured that the respective portfolio on the balance sheet date is representative for the financial year.

The following sensitivity analyses represent hypothetical and thus risk-bearing disclosures. Due to unforeseeable developments in the global financial markets, actual developments may differ from hypothetical developments.

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 large 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 of rising market interest rates and the resulting cash flow risks, interest caps were concluded for these variable-interest loans. Each of these interest caps has 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.

The interest rate caps designated as cash flow hedges in the Aves Group have the same conditions as the underlying transaction, i.e. reference interest rates, interest rate adjustment dates, payment dates, maturities and base amounts. In both the current and the previous financial year, the main contractual terms of the underlying and hedging transactions were the same, and such a match is also expected for the remaining term of the hedging transactions, so that an economic relationship exists between the underlying and hedging transactions. In addition to the objectives of risk management, the documentation of the hedging relationship includes the type of hedging relationship, the hedged risk, the description of the hedging instrument and the hedged item as well as the assessment of the effectiveness criteria. The effectiveness is reviewed on each balance sheet date.

To assess the interest rate risk in relation to interest rate derivatives as at 31 December, 2019, a change in the market interest rate level of +50 basis points and -50 basis points was assumed. An increase in the market interest rate level by 50 basis points would reduce consolidated earnings before taxes (EBT) by EUR7k 44. In addition, the pre-tax losses recognised directly in equity in the 2019 financial year would be reduced by EURk 934. A reduction in the market interest rate by 50 basis points would reduce consolidated earnings before taxes (EBT) by EURk 63. In addition, the losses before taxes recognized directly in equity in fiscal year 2019 would increase by EURk 1,434.

The following table shows the nominal volumes of hedging instruments that are incorporated in cash flow hedges:

Nominal value of hedging instruments

	Remaining term			Nominal value total	Nominal value total	Average hedging rate / price
in EURk	up to 1 year	1 – 5 years	> 5 years	31/12/2019	31/12/2018	31/12/2019
Hedging of interest rate risk						
Interest rate cap	0	183,091	166,321	**349,412**	351,778	0,50%-1,00%

	Remaining term			Nominal value total	Nominal value total	Average hedging rate / price
in EURk	up to 1 year	1 – 5 years	> 5 years	31/12/2018	31/12/2017	31/12/2018
Hedging of interest rate risk						
Interest rate cap	0	188,322	163,456	**351,778**	0	0,50%-1,00%

Furthermore, disclosures are made on the carrying amount and fair value changes of hedging instruments used in cash flow hedges.

Information on hedging instruments designated as cashflow hedges

	Book value	Balance sheet position	Change in Fair Value to consider ineffectivities	Nominal value
in EURk	31/12/2019	31/12/2019	31/12/2019	31/12/2019
Hedging of interest rate risk				
Interest rate cap				
Derivative financial asset	**0**	Other financial investments	-1,842	349,412
Derivative financial liability	**n/a**	n/a	n/a	n/a

	Book value*	Balance sheet position	Change in Fair Value to consider ineffectivities	Nominal value
in EURk	31/12/2018	31/12/2018	31/12/2018	31/12/2018
Hedging of interest rate risk				
Interest rate cap				
Derivative financial asset	**1,842**	Other financial investments	-233	351,778
Derivative financial liability	**n/a**	n/a	n/a	n/a

* Adjusted value for appendix purposes only; not reconcileable to the balance sheet position as of 31/12/2018

The underlying transactions hedged in connection with cash flow hedges are listed below:

Information on underlying transactions for cashflow hedges

in EURk	Change in value of underlying transaction to consider ineffectivities 31/12/2019	Balance of cashflow hedge reserve for active cashflow hedges 31/12/2019	Balance of deferred costs of hedging and reserve for active cashflow hedges 31/12/2019	Balance of cashflow hedge and reserve for inactive cashflow hedges 31/12/2019
Hedging of interest rate risk				
Hedging component	1,946	**-2,075**	**-3,320**	n/a

in EURk	Change in value of underlying transaction to consider ineffectivities 31/12/2018	Balance of cashflow hedge reserve for active cashflow hedges* 31/12/2018	Balance of deferred costs of hedging and reserve for active cashflow hedges* 31/12/2018	Balance of cashflow hedge and reserve for inactive cashflow hedges 31/12/2018
Hedging of interest rate risk				
Hedging component	277	**-233**	**-340**	n/a

* Adjusted value for appendix purposes only; not reconcileable to the statement of other comprehensive income as of 31/12/2018

When cash flow hedges are accounted for, the designated effective portions of a hedging relationship must be recognised directly in equity. Any changes in the fair value of the designated component beyond this are recognised in profit or loss as ineffectiveness.

A reconciliation of the reserve is shown in the following tables:

Information on gains and losses from cashflow hedges

				Reclassification from CFH reserve to profit and loss			
	Gains and losses from cashflow hedges considered within equity*	Ineffectivities reclassified to profit and loss	Item within the statement of other comprehensive income considering ineffectivities	due to early termination of CFH	due to realization of the underlying transaction within profit and loss	Item within the statement of other comprehensive income considering the reclassification	Profit or loss from hedging of a net posiiton
in EURk	31/12/2019	31/12/2019	31/12/2019	31/12/2019	31/12/2019	31/12/2019	31/12/2019
Hedging of interest rate risk	-1,842	0	Cashflow-Hedges nach Steuern – Reclassified to profit and loss	0	0	Cashflow-Hedges nach Steuern – Reclassified to profit and loss	0

				Reclassification from CFH reserve to profit and loss			
	Gains and losses from cashflow hedges considered within equity*	Ineffectivities reclassified to profit and loss	Item within the statement of other comprehensive income considering ineffectivities	due to early termination of CFH	due to realization of the underlying transaction within profit and loss	Item within the statement of other comprehensive income considering the reclassification	Profit or loss from hedging of a net posiiton
in EURk	31/12/2018	31/12/2018	31/12/2018	31/12/2018	31/12/2018	31/12/2018	31/12/2018
Hedging of interest rate risk	-233	0	Cashflow-Hedges nach Steuern – Reclassified to profit and loss	0	0	Cashflow-Hedges nach Steuern – Reclassified to profit and loss	0

* Adjusted value for appendix purposes only; not reconcileable to the statement of other comprehensive income

Development of the cashflow hedge reserve

in EURk	As of 01/01/2019*	Gains and losses from effective hedging relations*	Reclassifications due to changed expectations on realization of the underlying transaction	Reclassifications due to realization of the underlying transaction within profit and loss	Reclassifications due to expected unrecoverable losses stored within other comprehensive income	Reclassifications due to a basis adjustment	As of 31/12/2019
Hedging of interest rate risk	**-233**	-1,842	0	0	0	0	**-2,075**

in EURk	As of 01/01/2018	Gains and losses from effective hedging relations*	Reclassifications due to changed expectations on realization of the underlying transaction	Reclassifications due to realization of the underlying transaction within profit and loss	Reclassifications due to expected unrecoverable losses stored within other comprehensive income	Reclassifications due to a basis adjustment	As of 31/12/2018*
Hedging of interest rate risk	**0**	-233	0	0	0	0	**-233**

* Adjusted value for appendix purposes only; not reconcileable to the statement of other comprehensive income

10.3.3 FOREIGN CURRENCY RISK

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

As at 31 December, 2019, and 31 December, 2018, no derivative financial instruments were held to hedge currency risks in connection with planned transactions in foreign currencies.

Assuming that no derivative financial instruments will be used to hedge currency risks at Aves in the future either, a comparable development of non-cash currency effects should be expected in the future, assuming an unchanged container and financing situation. A 10 % change in the USD/EUR currency pair c.p. would result in a non-cash currency effect of approximately EUR 14 million. While a loss in value of the USD against the EUR would lead to a non-cash expense, conversely, an increase in value of the USD against the EUR would result in a corresponding income.

11 CAPITAL MANAGEMENT

Due to the continued strong growth of the Group, the Management Board manages the use of capital with the aim of maximising the income of those involved in the company by optimising the ratio of equity to borrowed capital and securing the profitability and continued existence of the company in the long term. In doing so, it ensures that the Group companies can operate under the premise of a going concern.

The Group's capital structure consists of debts and cash and cash equivalents as well as equity attributable to the equity holders of the parent company. This consists of issued shares, the capital reserve, retained earnings and the balance sheet profit.

The ratio of net financial debt to EBITDA is one of the parameters used in capital structure management.

Net financial debt is defined as the balance of cash and cash equivalents, financial receivables less financial debt, whereby the deduction of transaction costs within the meaning of IFRS 9 also takes place when determining net financial debt (see section 8.13).

Net debt is determined as follows:

in EURk	**2019**	**2018**
Liquid funds	30,887	17,148
Financial receivables	424	522
Financial liabilities	-972,400	-862,041
Net debt	**-941,089**	**-844,371**

TABLE 40: CAPITAL MANAGEMENT

The ratio of net debt to EBITDA is as follows:

in EURk	**2019**	**2018**
Net debt	**941,089**	**844,371**
EBITDA	84,600	52,186
Ration net debt/EBITDA	**11**	**16**

TABLE 41: RATIO OF NET FINANCIAL LIABILITIES TO EBITDA

Due to the fact that the Group continues to grow strongly and has not yet reached its targeted operating size, the significance of this indicator is very limited. Despite the positive development of EBITDA, the sharp increase in net financial liabilities resulted in a year-on-year decline in EBITDA due to the extensive investments made in this key figure.

In addition, the Management Board generally pursues the goal of sustainably securing the equity base and generating an appropriate return on capital employed. A significantly higher equity ratio is targeted for the future, as this supports the independence and competitiveness of the company.

The Management Board also aims to ensure the continued existence of the operating companies and to finance both organic and inorganic growth. As of December 31, 2019, the Group's equity ratio was 4.0 % (previous year 3.6 %). The return on equity achieved in the year under review - the ratio of Aves One shareholders' share of consolidated net income to equity on the balance sheet date - was 28.8 % (previous year 36.6 %).

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

12 COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement was prepared in accordance with IAS 7 and shows the cash flows from operating activities, investing activities and financing activities. The cash flow from operating activities is presented using the indirect method, while the cash flows from investing and financing activities are presented using the direct method. In contrast to the previous year, the change in restricted cash was reported under cash flow from investing activities. The previous year's disclosure was adjusted accordingly.

The cash flows of independent subsidiaries whose functional currency is not the same as the reference currency were generally translated into the reporting currency using the transaction rates. In determining the cash flows from operating activities using the indirect method, the translation effects from the inventories of the subsidiaries were eliminated in determining the changes in working capital, which did not correspond to any real movements.

Cash and cash equivalents consist of liquid funds such as short-term deposits with a remaining term of no more than three months. Restricted cash and cash equivalents in the amount of EURk 21,976 (PY: EURk 20,418) are reported under other assets as of December 31, 2019.

The cash flow statement of the Aves Group shows the development of cash flows for the 2019 financial year and for the previous year, broken down into cash inflows and outflows from operating, investing and financing activities.

The cash outflows for investments in intangible assets and property, plant and equipment (EUR 156.2 million; previous year: EUR 386.6 million) are mainly related to the acquisition of railway wagons, sea containers and swap bodies.

The investments were financed by taking out loans from banks, direct investors (indirectly) and institutional investors or via bonds (EUR 276.9 million; previous year: EUR 630.0 million). The repayments of loans and other financial liabilities in the amount of EUR 180.1 million (previous year: EUR 258.3 million) mainly relate to scheduled repayments of financial liabilities.

Material non-cash transactions:

2019:

Addition IFRS 16 Rights of Use

2018:

Sale of the shares in ERR Duisburg (purchase price payment of EUR 500k made so far)

in EURk	2019	2018
Financial liabilities		
As of 01/01/	**862,041**	**479,267**
Changes to the cashflow from financing activities		
Receipts from the issuing of bonds and (financial) loans	276,903	629,960
Amortization payments for bonds and (financial) loans	-179,577	-258,275
Interest paid	-30,844	-22,569
Secondary financing cost relating to other financial liabilities	-1,273	0
Payments relating to leasing liabilities	-564	0
Overall change to the cash flow from financing activities	**64,645**	**349,116**
	30,844	**22,569**
Effect of exchange rate changes	**9,760**	**11,089**
Other changes	**3,877**	**0**
As of 31/12/	**972,400**	**862,041**

TABLE 42: 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 222.9 million (PY EUR 234,2 million), 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 649.3 m (PY EUR 537.0 m) as well as their receivables in connection with railway carriages as security.

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

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

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

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

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

As of 15 August 2016, Aves One AG issued a letter of comfort for BSI Blue Seas Investment GmbH towards BoxDirect GmbH (formerly 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, from 13 March 2019 to 31 December 2019 and from 13 March 2020 to 31 December 2020. 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 Vermögensanlagen GmbH (formerly BoxDirect Vermögensanlagen 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 Vermögensanlagen GmbH (formerly BoxDirect Erste Vermögensanlagen 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.

As of 12 November 2018, Aves One AG issued several independent maximum amounts guarantees for BoxDirect GmbH with a total volume of up to EURK 29,701 (product 248 to 309). The object of each guarantee is to secure the repurchase obligations from the container direct investment business of BoxDirect GmbH. 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 GmbH 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.

On February 15, 2019 and July 16, 2019, Aves One AG issued several independent letters of comfort for Container Invest GmbH in connection with products sold by the Company with a total volume of up to EURk 15,775 (product 312 to 336). The object in each case is to secure the repurchase obligations from the container direct investment business of Container Invest GmbH. The letters of comfort remain in force until all repurchase obligations arising from the container direct investment have expired in full. The risk of recourse is considered to be low, as the obligation to repurchase the container is assumed by Container Invest, which in turn is assumed by BSI Blue Seas Investment GmbH, which is able to meet this obligation in full and on time. There were no discernible indications at the time of preparation that would necessitate 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 of the other financial obligations for the business year 2019 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	348	961	0	1,309
Order obligation	43,570	0	0	43,570
Total	**43,918**	**961**	**0**	**44,879**

TABLE 43: 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	193	354	40	587
Order obligation	23,778	5,687	0	29,465
Total	**23,971**	**6,041**	**40**	**30,052**

TABLE 44: 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 increase in obligations from rental, leasehold and leasing agreements mainly results from the conclusion of a new and the extension of an existing building rental agreement.

The ordering obligation refers to ordered railway carriages that will be delivered in 2020.

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	**2019**	**2018**
Audit services	284	463
Tax advisory services	5	185
Other attestation services	0	28
Other services	0	101
Total	**289**	**777**

TABLE 45: AUDITOR'S FEES

The fees in the reporting year relate exclusively to auditing services provided by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, in connection with the audit of the individual and consolidated financial statements of Aves One AG as of December 31, 2019.

The audit of the individual and consolidated financial statements of Aves One AG as of 31 December 2018 and the consolidated half-year report as of 30 June 2019 was performed by Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatergesellschaft, Hamburg.

Tax consultancy services relate to support in the preparation of tax returns.

13.4 ANNUAL AVERAGE NUMBER OF EMPLOYEES

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

	2019	2018
Salaried staff	44	40
Total	**44**	**40**
thereof abroad	3	3

TABLE 46: ANNUAL AVERAGE NUMBER OF EMPLOYEES

13.5 CONTINGENT LIABILITIES

In accordance with the purchase and sale, leaseback and repurchase agreement described further under 15.1.2, the payment of a deposit to BoxDirect GmbH 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 2019 and 31 December 201 the providing of such securities had not been requested by BoxDirect GmbH. Deposits required under the current circumstances would amount to EUR 2.0m (PY EUR 2.8m).

In addition to this, there are various letters of comfort and guarantees; on this, see other information, 13.1.

13.6 DECLARATION OF COMPLIANCE

The declaration of compliance of the Management Board and the 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) is permanently accessible at the internet address http://www.avesone.com.

14 POST BALANCE SHEET DATE EVENTS

COVID-19 pandemic

In January 2020, an identification of a novel corona virus was announced in several patients in China. The outbreak, initially localized in China, quickly developed into a pandemic with a significant impact on the global economy. Due to delayed market movements, disruptions in production and supply chains as well as the uncertainty of containing the pandemic, the effectiveness of various aid and emergency programmes of governments, central banks etc. to counteract the negative effects of the pandemic on the massive economic slump, the extent of the negative impact of COVID-19 on the global economy for the rest of the year cannot be reliably estimated. This will probably vary considerably from region to region and sector to sector. While in Asia the economy is already starting up as before, this is only to be expected with delays in Europe and the USA. The restoration of supply and production chains is of central importance

Expansion of portfolio through rail acquisitions

After the balance sheet date, the Aves Group continued its steady growth course and further increased its stock of fixed deliveries in the first weeks of the current 2020 financial year to a total of around EUR 110 million. These freight wagons ordered include new wagons in an amount of approximately 85 %. The majority of the freight wagons, which are almost fully leased, are to be delivered this year. This increases the Rail segment's asset portfolio, including the currently fixed deliveries, to more than 11,100 freight wagons and tank wagons. Asset management of the portfolio is managed by Wascosa and ERR Duisburg.

Sale of self storage park

The self storage park in Münster was sold for a purchase price of EURk 3,394 by way of a contract dated 24 January 2020. The previously communicated focus on the rail and container business units and the discontinuation of the Real Estate business unit have thus now been completed.

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 a 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 around 31 % 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

In addition to the material relationships with four BoxDirect companies mentioned in the Annual Report 2018, the group of related companies was expanded in the reporting period to include Container Invest GmbH, Hamburg. The purpose of this company is also to provide services in connection with the financing of container equipment.

In addition, the Versorgungswerk der Zahnärztekammer Berlin K.d.ö.R, Berlin, has significant influence on the Aves Group due to the distribution of voting rights in accordance with the definition in IAS 28. The economic relationships in the reporting period are explained in section (E).

With the entry in the commercial register on March 26, 2019, BoxDirect AG was converted into a limited liability company and has since been trading as BoxDirect GmbH. Also, upon entry in the commercial register on March 26, 2019, BoxDirect Vermögensanlagen AG was converted into a limited liability company and has since traded as BoxDirect Vermögensanlagen GmbH.

BoxDirect-Companies

Significant relationships exist with three related companies of Aves One AG, BoxDirect GmbH, BoxDirect Erste Vermögensanlagen GmbH and BoxDirect Vermögensanlagen GmbH (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 GmbH and BoxDirect Erste Vermögensanlagen GmbH have been selling direct investments and BoxDirect GmbH 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 GmbH 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

The following significant transactions were conducted with related parties in the 2019 financial year:

(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 151m.

Interest expenses for financial liabilities in the reporting year arose at EUR 7.8m.

In connection with the SLR agreements there are several guarantees for the BoxDirect entities. For further details please see chapter 13.1.

(B) Service contracts with BoxDirect GmbH, BoxDirect Vermögensanlagen GmbH, BoxDirect Erste Vermögensanlagen GmbH, BoxDirect Zweite Vermögensanlagen GmbH and Container Invest

Due to the existing service agreements with the BoxDirect companies, the Group companies were invoiced amounts of EUR 2.1m in 2019, 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 expenses in the amount of EUR 0.1m arose from the deferred settlement agreement in 2019.

(D) Procurement commission BoxDirect AG

BoxDirect GmbH was engaged to establish contacts with suppliers of logistics equipment.

As agent, BoxDirect GmbH 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.

In the 2019 financial year BoxDirect GmbH brokered a corresponding freight wagon portfolio.

(E) Service contract H2S Holzhafen Service GmbH and Asset management agreement with ERR European Rail Rent GmbH

In accordance with the framework service agreement of April 1, 2019, H2S Holzhafen Service GmbH, in which the company holds a 25% share, will take over various commercial and IT services at the Aves site.

ERR Duisburg has been engaged to manage, service and maintain freight wagons. ERR Duisburg 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 2019 business year, ERR European Rail Rent GmbH invoiced a total of EUR 6.2m.

By agreement dated July 16, 2018, the 33.3 % interest 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.

(E) Financing agreements with pension fund of the Berlin Chamber of Dentists („Versorgunsgwerk der Zahnärzte-Kammer Berlin "

There are various financing agreements with the pension fund of the Berlin Chamber of Dentists K.d.ö.R., Berlin, with a nominal volume of EUR 46.7m at an interest rate of 5.0 % to 5.9 % and with a nominal volume of USD 11.2m at an interest rate of 5.0 % to 7.25 % for the financing of freight and tank wagons and containers. In the period under review, these financing agreements resulted in interest expenses of EUR 2.8m for various Group companies; the carrying amount of the financial liabilities as at 31st December 2019 was EUR 48.7m.

The following material transactions in fiscal year 2019 relate to companies accounted for using the equity method and other investments:

(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 0.3m were outstanding at 31 December 2019, 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 2019 business year, interest income of KEUR 17 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	31.12.2019	31.12.2018
Purchases of goods and services from undertakings accounted for at equity and other holdings			
Goods	E	0	4,689
Services	E	123	2,307
Purchases of goods and services from related undertakings and persons			
Goods	E	13,031	7619
Other rights and intangible fixed		0	0
Services	B	3,481	4,508

TABLE 47: TRANSACTIONS WITH RELATED PERSONS/ENTITIES PURCHASE OF GOODS AND SERVICES

(2) Transactions recorded in profit and loss

in EURk	Text item	2019	2018
Revenues from and costs charged by controlling entities			
Sales, other operating income		0	49
Costs		0	0
Interest income		0	0
Interest cost		0	0
Revenues from and costs charged by controlling entities			
Sales, other operating income	E	35,633	3855
Costs	B, E	7,426	1,751
Interest income	C, G	131	145
Interest cost	A, F	10,629	8,261

TABLE 48: TRANSACTIONS WITH RELATED PERSONS/ENTITIES INCOME AND COSTS

(3) Outstanding itmes in the balance sheet

in EURk	Text item	31.12.2019	31.12.2018
Receivables from other related entities or persons			
From trading activities	A, E	5,239	1,682
Financial receivables	E, G	3,439	4,810
Other receivables	A	204	0
Liabilities towards other related persons or undertakings			
From trading activities	A, E	4,675	19,252
Financial receivables	A, F	201,512	156,957
Other receivables		4	151

TABLE 49: 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	2019	2018
Short term remuneration	**2,545**	**2,279**
thereof Management Board	1120	1,012
thereof key Group management	1280	1,128
thereof Supervisory Board	145	139
Total	**2,545**	**2,279**

TABLE 50: REMUNERATION

The composition of the Executive Board, Supervisory Board and key management personnel has not changed in the reporting period compared to the previous year.

Please refer to the section on other reserves in the notes to the consolidated financial statements with regard to the one-off payments made to Tobias Aulich in the previous year as part of the conclusion of his employment contract.

16 LIST OF SHAREHOLDINGS

Name and headquarters of the company	Share in %		Equity in EURk	Annual profit in EURk
	Directly	Indirectly		
Fully consolidated entities				
Holding				
BSI Logistics GmbH, Hamburg	100.0	0.0	12,513	-260
CH2 Contorhaus Hansestadt Hamburg AG, Hamburg		100.0	3,420	1,299
CH2 Logistica Portfolioverwaltung GmbH & Co. KG, Hamburg		100.0	131	-4
CH2 Logistica No. 2 Asset GmbH, Hamburg		100.0	11	1
CH2 Datentreuhand GmbH, Hamburg		100.0	7	-6
Aves Transport 1 GmbH & Co. KG, Hamburg		100.0	-380	-381
Aves Storage Verwaltungs GmbH, Hamburg (im Vorjahr dem Segment Real Estate zugeordnet)	100.0	0.0	13	1
Aves Storage GmbH & Co. KG, Hamburg (im Vorjahr dem Segment Real Estate zugeordnet)		100.0	-859	-101
Aves Storage II GmbH & Co. KG, Hamburg (im Vorjahr dem Segment Real Estate zugeordnet)		100.0	0	0
Aves Logistik Immobilien Verwaltungs GmbH, Hamburg (im Vorjahr dem Segment Real Estate zugeordnet)		100.0	28	1
Aves Logistik Immobilien GmbH & Co. KG, Hamburg (im Vorjahr dem Segment Real Estate zugeordnet)		100.0	-17	-12
Aves LI Alsdorf Holding GmbH & Co. KG, Hamburg (im Vorjahr dem Segment Real Estate zugeordnet)		100.0	-311	-174
Aves LI Alsdorf Betriebs GmbH & Co. KG, Hamburg (im Vorjahr dem Segment Real Estate zugeordnet)		95.0	3,055	-592
Container				
BSI Blue Seas Investment GmbH, Hamburg		100.0	-6,932	338
BSI Asset GmbH, Hamburg		100.0	20,695	1,608
BSI Regulierte Direktinvestment II GmbH & Co. KG, Hamburg		100.0	-13	-3
BSI Blue Seas Direktinvestment I GmbH & Co. KG, Hamburg		100.0	10,356	-227
BSI Direktinvestment II GmbH & Co. KG , Hamburg		100.0	-15	-5
BSI Direktinvestment III GmbH & Co. KG, Hamburg		100.0	2,598	-1,003
BSI Direktinvestment Verwaltungs GmbH		100.0	37	3
BSI Logistics II GmbH & Co. KG, Hamburg		100.0	9,701	-558
BSI Zweite Verwaltungs GmbH, Hamburg		100.0	26	1
BSI Logistics III GmbH & Co. KG, Hamburg		100.0	1,273	23
BSI Dritte Verwaltungs GmbH, Hamburg		100.0	27	0
BSI Logistics IV GmbH & Co. KG, Hamburg		100.0	783	-80
BSI Vierte Verwaltungs GmbH, Hamburg		100.0	14	0
BSI Logistics V GmbH & Co. KG, Hamburg		100.0	-345	-310
BSI Fünfte Verwaltungs GmbH, Hamburg		100.0	16	4
BSI Logistics VI GmbH & Co. KG, Hamburg		100.0	123	17
BSI Sechste Verwaltungs GmbH, Hamburg		100.0	14	0
BSI Logistics VII GmbH & Co. KG, Hamburg		100.0	-3,724	-1,652
BSI Siebte Verwaltungs GmbH, Hamburg		100.0	13	1
BSI Logistics VIII GmbH & Co. KG, Hamburg (zuvor: BSI Regulierte Direktinvestment I GmbH & Co. KG)		100.0	1,080	134
BSI Achte Verwaltungs GmbH, Hamburg (zuvor: BSI Regulierte Direktinvestment Verwaltungs GmbH)		100.0	19	2
BSI Logistics IX GmbH & Co. KG, Hamburg (seit 24.04.2018)		100.0	-331	-27
BSI Blue Seas Resale GmbH, Hamburg		100.0	-2,001	-319
Aves Special Equipment Management GmbH, Hamburg	100.0	0.0	12	1
Aves Special Equipment Holding GmbH & Co. KG, Hamburg		100.0	-1,244	-215

Aves Special Equipment I GmbH & Co.KG, Hamburg		100.0	387	146
Aves Special Equipment I Verwaltungs GmbH, Hamburg		100.0	22	4
Aves Special Equipment II GmbH & Co. KG, Hamburg		100.0	820	16
Aves Special Equipment Zweite Verwaltungs GmbH, Hamburg		100.0	13	0
Aves Special Equipment III GmbH & Co. KG, Hamburg		100.0	2,699	385
Aves Special Equipment IV GmbH & Co. KG, Hamburg		100.0	1,259	213
Aves Special Equipment V GmbH & Co. KG, Hamburg		100.0	-480	-406
Aves Special Equipment VI GmbH & Co. KG, Hamburg		100.0	-123	-124
Rail				
ARHA Invest GmbH, Wien, Österreich	100.0	0.0	136	-2,292
Aves Rail Rent GmbH, Perchtoldsdorf, Österreich (zuvor: Aves Rail GmbH, Wien, Österreich)		100.0	59,745	11,329
Aves Rail Equipment Holding GmbH, Hamburg		100.0	318	-1,041
Aves Rail Junior I Verwaltungs GmbH, Hamburg		100.0	19	3
Aves Rail Junior I GmbH & Co. KG, Hamburg		100.0	-64	-11
Aves Rail Equipment I GmbH & Co. KG, Hamburg		100.0	2,091	207
Aves Rail Equipment Verwaltungs GmbH, Hamburg		100.0	13	1
Aves Rail Equipment II GmbH & Co. KG, Hamburg		100.0	2,856	275
Aves Rail Equipment Zweite Verwaltungs GmbH, Hamburg		100.0	13	1
Aves Rail Equipment III GmbH & Co. KG, Hamburg		100.0	206	409
Aves Rail Equipment Dritte Verwaltungs GmbH, Hamburg		100.0	24	0
Aves Rail Equipment IV GmbH & Co. KG, Hamburg (seit 29.06.2018)		100.0	-2,175	-1,624
Aves Rail Equipment Vierte Verwaltungs GmbH, Hamburg (seit 29.06.2018)		100.0	12	1
Aves Eins GmbH, Wien, Österreich (seit 21.03.2018)		100.0	48	-8
Aves Rail Rent Hamburg GmbH, Hamburg (zuvor: Aves Rail Rent GmbH, Hamburg) (seit 01.10.2018)		100.0	7,485	7,969
Aves Rail Rent Verwaltungs GmbH, Hamburg		100.0	25	0
Aves Schienenlogisitk 1 GmbH & Co. KG, Hamburg		100.0	-656	-657
Aves Eisenbahn 1 GmbH & Co. KG, Hamburg		100.0	-37	-38
Aves Rail Junior III 2 GmbH & Co. KG, Hamburg		100.0	-10	-20
Aves Rail Equipment V GmbH & Co. KG, Hamburg		100.0	-1	-2
Companies accounted for using the equity method				
BSI CONICAL Container GmbH, Hamburg (Segment Container)		51.0	-42	-17
H2S Holzhafen Service GmbH, Hamburg (Segment Holding)		25.0	288	-12

TABLE 51: SHAREHOLDINGS

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
- Element Insurance AG
- Engel & Völkers AG

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
- JDC Group AG, Deputy Supervisory Board chairman
- Finum Private Finance AG

Ms Britta Horney:

- CH2 Contorhaus Hansestadt Hamburg AG
- SUPERIOR Beteiligungen AG, Deputy Supervisory Board chairwoman (until 29/05/2019 change into GmbH)
- BoxDirect AG, Deputy Supervisory Board chairwoman (until 26/03/2019 change into GmbH)
- BoxDirect Vermögensanlagen AG, Supervisory Board chairwoman (until 26/03/2019 change into GmbH)

18 MANAGEMENT BOARD

18.1 MEMBERS OF THE MANAGEMENT BOARD

- Mr Tobias Aulich, Commercial Manager
- Mr Jürgen Bauer, Master of Philosophy
- Mr Sven Meißner, Commercial Manager

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 2019:

- 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 Special Equipment VI 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 Junior III Zweite 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, Hamburg
- Aves Rail Equipment V GmbH & Co. KG, Hamburg
- Aves Rail Rent GmbH & Co. KG, Hamburg
- Aves Storage 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
- Aves Eisenbahn 1 GmbH & Co. KG, Hamburg
- Aves Schienenlogistik 1 GmbH & Co. KG, Hamburg
- Aves Transport 1 GmbH & Co. KG, Hamburg
- Aves Transport 2 GmbH & Co. KG, Hamburg

20 RESPONSIBILITY STATEMENT OF LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hamburg, April 30 2020

The Management Board

[Note: This is a convenience translation of the German original. Solely the original text in German language is authoritative.]

INDEPENDENT AUDITOR'S REPORT

To Aves One AG, Hamburg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the consolidated financial statements of Aves One AG, Hamburg, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2019, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from January 1 through December 31, 2019 and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Aves One AG, for the financial year from January 1 through December 31, 2019. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to [§ [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code]] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2019, and of its financial performance for the financial year from January 1 through December 31, 2019, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

(1) Recoverability of goodwill
(2) Recoverability of the carrying amounts of fixed assets in the sea containers segment
(3) Deferred tax assets in particular relating to tax loss carryforwards

Our presentation of these key audit matters has been structured in each case as follows:

(1) Matter and issue
(2) Audit approach and findings
(3) Reference to further information

Hereinafter we present the key audit matters:

(1) RECOVERABILITY OF GOODWILL

(1) Goodwill amounting to EUR 5.6 million is reported under the "Intangible assets" balance sheet item in the Company's consolidated financial statements. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. Impairment testing is carried out at the level of the cash-generating unit to which the relevant goodwill has been allocated. The carrying amount of the cash-generating unit, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally calculated on the basis of fair value less costs of disposal. The present value of the future cash flows from the cash-generating unit normally serves as the basis of valuation. The present value is calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the cash-generating unit. The impairment test determined that no write-downs were necessary.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the cash-generating unit, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance during our audit.

(2) As part of our audit, we reviewed the methodology employed for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. We discussed and examined supplementary adjustments to the medium-term business plan for the purposes of the impairment test with the members of the Company's staff responsible. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the cash-generating unit, the containers segment, calculated in this way, we also focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and fall within the ranges considered by us to be reasonable.

(3) The Company's disclosures about goodwill are contained in the notes to the consolidated financial statements in the section entitled “Accounting and Valuation Principles” and in note 2.8.

(2) RECOVERABILITY OF THE CARRYING AMOUNTS OF FIXED ASSETS IN THE SEA CONTAINERS SEGMENT

(1) Sea containers with residual carrying amounts of EUR 222.2 million are reported in the consolidated financial statements of the Company as at December 31, 2019. As reported in the consolidated financial

statements, the sea container segment has recorded severe losses for several years. Previously, these losses had been caused by income in the sea container segment being insufficient to cover expenses, particularly depreciation, amortization and write-downs. Due to the cumulative losses, it is questionable whether the carrying amounts for fixed assets in the sea container segment of EUR 222.2 million reported in the consolidated financial statements are recoverable.

The sea containers are tested for impairment by the Company whenever there are indications of impairment to determine any possible need for write-downs. The impairment test is performed at the level of the cash-generating units in accordance with IAS 36. The carrying amount of the relevant cash-generating unit is compared with the corresponding recoverable amount for the purposes of the impairment test. The recoverable amount is generally determined based on the value in use. The present value of the future cash flows from the respective cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective cash-generating units. The impairment test determined that no write-downs were necessary.

The outcome of this valuation exercise is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating unit, the discount rate used, and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

(2) As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. With the knowledge that even relatively small changes in the discount rate applied can have a material impact on the recoverable amounts calculated in this way, we also focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

(3) The Company's disclosures about the valuation of the sea containers are contained in the notes to the consolidated financial statements in the section entitled "Accounting and Valuation Principles" and in note 3.5.

(3) DEFERRED TAX ASSETS IN PARTICULAR RELATING TO TAX LOSS CARRYFORWARDS

(1) In the consolidated financial statements of the Company deferred tax assets amounting to EUR 12.5 million after netting are reported. Deferred tax assets amounting to EUR 25.3 million, of which EUR 18.5 million related to tax loss carryforwards, were recognized before netting with matching deferred tax liabilities. Deferred tax assets are recognized on temporary differences and tax loss carryforwards to the extent that the executive directors consider it probable that taxable profit will be available in the future which will enable the deductible temporary differences and tax losses to be utilized.

If insufficient deferred tax liabilities are available, forecasts of future taxable profits are determined for this purpose. These taxable profits are taken from the tax planning projections prepared by the executive directors which are derived from the Group's multi-year plan for 2020 to 2024.

In our view, the accounting treatment of the deferred tax assets was of particular significance in the context of our audit, as it depends to a large extent on the estimates and assumptions made by the executive directors and is therefore subject to uncertainties.

(2) For the purposes of our audit, we involved internal specialists from our Tax Reporting & Strategy department in connection with assessing the recoverability of the tax items and the appropriateness of their accounting treatment.

With their assistance, we reviewed, among other things, the internal processes and controls for recording tax matters as well as the methodology adopted for the determination, accounting treatment and measurement of deferred taxes.

We further assessed the recoverability of the deferred taxes recognized in relation to tax loss carryforwards and deductible temporary differences on the basis of the Company's internal forecasts of the future taxable earnings situation by comparing them with the tax planning projections prepared by the executive directors and derived from the multi-year plan for 2020 to 2024, and we evaluated the appropriateness of the underlying estimates and assumptions.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

(3) The Company's disclosures about the deferred tax assets and tax loss carryforwards are contained in the notes to the consolidated financial statements in the section entitled "Accounting and Valuation Principles" as well as in note 9 and note 12.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the following non-audited components of the group management report:

- the statement on corporate governance contained in the "Corporate Governance" section of the group management report in accordance with § 289f HGB and § 315d HGB
- the Corporate Governance Report pursuant to No. 3.10 of the German Corporate Governance Code.

The other information comprises further remaining parts of the annual report – excluding further cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the consolidated financial statements and the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Group.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and

on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group’s position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual 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 August 13, 2019. We were engaged by the supervisory board on November 29, 2019. We have been the group auditor of Aves One AG, Hamburg, without interruption since the financial year 2019.

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).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Christoph Fehling.

Hamburg, April 30, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Christoph Fehling Wirtschaftsprüfer	sgd. Martin Kleinfeldt Wirtschaftsprüfer
(German public auditor)	(German public auditor)

FINANCIAL CALENDAR

28.04.2020	MKK Münchener Kapitalmarktkonferenz/München
05.2020	Quarterly Report Q1 2020
18. - 20.05.2020	DVFA Frühjahrskonferenz/Frankfurt
18.06.2020	Quirin Champions/Frankfurt
23.07.2020	General Meeting
09.2020	Half-Yearly Report 2020
02. - 03.09.2020	DVFA Herbstkonferenz/Frankfurt
16.09.2020	ZKK Zürcher Kapitalmarktkonferenz/Zürich
10.2020	Quarterly Report Q3 2020
16. - 18.11.2020	Deutsches Eigenkapitalforum/Frankfurt
08.12.2020	MKK Münchener Kapitalmarktkonferenz/München