



RICKMERS GROUP

N 1° 16' 33.804" E 103° 50' 51.135"

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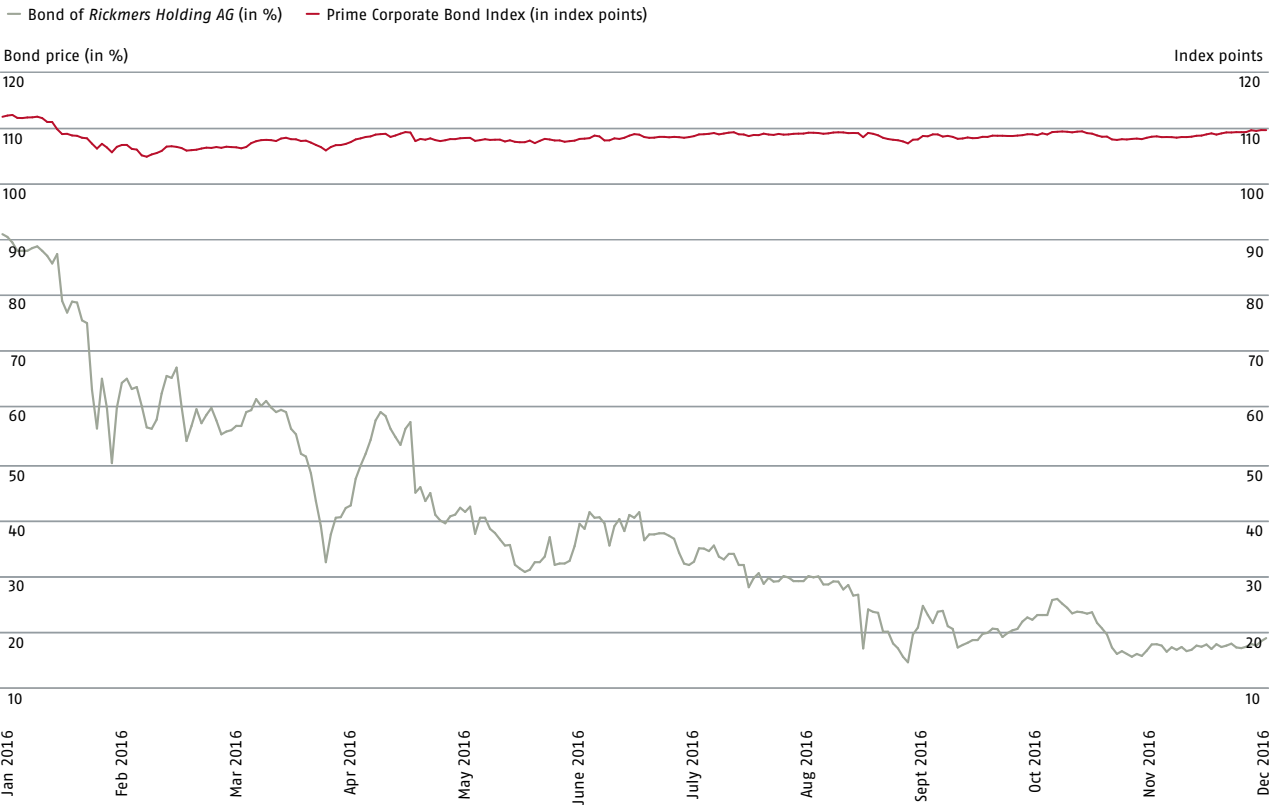
PRELIMINARY ANNUAL REPORT 2016

THIS REPORT IS UNAUDITED AND
REMAINS SUBJECT TO AMENDMENT

The Rickmers Group is an internationally established service provider to the maritime transport sector, shipowners and ocean freight lines. The Group's business is structured in three business segments: Maritime Assets, Maritime Services and Rickmers-Linie. We have earned our reputation for reliability, quality and efficiency, while adaptability and an entrepreneurial mindset have been a family tradition at Rickmers throughout the company's over 180-year history.

The Group operates a fleet of 114 vessels (130 in the previous year), with more than 1,644 seafarers (2015: 1,723) and 493 shore-based employees (2015: 470). A total of 76 companies have been included in the consolidated financial statements (2015: 95). With its head office in Hamburg and a second main office in Singapore, the Rickmers Group is represented worldwide through its 16 offices in 13 countries and more than 50 external sales agencies. This network and a strong global management team safeguard the success of the company, which remains true to its core values: **Leadership. Passion. Responsibility.**

Rickmers Bond 2013/18 (ISIN DE000A1TNA39 / ticker symbol RC1H)



Issuer	Rickmers Holding AG (formerly Rickmers Holding GmbH & Cie. KG)
Volume	€ 275 million
Coupon	8.875 percent p. a.
Tenor	5 years (from 11 June 2013 to 11 June 2018)
Rating	'C (watch)' by Creditreform Rating AG (March 2017)
Denomination	€ 1,000
ISIN	DE000A1TNA39
WKN	A1TNA3
Ticker symbol	RC1H
Exchange listing	Frankfurt Stock Exchange Open Market 'Participation in the regulated market (Prime Standard for corporate bonds)', Prime Standard-listed
Interest payment	Annually, retrospectively on 11 June each year (initially on 11 June 2014)
Maturity	11 June 2018
Status	Unsubordinated, unsecured (negative covenant for new capital market debt)
Redemption right	Issuer does not hold ordinary right of redemption; creditors' right of redemption, in cases of change of control and other cases: as described in the bond terms

Our financial year 2016

Key performance indicators for the Rickmers Group

in € million	2016	2015	Deviation
Revenues	483.3	587.0	-17.7%
EBITDA ¹	149.7	253.1	-40.9%
Net Income	-341.0	-135.5	>+/-100%
Cashflow from operating activities	165.4	273.4	-39.5%
Balance sheet total	1,831.3	2,877.3	-36.4%
Equity	98.5	555.4	-82.3%
Equity ratio in %	5.4	19.3	-13.9pp
Financial debt ²	1,239.8	1,945.4	-36.3%
Net financial debt ³	1,459.3	1,849.1	-36.3%
Vessels under management	114	130	-12.3%
Number of employees (average) ⁴	2,137	2,193	-2.6%
Maritime Assets			
Revenues	317.8	402.3	-21.0%
EBITDA ¹	180.1	255.7	-29.6%
Net income	-271.1	-85.9	>+/-100%
Tonnage (in deadweight tonnes) ⁵	2,078,304	3,080,173	-32.5%
Number of employees (average)	43	68	-36.8%
Maritime Services			
Revenues	123.2	124.9	-1.3%
EBITDA ¹	8.4	8.6	-2.5%
Net income	10.9	10.9	-0.1%
Vessels under management	111	127	-12.6%
Number of employees (average) ⁴	1,800	1,846	-2.5%
Rickmers-Linie			
Revenues	135.9	172.1	-21.0%
EBITDA ¹	-11.2	0.9	>+/-100%
Net income	-11.6	0.7	>+/-100%
Freight volume (in million tonnes)	1.7	1.8	-5.6%
Number of employees (average)	155	151	3.3%

¹ EBITDA is not a key figure defined under IFRS.

² Sum of bank liabilities plus bond liabilities

³ Sum of bank liabilities and liabilities from finance leases plus bond liabilities, minus cash and cash equivalents

⁴ Including employees at sea from crewing agencies.

⁵ This indicates own tonnage under commercial management.

IMPORTANT NOTE

The Management Board and Supervisory Board of *Rickmers Holding AG* hereby explicitly state that the figures and information contained in this Preliminary Annual Report as at 31 December 2016, which was prepared on a going concern assumption, are preliminary and remain subject to the publisher's right of amendment. The annual and consolidated financial statements as well as the combined group management report for the financial year 2016 have currently neither been audited conclusively by the auditors appointed by the company and the Group respectively, nor has an audit opinion been issued. Also, annual and consolidated financial statements have not yet been approved or adopted by the Supervisory Board or the General Meeting.

In view of the negotiations still in progress with the Rickmers Group's financing banks and the still-pending resolution on the part of bond creditors regarding a proposed restructuring of the *Rickmers Holding AG* bond, the auditors of the annual financial statements and the consolidated financial statements have not yet received the requested and required audit evidence as part of their respective audits of the annual financial statements and the consolidated financial statements that will enable them to make a conclusive statement on the assumption of going concern. Currently it is not yet possible to forecast whether and when the auditors will complete their audit and issue an audit opinion with regards to the annual and consolidated financial statements for the financial year 2016, and therefore whether and when the Supervisory Board or the General Meeting will be able to approve and adopt these.

Additionally, the Management Board and Supervisory Board of *Rickmers Holding AG* hereby explicitly state that possible changes, resulting from the as-yet incomplete audits of the annual financial statements and the consolidated financial statements, may materially affect the preliminary information contained in this Preliminary Annual Report.

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Dr Ignace Van Meenen,
Prof. Dr Mark-Ken Erdmann
(left to right).



Executive Board

Dr Ignace Van Meenen

Chief Executive Officer Rickmers Holding AG

Dr Ignace Van Meenen has been CEO of the Rickmers Group since 1 May 2014. Born in Belgium, he is also a member of the Supervisory Board of *Rickmers Maritime* in Singapore. After studying law in Ghent and Osnabrück, multilingual Dr Van Meenen started his career at Deutsche Bank AG where he held various positions in the Finance Division in Germany and the USA. Later, he held leading management positions as Finance Director and CFO at the leading mining and chemicals group RAG AG, the international media company RTL Group S.A. and the real-estate group DIC. In October 2011 he initially joined the Rickmers Group as CFO. He soon expanded his responsibilities to encompass the role of Deputy CEO before becoming CEO.

Prof. Dr Mark-Ken Erdmann

Chief Financial Officer Rickmers Holding AG

Prof. Dr Mark-Ken Erdmann, born in Tokyo and raised in Asia and Europe, is CFO of the Rickmers Group. Previously he held numerous management positions in the Finance Division of the global media group Bertelsmann, latterly reporting directly to the Bertelsmann Group's CFO/CEO Dr Thomas Rabe. After graduating in economics he began his career at Ernst & Young AG. Following executive education sojourns at INSEAD and Harvard Business School, he has been a visiting lecturer for the MBA programme at the HHL Leipzig Graduate School of Management since 2007. He is also a shareholder as well as a member of the Supervisory Board of Just Software AG and a member of the Advisory Board of Valensina GmbH.

Senior Management



The headquarters of the Rickmers Group is located in Hamburg with views over the River Elbe.



Frank Bunte¹

*Deputy Chief Financial Officer &
Chief Risk Officer Rickmers Holding AG*

Since 1 May 2014 Frank Bunte has been responsible for the Group Corporate Finance Division of the Rickmers Group, which includes the Treasury & Risk and Capital Markets departments. Following his training in banking with HSH Nordbank AG's predecessor, Hamburgische Landesbank, he graduated in 1994 from the Savings Bank Business Academy, which he attended in parallel to his professional duties. Prior to joining the management team at Rickmers Group in 2011 he held a number of positions in the bank's Credit Department, and was latterly responsible for the German shipping market.



Holger Strack^{1,2}

*Chief Executive Officer Maritime Assets
& Maritime Services*

After an apprenticeship in Industrial Commercial Management, Holger Strack joined Rickmers Reederei in 1997 and worked in various departments and positions in Accounting and Treasury. He has been Managing Director of Rickmers Reederei since 2010 and has been in charge of the newly created business segment Maritime Assets since 2011. Since July 2016 he has also held the post of CEO of the Maritime Services business segment.



Ulrich Ulrichs^{1,5}

*Chief Executive Officer
Rickmers-Linie*

Ulrich Ulrichs joined Rickmers-Linie in 2005 and took over responsibility as General Manager Line Management, becoming a Director in 2008. Ulrichs was Deputy Managing Director of Rickmers-Linie from 1 July 2011 until 2012 when he was appointed Chief Operating Officer and Managing Director. Since 1 May 2014 he has held the position of CEO of Rickmers-Linie.



Kirsten Gronau⁴
General Counsel & Chief Compliance Officer Rickmers Holding AG

Kirsten Gronau has been General Counsel since January 2017 and has taken over supervision for the Rickmers Group's legal organisation and operations worldwide. She has been holding the position as the Group's Chief Compliance Officer since January 2017 as well. Previously she had been responsible for company and stock corporation law, corporate governance and labour law.



Captain Anurag Mathur
Chief Operating Officer Maritime Services

Anurag Mathur has been Chief Operating Officer of the Maritime Services segment and Managing Director of Rickmers Shipmanagement Singapore since January 2015. Prior to joining Rickmers Group in 2012 as General Manager of Rickmers Shipmanagement Singapore, he held various management positions in shipmanagement. Mathur started his career at sea and exited after gathering almost two decades of seafaring expertise as Captain.



Rüdiger Gerhardt^{1,5}
Chief Administrative Officer Rickmers-Linie

Rüdiger Gerhardt began his training with Rickmers-Linie back in 1978. He subsequently held a range of positions within the company in the areas of Finance, Controlling and Personnel. In 2011 he was appointed Global Head of the Rickmers-Linie business segment and Managing Director of Rickmers-Linie before taking over as Chief Administrative Officer on 1 May 2014.



Gunnar Holm
Chief Financial Officer Maritime Services

Gunnar Holm has been Chief Financial Officer of the Maritime Services segment since 2014, and is also Managing Director of Rickmers Shipmanagement, Hamburg, and Rickmers Shipmanagement Singapore. Based in Singapore from 2013 to 2015 he additionally served as Financial Director of Rickmers Asia. He can look back on almost ten years of multinational experience in the area of finance.



Thorsten Pulver⁶
Chief Financial Officer Rickmers-Linie

Thorsten Pulver has been Chief Financial Officer of the Rickmers-Linie segment since 2014 and was additionally appointed Managing Director of Rickmers-Linie in January 2015. Before joining Rickmers-Linie as Chief Restructuring Officer, he held numerous senior management positions as Chief Restructuring Officer and Managing Director in other German shipping companies.



Dr Timo Haenelt³
Chief Financial Officer Maritime Assets

Dr Timo Haenelt has been Managing Director of Rickmers Reederei and Chief Financial Officer of the Maritime Assets business segments since December 2016. He additionally holds the post of Executive Vice President Accounting, Reporting, Mergers & Acquisitions at Rickmers Holding. Before joining the Rickmers Group in 2014 he had been active for many years at PricewaterhouseCoopers AG in the Audit and Accounting Advisory area. Dr Haenelt studied Business Economics and is also a qualified Tax Advisor.

¹ Members of the Extended Management Board as at 31 December 2016.

² With effect from 1 July 2016, Holger Strack took over the function as CEO Maritime Services from Charles Jan Scharffetter, who stepped down on 30 June 2016.

³ With effect from 15 December 2016, Dr Timo Haenelt took over the function and position in Senior Management from Ulrik Kriete, who stepped down on 31 August 2016.

⁴ With effect from 1 January 2017, Kirsten Gronau takes over the function and position in Senior Management from Katharina Eucken.

⁵ Stepped down from the Extended Management Board on 1 April 2017

⁶ Stepped down from the Senior Management on 1 April 2017

Supervisory Board

„THE SUPERVISORY BOARD REPORT WILL BE DELIVERED FOLLOWING FORMAL APPROVAL OF THE ANNUAL INCOME STATEMENT AND ADOPTION OF THE CONSOLIDATED FINANCIAL STATEMENTS OF RICKMERS HOLDING AG.“



Bertram R.C. Rickmers

Chairman of the Supervisory Board

Bertram R.C. Rickmers is Chairman of the Supervisory Board and sole shareholder of *Rickmers Holding AG*. The Rickmers family looks back on a tradition of over 180 years in the shipping industry. Bertram R.C. Rickmers began to expand the Group in 1982 by establishing MCC Marine Consulting & Contracting, the nucleus of the present-day Rickmers Group. By reviving Rickmers Reederei in 1984, repurchasing Rickmers-Linie from Hapag-Lloyd and integrating it into the Group in 2000, he rounded off the current shipping and shipmanagement activities of the Rickmers Group. Bertram R.C. Rickmers serves on the Advisory Boards of Hellmann Worldwide Logistics GmbH & Co. KG as well as Mankiewicz Gebr. & Co. (GmbH & Co. KG). Bertram R.C. Rickmers holds a degree in economics from the University of Freiburg.



Jost Hellmann

Member of the Supervisory Board

Jost Hellmann is a law graduate. From 1982 he was responsible for setting up the international branches of the Hellmann Group. Since 1989 he has been Managing Partner for the Osnabrück-based group of companies Hellmann Worldwide Logistics GmbH & Co. KG. Jost Hellmann is a member of various advisory boards.



Dr Lutz R. Ristow¹

Deputy Chairman of the Supervisory Board

Since October 2016 Dr Lutz R. Ristow has been a Member of the *Rickmers Holding AG* Supervisory Board. He had already served as Chairman of the Advisory Board of Bauverein zu Hamburg AG, GEHAG Wohnungsbau-gesellschaft and TAG Immobilien AG, previously serving as Executive Board Chairman at the latter and since reaching the age limit for this post continues to serve as Chairman of the Supervisory Board.

¹As of 24 October 2016 Dr Lutz Ristow took the seat on the Supervisory Board vacated by Mrs Anna Sophie Heilemann (née Rickmers), who stepped down on 7 December 2016. With effect from 11 April 2017, Dr Lutz R. Ristow takes over the position as Deputy Chairman from Jost Hellmann, who remains as a Member of the Supervisory Board.

A 20-foot container has space for about 6,000 pairs of sneakers – so around 82 million pairs fit onto a 13,600 TEU vessels.



Business activities of the Rickmers Group

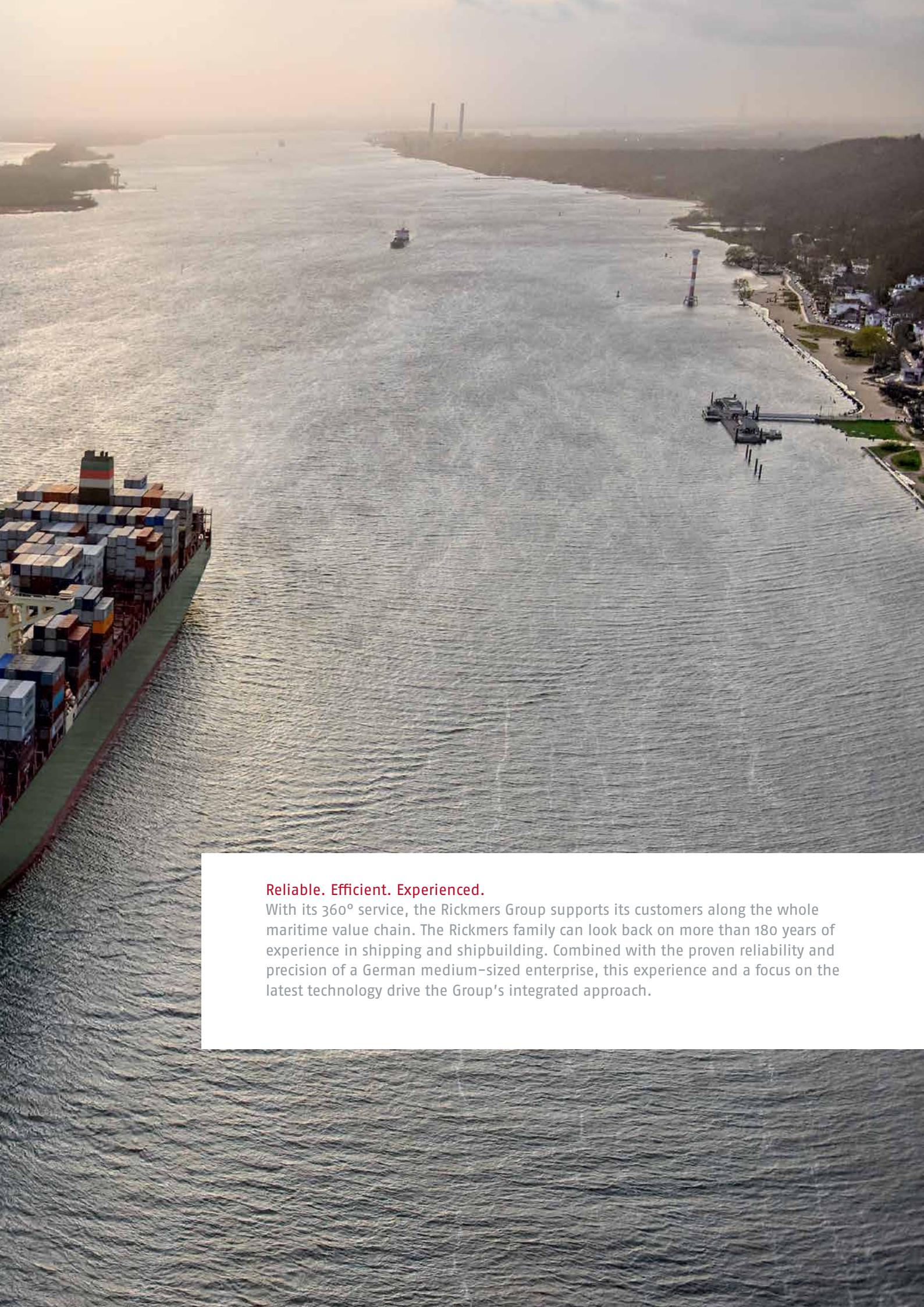
Maritime Assets: Through its Maritime Assets segment the Rickmers Group acts as asset manager for its own and third-party vessels. It initiates and coordinates vessel projects, arranges financing, and both acquires and charters out vessels. The segment also comprises the ship-owning companies in the Rickmers Group.

Maritime Services: Through its Maritime Services segment the Rickmers Group provides shipmanagement services for its own and third-party vessels. Besides technical and operational management this includes crew management, newbuilding development and supervision, as well as energy-efficiency measures, operational risk management and vessel insurance-related services.

Rickmers-Linie: In the Rickmers-Linie segment the Rickmers Group offers global transportation of breakbulk, heavylift and project cargoes (such as the Round-the-World Pearl String Service) and individual voyages which complement its liner services. The fleet operating in this segment consists of multipurpose heavylift vessels (multipurpose vessels – MPC).







Reliable. Efficient. Experienced.

With its 360° service, the Rickmers Group supports its customers along the whole maritime value chain. The Rickmers family can look back on more than 180 years of experience in shipping and shipbuilding. Combined with the proven reliability and precision of a German medium-sized enterprise, this experience and a focus on the latest technology drive the Group's integrated approach.

Global presence

The Rickmers Group is represented internationally through its 16 offices in 13 countries. The Group has its head office in Hamburg, Germany, and a further central office in Singapore. Furthermore, Rickmers-Linie ensures global customer proximity through over 50 external sales agencies worldwide.

Business segments and significant participations

Maritime Assets

Rickmers Reederei
Hamburg, Germany (100%)

Rickmers Reederei (Singapore)
Singapore (100%)

Polaris Shipmanagement
Douglas, Isle of Man (100%)

ESSE Expert Shipping Service
Hamburg, Germany (100%)

Global Investments
Limassol, Cyprus (100%)

Rickmers Third Maritime Investment,
Singapore (51%)

Harper Petersen
Hamburg, Germany (50%)

A.R. Second Maritime
Investments
Singapore (50%)¹

A.R. Maritime Investments
Singapore (10%)¹

Single-vessel companies

Maritime Services

Rickmers Shipmanagement
Hamburg, Germany (100%)

Rickmers Shipmanagement
(Singapore)
Singapore (100%)

Rickmers Marine Agency
Constanta, Romania (100%)

Global Management
Limassol, Cyprus (100%)

Rickmers Shipping (Shanghai)
Shanghai, China (94%)

Rickmers Marine Agency
Parañaque City/Metro Manila, Philip-
pines (25%)

Rickmers-Linie²

Rickmers-Linie
Hamburg, Germany (100%)

Rickmers-Linie (America)
Houston, USA (100%)

Rickmers-Linie Belgium
Antwerp, Belgium (100%)

Rickmers (Japan)
Tokyo, Japan (100%)

Rickmers-Linie (Singapore)
Singapore (100%)

Rickmers (Korea)
Seoul, South Korea (100%)

MCC Marine Consulting
& Contracting
Hamburg, Germany (100%)

NPC Projects A/S
Hellerup, Denmark (100%)

As at 31 December 2016

¹ With effect from 4 January 2017 this shareholding was sold.

² According to the agreement on 7 February 2017 the business operations of Rickmers-Linie was sold to the ZEABORN Group. The sale includes all significant companies of the Rickmers-Linie segment.



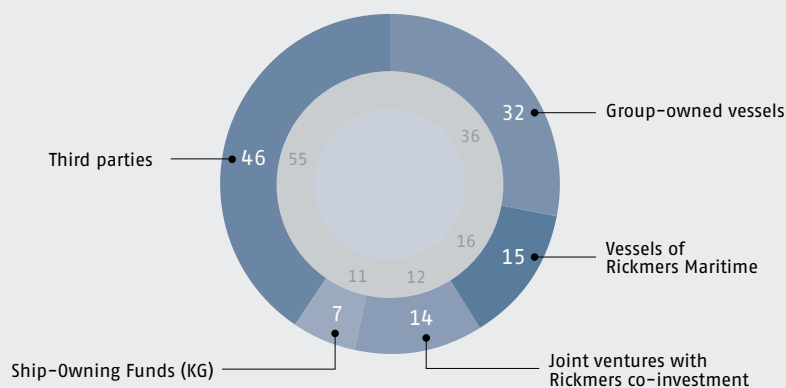
- ⊙ Main office
- Office
- Agency

Fleet

Fleet by owner*

Σ 2016:
114 vessels

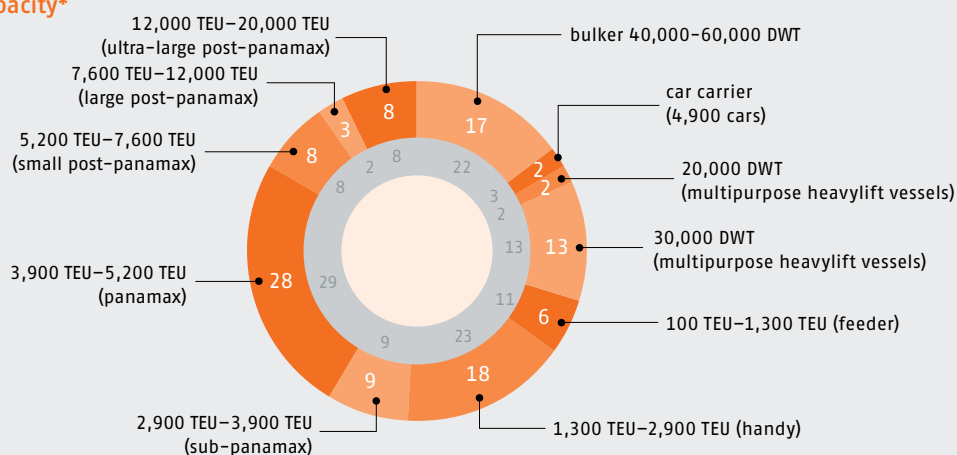
Σ 2015:
130 vessels



Fleet by loading capacity*

Σ 2016:
382,508 TEU
1,269,901 DWT
9,800 cars

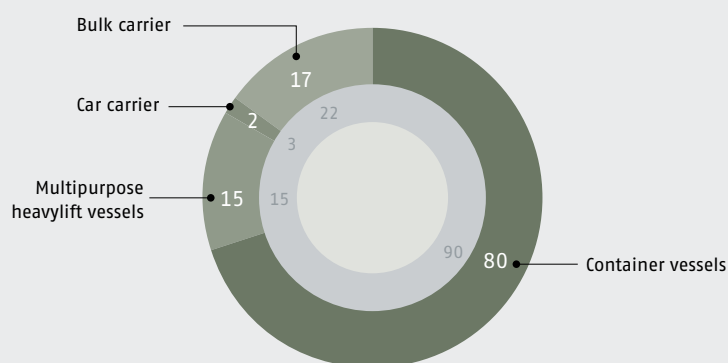
Σ 2015:
393,412 TEU
1,540,333 DWT
14,600 cars



Fleet by vessel type*

Σ 2016:
114 vessels

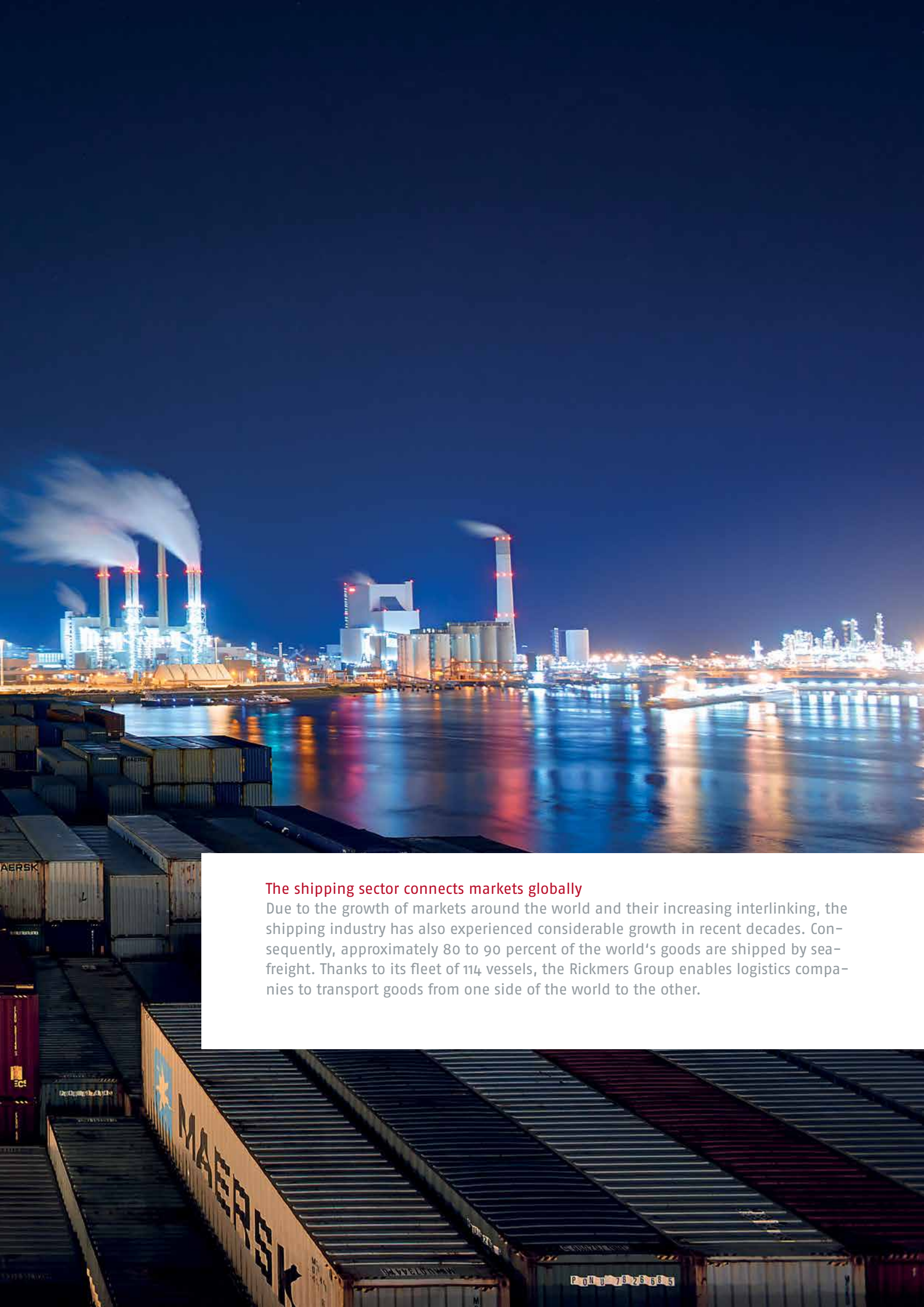
Σ 2015:
130 vessels



* Previous year values in grey.







The shipping sector connects markets globally

Due to the growth of markets around the world and their increasing interlinking, the shipping industry has also experienced considerable growth in recent decades. Consequently, approximately 80 to 90 percent of the world's goods are shipped by sea-freight. Thanks to its fleet of 114 vessels, the Rickmers Group enables logistics companies to transport goods from one side of the world to the other.

Passion for vessels – comprehensive services

The Rickmers Group offers a wide spectrum of services and consultancy for the management of shipping investments. Our services encompass the whole lifecycle of a vessel, and are offered individually or combined into a full-service offering. They include everything from selecting the right vessel type and design, through financing, execution, chartering and continuously optimised operation, to the eventual sale of the vessel. Extensive services covering the range of technical and operational shipmanagement complete the Group's 360° service portfolio. Close cooperation – both internally between departments and externally with suppliers and partners – enable excellent results.

A comprehensive approach ensures a single contact partner for different orders. As a single source, the Rickmers Group fulfils all requests, coordinates suppliers and adjusts individual measures to the customer's overarching strategic goals. Regular close agreement between all parties ensures lower costs and less effort for the customer, while maintaining a high level of bespoke quality. Extensive maritime expertise has put the Rickmers Group in a position to implement this fully comprehensive service approach.

Expertise in market analysis

Know the present – and foresee the future.

Access to relevant institutions and market participants as well as sound knowledge of the market are instrumental in making profitable shipping investments. They are fundamental factors in the realistic assessment of growth forecasts. For this purpose, Rickmers' own experts and the specialists at Harper Petersen, in which we have a shareholding, constantly research and analyse publications, databases and statistics from leading sector services, and the trade press. In addition, the management of Rickmers Group has personal access to major charterers, brokers and other actors in the sector. Thanks to deep knowledge of the sector compiled in this way, the Rickmers Group has successfully positioned itself in the market as a preferred partner and consultant for investors, shipowners and ocean-freight operators.

Expertise in finance

A sure hand with large volumes.

As investment volumes for energy-efficient second-hand vessels or for similar newbuildings increase, finance is becoming more complex. Instead of a single owner, above a certain size category it is usually only investor syndicates that are able to realise larger vessel projects. In order to satisfy the many different interests of stakeholders, financiers are faced with totally new challenges. Against this background, the Rickmers Group has not only provided itself with a modern corporate governance structure, it also ensures transparency through financial reporting to international standards (IFRS) – a vital prerequisite in ensuring ease of access to international capital markets. Well-founded financial expertise makes the Rickmers Group an attractive partner for banks, private equity houses and other investors.



Expertise in buying and selling**Know all the facts – and evaluate them correctly.**

When it comes to purchasing vessels, the Rickmers Group analyses the critical factors for its customers. These factors include investment costs and expected value increases through retrofitting older vessels, the financing environment, and expected developments in major markets. Due to the high volumes involved, investors often implement vessel projects jointly. They value the sector-specific technical knowledge, experience and advice that the Rickmers Group delivers. Moreover, Rickmers checks shipyard listings for newbuildings. To evaluate vessels' current market prices and their future charter rates, the Group carries out its own regular research as described under "Expertise in market analysis". In routine takeover processes, purchased vessels are integrated into the Rickmers Group's own or a customer's existing fleet.

The Rickmers Group also carries out the sale of vessels. This concerns either vessels that are in its possession or in the possession of third parties. In the latter case, the sale is carried out in the name of its respective owner, and the Rickmers Group receives a commission on the basis of the sale price achieved for the vessel. The sale of a vessel depends on various factors, such as the economic viability of the vessel and future earnings expectations, including its anticipated charter income and capacity utilisation.

Expertise in maritime technology**Efficient, secure, environmentally friendly.**

The Rickmers Group sees itself as a pioneer in especially progressive and innovative maritime technologies. To ensure that newbuildings always meet the highest standards of safety and energy efficiency, and to increase the competitiveness of older vessels through retrofitting and conversions, Rickmers employs its own teams of experts in the Maritime Technology business segment. These specialists constantly check the technical possibilities to make vessel construction even more energy-efficient, to lower emissions and to revalue older vessels through retrofits such as the optimisation of hulls, propellers and electrical installations. The broad service spectrum offers numerous approaches to achieve this goal.

The Rickmers Group's objective is to proactively support both owners and charterers in keeping overall vessel operating costs at a competitive level and CO₂ emissions as low as possible, while complying with high technical and safety standards. Bunker consumption is continuously monitored and analysed for this purpose. Thanks to progressive technology, vessels chartered to Maersk by the Rickmers Group are regularly among the best in Maersk's monthly energy-efficiency ranking.





Expertise in newbuildings Shipyard know-how.

The Rickmers family looks back on 180 years of shipbuilding experience. Today, the Rickmers Group advises its customers on the selection of suitable shipyards, monitors the construction process, supports the final approval process and recommends suppliers. It also coordinates agreements between all parties involved, further complementing the Rickmers integrated service approach.

A team is assembled for every project to monitor shipbuilding on-site at the shipyard, in close coordination with the buyer. Extensive, country-specific know-how particularly characterises the Rickmers Group; we have long cooperated primarily with Asian shipyards and have developed efficient processes for optimal routine project execution.

Since 1985, the Rickmers Group has carried out a multitude of vessel projects. In doing so, our company has built on a foundation of close and trusting cooperations with Asian shipyards, and can optimally implement modern technologies in newbuildings.





Expertise in commercial shipmanagement Our well-networked experts leverage potential.

A further core competence and another part of our full service offer is the commercial management of Rickmers' own as well as third-party vessels. Harper Petersen is one of the largest container shipbrokers in the world, in which the Rickmers Group holds a 50.0 percent share, further supplementing the sound market knowledge and financial skills of the Group. The main contribution to the Group's overall sales comes from charter incomes generated by our own vessels and from shipbroker commissions.

Rickmers' customer relationships have grown over many years and are maintained with the most important international charterers such as CMA CGM, Hyundai Merchant Marine, Maersk Line, and Mediterranean Shipping Co.

The Rickmers Group is represented worldwide through its offices and external sales agencies. Besides its head office in Hamburg the Group has a second central office in Singapore, serving the growing Asian shipping market.

Expertise in operational and technical shipmanagement Safety and efficiency – for maximum availability.

The Rickmers Group's service spectrum encompasses the entire lifecycle of vessels and therefore also their operational and technical management. Rickmers shipmanagement stands for safe, efficient and smooth vessel operation. In order to reduce bunker consumption and CO₂ emissions, the Group proactively supports owners and charterers in energy-efficient operation by training the crew and carrying out technical retrofits to the vessels. Rickmers' shipmanagement stands out thanks to especially transparent operating costs, which are declared in operational and financial reporting to international standards. The measures extend from bulbous-bow modifications, through optimised use of turbochargers, to the implementation of technologies to improve vessel trimming. In addition, the introduction of new loading and lashing standards increases vessels' load-bearing and loading capacity and thus provides more loading flexibility.

In 2013, following intensive cooperation with the classification company DNV GL, the Scorpio Rickmers (MAERSK ELBA, 13,600 TEU) was the first vessel in the world to achieve a new, additional classification for optimised, route-dependent deck loading. These measures lead to direct, process-related savings and contribute to higher energy efficiency. Progressive maintenance management combines the execution of all proposed construction modifications scheduled together with the regulatory docking dates. For charter customers this means high operational availability and cost efficiency – and for the shipowner, maintaining or increasing the value of the vessel.



In routine vessel operation, having technically well-trained and responsible employees on board and onshore is the key to success. The Rickmers Group therefore pays particular attention to its hiring selection processes and the ongoing training of management staff. Regular training courses at sea and onshore are continuously improved. Rickmers' own crewing agencies in the Philippines, China and Romania, as well as partner agencies in Eastern Europe and Asia, ensure the Group has access to a pool of competent, professional sailors who are trained beyond official requirements. An exclusive licence for international recruitment in China rounds off the Group's activities in this area.

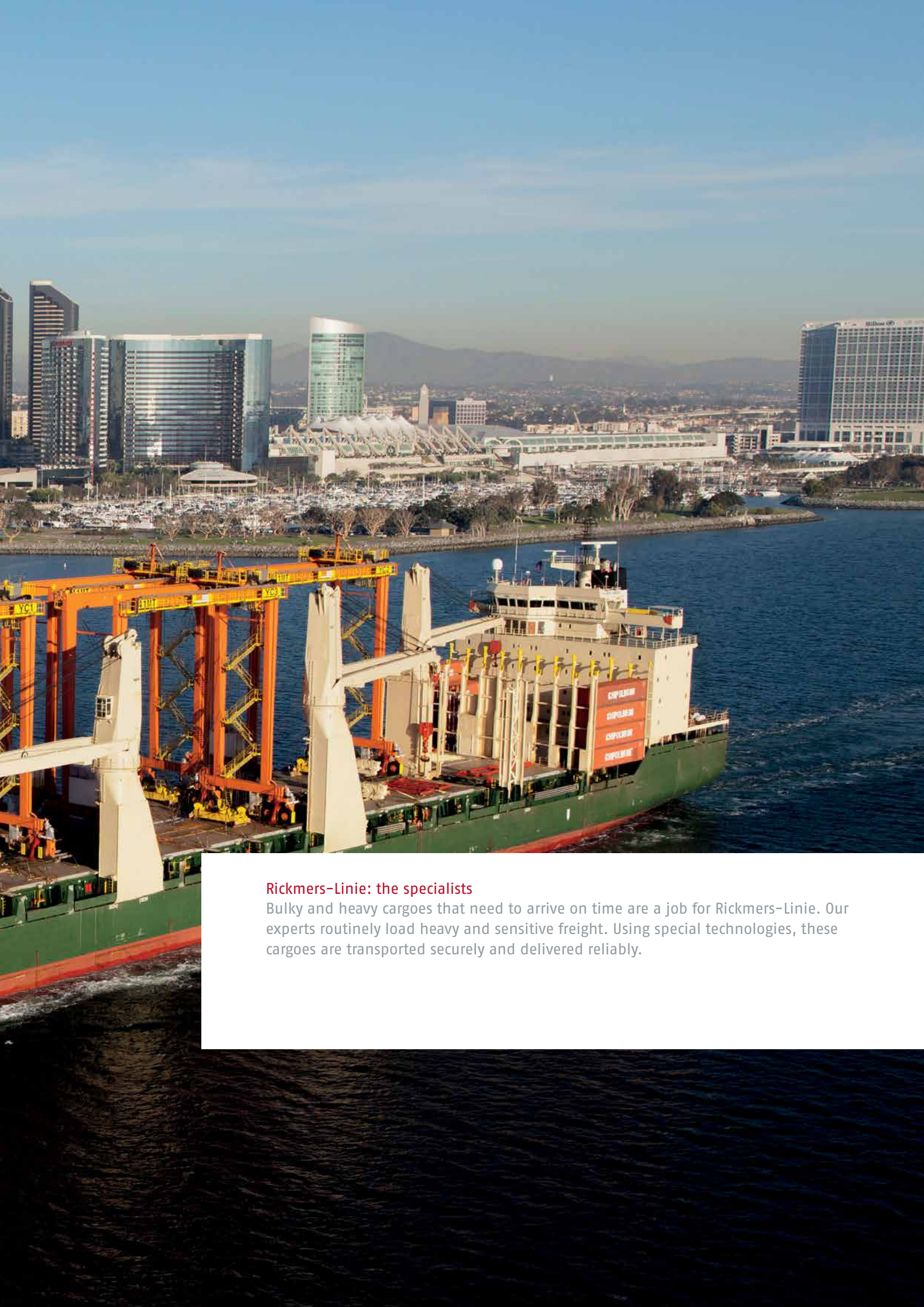
Quality, health, safety and environmental protection (QHSE) are ensured by our internal Business Assurance department. It monitors adherence to international and company-specific standards and supports continuous improvement processes. The Rickmers Environmental Protection System is certified to the ISO 14001 standard. We develop best practices in close cooperation with our customers, up to and including our own software solutions. The DNV GL 5 Star Excellence Certificate recognises Rickmers' shipmanagement to the highest operational standards, and certifies that the Rickmers Group undertakes efforts beyond statutory requirements towards the safe, environmentally



friendly and sustainable operation of vessels. In addition, the 5 Star seal stands for the Group's commitment to innovation and cost-efficient operation. As part of an integrated management system, ISO 9001-certified quality management guarantees that contractual agreements are implemented precisely. The safety of employees, contractors and the public are always firmly in focus in all the Rickmers Group's business activities.







Rickmers-Linie: the specialists

Bulky and heavy cargoes that need to arrive on time are a job for Rickmers-Linie. Our experts routinely load heavy and sensitive freight. Using special technologies, these cargoes are transported securely and delivered reliably.

Rickmers-Linie: specialists in project cargo and heavylift

Rickmers-Linie is a specialist in the worldwide sea transport of breakbulk, heavylift and project cargoes. The brand has an excellent reputation with its customers and stands for quality, reliability, innovation, technical competence and close customer relationships over many years. With its unique line services, Rickmers-Linie connects the world's major economic centres. The core of the route network is the eastbound Round-the-World Pearl String Service.

Expertise in shipping-line operation

Reliable, regular departures.

As one of the few shipping companies in the heavylift and multipurpose sectors, Rickmers-Linie operates regular services for project cargoes and heavylift, and is a pioneer in this segment. The majority of companies in this shipping sector work as "tramp operators" for on-demand traffic. In this approach, customers usually combine cargo loads in port in order to generate sufficient load volumes and thus make it economical to run the vessel. For the destination ports at which Rickmers-Linie regularly calls, this is not necessary: instead, customers can make use of regular departures that are indicated months ahead in sailing schedules. A number of customers use the regular departures as part of their supply chains for projects, or secure cargo space for specific departures, or over a longer period through contracts.

Expertise in bulk and heavylift

Strong specialists.

Rickmers-Linie operates a core fleet of nine multipurpose heavylift vessels and charters further vessels, in particular for the service between Europe and the Middle East/India and the westbound Round-the-World Service. With a lifting capacity of over 640 tonnes and a load capacity of 30,000 tonnes, the identically constructed vessels in the core fleet ensure the reliable and secure transportation of goods such as heavy plant components for the chemical industry, power-plant components, gas tanks, transformers, train carriages and yachts. Further important characteristics of these vessels are the height-adjustable intermediate decks, with which the loading space can be adjusted to the specific load composition. Dehumidifier plants also ensure the optimum climate for goods sensitive to corrosion.



Expertise in communication

On-site everywhere and well networked.

Through its own offices covering eleven different locations, including Hamburg, Antwerp, Houston, Shanghai, Tokyo and Seoul, Rickmers-Linie is in close proximity to its customers. This network of offices is supplemented by over 50 sales agencies that operate worldwide for the company. Specialised software, including a globally accessible ERP (Enterprise Resource Planning) system, complements the CRM (Customer Relationship Management) introduced in 2014 and forms the foundation for close cooperation between the locations and optimised communication with customers around the world.



Special expertise in project cargo and heavylift Efficient planning software.

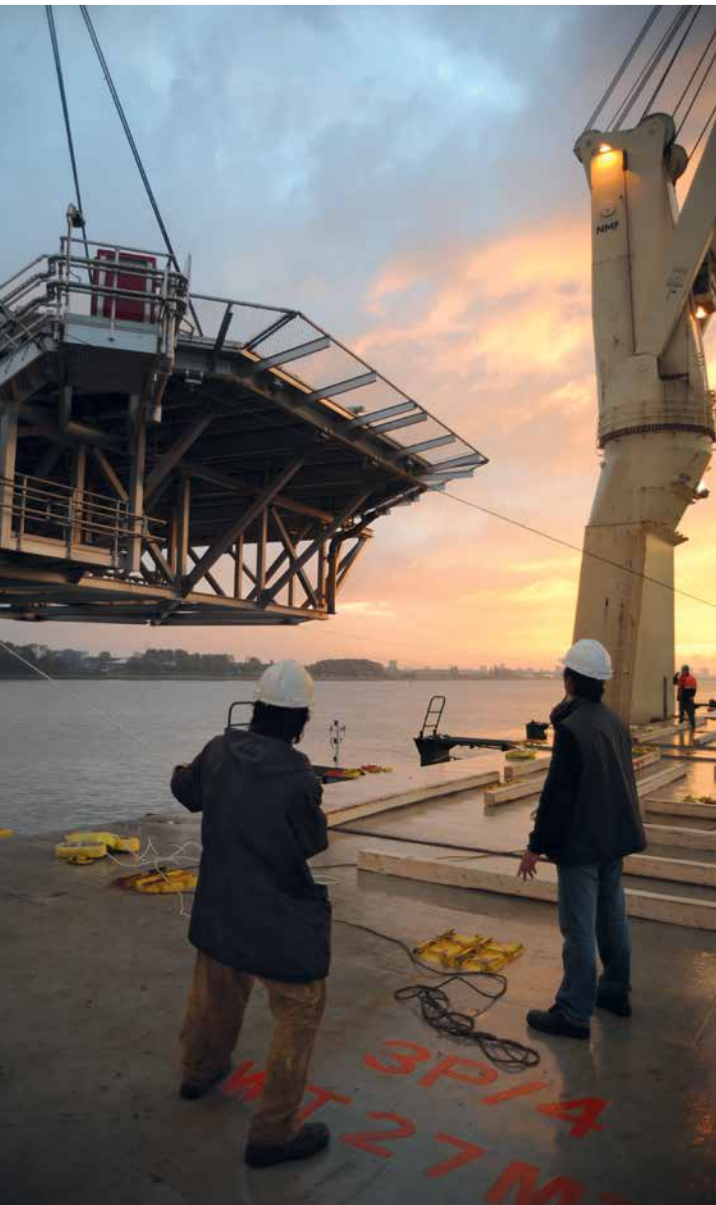
Rickmers-Linie continuously works on increasing the high level of its service quality and overall efficiency. For example, it has developed RICOSYS, a 3D software solution for the best possible load-planning and optimum cargo management. Especially large and heavy part loads are digitised in order to simulate loading and unloading processes and securing on board. This is done through a realistic 3D model, which produces an ideal loading flow and reduces the risk of damage.

In the operational centres in Hamburg, Houston and Shanghai, specially trained and experienced employees with nautical and technical expertise ensure optimal planning and preparation of all loading and unloading operations. Besides securing loads on board the whole fleet, this also ensures the secure transportation of goods and excludes possible damage.

Expertise in minimising risks Process-based quality management.

Rickmers-Linie is committed to ethical guidelines as well as to legal and regulatory compliance. Defined and documented processes form a fundamental part of the integrated management system, which is certified to ISO Standards 9001:2008, 14001:2004 as well as OHSAS 18001:2007 by DNV GL. The company works continuously to identify risks, as well as to develop, implement and monitor measures for quality improvement, reduce bunker consumption, and minimise health and safety risks for all parties involved.





Rickmers Group on the capital market

Mittelstand (medium-sized company) bonds in Germany

As in previous years, 2016 saw upswings and downturns in the market for Mittelstand (medium-sized company) bonds in Germany. Positive events included successful repayments and refinancing of current bond issues; furthermore, successful new issues provided positive stimuli. Overall, however, sentiment was dampened by further issuer insolvencies.

Measured by new bond issues, in 2016 the market for Mittelstand bonds in Germany suffered its worst annual performance in years. The number of new issues fell from 23 in 2015 to 16 in 2016, thus falling to its lowest level since this trading segment for Mittelstand bonds was introduced in 2010.

Measured by market-price development the overall picture was not quite so dramatic. Frankfurt's Stock Exchange's Prime Corporate Bond Index, which provides the direct benchmark for the Rickmers Bond 2013/18, saw a stable development overall. On the final trading day of the year, 30 December 2016, the index had reached 109.71 points and was thus only two per cent lower than on the final trading day of 2015.

Development of the Rickmers Bond 2013/18

The Rickmers Bond (ISIN DE000A1TNA39, WKN A1TNA3, symbol RC1H) also came under pressure in 2016. Besides the strained market for Mittelstand bonds and the persistent shipping-sector crisis, the company's repeated rating changes also burdened the bond's performance. In view of the development of the business the rating agency Creditreform initially confirmed its rating of the Rickmers Group of B-given in March 2016. Over the course of the rest of the year there were several downgrades. The rating was most recently updated to C (watch) on 3 March 2017.

As a result of this persistent pressure, the Rickmers Bond suffered a clear fall in trading price. On the final trading day of 2016 the Bond stood at 18.50 per cent. The 2015 year-closing price was 91.00 per cent, meaning that the Rickmers Bond suffered a loss in value of around 80 per cent. The average daily trading volume on the Frankfurt Stock Exchange was around 147,000 and therefore significantly above the previous year's average daily trading volume of approximately 109,000.

On 19 April 2017, *Rickmers Holding AG* reached an understanding on a term sheet with the HSH and the sole shareholder regarding the restructuring of material financial liabilities of the Rickmers Group, that is still subject to corporate approvals of the bank creditors and contingent on restructuring of the corporate bond issued by *Rickmers Holding AG* as set out below. The envisaged restructuring is to enable reorganisation of the Rickmers Group on the basis of contributions of all relevant stakeholders, i.e. in particular the sole shareholder Bertram R.C. Rickmers, the financing banks and the bond creditors.

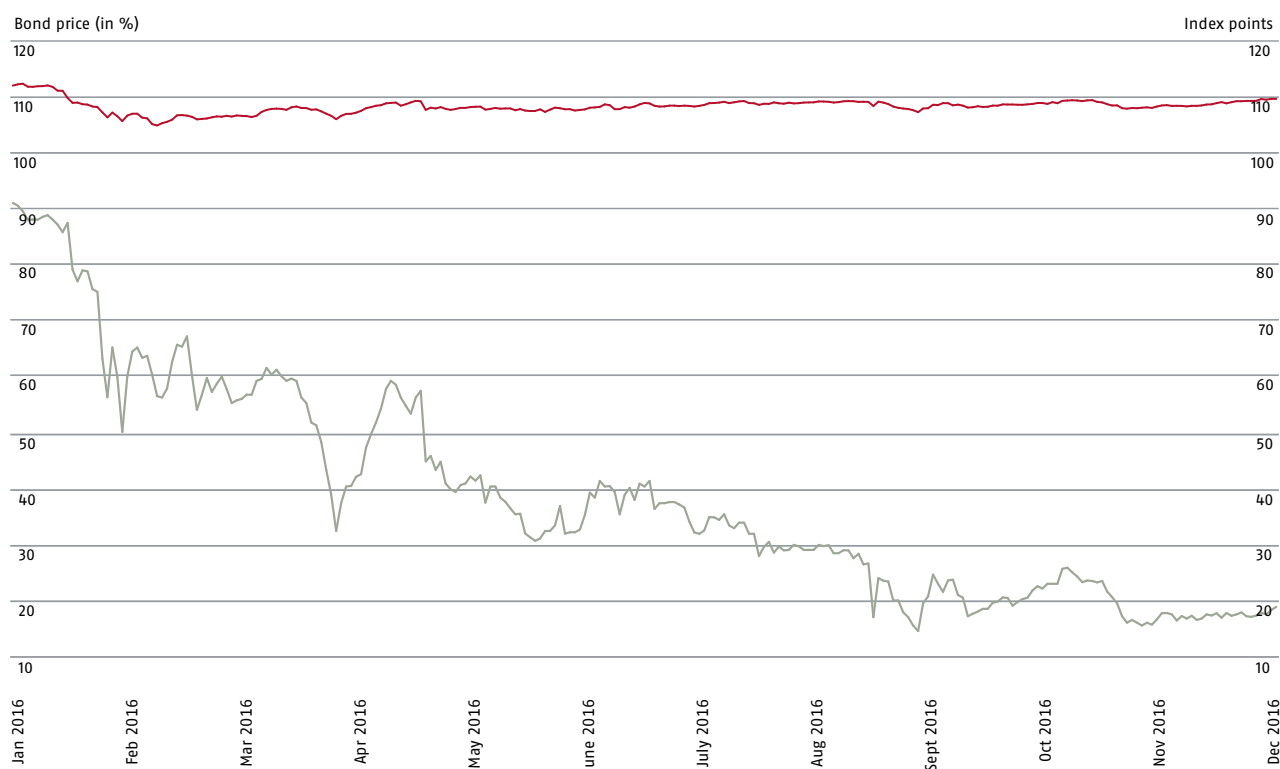
Based on the current business plan, the current draft restructuring report for the Rickmers Group pursuant to the Standard S6 of the German Institute of Auditors (IDW), which is almost finalised, the fundamentally reached understanding on a term sheet with HSH and the sole shareholder on 19 April 2017, the constructive talks with further financing banks, the publication of the invitation to vote without holding a meeting ("Aufforderung zur Stimmabgabe") on 21 April 2017 as well as the as mostly probable assumed approval of the bond creditors regarding the restructuring concept, as at the preliminary date of preparation the Management Board of *Rickmers Holding AG* assumes a positive forecast of continuation of the company as set out in Section 19 of the German Insolvency Code (InsO), as well as the prerequisites for continuation of the company as a going concern as defined under Section 252 of the German Commercial Code (HGB) respectively IAS 1, will be given. The positive forecast of continuation was validated by opinions from a renowned international law firm and from a professor of a university-institute for international and European insolvency law.

A vote on the restructuring concept will be taken between 08–10 May 2017 without a general meeting. If the relevant decision-making bodies of the creditor banks and/or the bond creditors do not vote in favour of the concept, it will probably not be possible to implement the planned restructuring. This in turn would mean the withdrawal of the positive assessment of the ability of *Rickmers Holding AG* to continue as a going concern, and the company's

probable default on the bond coupon payment due on 11 June 2017. On the other hand, if the bond creditors approve the restructuring concept, the restructuring of the Rickmers Bond would be implemented in the second half of 2017, following finalisation of detailed negotiations with the bond creditors' common representatives and drawing up of the relevant documentation.

Rickmers Bond 2013/18 (ISIN DE000A1TNA39 / ticker symbol RC1H)

— Bond of Rickmers Holding AG (in %) — Prime Corporate Bond Index (in index points)



Rickmers Bond 2013/18: Financial Key Figures and Core Data

As at 31 December	2016	2015
EBIT interest coverage ¹	-1.9	-0.1
EBITDA interest coverage ¹	1.1	2.1
Gross financial debt/EBITDA	8.3	7.7
Net financial debt/EBITDA	7.9	7.3
Risk bearing capital	4%	19%
Gross financial debt/capital	93%	78%

¹ Consideration in reporting period (1 January–31 December)

Issuer	Rickmers Holding AG (formerly Rickmers Holding GmbH & Cie. KG)
Volume	€ 275 million
Coupon	8.875 per cent p.a.
Tenor	5 years (from 11 June 2013 to 11 June 2018)
Rating	'C (watch)' by Creditreform Rating AG (March 2017)
Denomination	EUR 1,000
ISIN	DE000A1TNA39
WKN	A1TNA3
Ticker symbol	RC1H
Exchange listing	Participation in the Regulated Market of the Frankfurt Stock Exchange with participation in the Prime Standard for Corporate Bonds
Interest payment	Annually, retrospectively on 11 June each year (initially on 11 June 2014)
Maturity	11 June 2018
Status	Unsubordinated, unsecured (negative covenant for new capital market debt)
Redemption right	Issuer does not hold ordinary right of redemption; creditors' right of redemption, in cases of change of control and other cases: as described in the bond terms

Investor Relations

The Rickmers Group is committed to a continual dialogue with capital market actors. The company also maintained close contact with investors and analysts throughout 2016 through conference calls and individual discussions. Alongside this, the Rickmers Group provided ongoing reports on material events and the company's business development throughout the year. The company provides investors, analysts and other interested parties with further information on its web pages, in particular in the Investor Relations section.

Investor Relations Contact Partners are available at any time to answer your enquiries:

Investor Relations

Tel.: +49 (0)40 609 411 422

E-mail: investor@rickmers.com

Internet: www.rickmers.com

Rickmers Maritime Trust

On 17 October 2016, the Rickmers Group sold its full shareholding in *Rickmers Trust Management Pte. Ltd.*, Singapore. *Rickmers Trust Management Pte. Ltd.* is the Trustee Manager and thus the executive management vehicle of *Rickmers Maritime*, a Singapore Stock Exchange-listed trust. Due to the full divestment of its shareholding in the executive management vehicle of *Rickmers Maritime*, this no longer represents a fully consolidated subsidiary of *Rickmers Holding AG*. However, *Rickmers Holding AG* continues to hold 34.2 per cent of shares in *Rickmers Maritime*.

The stock of the Rickmers Group subsidiary *Rickmers Maritime* (ISIN: SG1U88935523 / SGX Symbol: B1ZU) has been listed on the Singapore Stock Exchange since 2007. Furthermore, in November 2013 the company launched a Multicurrency Medium Term Note programme with an overall volume of up to SGD 300 million. An initial tranche (Series 1 Notes) of SGD 100 million had already been placed in 2014, with a three-year tenor and a coupon of 8.45 per cent. These notes are also publicly traded on the Singapore Stock Exchange.

On 15 November 2016, in its capacity as Trustee Manager of *Rickmers Maritime*, Singapore, *Rickmers Trust Management Pte. Ltd.* publicly announced that *Rickmers Maritime* was no longer in a position to honour interest payments due on 15 November 2016 under the terms of the bond issued by *Rickmers Maritime* (ISIN No. SG6QC6000001).

On 12 April, the Trustee Manager announced that the Singapore Stock Exchange-listed trust will be liquidated, as it has not been possible to reach agreement with the creditors regarding restructuring.

Further information on the stock and the MTN programme is available at  www.rickmers-maritime.com under Investor Relations.

An Investor Relations Contact Partner will also be pleased to answer your enquiries personally:

Rickmers Trust Management Pte. Ltd.
Investor Relations
Tel.: +65 6506 6965
E-mail: ir@rickmers-maritime.com

IMPORTANT NOTE

The Management Board and Supervisory Board of *Rickmers Holding AG* hereby explicitly state that the figures and information contained in this Preliminary Annual Report as at 31 December 2016, which was prepared on a going concern assumption, are preliminary and remain subject to the publisher's right of amendment. The annual and consolidated financial statements as well as the combined group management report for the financial year 2016 have currently neither been audited conclusively by the auditors appointed by the company and the Group respectively, nor has an audit opinion been issued. Also, annual and consolidated financial statements have not yet been approved or adopted by the Supervisory Board or the General Meeting.

In view of the negotiations still in progress with the Rickmers Group's financing banks and the still-pending resolution on the part of bond creditors regarding a proposed restructuring of the *Rickmers Holding AG* corporate bond, the auditors and group auditors have not yet received the requested and required audit evidence as part of their respective audits of the annual financial statements and the consolidated financial statements that will enable them to make a conclusive statement on the assumption of going concern. Currently it is not yet possible to forecast whether and when the auditors will complete their audit and issue an audit opinion with regards to the annual and consolidated financial statements for the financial year 2016, and therefore whether and when the Supervisory Board or the General Meeting will be able to approve and adopt these.

Additionally, the Management Board and Supervisory Board of *Rickmers Holding AG* hereby explicitly state that possible changes, resulting from the as-yet incomplete audits of the annual financial statements and the consolidated financial statements, may materially affect the preliminary information contained in this Preliminary Annual Report.

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Combined Group Management Report

1 The Rickmers Group

1.1 The Rickmers Group business model

The Rickmers Group is an established international provider of services for the shipping industry, vessel owner and ocean carrier with its headquarters in Hamburg. In the 2016 financial year, the Group had 2,137 employees including seafarers from external crewing agencies on average (2015: 2,193 employees). As a non-operating managing shipowner, the Rickmers Group provides a broad range of services in the shipping industry and comprises, besides *Rickmers Holding AG*, 75 consolidated Group companies. The Rickmers Group is represented internationally in 16 locations in 13 countries (Belgium, China, Cyprus, Denmark, Germany, the Isle of Man, Japan, the Philippines, Romania, Singapore, South Korea, Thailand and the USA). Moreover, with more than 50 external sales agencies worldwide, Rickmers-Linie ensures customer proximity.

The business activities of the Rickmers Group are divided into three reportable segments: Maritime Assets, Maritime Services and Rickmers-Linie.

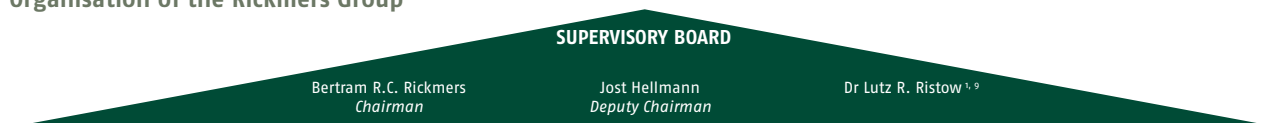
Through its Maritime Assets business segment, the Rickmers Group acts as asset respectively commercial manager for Group-owned vessels and for third-party vessels, amongst other things arranges and coordinates vessel projects, organises financing and acquires and charters out vessels. The Maritime Assets segment also comprises the ship-owning companies in the Rickmers Group. When selecting customers, the Rickmers Group focuses within the Maritime Assets segment on renowned container liner shipping companies which charter vessels in order to expand their transportation capacity. These include companies such as CMA CGM, Hyundai Merchant Marine, Maersk-Line, Mediterranean Shipping Co. and Mitsui O.S.K. Lines. The vessels managed in the segment are usually chartered out under time-charter contracts. Depending on market conditions

and the vessel type long-term time-charter contracts are preferred, because short-term charter rates in particular partly tend to fluctuate considerably. These are influenced by the market participants' estimation of supply and demand factors in the relevant transport markets.

Through its Maritime Services segment the Rickmers Group provides within a 360°-service concept a broad range of customer and industry-specific shipmanagement services for Group-owned and third-party vessels. This includes, besides technical and operational management, crew management, newbuilding development and supervision as well as energy-efficiency measures, operational risk management and services in relation to vessel insurance. At present, the segment Maritime Services generates a large portion of its revenues by providing services to the Maritime Asset segment. Additionally, Maritime Services generates revenues with external customers such as Oaktree Capital Management, Apollo Shipco Holdco and Masterbulk, amongst others.

In its Rickmers-Linie segment, the Rickmers Group offers global breakbulk, heavylift and project cargo liner services, such as the "Round-the-World Pearl String Service" and individual sailings complementing the liner services. The fleet operating in this segment consists of multipurpose heavylift vessels (multipurpose carrier – MPC). Rickmers-Linie's customers include international industrial and logistics companies such as Arcelor, DHL, General Electric, Liebherr, Linde, Mitsubishi Heavy Industries, Schenker, Siemens and Toshiba. Earnings of the Rickmers-Linie result primarily from freight rates, which are subject to market fluctuations. The breakbulk, heavylift and project cargo transportation market is in particular dependent on the performance of specific industries such as the infrastructure, plant construction, and energy generation sectors. Thus, the order situation in these industries also affects demand for project cargoes and heavylift transportation.

Organisation of the Rickmers Group



HEAD OFFICES: *Rickmers Holding AG*, Hamburg (headquarters), and *Rickmers Asia Pte. Ltd.*, Singapore

MANAGEMENT BOARD

Dr Ignace Van Meenen <i>CEO</i>	Prof. Dr Mark-Ken Erdmann <i>CFO, Head of Corporate Center</i>
------------------------------------	---

SENIOR MANAGEMENT

Holger Strack ² CEO Maritime Assets & CEO Maritime Services ³	Ulrich Ulrichs ^{2,7,8} CEO Rickmers-Linie	Rüdiger Gerhardt ^{2,7,8} CAO Rickmers-Linie	Frank Bünke ² Deputy CFO & CRO	
Dr Timo Haenelt ⁴ CFO Maritime Assets	Gunnar Holm CFO Maritime Services	Anurag Mathur COO Maritime Services	Thorsten Pulver ⁷ CFO Rickmers-Linie	Katharina Eucken ^{2,5} General Counsel & CCO

CORPORATE CENTER SHARED SERVICES

M&A	Corporate Finance & Treasury	Capital Markets	Investor Relations	Controlling	Accounting & Financial Reporting	Internal Controls
Risk Management	Tax	Legal Affairs	Human Resources	Corporate Communications	Information Technology	Corporate Insurance

BUSINESS SEGMENTS AND SIGNIFICANT PARTICIPATIONS

MARITIME ASSETS		MARITIME SERVICES		RICKMERS-LINIE ⁷	
Rickmers Reederei Hamburg, Germany (100 %)	Polaris Shipmanagement Douglas, Isle of Man (100 %)	Rickmers Shipmanagement Hamburg, Germany (100 %)	Global Management Limassol, Cyprus (100 %)	Rickmers-Linie Hamburg, Germany (100 %)	Rickmers-Linie (Singapore) Singapore (100 %)
Rickmers Reederei (Singapore), Singapore (100 %)	Rickmers Third Maritime Investment, Singapore (51 %)	Rickmers Shipmanagement (Singapore), Singapore (100 %)	Rickmers Shipping (Shanghai) Shanghai, China (94 %)	Rickmers-Linie (America) Houston, USA (100 %)	Rickmers (Korea) Seoul, South Korea (100 %)
ESSE Expert Shipping Service Hamburg, Germany (100 %)	A. R. Maritime Investments, Singapore (10 %) ⁶	Rickmers Marine Agency Constanta, Romania (100 %)		Rickmers-Linie Belgium Antwerp, Belgium (100 %)	MCC Marine Consulting & Contracting Hamburg, Germany (100 %)
Global Investments Limassol, Cyprus (100 %)	A. R. Second Maritime Investments, Singapore (50 %) ⁶	Rickmers Marine Agency Paranaque City/Metro Manila, Philippines (25 %)		Rickmers (Japan) Tokyo, Japan (100 %)	NPC Projects A/S Hellerup, Denmark (100 %)
Harper Petersen Hamburg, Germany (50 %)					
Single-vessel companies					

¹ With effect from 24 October 2016, Dr Lutz R. Ristow was appointed as a Member of the Supervisory Board. His seat on the Supervisory Board was previously held by Anna Sophie Heilemann (née Rickmers), who stepped down on 7 December 2016.

² Members of the Extended Management Board as at 31 December 2016.

³ With effect from 30 June 2016, Holger Strack took over the function as CEO Maritime Services from Charles Jan Scharffetter, who stepped down on 1 July 2016.

⁴ With effect from 15 December 2016, Dr Timo Haenelt took over the function and position in Senior Management from Ulrik Kriete, who stepped down on 31 August 2016.

⁵ With effect from 1 January 2017, Kirsten Gronau takes over the function and position in Senior Management from Katharina Eucken.

⁶ With effect from 4 January 2017, the shares in joint ventures with funds affiliated with Apollo Global Management, LLC, were divested.

⁷ According to the agreement on 7 February 2017 and with effect from 1 April 2017 the operating business of Rickmers-Linie was sold to the ZEABORN Group. The sale includes all significant companies of the Rickmers-Linie segment respectively its operating business. Ulrich Ulrichs, Rüdiger Gerhardt and Thorsten Pulver are leaving the Senior Management in connection with the sale of Rickmers-Linie.

⁸ Stepped down from the Extended Management Board on 1 April 2017.

⁹ With effect from 11 April 2017, Dr Lutz R. Ristow takes over the position as Deputy Chairman from Jost Hellmann, who remains as a Member of the Supervisory Board.

1.2 Organisation and management structure

The Rickmers Group's management and control bodies consist of the Management Board, the Supervisory Board and the General Meeting of the *Rickmers Holding AG*. The regulatory framework is particularly determined by the German Stock Corporation Act (Aktiengesetz) and articles of association of the *Rickmers Holding AG*.

The Management Board of *Rickmers Holding AG* consists of two persons: the CEO and the CFO & Head of Corporate Center. The Management Board is responsible for leading and managing the Rickmers Group.

The Supervisory Board of *Rickmers Holding AG* consists of three persons: the Chairman, the Deputy Chairman and one further member. The duty of the Supervisory Board is to advise and supervise the Management Board. The

Supervisory Board usually meets four times a year. When required, the Supervisory Board meets more frequently.

The General Meeting is the supreme decision-making body and takes place usually once a year.

The function of Senior Management is to support the Management Board of *Rickmers Holding AG* and is composed of management members of the three business segments and two department heads of the Corporate Center. As at the balance sheet date, five of the nine members from the Senior Management currently form the Extended Management Board of *Rickmers Holding AG*.

Under *Rickmers Holding AG* the main companies in the three segments are *Rickmers Reederei GmbH & Cie. KG* (Maritime Assets), *Rickmers Shipmanagement GmbH & Cie. KG* (Maritime Services), and *Rickmers-Linie GmbH & Cie. KG* (Rickmers-Linie).

1.3 Strategy and aims

The strategy of Rickmers Group is set up in the long term and can be adopted to the current conditions of the capital and shipping market, as and when this is required, through the early identification and analysis of potential. The management team has set out the Group's strategic aims based on current market assumptions and the strengths of the Rickmers Group.

Market assumption

Cost optimisations will have an increasing impact on the container shipping sector, especially since container freight rates have been under sustained pressure for some time now. For charterers this development will lead to growing demand for large, energy- and cost-efficient vessels. Container liner shipping companies charter a substantial part of their fleet. On the one hand, this allows a reduction in their debt levels in the narrow sense, while, on the other, it offers flexibility in terms of fleet composition. In this context, container liner shipping companies work closely with non-operating managing shipowners and charter their vessels. For a detailed description of industry developments, ● see Economic and industry environment, p. 46.

Rickmers Group strengths

The strategy of the Rickmers Group is based in particular on the key strengths set out in the following.

The Rickmers Group as an established non-operating managing shipowner with a significant contracted charter volume of approximately USD 1.1 billion (2015: approximately USD 1.5 billion) enjoys a good reputation due to

its long-standing experience gained from commercial and technical shipmanagement as well as initiating and coordinating vessel projects regarding since 1985. Indeed, successful vessel acquisitions in the past attest to the Rickmers Group's experience in negotiating and executing vessel projects. The Rickmers Group enjoys long-standing relationships with shipyards, charterers, liner shipping companies as well as ship-financing banks and institutional investors.

The Rickmers Group has a long family tradition in shipping stretching back over 180 years. During this time the Rickmers name has become a brand throughout the industry with dependability, quality and efficiency. This reputation also contributes to the Group's success.

The Rickmers Group management team has extensive experience in the shipping industry, covering various areas of the maritime value chain. It also has a network of contacts established over many years which comprises all major players in the maritime business and includes shipyards, charterers, liner shipping companies and other shipowners. Besides its shipping expertise, the management team also has significant capital-market, M&A, financing, accounting, legal and risk management experience to name just a few areas. These competences were are supplemented by Bertram R.C. Rickmers, Chairman of the Supervisory Board, who has 35 years' experience in the maritime sector and whose family has roots in the shipping industry stretching back over 180 years.

Securing capital in the shipping industry has been extremely challenging since the onset of the financial crisis in 2008. The Rickmers Group identified the resulting change in the ship-financing environment early on and took measures to adapt to the changed market requirements and the needs of investors, banks and other capital providers. As a result the Rickmers Group has been able to tap equity and debt capital markets as sources of finance in recent years. *Rickmers Holding AG* took its first steps into the capital market in June 2013 with the issuing of a corporate bond. As at the reporting date the volume of the corporate bond placed on the Frankfurt Stock Exchange was € 275.0 million, including increases.

The Rickmers Group has a diverse and relatively young fleet. This mainly comprises container vessels with capacities ranging from 1,220 TEU to 13,600 TEU and an average cargo capacity of 7,411 TEU. The Group-owned fleet portfolio is rounded off by multipurpose heavylift vessels (MPC), and car carriers. The average fleet vessel size is around 64,947 deadweight tonnes (dwt) (31 Dec. 2015: 59,234 dwt). As at 31 December 2016, 72.7 per cent of available charter days for financial year 2017 (31 Dec. 2015: 77.7 per cent) had already

been contracted for the Group's own vessels. As at 31 December 2016, the average contracted charter period was 2.7 years, which rises to 3.9 years weighted by dwt (31 Dec. 2015: 2.9 years, weighted by dwt: 4.0 years). The average vessel age was 8.6 years, or 7.5 years weighted by dwt (31 Dec. 2015: 8.1 years, weighted by dwt: 6.9 years).

The Rickmers Group has a strong partner in *Harper Petersen & Co. (GmbH & Cie. KG)*, a joint venture in which the Rickmers Group has a 50.0 per cent shareholding. It acts as an intermediary between the Rickmers Group as vessel owner and charterers such as container liner shipping companies, ensuring the Rickmers fleet is optimally chartered out. *Harper Petersen & Co. (GmbH & Cie. KG)* also conducts market analyses which provide a good insight into market demand.

The Rickmers Group offers a broad spectrum of service and consultancy solutions for the management of ship investments covering the entire lifecycle of a vessel. Close collaboration between our segments makes this integrated approach possible. Due to this, the Group sets standards in its relevant markets and offers customers high-quality services. Our Maritime Assets segment offers services ranging from the selection of correct vessel type and design, through financing, realisation and chartering, right through to the sale of the vessel. The comprehensive services offered by our Maritime Services segment covering technical and operational shipmanagement round off the Group's range of services into a 360° service portfolio. Additional cost reductions and efficiency enhancement are also expected from the ongoing optimisations achieved through the bundling of service activities from the areas of technical and commercial shipmanagement, as well as ship financing.

In the Rickmers-Linie segment with its specialised transportation service, the Rickmers Group operates in a niche market beyond the container market. Rickmers-Linie maintains long-term customer relationships due in particular to its specific market positioning, transporting breakbulk, heavylift and project cargo on a punctual liner service. Its "Round-the-World Pearl String Service" enables customers to realise just-in-time deliveries also in the project cargo and heavylift business. Due to the customised Rickmers Cargo Operation and Simulation System 3D software solution (RICOSYS) for optimal load-planning and cargo management, loading flows are optimised and the risk of damage is minimised.

Strategic aims

The Rickmers Group's strengths form the basis for the successful implementation of the following long-term aims. These chiefly concern profitable growth and an increase in

company value. In particular, the following strategic aims were set:

Given the current gloomy shipping-industry sentiment and the challenging capital-market conditions as a result, the Rickmers Group aims to intensify efforts to strengthen its liquidity position and restructure its debt instruments. The Group intends to work out and implement sustainable solutions through close consultation with all parties involved.

As a reaction to the still challenging conditions in the shipping industry, the Management Board decided a bundle of measures in the first quarter of 2016, which was approved by the Supervisory Board on 4 March 2016 and which has subsequently been developed further. This includes, amongst other things:

- the sale/monetisation of selected (non-) core vessels and shares in companies,
- the refinancing of selected bank loans, and
- the optimisation of Group-wide cost structures.

The realisation of the above-mentioned objectives also depends on the implementation of various measures including short-term initiatives, on the approval of external parties, and on sufficient liquidity in the market. Additional measures to strengthen the capital base are currently being planned or are under review. For details on the further development of the bundle of measures and other measures ● see **Business performance of the Corporate Center, p. 55, and Events after the Reporting Date, p. 66.**

The Rickmers Group continues to strive to further expand its relationships with renowned international customers around the world. The Group also still sees itself as the preferred leasing partner to container liner shipping companies. Based on its acquired capital-market expertise and in collaboration with global investors and financiers, the Rickmers Group is pursuing the goal of connecting supply and demand in the shipping market with capital resources.

The Rickmers Group's revenues are driven mainly by charter revenues from long-term vessel chartering. In light of this the Group intends to continue chartering out its existing fleet to liner shipping companies on long-term contracts and at the same time to diversify its charter-customer portfolio, particularly with regard to customer weighting, their geographical location, and the agreed periods of charter contracts.

In the Maritime Services segment, 2013 saw the establishment of the Maritime Technology department for the implementation of a comprehensive energy-efficiency programme for the fleet. This involves the retrofitting and conversion of older vessels in close collaboration with charterers to guarantee the competitiveness of the existing fleet. The Rickmers Group intends to expand its successfully established energy-efficiency programme, which focuses on larger vessels as well as on realising potential in Panamax-segment and smaller vessels. Close collaboration and the financial involvement of the respective charterer are high priorities here, as the charterer benefits from lower bunker costs and from optimised vessel operation.

Given its comprehensive technical and operational ship-management service offering the Rickmers Group plans to offer these services for additional third-party vessels. Current developments such as the takeover of vessel-owning companies in financial difficulties by banks, private investment companies and other vessel owners may further strengthen this. The Rickmers Group considers itself well-positioned in this regard also to offer services that go beyond traditional shipmanagement activities, such as vessel assessments and evaluations as well as shipping consulting activities. The Group's long-term objective is to increase the number of third-party vessels under shipmanagement by its Maritime Services segment, in order to achieve a business volume that allows optimal economies of scale.

The segment Rickmers-Linie intends to further strengthen its existing positioning as a "project carrier". To achieve this it is focusing on profitable regions where there is constant demand for the liner shipping company's breakbulk, heavylift and project cargo services. The Rickmers-Linie segment intends to invest in technical know-how and improve its operations by focusing on quality and local customer requirements. Alongside its operational increase in performance, the Rickmers Group is also weighing up merger and acquisition. For developments after the balance sheet date ● see Events after the Reporting Date, p. 66.

1.4 Management system

The economic planning, controlling and management of the Rickmers Group is performed on the basis of framework objectives approved by the Management Board of *Rickmers Holding AG*. In defining the business plan, these framework objectives are translated into specific, measurable targets. The operational control of business development is performed on the basis of these targets and specific key performance indicators (KPIs), amongst other factors. A regular management reporting process has been implemented for the operational management of the business segments, which provides the Management Board of *Rickmers Holding AG* with additional information. The Rickmers Group distinguishes between financial and non-financial key performance indicators for planning, controlling and management purposes.

Financial key performance indicators

The Rickmers Group aims to increase the company value. The following KPIs are used to plan, manage and control operational business performance at both Group and business segment level:

- Revenues
- EBITDA
- Profit or loss

Alongside the development of supply and demand in terms of transport capacity and the general development of overall economic environment and shipping industry-related framework conditions, additionally the development of the USD/EUR exchange rate has a major impact on financial KPIs.

Non-financial key performance indicators

The non-financial KPIs are purely segment-specific performance indicators that from an operational perspective represent key drivers and have a major influence on financial earnings.

The Maritime Assets segment has specified **commercially managed owned tonnage in dwt** as a non-financial KPI. Dependent on the commercially managed owned tonnage in dwt, the revenues of the segment are the result of the contracted charter rates per vessel per day, multiplied by the number of chartered days per year.

To guarantee competitiveness, the Maritime Services segment aims to generate economies of scale through fleet expansion. Based on this, the segment has specified the **number of vessels under management** as a non-financial KPI.

The **freight volume** and the **average freight rate** were specified as non-financial KPIs for the Rickmers-Linie segment. Those have a major influence on the segment's revenue and is calculated based on the freight volume multiplied by the freight rate per tonne. The freight rates themselves are subject to fluctuations and are strongly influenced by prevalent market conditions.

1.5 Research and development

As a company providing services, the Rickmers Group does not run a Research and Development department similar to those in manufacturing companies. Therefore, this report section is omitted. Activities regarding the development of energy-efficiency measures in the Maritime Technology department, for instance, are further described ● in the **Risk and opportunity report, p. 72**.

1.6 Governance

The Management Board and the Supervisory Board of the *Rickmers Holding AG* are committed to securing the company's viability and to achieving an increase in company value through responsible and long-term orientated corporate management.

Rickmers Holding AG is not publicly listed on stock exchanges. Consequently, the Management Board and Supervisory Board of *Rickmers Holding AG* are not required to declare the extent to which the company has implemented the recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex – DCGK). However, DCGK is also used in substantial parts as a guide for the quality and form of corporate governance and control at *Rickmers Holding AG*. Besides taking into account these generally recognised principles of good corporate governance, the company's own guidelines and standards contribute towards good, sustainable business development at the Rickmers Group.

Management

Rickmers Holding AG has a dual management system that distinguishes between the Management Board as the managing body and the Supervisory Board as the advising

and monitoring body. The Management Board of *Rickmers Holding AG* is responsible for the management of the company on its own responsibility. Its responsibilities include determining company goals, defining the strategic direction of the Group, managing the Group and corporate planning. The Management Board regularly reports to the Supervisory Board in a timely and comprehensive manner on all issues relevant to the company, including business developments, the implementation of strategy, planning, the financial and income situation, as well as risk management. It ensures compliance with statutory provisions and internal Rickmers Group regulations.

The Supervisory Board advises the Management Board on strategic issues and important business transactions. The Management Board and the Supervisory Board have a close and mutually trusting working relationship to meet the requirement quick yet diligent decision-making processes.

Shareholders

Bertram R.C. Rickmers is the sole shareholder in the company. Through the General Meeting of *Rickmers Holding AG* via which the shareholders exercise their rights, the sole shareholder appoints the members of the Supervisory Board.

Compliance

The Rickmers Group and its business segments are active in many countries and various regulatory environments and are therefore subject to different cultural and national standards and legal provisions. It is therefore important that in particular the Management Board and the Senior Management as well as all further managers at every level of the company understand the Group's commitment to compliance and share consistent values of integrity. Quintessential elements of the corporate culture at the Rickmers Group are compliance with the law, incorruptibility and fair competition. Compliance with laws and internal regulations designed to avoid exposure to legal risks and their consequences is for this reason highest priority.

The Rickmers Group has set out conduct and behaviour guidelines for its employees in its Code of Conduct. This sets out the ethical standards that Rickmers Group employees are required to observe during the course of their daily business. In this regard, the Code of Conduct stresses the company's business values which are intended to underpin all of the Rickmers Group's activities:

- Be a pioneer in setting new standards in the maritime industry.

- Act with passion for people, cargoes and ships.
- Take responsibility and act with awareness for the environment.

The Rickmers Group Compliance Management System was approved with the change in legal form and the system is now at an advanced stage of development. Its focus areas comprise competition and antitrust law, tackling corruption, export controls, compliance with embargoes and sanctions, as well as the monitoring of compliance with capital-market regulations applicable to the Rickmers Group.

Transparency

The core element of model corporate governance is the transparent presentation of developments and decisions within the enterprise. Constant and open dialogue with all stakeholders secures trust in the enterprise and its value creation.

In order to gain the trust of in particular potential investors and maintain the esteem of debt suppliers as well as shareholders, the Rickmers Group counts on a policy that ensures a high degree of transparency in financial communication. Shareholders, the Supervisory Board, banks, investors and business partners are actively provided with comprehensive information enabling them to assess the company's performance and financial strength.

1.7 Dependency report

Since the change in legal form of Rickmers Holding from a limited liability company and limited partnership (GmbH & Cie. KG) to a stock corporation (AG) on 8 June 2015, Bertram R.C. Rickmers is the sole shareholder of the company as an individual person. This shareholding also gives him a majority of voting rights in the General Meeting of *Rickmers Holding AG*. As the sole shareholder has other business interests besides his shareholding in *Rickmers Holding AG* and it must be assumed that Bertram R.C. Rickmers pursues his own business aims besides those of *Rickmers Holding AG* the sole shareholder is to be considered as a company pursuant to Section 15 of the German Stock Corporation Act (AktG). Consequently, *Rickmers Holding AG* was considered to be a company that is directly dependent of Bertram R.C. Rickmers in the reporting period (1 January to 31 December 2016) pursuant to Section 312 point 1 in connection with Section 17 point 2 AktG.

The Management Board of *Rickmers Holding AG* therefore produces a dependency report regarding relations with associated companies. The Management Board has formulated the following statement as a final comment on the report pursuant to Section 312 point 3 AktG: "We hereby declare that the company, in the reporting period of 1 January to 31 December 2016, under the circumstances known to us at the date on which the company undertook the particular legal transaction, received adequate consideration for each such legal transaction. Measures were neither undertaken nor refrained from in the reporting period."

2 Economic Report

2.1 Overall statement from the management

The following representation of the Rickmers Group's income, financial and asset situation, which is prepared on a going-concern assumption and is preliminary. It has neither yet been fully audited by the external auditors appointed by the company, nor have they issued an audit opinion. Further, we hereby explicitly state that possible changes during the course of the auditing of the annual accounts and the consolidated accounts may have a significant influence on the figures given herein.

The Rickmers Group's revenue development in 2016 continued to reflect the persistently challenging market situation. The expiry of further high margin charter contracts, temporary lack of vessel employment and follow on charters at the current low market level, compounded by lower freight revenues and declining transport volumes, caused Rickmers Group revenues to fall by 17.7 per cent to € 483.3 million (2015: € 587.0 million). In combination with declining revenues and the significant decline of other operating income in financial year 2016, and despite savings in costs of materials, EBITDA of the Rickmers Group fell in comparison to the same period in 2015 to € 149.7 million (2015: € 253.1 million). In line with the downward correction of the forecast published in the 2016 Half-Year Report, Rickmers Group earnings before the recognition of net impairment losses on vessels amounted to € -109.3 million in 2016 (2015: € 1.3 million). Including the net impairment losses on vessels, the Rickmers Group reports a consolidated loss

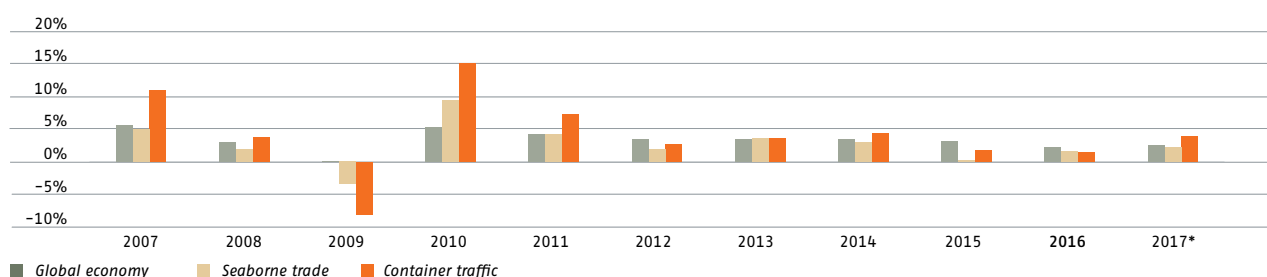
of € -341.0 million (2015: € -135.5 million). Cash flow from operating activities of the Rickmers Group for financial year 2016 fell by € 108.0 million to € 165.4 million (2015: € 273.4 million). The change resulted mainly from lower charter income from follow on charters, as well as lower freight revenues in the Rickmers-Linie segment.

The Management Board assesses the business performance and the overall economic situation as strained. As a reaction to the still challenging conditions in the shipping industry, the Management Board decided a bundle of measures in the first quarter of 2016, which was approved by the Supervisory Board on 4 March 2016 and which has subsequently been developed further. This includes, amongst other things:

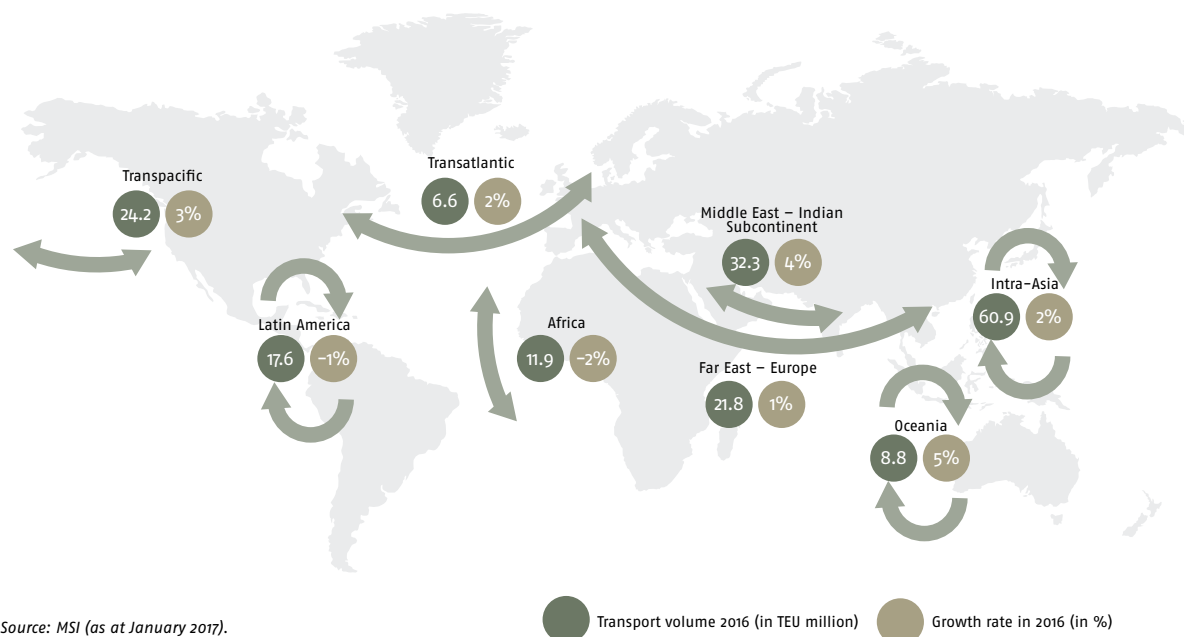
- the sale/monetisation of selected (non-) core vessels and shares in companies,
- the refinancing of selected bank loans, and
- the optimisation of Group-wide cost structures.

The realisation of the above-mentioned objectives also depends on the implementation of various measures including short-term initiatives, on the approval of external parties, and on sufficient liquidity in the market. Additional measures to strengthen the capital base are currently being planned or are under review. For details on the further development of the bundle of measures and other measures, ● see Business performance of the Corporate Center, p. 55 and Events after Reporting Date, p. 66.

Overall economic situation, year-on-year changes in growth rates



Transport volume and growth rates in global container traffic 2016



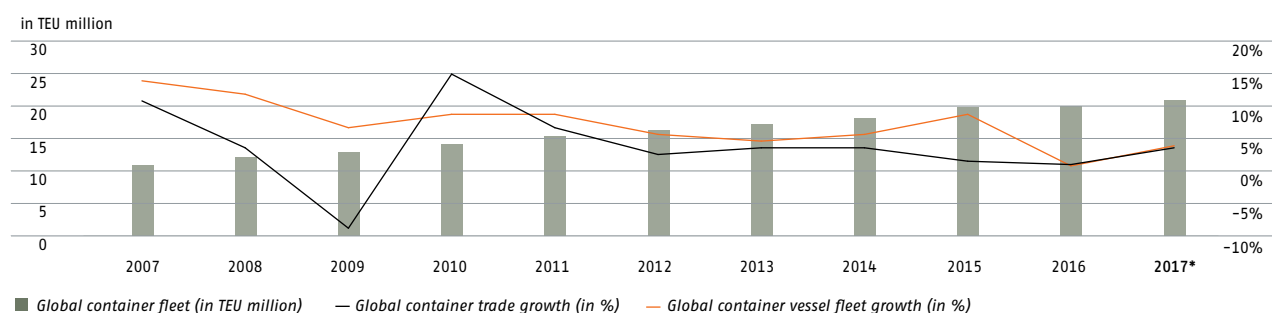
2.2 Economic and industry environment¹

2.2.1 Overall economic environment

Maritime Strategies International (MSI) analysts calculated that global economic growth in 2016 was slightly below the previous year's level at 2.2 per cent (2015: 2.5 per cent).

While economic development in the industrialised economies slowed in the reporting year to 1.6 per cent (2015: 2.1 per cent), it accelerated in emerging and developing economies for the first time in six years to 4.2 per cent (2015: 4.0 per cent), again showing stronger growth versus the reference periods in previous years. The International Monetary Fund (IMF) attributes the subdued growth of developed economies predominantly to a slowdown in

Supply and demand in container shipping industry



Source: MSI (as at January 2017), *forecast.

¹ Note: Unless otherwise indicated, statements on the economic and industry environment are based on market data provided by Maritime Strategies International (MSI) as at January 2017.

the economic development in the United States and to the United Kingdom's decision to leave the European Union. The stable development in China, the slight increase in raw material prices and the robust growth in India's gross domestic product (GDP) are seen as the main growth drivers amongst the larger emerging economies.

In 2016, global trade expanded by 2.3 per cent (2015: 2.6 per cent). The Organisation for Economic Co-operation and Development (OECD) sees a combination of cyclical and structural effects behind the weak development in terms of trade flows, whereby insufficient overall economic demand was the main factor in the slowdown. This is evident in the development of imports into developed economies, which only grew by 2.4 per cent in 2016 (2015: 4.2 per cent).

2.2.2 Shipping industry-related framework conditions

The shipping industry is fragmented across numerous global and regional shipowners, which makes for fierce competition. Based on the total capacity of the container vessel fleet, according to Alphaliner the Rickmers Group ranks amongst the world's six-largest non-operating managing shipowners. This means the Rickmers Group maintained its market share of around 3.3 per cent compared to the previous year (2015: 3.6 per cent).

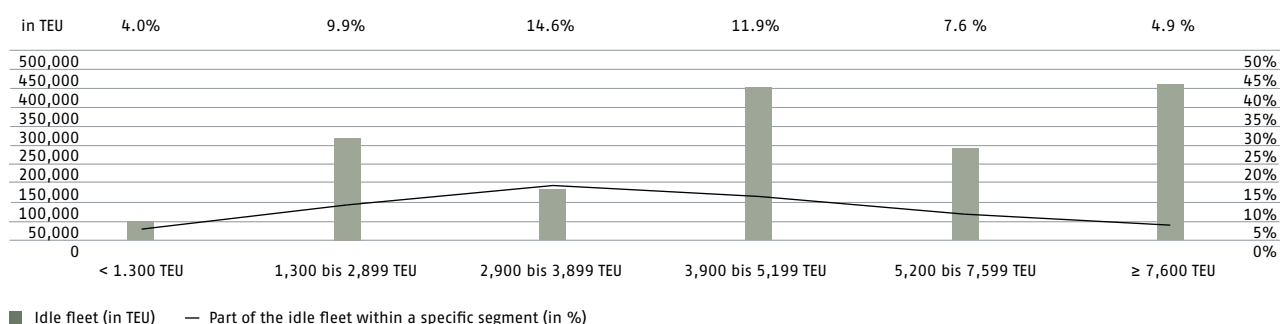
MSI calculated that growth in global container vessel trade volumes remained virtually unchanged on the previous year at 1.5 per cent for 2016 (2015: 1.6 per cent). Growth

of 2.7 per cent (2015: 1.6 per cent) was reported on the Far East – North America trade routes. Likewise, slight growth of 1.3 per cent was observed on the Far East – Europe route following a negative development in the previous year of –2.6 per cent. Growth on key intra-Asia trade routes, which are important for smaller container vessels, remained low at 2.2 per cent (2015: 1.7 per cent). Freight volumes on the Europe–North America routes as well as the north–south routes remained slightly below the previous year's level at 1.7 per cent (2015: 2.5 per cent) and 0.3 per cent (2015: 1.1 per cent) respectively.

According to an assessment by MSI, the container vessel fleet grew by 1.3 per cent in 2016 (2015: 8.6 per cent), which was the weakest rate of expansion ever recorded in the container sector. However, this development is not having a significant impact on the current oversupply of large vessels.

The reduction in available tonnage as a result of scrapping container vessels reached its highest level in 2016 at 665,700 TEU (2015: 193,200 TEU). This equals a reduction in the overall fleet of 3.3 per cent (2015: 1.0 per cent). The absence of new capacity-utilisation opportunities forced shipowners to scrap ever-younger vessels. This affected Panamax vessels with a freight capacity of 3,900 to 5,199 TEU in particular: these vessels were ousted from their usual area of activity as a result of the widening of the Panama Canal in 2016, with no opportunity found to put them to comparable use.

Idle Fleet as at 31 December 2016



Source: MSI (as at January 2017).

The high level of scrapping was accompanied by a very muted increase in available tonnage from newbuildings of almost 913,300 TEU (2015: 1,663,000 TEU).

According to analyses by the industry service Alphaliner, during the 2016 reporting year the delivery of around 60 container vessels with a total freight capacity of 400,000 TEU (2015: 180,000 TEU) was postponed to the following year; furthermore, liner companies cancelled the delivery of additional vessels to a total capacity of 78,300 TEU (2015: 77,900 TEU).

In financial year 2016, the bunker price more than doubled on the previous year. Despite this development, only partial use was made of slow steaming (reducing vessel speed to minimise bunker consumption), with the goal of acquiring market shares. This resulted in the additional utilisation of only 91,700 TEU (2015: 193,800 TEU) of vessel capacity.

The combination of the above-mentioned factors led to 7.6 per cent of the existing fleet floating unused at anchor (idle fleet) at the end of 2016 – equivalent to 397 vessels with a freight capacity of 1,501,000 TEU (2015: 6.7 per cent; 339 vessels; 1,313,700 TEU). While the high level of scrapping reduced the number of idle vessels over the course of the year, the insolvency of the major shipping company Hanjin-Shipping negated this slightly.

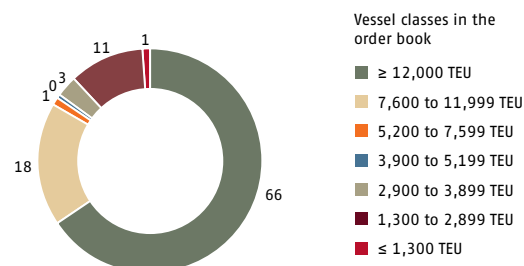
The charter-rate index for container vessels as calculated by MSI – a key indicator for our Maritime Assets business segment's activity – fell by –11.5 per cent in 2016 (2015: –16.7 per cent). The oversupply of high-tonnage vessels and the massively amplified cascade effect from the widening of the Panama Canal strongly distorted the charter-market income structure in 2016. Smaller container vessels continued to achieve higher rates than 4,000 to 6,500 TEU vessels, whose revenues in some cases hit record lows.

Prices for container vessel newbuildings fell again over the course of the year by around –12.9 per cent (2015: –4.6 per cent).

At the end of 2016, the share of the container vessel order book in proportion to the existing fleet was 15.6 per cent (2015: 19.6 per cent) – the lowest level since 1999. According to MSI the cumulated order book as at 31 December 2016

stood at 421 vessels with total loading capacity of 3.1 million TEU (31 Dec. 2015: 456 vessels; 3.8 million TEU). With only 82 container vessels ordered in 2016, representing freight capacity of approx. 292,000 TEU, global order activity was significantly lower than the previous year (2015: 253 vessels; 2,309,000 TEU) and only very slightly above 2009's historic low.

Order book structure for container fleet in per cent



Source: MSI
(as at January 2017),
measured by the
capacity in TEU.

The index based on the year-end market price of 10-year-old vessels fell by around –35 per cent (31 Dec. 2015: +7.6 per cent). As a result, vessel resale values in almost all segments reached record lows and showed substantial losses in value compared to the end of 2015.

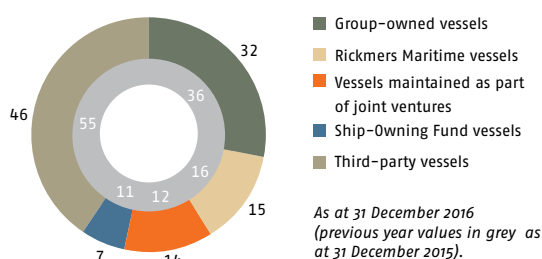
According to Drewry, demand for shipping breakbulk, heavylift and project cargoes rose by only 0.5 per cent in financial year 2016 (2015: –2.3 per cent). This development was burdened mainly by restrained investment due to the slowdown in GDP growth and the falling oil price. By contrast, multipurpose heavylift vessels (MPC) achieved very slight fleet growth of 0.5 per cent (2015: approx. 1 per cent). In financial year 2016, while scrapping activities were below the previous year's level (2016: 37 MPCs with 441,000 dwt; 2015: 48 MPCs with 506,000 dwt), multipurpose heavylift vessels (MPC) deliveries also fell considerably (2016: 23 MPCs with 453,000 dwt; 2015: 33 MPCs with 628,000 dwt). Owing to the lack of investment appetite, increasing competition with other market segments, and a general reduction in the volume of freight carried, freight rates remain at a low level.

2.3 Business performance

2.3.1 Description of the fleet

As at the balance sheet date, the Rickmers Group managed a total of 114 vessels (31 Dec. 2015: 130 vessels), both Group-owned as well as third-party vessels. The Group's own fleet comprised after the change in consolidation of *Rickmers Maritime* in October 2016 32 vessels (31 Dec. 2015: 52 vessels incl. 16 vessels of *Rickmers Maritime*). As at the balance sheet date, 15 vessels of the associated company *Rickmers Maritime* remain in the management. Besides these vessels, the Rickmers Group managed 14 further vessels (31 Dec. 2015: twelve vessels) maintained as part of joint ventures. Furthermore, the Rickmers Group provided commercial and/or technical management for seven Ship-Ownning Fund vessels (31 Dec. 2015: eleven vessels) and 46 third-party vessels (31 Dec. 2015: 55 vessels).

Fleet under management by owner



In the Maritime Assets segment, 75 vessels (31 Dec. 2015: 95 vessels) were under commercial management as at the balance sheet date. The change in the fleet's size compared to the previous year, is mainly due to the change in consolidation of the 16 vessels of *Rickmers Maritime* as well as the reduction of four Ship-Ownning Fund vessels. In the financial year 2016 the commercially managed owned tonnage in the segment Maritime Assets decreased to 2,078,304 dwt (31 Dec. 2015: 2,276,519 dwt).

The Maritime Services segment managed a total of 111 vessels as at the balance sheet date (31 Dec. 2015: 127 vessels). Compared to the financial year 2015, the number of vessels

under management decreased in particular as a result of the reduction in third-party vessels. Furthermore, as in the Maritime Assets segment, the number of Ship-Ownning Fund vessels under technical management declined. The fleet's technical availability in the financial year 2016 averaged 99.2 per cent (2015: 98.7 per cent).

Performance in breakbulk, heavylift and project cargoes in the Rickmers-Linie segment totalled 1.7 million freight tonnes in the financial year 2016 based on a reduced number of voyages (2015: 1.8 million freight tonnes). With the transport performance, Rickmers-Linie achieved an average freight rate of € 78.1 per tonne in the financial year 2016 (2015: € 94.2 per tonne; revenues from freight divided by freight tonnes). For this business Rickmers-Linie used a core fleet of nine 30,000 dwt multipurpose heavylift vessels (MPC) as at 31 December 2016 (31 Dec. 2015: nine vessels); five vessels were owned by the Rickmers Group, with a further four vessels owned by Ship-Ownning Funds (31 Dec. 2015: five Group-owned vessels, four Ship-Ownning Fund vessels). Additional vessels can be contracted under voyage or short-term time charter agreements to flexibly expand freight capacity if required. Due to the acquisition of Nordana's Project business on 1 July 2016 the Rickmers-Linie fleet has increased by six vessels. As at balance sheet date, the entire fleet comprised of 18 vessels in total (31 Dec. 2015: 17 vessels).

The following diagram illustrates the employment of the 32 Group-owned vessels as at the balance sheet date. This mainly comprises container vessels with capacities ranging from 1,220 TEU to 13,600 TEU and an average cargo capacity of 7,411 TEU. The Group-owned fleet portfolio is rounded off by multipurpose heavylift vessels (MPC), and car carriers. The average fleet vessel size is around 64,947 dwt (31 Dec. 2015: 59,234 dwt). As at 31 December 2016, 72.7 per cent of available charter days for the financial year 2017 (31 Dec. 2015: 77.7 per cent) had already been contracted for the Group's own vessels. As at 31 December 2016, the average contracted charter period was 2.7 years, or 3.9 years weighted by dwt (31 Dec. 2015: 2.9 years, weighted by dwt: 4.0 years). The average vessel age was 8.6 years, or 7.5 years weighted by dwt (31 Dec. 2015: 8.1 years, weighted by dwt: 6.9 years).

Fleet overview of Rickmers Group as at 31 December 2016¹**Group-owned vessels: 32**

	Name	Vessel type	Capacity ²	Size (in dwt)	Age (in years)
1	MARGRIT RICKMERS ⁴	Container (Panamax)	5,060 TEU	68,042	12.0
2	AGNES RICKMERS	Container (Panamax)	5,060 TEU	68,017	11.6
3	SCHLIEMI RICKMERS ⁴	Container (Panamax)	4,250 TEU	50,496	6.9
4	VANY RICKMERS ⁴	Car Carrier	4,900 cars	12,400	6.9
5	JACOB RICKMERS ^{4, 8}	Container (Handy)	1,840 TEU	24,069	10.5
6	TANJA RICKMERS	Container (Panamax)	4,250 TEU	50,574	7.1
7	RICKMERS MALAYSIA	Container (Handy)	1,340 TEU	17,350	8.0
8	JOHN RICKMERS ⁴	Container (Handy)	1,850 TEU	24,084	11.0
9	JULIETTE RICKMERS	Container (Panamax)	5,060 TEU	68,150	11.7
10	CARY RICKMERS	Car Carrier	4,900 cars	12,310	6.6
11	SUI TAI RICKMERS	Container (Panamax)	4,250 TEU	50,574	7.3
12	SEVEN SEAS	Container (Panamax)	4,440 TEU	58,289	11.2
13	SANDY RICKMERS	Container (Feeder)	1,220 TEU	14,900	15.0
14	DAVID RICKMERS	Container (Panamax)	4,230 TEU	50,089	6.0
15	SAMUEL RICKMERS	Container (Panamax)	4,230 TEU	50,133	6.0
16	RICKMERS SEOUL ⁵	MPC (30,000 dwt)	n/a	30,151	13.7
17	RICKMERS NEW ORLEANS ⁵	MPC (30,000 dwt)	n/a	29,878	13.5
18	RICKMERS DALIAN ^{5, 7}	MPC (30,000 dwt)	n/a	29,827	12.8
19	RICKMERS JAKARTA ⁵	MPC (30,000 dwt)	n/a	29,901	13.1
20	RICKMERS SINGAPORE ⁵	MPC (30,000 dwt)	n/a	30,018	14.0
21	PEARL RICKMERS ⁶	Container (Ultra-Large Post-Panamax)	13,600 TEU	148,604	6.5
22	RUBY RICKMERS ⁶	Container (Ultra-Large Post-Panamax)	13,600 TEU	148,604	6.5
23	AQUA RICKMERS ⁶	Container (Ultra-Large Post-Panamax)	13,600 TEU	148,604	6.4
24	TAURO RICKMERS ⁶	Container (Ultra-Large Post-Panamax)	13,600 TEU	148,604	5.6
25	LIBRA RICKMERS ⁶	Container (Ultra-Large Post-Panamax)	13,600 TEU	148,604	5.4
26	RICKMERS MASAN	MPC (30,000 dwt)	n/a	29,981	6.1
27	RICKMERS POHANG	MPC (30,000 dwt)	n/a	30,135	5.7
28	RICKMERS INCHON	MPC (30,000 dwt)	n/a	30,104	5.2
29	RICKMERS BUSAN	MPC (30,000 dwt)	n/a	30,000	5.1
30	COCONEE RICKMERS ⁶	Container (Ultra-Large Post-Panamax)	13,570 TEU	148,604	6.3
31	LEO RICKMERS ⁶	Container (Ultra-Large Post-Panamax)	13,570 TEU	148,604	5.9
32	SCORPIO RICKMERS ⁶	Container (Ultra-Large Post-Panamax)	13,570 TEU	148,604	5.8

¹ Also as at the preliminary date of preparation all Group-owned vessels are chartered out.² Total cargo capacity has been rounded off.³ This refers to the minimum charter period and thus the earliest point at which the charterer can hand the vessel back.

This does not take account of possible existing options selectable by the charterer.

⁴ A new charter contract was agreed for these vessels after the balance sheet date.⁵ These vessels are chartered out to Rickmers-Linie.⁶ These vessels are included in an energy-efficiency programme (retrofit) to ensure improved competitiveness.⁷ This vessel is chartered out on bareboat charter terms.⁸ This vessel was sold in March 2017. The hand-over is planned for May 2017.

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2.3.2 Business performance of the segments

Maritime Assets

In financial year 2016, the number of vessels under management within the Maritime Assets segment decreased by 20. In March 2016, the Rickmers Group sold a car carrier with a capacity of 4,800 cars, and one container vessel with a capacity of 2,260 TEU within the joint venture with funds affiliated with Apollo Global Management, LLC. In May 2016 the Group also sold one of its own container vessels with a capacity of 1,100 TEU. Besides this, the Maritime Assets segment accompanied the sale of four Ship-Ownning Fund vessels in 2016, commissioned by the respective shipowners. In January 2016 the Rickmers Group allocated two of its own 9,450 TEU container vessels to the joint venture category as part of the change in consolidation of *Rickmers Third Maritime Investment Pte. Ltd.* The third container vessel delivered in March 2016 was incorporated directly into the joint venture category. As part of the change in consolidation of *Rickmers Maritime* in October 2016, the company's 16 vessels are no longer reported in the Maritime Assets segment.

With economic effect from 1 January 2016, the Rickmers Group sold the total of its 80.0 per cent share each in *ATLANTIC Gesellschaft zur Vermittlung internationaler Investitionen mbH & Co. KG* (ATLANTIC) and in *EVT Elbe Vermögens Treuhand GmbH* (EVT).

Due to financing decisions, the Rickmers Group ceased to exercise control over *Rickmers Third Maritime Investment Pte. Ltd.* and its subsidiaries in January 2016. As a consequence, all assets and liabilities relating to *Rickmers Third Maritime Investment Pte. Ltd.* and its subsidiaries were derecognised from Rickmers Group's consolidated financial statements in January 2016. The investment retained is subsequently accounted for as joint venture using the equity method. The change of consolidation does not substantially affect Rickmers Group's profit or loss in the financial year 2016. Besides *Rickmers Third Maritime Investment Pte. Ltd.*, also its subsidiaries are no longer included in the scope of fully consolidated entities. Net assets attributable to *Rickmers Third Maritime Investment Pte. Ltd.* and its subsidiaries amount to € 27.4 million within Rickmers Group's consolidated financial statements as at 31 December 2015, including assets in the amount of € 220.1 million and liabilities in the amount of € 192.8 million. These amounts are prior to intercompany eliminations. For the period ending 31 December 2015, *Rickmers Third Maritime Investment Pte. Ltd.* and its subsidiaries generated revenues in the amount

of € 8.4 million. The EBITDA contribution was € 5.4 million and the share in earnings after taxes on income was € -0.2 million.

In February 2016, the energy-efficiency improvements on the two remaining out of eight large container vessels of Rickmers Group's existing fleet were completed successfully. This provides the charterer with the option to extend the current charter period until 2026. Thus, the Rickmers Group would benefit from additional contracted charter income until 2026.

In March 2016, the Rickmers Group secured the early term extension of a substantial share of its loan portfolio from 2018 until 2020/2021. The extended loans concerned financing contracts with a principal lending bank of the Rickmers Group for five large container vessels, with a capacity of 13,600 TEU each with carrying amounts of USD 516.3 million as at 31 December 2015 (equivalent to € 475.0 million as at 31 Dec. 2015).

In July 2016, the Rickmers Group approved a further reduction in the charter rates of four 30,000 dwt multipurpose heavylift vessels (MPC) of a renowned charterer. Amongst other things, the Rickmers Group received shares in and bonds from the charterer as compensation. The renewed reduction in charter rates and the compensation received lead to a net liquidity effect to the amount of approximately USD 1.8 million (equivalent to € 1.6 million as at 31 Dec. 2016) until maturity of the contract in 2024.

The "less-for-longer" agreement concerning the time-charter contracts of three large container vessels with a capacity of 13,600 TEU each was successfully reached in August 2016 with one of the Rickmers Group's principal charterers. In doing so, the terms of the three associated charter agreements are being extended early by five years from 2020/2021 to 2025/2026 respectively, with a simultaneous reduction in charter rates. The Rickmers Group's contracted charter volume has thus increased for the entire term of the contract by USD 261.5 million as at 31 December 2016 (equivalent to € 236.3 million as at 31 Dec. 2016).

In connection with the previously described "less-for-longer" agreement, the Rickmers Group also restructured the financing of these vessels by concluding a "sale-and-lease-back" transaction with a Chinese leasing company net proceeds amounting to USD 21.6 million (equivalent to € 20.5 million as at 31 Dec. 2016) were obtained and this also further reduced the number of the Group's principal

lending banks. The terms of the financing and aforementioned charter agreements are now the same, and may be extended up to 2029 if certain requirements are met. The Rickmers Group is required to repurchase the vessels by that time at a fixed price. The transaction has replaced the existing bank financing for the three large container vessels. This transaction also enabled a reduction in the Rickmers Group's interest-rate risk (through the conversion of an originally variable interest rate to a fixed interest rate) and in parallel raised the level of diversification amongst the Rickmers Group's capital sources. The refinancing of the three large container vessels through the "sale-and-lease-back" transaction will not lead to a derecognition of vessels at the balance sheet, and that the vessels will thus continue to be reported as debt-financed assets on the Rickmers Group balance sheet. Due to the "sale-and-lease-back" transaction and the associated early repayment of the original financing measures of two of the Group's principal lending banks, these banks contractually agreed to the deferral of repayments to the amount of USD 2.3 million per quarter (equivalent to € 2.1 million in 2016) under further existing financing arrangements. The agreement reached has been in force since the third quarter of 2016 and will remain in force until the end of the respective loan maturity period in 2018.

Furthermore, with the conclusion of the above-mentioned refinancing measure, prepayments of the shipyard loans for the three large container vessels were made amounting to € 8.8 million and the annual interest coupon for eight shipyard loans was reduced from 5.0 to 4.25 per cent p.a. with effect from September 2016.

Following discussions launched as early as May 2016 with the Group's principal lending banks, in August 2016 the Rickmers Group filed applications to adapt certain loan agreements to the persistently challenging situation in the shipping markets, in particular to strengthen the Rickmers Group's liquidity position. As a result, as part of a waiver agreement, deferrals representing 50.0 per cent of the contractually agreed debt repayments were agreed with the largest of the Group's principal lending banks (relative to the Group's overall financial exposure). This reduction is equivalent to around € 10.6 million and concerns the third and fourth quarter of 2016 for principal ship mortgage loans. In September 2016, another of the Group's principal lending banks approved, among other things, a debt waiver of USD 3.5 million (equivalent to € 3.3 million as at 31 Dec. 2016) if a full loan repayment for one 1,840 TEU container vessel is made until the end of June 2017. Furthermore, all of the Group's principal lending banks have waived the

terms and conditions of relevant loan agreements until 28 February 2017. In this regard, as at 31 December 2016 the Rickmers Group is in constructive refinancing negotiations. For developments after the balance sheet date ● see **Events after the Reporting Date**, p. 66.

The Rickmers Group was only partly affected by the insolvency of Hanjin-Shipping in September 2016, for which allowances on trade and other receivables of € 5.4 million were recorded. However, three 4,250 TEU Panamax vessels chartered out to the former South Korean container liner shipping company were able to be re-chartered out as early as November and December 2016 on the spot market.

The Rickmers Group divested its full shareholding in its subsidiary *Rickmers Trust Management Pte. Ltd.* on 17 October 2016, the trustee manager of *Rickmers Maritime*. As a result, *Rickmers Maritime* is no longer a fully consolidated subsidiary of *Rickmers Holding AG* and is thus no longer a major subsidiary under the terms of the *Rickmers Holding AG* corporate bond. As a consequence, under section 7 of the bond terms (bond creditors right of cancellation) of *Rickmers Holding AG*'s corporate bond, *Rickmers Maritime* and its bond issued as part of a multi-currency, medium-term note (MTN) programme are no longer to be factored in, ruling out the risk of a cross-default. Due to the divestment of all shares in *Rickmers Trust Management Pte. Ltd.*, the Rickmers Group also relinquishes its ability to exercise control over *Rickmers Maritime* under IFRS 10. Due to the retained 34.2 per cent (31 Dec. 2015: 34.2 per cent) shareholding in *Rickmers Maritime*, all assets and liabilities relating to *Rickmers Maritime* and its subsidiaries were derecognised from the Rickmers Group's consolidated financial statements in October 2016. The investment retained is subsequently accounted for as a associated company using the equity method pursuant to IAS 28.

In accordance with announcements, the publicly listed subsidiary *Rickmers Maritime* is in refinancing negotiations with financing credit institutes and aims to restructure the bond issued under the multi-currency MTN programme. For developments after the change in consolidation, please see announcements by *Rickmers Maritime*.

With effect from 15 December 2016, in addition to his existing functions Dr Timo Haenelt took over as CFO of the Maritime Assets segment. He also assumed the position in the Senior Management previously held by Ulrik Kriete, who left the company on 31 August 2016. Dr Timo Haenelt was also appointed as Managing Director of the *Rickmers Reederei GmbH & Cie. KG*.

Maritime Services

In financial year 2016, the number of vessels under management within the Maritime Services segment decreased by 16. This included eleven third-party vessels, four Ship-Owning Fund vessels, one Group-owned container vessel, one vessel of the associated company *Rickmers Maritime*, and one container vessel within the joint venture with funds affiliated with Apollo Global Management, LLC. By contrast, one third-party vessel and one 9,450 TEU container vessel with the joint venture with *Rickmers Third Maritime Investment Pte. Ltd.* were taken under technical management. As at the balance sheet date, due to the sale of one of the original 16 vessels, 15 vessels of the associated company *Rickmers Maritime* are still under management within the Maritime Services segment.

In February 2016, the energy-efficiency improvements on the two remaining out of eight large container vessels of Rickmers Group's existing fleet were completed successfully. This modernisation work represents a combined investment volume of approximately USD 48 million (equivalent to € 45.6 million as at 31 Dec. 2016) and is being undertaken in close cooperation with the charterer, which is also making a major contribution toward the cost. The charterer benefits from fuel-cost savings, while for the Rickmers Group the modernisations have a direct effect on the marketability of these vessels. In July 2016 Maritime Technology successfully retrofitted two container vessels on behalf of a third-party customer, which involved fitting a new bulbous bow. Furthermore, in October 2016 a bulk carrier extension project for a third-party customer was completed successfully.

Besides energy-efficiency improvements, the Maritime Services segment offers shipowners comprehensive advisory services in the area of newbuilding supervision. In the fourth quarter of 2016 the segment was commissioned to supervise the newbuilding of six 1,100 TEU container vessels.

Charles Jan Scharffetter, CEO of the Maritime Services segment, left the company on 30 June 2016. To optimise cross-segment operational processes and leverage synergies, Holger Strack additionally took over as CEO Maritime Services as of 1 July 2016 in addition to his function as CEO of the Maritime Assets segment.

In July 2016, Rickmers Shipmanagement won the Seatrade Ship Manager Award 2016, beating off major shipping industry competitors, for its high level of technical availability of the fleet of over 99 per cent and its excellent rating in the Maersk Ship Performance System, among other achievements.

In August 2016, after close scrutiny *Rickmers Holding AG* and *E.R. Capital Holding GmbH & Cie. KG* took the joint decision not to pursue the merger originally planned in April 2016 of their shipmanagement activities into an international joint venture for the time being. For many years the companies have worked together successfully in ship insurance and ship brokerage. This partnership is to be strengthened and extended to other shipmanagement activities.

Back in 2013, Rickmers Shipmanagement was the first German company in the maritime sector to be certified to the international ISO 50001 Energy Management System standard. Building on this achievement, in September 2016 Rickmers Shipmanagement was successfully recertified for its shipmanagement locations of Hamburg and Singapore, as well as the energy management of 19 vessels. Due to the crew's growing energy-efficiency awareness and the implementation of a reporting system, the first successes in terms of bunker savings among the fleet of multipurpose heavylift vessels (MPC) were achieved as early as 2016.

In December 2016 Samudera Indonesia, one of the largest Indonesian liner companies, entrusted the Rickmers Group with the technical shipmanagement and crewing of two Supramax bulk carriers. It is expected that the two vessels will be transferred to technical management in the first quarter of 2017. For developments after the balance sheet date ● see **Events after the Reporting Date**, p. 66. This will further expand the Rickmers Group's bulk carrier management activities and strengthen diversification of the fleet under third-party management.

Rickmers-Linie

Following the successful appointment of *Rickmers (Japan) Inc.* as Nordana's General Agent back in June 2015, in March 2016 the partnership was expanded and Rickmers-Linie was appointed as the representative of Nordana Project & Chartering in China. Under this collaboration, the Rickmers-Linie offices will be able to leverage their many years of experience in China as well as their extensive knowledge of the Chinese market. In June 2016 this successful collaboration between the two companies led to the joint idea to strengthen the complementary effects of liner services and tramp shipping, and in doing so to add value for both companies' customers. The resulting acquisition of Nordana's project business by Rickmers-Linie will be continued under the trading name and brand *NPC Projects A/S* and complement the Rickmers-Linie segment from 1 July 2016 as an independent company.

Rickmers-Linie and the National Shipping Company of Saudi Arabia (trading as Bahri Liner) signed a mutual space charter agreement in April 2016. The agreement covers the ports on the US Atlantic and Gulf Coasts as well as ports in Egypt, Iraq, Jordan, Kuwait, Saudi Arabia, the UAE and Yemen. It enables the chartering of space from Rickmers-Linie to Bahri Liner and vice versa on vessels operated by the other partner.

In August 2016, Rickmers-Linie celebrated the tenth anniversary of its subsidiary *Rickmers (Japan) Inc.* This local presence means customers' individual requirements can be addressed rapidly, which is the basis for a trusting, long-term partnership. This was also reflected in the revenue result, which multiplied in the first few years following its establishment. *Rickmers (Japan) Inc.* makes a major contribution to Rickmers-Linie's Round-the-World Pearl String Service.

2.3.3 Business performance of the Corporate Center

Based on the business figures for the financial year 2015, on 3 March 2016 Creditreform Rating AG confirmed its existing rating of B- for *Rickmers Holding AG*. On 18 April 2016 the rating agency added the supplement "watch" owing to the ongoing refinancing negotiations of *Rickmers Maritime*. Due to the persistently challenging market conditions in the container shipping industry and the corresponding impact on the development of the Rickmers Group's operating result, on 19 May 2016 Creditreform Rating AG updated its rating from B- (watch) to CCC. After publication of the Half-Year Report 2016 on 16 August 2016, the outlook of *Rickmers Holding AG's* corporate rating was revised from "stable" to "negative"; however, the underlying CCC rating remained unchanged. Due to the ongoing crisis in the shipping sector and the resulting further impairment losses in the third quarter of 2016, on 15 November 2016 *Rickmers Holding AG's* corporate rating was updated from CCC (negative outlook) to CC (negative outlook). For developments after the balance sheet date ● see Events after the Reporting Date, p. 66.

As part of the refinancing process, the sole shareholder Bertram R.C. Rickmers made a payment to the capital reserve of € 13.0 million in December 2016. Additionally he waived a third of the remuneration for the financial year 2016 he is entitled for as member and Chairman of the Supervisory Board of *Rickmers Holding AG*. Subject to a successful and

sustainable refinancing of the Rickmers Group in the period from 2017 to the first quarter 2021 amongst others, the sole shareholder Bertram R.C. Rickmers waived licence fees for the Rickmers brands, that are depending on the revenues of the Rickmers Group and to which he is contractually entitled, from the third quarter of 2016 to the end of the first quarter 2021. In the financial year 2016 the licence fees paid in the first and second quarter amount to approximately € 1.7 million.

As a reaction to the challenging conditions in the shipping industry, the Management Board decided a bundle of measures in the first quarter of 2016, which was approved by the Supervisory Board on 4 March 2016 and which has subsequently been developed further. This includes, amongst other things:

- the sale/monetisation of selected (non-) core vessels and shares in companies,
- the refinancing of selected bank loans, and
- the optimisation of Group-wide cost structures.

The realisation of the above-mentioned objectives also depends on the implementation of various measures including short-term initiatives, on the approval of external parties, and on sufficient liquidity in the market. Within the financial year, the following steps from the further developed bundle of measures were initiated or implemented:

- With regard to the sale/monetisation of selected (non-) core vessels and shares in companies, in March 2016 the Rickmers Group sold a car carrier with a capacity of 4,800 vehicles, and in May 2016 a container vessel with a capacity of 1,100 TEU. In August 2016, the Rickmers Group restructured the financing of three large container vessels with a capacity of 13,600 TEU each by agreeing a "sale-and-lease-back" transaction with a Chinese leasing company, achieving net proceeds in the amount of USD 21.6 million (equivalent to € 20.5 million as at 31 Dec. 2016). In this context, a "less-for-longer" agreement was reached with a major charterer for time-charter contracts on these vessels. In addition, with the completion of the refinancing described above, unscheduled capital repayments of shipyard loans for the three container vessels were made to the amount to € 8.8 million. Furthermore, in October 2016 the Rickmers Group sold

all shares in *Rickmers Trust Management Pte. Ltd.*, the *Rickmers Maritime* trustee manager. As a result of the sale, *Rickmers Maritime* ceased to be a fully consolidated subsidiary of *Rickmers Holding AG* and thus a significant subsidiary under the terms of the *Rickmers Holding AG* corporate bond, which precludes a cross-default to this extent. *Rickmers Holding AG* continues to hold 34.2 per cent of shares in *Rickmers Maritime* ● see **Business performance of the segments**, p. 52. For developments after the balance sheet date ● see **Events after the Reporting Date**, p. 66.

- Following discussions with the essential principal lending banks in May 2016, in August 2016 the Rickmers Group requested the adjustment of selected loan contracts to reflect the persistently challenging situation in the shipping markets. As a result, as part of a waiver agreement, deferrals representing 50.0 per cent of the contractually agreed debt repayments were agreed with the largest of the Group's principal lending banks (relative to the Group's overall financial exposure). This reduction is equivalent to around € 10.6 million and concerns the third and fourth quarter of 2016 for principal ship mortgage loans. Furthermore, the essential principal lending banks have waived the terms and conditions of relevant loan agreements until 28 February 2017 ● see **Business performance of the segments**, p. 52. As part of the refinancing process, the sole shareholder Bertram R.C. Rickmers made a payment to the capital reserve of € 13.0 million in December 2016. Additionally he waived a third of the remuneration for the financial year 2016 he is entitled for as member and Chairman of the Supervisory Board of *Rickmers Holding AG* as well as licence fees for the Rickmers brands to which he is contractually entitled, from the third quarter of 2016 to the end of the first quarter 2021. As at 31 December 2016 the Rickmers Group is in constructive refinancing negotiations. For developments after the balance sheet date ● see **Events after the Reporting Date**, p. 66.
- The Group-wide cost-efficiency program initiated in March 2016 provides for the continual identification and implementation of savings potentials, both at operational and administrative levels. The programme

is being executed under close coordination between the Management Board of *Rickmers Holding AG* and the Managing Directors of the business segments, and is at an advanced stage. Further cost optimisations, especially in Maritime Services, are continuously being reviewed. For developments after the balance sheet date ● see **Events after the Reporting Date**, p. 66.

Additional measures to strengthen the capital base are currently being planned or are under review. For details on the further development of the bundle of measures and other measures, ● see **Events after the Reporting Date**, p. 66.

2.4 Income, financial and asset situation

2.4.1 Income situation

The Rickmers Group's revenue development in 2016 continued to reflect the persistently challenging market situation. The expiry of further high margin charter contracts, temporary lack of vessel employment and follow on charters at the current low market level, compounded by lower freight revenues and declining transport volumes, caused Rickmers Group **revenues** to fall by € 103.7 million to € 483.3 million (2015: € 587.0 million), in line with the adjusted forecast from the 2016 Half-Year Report.

Consolidated Income Statement according to IFRS (short version)

in € million	2016	2015
Revenues	483.3	587.0
Revenues from charter	304.1	372.2
Revenues from shipmanagement	45.2	38.6
Revenues from freight	129.2	169.6
Other revenues	4.7	6.7
Changes in inventories of work in progress	0.0	-0.1
Other operating income	18.6	57.3
Cost of materials	-203.4	-245
Personnel expenses	-85.1	-79.5
Amortisation, depreciation, impairment losses and reversals on intangible assets and property, plant and equipment	-336.3	-259.9
Other operating expenses	-54.7	-68.1
Results from investments accounted for using the equity method	-10.2	0.6
Other income from investments	-14.2	-0.2
Financial result	-140.9	-118.1
Earnings before income taxes (EBT)¹	-343.0	-125.9
Income taxes	1.9	-9.7
Group profit or loss	-341.0	-135.5
Earnings before interest, taxes, amortisation and depreciation (EBITDA)¹	149.7	253.1

¹ EBITDA and EBT are not key figures defined under IFRS.

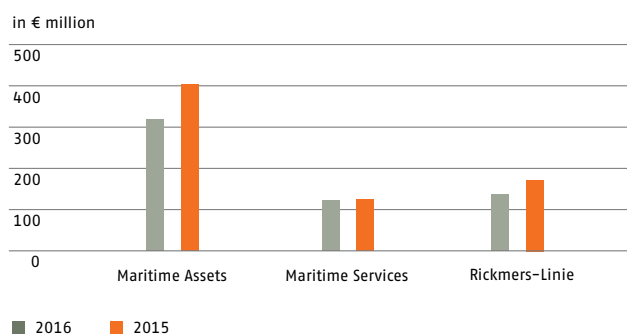
In financial year 2016 the Maritime Assets segment reported a fall in revenues of € 84.5 million to € 317.8 million (2015: € 402.3 million). The declining trend already projected in the 2015 Annual Report is the result of the expiry of further high margin charter contracts, temporary lack of vessel employment and follow on charters at the current low market level. In addition, the fall is the result of a reduction in own tonnage under commercial management, in particular due to the change in consolidation method at *Rickmers Maritime* and *Rickmers Third Maritime Investment Pte. Ltd.*, to 2,078,304 dwt (31 Dec. 2015: 2,276,519 dwt).

In the Maritime Services segment, the number of vessels under management as at 31 December 2016 fell to 111 vessels (31 Dec. 2015: 127 vessels), meaning that the predicted increase in revenues was not achieved in financial year 2016. Despite a reduction in the fleet as per the balance sheet date, at € 123.2 million (2015: € 124.9 million) revenues were generated in 2016 at nearly the level of the previous year. This revenue was based on a rise in management contracts for third-party vessels, predominantly in the second half of 2015.

In 2016, Rickmers-Linie transported 1.7 million freight tonnes, 5.6 per cent lower than in the previous year (2015: 1.8 million freight tonnes). Based on the freight volume shipped, the segment achieved an average freight rate of € 78.1 per tonne (2015: € 94.2 per tonne; revenues from freight divided by freight tonnes). The unfavourable development of freight rates and lower number of voyages could not be compensated by the higher capacity utilisation, nor by the takeover of Nordana's project operations under the "NPC Projects" brand. Rickmers-Linie therefore reported declining segment revenues of € 135.9 million (2015: € 172.1 million), as forecast for financial year 2016.

In the reporting period, **other operating income** decreased at Group level by € 38.7 million to € 18.6 million (2015: € 57.3 million). This change is mainly attributable to lower income from USD/EUR exchange-rate effects compared to the previous year, as 2016 saw relatively small changes in the average USD/EUR exchange rate.

Revenues by segments



The Rickmers Group lowered its **cost of materials** by 17.0 per cent to € -203.4 million (2015: € -245.0 million), driven primarily by the Rickmers-Linie business segment. The main drivers here were the declining development of average bunker and lube-oil prices, as well as the fall in voyage specific costs owing to the lower number of voyages sailed. In the Maritime Services segment, additional reductions in costs of materials were achieved due to contract conversions concerning various third-party vessels, as well as a reduction in external seafaring employees (costs for external seafarers are shown in costs of materials as purchased services).

Personnel expenses at Group level increased in the reporting period by € 5.6 million overall to € -85.1 million (2015: € -79.5 million). The increase resulted primarily from the Maritime Services segment, where in contrast to the reduction in external seafaring employees shown in the cost of materials, the number of internal seafaring employees rose.

Amortisation, depreciation, impairment losses and reversals on intangible assets and property, plant and equipment increased in financial year 2016 by € 76.4 million to € -336.3 million (2015: € -259.9 million). The change versus the 2015 reference period is due mainly to recognised net impairment losses on vessels amounting to € -231.7 million (2015: € -136.8 million).

Owing to reduced losses from USD/EUR exchange-rate effects and reduced losses from asset disposals, and despite allowances on trade and other receivables in connection with the insolvency of a charterer in the amount of € 5.4 million, **other operating expenses** fell in financial year 2016 by € 13.4 million to € -54.7 million (2015: € -68.1 million).

In combination with declining revenues and the significant decline of other operating income in financial year 2016, and despite savings in costs of materials, **EBITDA** of the Rickmers Group fell in comparison to the same period in 2015 by 40.9 per cent to € 149.7 million (2015: € 253.1 million), as forecast in the 2016 Half-Year Report. At the segment level, Maritime Assets as forecast generated EBITDA of € 180.1 million, thus falling significantly below the previous year's level by € 75.6 million (2015: € 255.7 million). This development is mainly attributable to lower charter rates on the spot market, as well as the change in consolidation method of *Rickmers Maritime* and *Rickmers Third Maritime Investment Pte. Ltd.* In contrast to the moderate fall in EBITDA as forecast in the 2016 Half-Year Report, Maritime Services EBITDA remained nearly at the previous year's level at € 8.4 million (2015: € 8.6 million). In the previous year EBITDA had benefited from one-time effects in other operating income; in 2016, Maritime Services achieved a similar EBITDA development despite declining revenues, due to the launch of a cost-efficiency programme, through savings in costs of materials, and reductions in other operating expenses. Despite reduced costs of materials, and owing to significantly increased revenue pressure, in 2016 Rickmers Linie EBITDA were considerably below the previous year's level at € -11.2 million (2015: € 0.9 million), as forecast.

In financial year 2016, the Rickmers Group reported a **financial result** of € -140.9 million (2015: € -118.1 million), within which the one-time charge of € -45.4 million resulting from the change in consolidation method of *Rickmers Maritime* was a major burdening factor. The valuation at the balance sheet date of financial derivatives held for trading compensated other financial income to the amount of € 35.7 million. However, this result was burdened by the valuation at fair value of charter-guarantees amounting to € -11.1 million. The other financial result amounted to € 7.5 million in 2016 (2015: € -15.4 million). Despite a reduction in interest charges due to interest derivatives within a hedging relationship expiring in financial year 2015, net interest charges remained almost at the previous year's level at € -103.0 million (2015: € -102.7 million); this was due to the increased utilisation of a firmly committed credit line totalling USD 160.0 million (equivalent to € 152.0 million as at 31 Dec. 2016).

Income taxes in the Rickmers Group in financial year 2016 amounted to € 1.9 million (2015: € -9.7 million). The changes from the previous year were predominantly due to the reversal of loss carry-forwards from previous years that resulted from the dissolution of German tonnage tax differences for vessels.

In line with the downward correction of the forecast published in the 2016 Half-Year Report, Rickmers Group earnings before the recognition of net impairment losses on vessels amounted to € -109.3 million in 2016 (2015: € 1.3 million). Including the net impairment losses on vessels, the Rickmers Group reports a **consolidated loss** of € -341.0 million (2015: € -135.5 million). Net impairment losses on vessels only affected the Maritime Assets segment; the segment result before inclusion of these amounted to € -39.4 million (2015: € 50.9 million), as forecast in the 2016 Half-Year Report. Including net impairment losses on vessels, the Maritime Assets segment reports a loss of € -271.1 million (2015: € -85.9 million). Contrary to the moderate decline predicted in the 2016 Half-Year Report, and in line with the EBITDA development, the Maritime Services segment achieved a segment result on the same level as the previous year at € 10.9 million (2015: € 10.9 million). In the Rickmers-Linie segment, reductions in the cost of materials were not able to compensate for the persistent strong pressure on earnings; this led to a significantly lower segment result of € -11.6 million (2015: € 0.7 million), in line with the forecast issued in the 2015 Annual Report.

2.4.2 Financial situation

Principles and aims of financial management

The Rickmers Group's financial management is carried out by the Corporate Finance & Treasury department, whose aim is to ensure financial stability within the Group. To this end, central financial management optimises the Group's capital structure and financing costs, and observes and/or manages market-price fluctuations and counterparty risks with financial business partners. Financial management is organisationally divided into front, middle and back offices, and operates independently of the Accounting, Financial Reporting and Controlling functions, in observance of the relevant national laws, internal principles and regulations.

Maintaining adequate minimum liquidity is of the highest importance to the Rickmers Group. The optimisation of short and medium-term cash inflows and outflows is decisive for efficient financial management.

Capital structure

The Rickmers Group seeks a continuous management of its capital structure in order to safeguard the Group's ability to continue as a going concern, and to provide financial stability. The Rickmers Group covers any financing needs that exceed cash inflows from its business operations by means of short and long term capital instruments. The aim is to achieve a diversification of sources of capital, optimise financing terms and ensure a balanced maturity profile through an appropriate financing mix. The Rickmers Group's financing consists mainly of variable interest rate bank loans for vessel financing based on the 3-month USD LIBOR, as well as further fixed interest financing including liabilities towards leasing institutes, shipyard loans, a corporate bond and a firmly committed credit line amongst others. The principal financing currency is the US dollar.

As at 31 December 2016, the Rickmers Group's equity amounted to € 98.5 million (31 Dec. 2015: € 555.4 million). The ratio between equity and the balance sheet total (equity ratio) is a key parameter in capital management. The equity ratio as at the balance sheet date is 5.4 per cent (31 Dec. 2015: 19.3 per cent). In particular, the loan agreements include terms and conditions such as a minimum-equity ratio, loan-to-value ratios and minimum liquidity. As at 31 December 2016, terms and conditions of one credit facility would have not been fulfilled, but for which no evaluation was obtained or demanded and in respect of which no covenant breach was claimed. However, a reclassification into current liabilities was made precautionarily with regards to this credit facility in the amount of € 34.6 million as at the balance sheet date. All other bank loans did fulfil all contractual terms and conditions or waiver agreements with the relevant lending banks were in place. These waivers were agreed on with the Group's principal lending banks and have a maturity until 28 February 2017. For developments after the balance sheet date ● see Events after the Reporting Date, p. 66.

Besides the equity ratio both at Group and at *Rickmers Holding AG* level, net financial debt and net debt are also monitored as part of capital management. Net financial debt is the sum of bank liabilities and liabilities from finance leases, plus issued bonds, minus cash and cash equivalents. As at 31 December 2016, this amounted to € 1,459.3 million (31 Dec. 2015: € 1,849.1 million). The net debt of the Rickmers Group as at 31 December 2016 totalled € 1,515.3 million (2015: € 1,993.8 million). It is the sum of the net financial debt plus loans from shipyards and loans granted by a charterer.

As at 31 December 2016, the Rickmers Group's financial liabilities decreased overall to € 1,732.8 million (31 Dec. 2015: € 2,321.9 million). Non-current liabilities fell by € 459.6 million to € 1,439.3 million (31 Dec. 2015: € 1,898.9 million). In line with this, the Rickmers Group's current liabilities declined to € 293.6 million (31 Dec. 2015: € 423.0 million).

In the financial year 2016, the capital structure of the Rickmers Group is influenced by the following circumstances:

- The general decrease in financial liabilities in the amount of € 512.6 million (2015: increase of € 126.5 million) resulted primarily from changes in the scope of consolidation to the amount of € 503.0 million. This was caused by the change in consolidation method of *Rickmers Maritime*, *Rickmers Third Maritime Investment Pte. Ltd.*, and their subsidiaries. Likewise, there was a reduction in financial liabilities through scheduled repayments amounting to € 111.4 million (2015: € 170.9 million) as well as extraordinary prepayments of € 13.6 million (2015: € 101.0 million). Opposing effects resulted from an increase of USD 53.0 million (equivalent to € 47.8 million) in the total draw down of a firmly committed credit line of USD 165.0 million (equivalent to € 156.7 million as at 31 Dec. 2016) with a term to 31 May 2018. As at 31 December 2016, this had been drawn to USD 160.0 million (equivalent to € 152.0 million as at 31 Dec. 2016). Further opposing effects resulted from the unfavourable development of the USD/EUR exchange rate.
- In March 2016, the Rickmers Group secured the early term extension of a substantial share of its loan portfolio from 2018 until 2020/2021. The extended loans concern financing contracts with a principal lending bank of the Rickmers Group for five large container vessels, with a capacity of 13,600 TEU each with carrying amounts of USD 516.3 million as at 31 December 2015 (equivalent to € 475.0 million as at 31 Dec. 2015).
- Liabilities from finance leases, as part of the financial debt, result from the refinancing of three large container vessels carried out in August 2016. The bank liabilities that had existed until this date with a book value of € 244.5 million, and loans from shipyards amounting to € 8.8 million, were repaid and replaced by a "sale-and-lease-back" transaction. The proceeds amounting to € 283.3 million are accounted for using the effective interest method after deduction of transaction costs of € 8.1 million and are considered within liabilities from finance leases. The due dates of these fixed-interest loans were postponed to 2025 and 2026 respectively as part of the agreement. In addition, the Rickmers Group has the advantageous option of extending these loans by a maximum of three further years.
- As result of the "sale-and-lease-back" transaction and the associated early repayment of the original financing measures of two of the Group's principal lending banks, these banks contractually agreed to the deferral of repayments to the amount of USD 2.3 million per quarter (equivalent to € 2.1 million in 2016) with regards to further existing loans. The agreement reached has been in force since the third quarter of 2016 and will remain in force until the end of the respective loan maturity period in 2018. In addition, with the completion of the refinancing described above, extraordinary repayments amounting to € 8.8 million were made for loans from shipyards for three large container vessels were repaid, and the annual interest coupon for eight further loans from shipyards was reduced from 5.0 to 4.25 per cent p.a. from August 2016.
- As part of a waiver agreement, deferrals representing 50.0 per cent of the contractually agreed debt repayments were agreed with the largest of the Group's principal lending banks (relative to the Group's overall financial exposure). This reduction is equivalent to around € 10.6 million and concerns the third and fourth quarter of 2016 for principal ship mortgage loans. For developments after the balance sheet date ● see Events after the Reporting Date, p. 66.
- In November 2016, Creditreform Rating AG updated the rating of *Rickmers Holding AG* to CC (negative outlook) (31 Dec. 2015: B-). For detailed information ● see Business performance of the Corporate Center, p. 55.

- *Rickmers Holding AG* received further dividend distributions from subsidiaries over the course of financial year 2016 to strengthen the equity of *Rickmers Holding AG*.
- In December 2016, the sole shareholder Bertram R.C. Rickmers paid a total of € 13.0 million into the capital reserve.

Within the context of current business planning, the realisation of the objectives of capital management is, amongst other things, dependent on the successful implementation of the bundle of measures decided by the Management Board in the first quarter of 2016, which was approved by the Supervisory Board on 4 March 2016 and has subsequently been developed further. This includes amongst other things:

- the sale/monetisation of selected (non-) core vessels and shares in companies,
- the refinancing of selected bank loans, and
- the optimisation of Group-wide cost structures.

The realisation of the above-mentioned objectives depends on the implementation of various measures including short-term initiatives, on the approval of external parties, and on sufficient liquidity in the market. Additional measures to strengthen the capital base are currently being planned or are under review. For details on the further development of the bundle of measures and other measures ● see **Business performance of the Corporate Center, p. 55, and Events after the Reporting Date, p. 66.**

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of *Rickmers Holding AG* as reported in its annual financial statements determined in accordance with the German Commercial Code (HGB). The annual amount of dividends to be distributed is limited under the rules and regulations associated with *Rickmers Holding AG's* corporate bond to the higher of € 10.0 million and, if the consolidated profit of Rickmers Group reaches or exceeds € 25.0 million, 50.0 per cent thereof. Pursuant to an agreement dated 28 May 2015, Bertram R.C. Rickmers has waived his entitlement for any dividends declared at the General Meeting for the financial periods ending 31 December 2015, 2016 and 2017. Therefore, no dividends were distributed or declared.

Investment

In financial year 2016, the Rickmers Group's **investment volume** totalled € -36.3 million (2015: € -246.5 million). At € -35.0 million (2015: € -244.8 million), the Maritime Assets business segment received the largest share of

investment, particularly in energy-efficiency measures and class renewal (dry-docking) of the existing fleet. In the Maritime Services segment investment amounted to € -0.4 million (2015: € -0.7 million). The Rickmers-Linie segment reported investment of € -0.3 million (2015: € -0.02 million). In addition, investments in the expansion of IT and reporting structures, as well as in the process optimisation of the risk management system and the internal control system, were implemented to a limited extent as a result of the change in legal form of *Rickmers Holding AG* and related corporate governance requirements, especially at the Corporate Center.

Liquidity

As at 31 December 2016, **cash and cash equivalents** amounted to € 62.1 million (31 Dec. 2015: € 96.3 million).

The reduction in cash and cash equivalents compared to 31 December 2015 resulted primarily from the change in consolidation method of *Rickmers Maritime* and *Rickmers Third Maritime Investment Pte. Ltd.*, and largely follows the negative EBITDA development.

Cash flow statement

Cash flow from operating activities of the Rickmers Group for financial year 2016 fell by € 108.0 million to € 165.4 million (2015: € 273.4 million). The change resulted mainly from lower charter income from follow on charters, as well as lower freight revenues in the Rickmers-Linie segment. In the Maritime Assets segment, cash flow from operating activities fell by € 70.1 million to € 207.3 million (2015: € 277.4 million) owing to lower charter revenues, which were only partially compensated by the deposit payment made by a significant charterer for the implementation of energy-efficiency measures. Likewise, the change in consolidation method of *Rickmers Maritime* and *Rickmers Third Maritime Investment Pte. Ltd.* burdened cash flow in the Maritime Assets segment. The cash flow from the Maritime Service segment's operating activities amounted to € 6.0 million (2015: € 12.3 million), with the decline due in particular to the reduction in liabilities from the previous year. In the Rickmers-Linie segment, despite lower bunker costs, the unfavourable development of freight rates, as well as fewer voyages, led to decreased cash flow from operating activities to the amount of € -30.3 million (2015: € 2.7 million).

Cash flow from the investment activities of the Rickmers Group totalled € -56.9 million (2015: € -240.1 million), and were driven mainly by investments in vessel assets in the existing fleet (energy-efficiency measures and class renewal (dry-docking)) amounting to € -31.3 million, as well as the change in consolidation method of *Rickmers Maritime* and *Rickmers Third Maritime Investment Pte. Ltd.*

Cash flow from financing activities of the Rickmers Group amounted to € -142.6 million (2015: € -202.9 million). The main drivers were the regular repayment of financial debt amounting to € -111.4 million, extraordinary prepayment by *Rickmers Maritime* amounting to € -13.6 million, as well as interest payments of € -103.9 million. This was offset by the refinancing of three large container vessels, which repaid bank liabilities and loans from shipyards in the amount of € -253.4 million, and liabilities from finance leases amounting to € 283.3 million, less transaction costs paid in the amount of € 8.1 million, incurred in the course of the "sale-and-lease-back" transaction. In financial year 2016, cash flow from financing activities was also positively impacted by loans granted by a charterer as part of a restructuring carried out (€ 5.5 million), as well as the draw down of a firmly committed credit line in the amount of USD 53.0 million (equivalent to € 47.8 million). As at 31 December 2016, the credit line amounting to USD 165.0 million (equivalent to € 156.7 million as at 31 Dec. 2016) had been utilised to USD 160.0 million (equivalent to € 152.0 million as at 31 Dec. 2016).

2.4.3 Asset situation

As at the balance sheet date, the **total assets** of the Rickmers Group amounted to € 1,831.3 million, a decline of € 1,046.0 million (31 Dec. 2015: € 2,877.3 million).

The fleet of vessels constitutes the largest item in **non-current assets** at € 1,635.7 million (31 Dec. 2015: € 2,635.5 million). While energy efficiency measures, class renewal (dry-docking) and USD/EUR exchange-rate developments contributed to an increased in vessel values, the net asset value of the fleet fell due to the change in consolidation method of *Rickmers Maritime* and *Rickmers Third Maritime Investment Pte. Ltd.*, and also due to amortisation, depreciation and impairment losses on vessels.

Current assets fell to € 104.5 million in the reporting period (31 Dec. 2015: € 168.2 million), primarily caused by reductions in the level of cash and cash equivalents related to the change in consolidation method of *Rickmers Maritime* and *Rickmers Third Maritime Investment Pte. Ltd.*, as well as lower outstanding trade receivables and other receivables.

Consolidated cash flow statement according to IFRS (short version)

in € million	2016	2015
Operating activities		
Cash flow from operating activities	165.4	273.4
Investing activities		
Cash flow from investing activities	-56.9	-240.1
Financing activities		
Cash flow from financing activities	-142.6	-202.9
Change in cash and cash equivalents	-34.1	-169.6
Currency translation effects on cash and cash equivalents	-0.1	17.7
Changes in the scope of consolidation	0.0	-0.7
Cash and cash equivalents at beginning of period	96.3	248.9
Cash and cash equivalents at end of period	62.1	96.3

Consolidated balance sheet according to IFRS (short version)

in € million	31 Dec. 2016	31 Dec. 2015
ASSETS		
Non-current assets	1,717.5	2,709.1
Current assets	104.5	168.2
Assets held for sale	9.3	0.0
Assets	1,831.3	2,877.3
EQUITY AND LIABILITIES		
Equity	98.5	555.4
Non-current liabilities	1,439.3	1,898.9
Current liabilities	293.6	423.0
Equity and liabilities	1,831.3	2,877.3

3 Employees

3.1 Development of the number of employees

The Rickmers Group has a strongly international structure, comprising employees of 35 different nationalities (shore and sea personnel). On average, in 2016 the Rickmers Group employed 2,137 workers (2015: 2,193 workers) around the world. Of those employees hired in 2016, 23.1 per cent (493 employees) worked ashore and 76.9 per cent at sea (1,644 employees). Of the 1,644 seafaring employees, 1,065 were employed directly by the Rickmers Group and 579 by international crewing agencies.

The Rickmers Group has a global presence though its 16 locations worldwide. A total of 55.2 per cent of employees who work ashore are located at its headquarters in Hamburg. The Rickmers Group employs 32.0 per cent of its workforce in the Asian market, which is of huge importance to the shipping industry, whereby 101 employees work at its main office in Singapore.

Number of employees ashore by locations ¹

Locations	2016	2015	Change in %
Hamburg	272	257	5.8
Limassol	16	17	-5.9
Constanta	9	9	0.0
Antwerp	8	8	0.0
Douglas	4	4	0.0
Copenhagen	1	0	100.0
Düsseldorf	1	1	0.0
Europe total	311	296	5.1
Singapore	101	96	5.2
Shanghai	26	25	4.0
Tianjin	6	9	-33.3
Tokyo	7	7	0.0
Seoul	6	6	0.0
Beijing	3	2	50.0
Dalian ²	1	2	-50.0
Bangkok	5	0	100.0
Xingang	3	0	100.0
Asia total	158	147	7.5
Houston	24	27	-11.1
USA total	24	27	-11.1
Total	493	470	4.9

The average headcount of the Rickmers Group's individual segments developed as follows. The largest change of almost -36.8 per cent was in the Maritime Assets segment due to the reduction in seafaring personnel, although the number of shore-based personnel remained constant. The Maritime Services segment also suffered a slight reduction in seafaring employees, leading to a fall of -2.5 per cent in the segment. In 2016 the Rickmers-Linie segment saw headcount remain almost unchanged, with a marginal increase of 2.6 per cent. At the Corporate Center, however, an increase of 8.6 per cent was reported; this is attributable to the expansion of the cross-business Shared Services functions resulting from the change of legal form of *Rickmers Holding AG* as well as to the associated corporate governance requirements and the significant amount of time and effort involved overall in strengthening the liquidity position and restructuring debt.

The Rickmers Group is committed to balancing the age structure of its business, so it strives to leverage the professional experience of older colleagues paired with the cutting-edge theoretical knowledge of younger staff to create synergies. In financial year 2016 the relationship between all employee age groups was balanced, with employees aged between 30 and 39 years old accounting for the greatest share of the workforce at 41.0 per cent. The average age of employees in the Rickmers Group as at the balance sheet date was 41.4 years old.

As a company with a long tradition, the Rickmers Group places great value on ensuring the long-term loyalty of its employees. To achieve this it offers many benefits, including flexible work-time models. The fact that as of 31 December 2016 the average period of employment amounts 6.7 years speaks volumes for the success of this strategy.

In the financial year 2016, the employee related fluctuation rate was 8.3 per cent (2015: 10.6 per cent). As in the previous year the sick leave of Rickmers Group employees shows a very low score of 3.6 per cent (2015: 2.8 per cent).

¹ According to the established definition, the calculated average number of employees does not include executive directors or trainees (unless indicated otherwise).

² Location was closed as at 30 November 2016.

Employees of Rickmers Group worldwide ¹

	2016	2015	Change in %
Employees total	2,137	2,193	-2.6
Shore personnel	493	470	4.9
Sea personnel	1,644	1,723	-4.6
thereof internal sea personnel	1,065	992	7.4
thereof external sea personnel	579	731	-20.8
Segments and Corporate Center			
Maritime Assets	43	68	-36.8
Maritime Services	1,800	1,846	-2.5
Rickmers-Linie	155	151	2.6
Corporate Center	139	128	8.6
Age structure ^{2,4}			
Under 30 years	54	63	-14.3
30 to 39 years	197	213	-7.5
40 to 49 years	112	106	5.7
Over 50 years	114	107	6.5
Period of employment ^{2,4}			
Under 5 years	257	289	-12.5
5 to 9 years	114	115	-0.9
10 to 14 years	57	45	21.1
Over 15 years	49	40	18.4
Share of women in % ²	46.5	44.9	1.6 PP
Share of men in % ²	53.5	55.1	-1.6 PP
Share of part-time employment in % ^{2,4}	6.5	6.3	0.2 PP
Share of parental leave in % ^{3,4}	10.6	8.9	1.7 PP
Fluctuation (exit initiated by the employee in %) ²	8.3	10.6	-2.3 PP
Sick leave in % ³	3.6	2.8	0.8 PP

¹ According to the established definition, the calculated average number of employees does not include executive directors or trainees (unless indicated otherwise).

² Shore-based employees.

³ Employees in Germany.

⁴ Calculation as at the balance sheet date.

3.2 Recruitment and training

The lasting effectiveness of recruitment and training at the Rickmers Group is secured through long-term personnel planning based on business requirements.

For specialist and managerial positions we focus on a precise analysis of the job vacancy profile and weigh this against the candidate's specialist, personal, methodological and social skills. To make the candidate selection process even more precise and efficient, a company-specific competency model was developed which supports

the entire recruitment process. At management level, this will be expanded to also include a new assessment tool to measure on-the-job conduct.

In consideration of entry-level positions, the Rickmers Group offers an early insight into how the business operates through its four different apprenticeships as well as trainee programmes, internships and working student activities. Our apprenticeships offering encompasses apprentice positions for Shipping Merchant (specialised in liner and tramp shipping), IT Specialist (specialised in system integration) and Office Administration. This offering is complemented

by a dual-studies programme in Maritime Management at the HSBA (Hamburg School of Business Administration). Besides this, the 18-month trainee programmes which had been launched the previous year in the areas of Human Resources, Corporate Finance & Treasury, Accounting and Reporting & Controlling came to an end. Of these, the Human Resources trainee programme was re-advertised and fully subscribed. The number of apprentices, trainees and working students remained virtually unchanged versus the previous year at 27 people (2015: 28 people).

The Rickmers Group considers the operation of vessels under the management of skilled and motivated employees with well-developed leadership qualities as an essential prerequisite for successful fleet management.

The ROPE (Rickmers On Board People Excellence) training model was implemented to maintain a uniform standard of training within the fleet, as well as to ensure the lasting effectiveness of measures designed to strengthen the training and skills of our seafarers globally. ROPE takes an integrated approach to training and qualification: it starts right from when new seafaring personnel are recruited, and supports them throughout their career development. The training model includes psychometric tests, training on specific vessel types, IT courses, as well as training to the internally developed "Container Industry Competence Standard".

Strong working relationships and close communication between fleet personnel and employees ashore is ensured through officer conference events: these are held in combination with a range of training sessions and workshops which are also tailored to the specific requirements of the Rickmers Group.

The continuation of the Rickmers Cadet Programme ensures new talent is developed so that our vessels are crewed with well-trained officers from the Rickmers Group's own pool of personnel.

3.3 Staff development and qualification

A comprehensive range of qualification and training measures offers all Rickmers Group employees the opportunity to develop their skills further throughout their career. Besides the internal development programme Rickmers Academy, the Rickmers Group also supports its employees with personalised measures. Compared to the previous year, the Rickmers Group focused even more strongly on expanding specialist subject-specific expertise, which was complemented by personal and industry-specific topics. To achieve this objective and increase cost efficiency, the Rickmers Academy relies on a steadily increasing number of internal trainers. In the financial year these covered the delivery of approximate 85 per cent of all group-training courses. In financial year 2016 a total of over 200 different individual and group training courses were offered worldwide (2015: over 250 courses). In 2016 every employee took part in two training programmes on average, at the locations in Germany, the Isle of Man, Singapore and Cyprus (excl. language courses and university degrees).

As in the previous year, management development continues to form a key part of our staff development activities. In 2016 the first of the Group's management training courses, which were conceived around the Management Opinion Barometer (2014/2015) were held as a pilot project in Hamburg. International expansion in Singapore as well as an extension module have been designed for the next financial year. In addition, mentoring programmes support young managers in further developing their leadership role, while experienced managers are offered specific training and coaching courses.

3.4 Remuneration

The remuneration system is structured in line with the market and comprises fixed and, for some positions, additional variable components. The variable salary component depends on the achievement of personal and business targets, so this remuneration system recognises the personal effort of each employee and rewards them correspondingly. A long-term remuneration payment with a multi-year assessment basis supplements salaries at the highest management level, thereby contributing the sustainable development of the company. *Rickmers-Linie GmbH & Cie. KG* is the only Rickmers Group company with a collective wage agreement.

4 Events after the Reporting Date

With effect from 1 January 2017, Kirsten Gronau took over the function as General Counsel and Chief Compliance Officer, as well as the position in the Senior Management, from Katharina Eucken. At the same time, Markus Heischmann assumed the function of Deputy General Counsel and Deputy Chief Compliance Officer.

On 12 January 2017, the Maritime Assets segment sold a 2,200 TEU container vessel, as commissioned by the relevant Ship-Ownning Fund. This vessel is no longer under commercial management.

As at the preliminary date of preparation, the fleet of the Maritime Services segment declined by two vessels; while technical management ended for four third-party vessels, two new bulk carriers from the Samudera Indonesia shipping line were taken under technical and crew management.

On 1 March 2017, Michael Brandhoff took over the position of Managing Director for *Rickmers Shipmanagement GmbH & Cie. KG* and Deputy Chief Operating Officer of Maritime Services. Based on his many years' experience in both technical and management areas, he will be responsible in the Maritime Services segment for the Technical, Newbuilding, and Energy Efficiency Departments at the locations in Hamburg and Singapore.

Based on the current development of the company the Creditreform Rating AG has downgraded the corporate rating of *Rickmers Holding AG* from CC to C (watch) on 2 March 2017.

In connection with the further developed bundle of measures, in March 2017 the Rickmers Group sold a container vessel with a capacity of 1,840 TEU. The hand-over is planned for May 2017. In this light the financing bank agreed on a debt waiver of USD 3.5 million (equivalent to € 3.3 million as at 31 Dec. 2016) amongst others.

Likewise in connection with the further developed bundle of measures, the Rickmers Group has sold its shares in two joint ventures between Rickmers Group and funds affiliated with Apollo Global Management, LLC to the joint venture partner, with effect from 4 January 2017. With the disposal of these two participations and against a compensation payment in the amount of USD 2.5 million by the Rickmers Group, the charter-guarantee by the *Rickmers Reederei (Singapore) Pte. Ltd.* with regard to fixed charter income with a fair value as at 31 December 2016 of € 11.7 million was cancelled. As a result of the transaction and the cancelled charter-guarantee, the Rickmers Group faces no further payment obligations. The former joint-venture vessels remain under commercial and technical shipmanagement of the Rickmers Group.

In connection with the further developed bundle of measures, *Rickmers-Linie GmbH & Cie. KG* and *MCC Marine Consulting & Contracting GmbH & Cie. KG* as sellers reached agreement on 7 February 2017 (including the addendum on 22 March 2017) with ZEABORN Chartering GmbH & Co. KG and other entities of the ZEABORN Group as purchaser regarding their respective operating businesses. The transaction was completed on 30 March 2017 with effect from 1 April 2017. The sale involves the entire operating business of *Rickmers-Linie GmbH & Cie. KG* as a liner carrier and the entire operating business of *MCC Marine Consulting & Contracting GmbH & Cie. KG*, which focuses on bunker purchasing and chartering brokerage for the segment. The transaction covers the employees, assets, including subsidiaries and branch offices of *Rickmers-Linie GmbH & Cie. KG* and current commercial contracts. *NPC Projects A/S*, acquired in July 2016 by *Rickmers-Linie GmbH & Cie. KG*, is also included in this transaction. The purchaser is to acquire the right to use the brand names "Rickmers-Linie" and "Rickmers-Line", however only within the scope of activity of the acquired business. On closing on 30 March 2017 the seller paid compensation in the single-digit million-euro range. The parties have agreed to maintain confidentiality regarding details of the acquisition-price calculation. The sale of the Rickmers-Linie business segment has no impact on Rickmers-Linie's employees, routes or long-term chartered tonnage. For the time being, personnel employed in the business segment will continue to be based in the premises used by the Rickmers Group on Neumühlen, Hamburg.

Likewise in connection with the further developed bundle of measures, a waiver agreement with HSH Nordbank AG (HSH) was agreed including deferrals amounting to 50,0 per cent of the contractually agreed capital repayments under the majority of ship-financing loans for the third and fourth quarter of 2016 until 28 February 2017. An addendum extended these deferrals until 31 May 2017 and agreed further deferrals amounting to 100,0 per cent of scheduled repayments from first quarter of 2017 onwards as well as for part of the interest payments, likewise until 31 May 2017. These deferrals will bridge the gap until the Restructuring Report (drawn up to the German Institute of Auditors, IDW S6 standard) assigned an external auditor, is finalised. In addition, HSH and UniCredit Bank AG (UniCredit) have waived compliance with certain financial covenants until 31 May 2017. Alongside HSH and UniCredit, Norddeutsche Landesbank Girozentrale (NordLB) and DNB Bank ASA (DNB Bank) have temporarily waived compliance with relevant financial covenants, currently until 30 April 2017.

A comprehensive concept in particular for the restructuring of the Rickmers Group's main financial debt has thus become necessary, to complement the bundle of measures already initiated by the Management Board in beginning of March 2016, which was approved by the Supervisory Board on 4 March 2016 and which has subsequently been developed further. Since calling off the IPO on 14 March 2016, up to and including the second quarter of 2017 *Rickmers Holding AG* has been developing such a concept in parallel to the implementation, respectively continuation and expansion of the said bundle of measures. Following measures and events are primarily allocated to the comprehensive restructuring concept:

- On 19 April 2017, *Rickmers Holding AG* reached an understanding on a term sheet with the HSH and the sole shareholder regarding the restructuring of material financial liabilities of the Rickmers Group, that is still subject to corporate approvals of the bank creditors and contingent on restructuring of the corporate bond issued by *Rickmers Holding AG* as set out below. The envisaged restructuring is to enable reorganisation of the Rickmers Group on the basis of contributions of all relevant stakeholders, i.e. in particular the sole shareholder Bertram R.C. Rickmers, the financing banks and the bond creditors.
- As contribution to the restructuring, under the term sheet Bertram R.C. Rickmers undertakes to make a cash contribution of € 10.0 million, to relieve the Rickmers Group from a shipyard liability of a further USD 10.0 million, to waive licensing fees up to the end of Q1 2021 and to procure a back-up loan facility of up to a further € 10.0 million for possible future liquidity requirements of *Rickmers Holding AG*. Bertram R.C. Rickmers is also prepared to reduce his stake in *Rickmers Holding AG* from 100.0 per cent to 24.9 per cent in order to enable key creditors, i.e. HSH, the bond creditors and possibly one further bank, to acquire a total stake of 75.1 per cent in *Rickmers Holding AG* as part of the restructuring concept.
- To this end, a Luxembourg vehicle ("LuxCo") shall assume all liabilities of *Rickmers Holding AG* under the corporate bond, such that the LuxCo shall replace *Rickmers Holding AG* as the debtor of the corporate bond. The LuxCo shall also assume as debtor a partial amount under a loan from HSH. In connection with these assumptions the LuxCo shall acquire a 75.1 per cent stake in *Rickmers Holding AG* by means of a capital increase. A joint representative yet to be appointed by the bond creditors shall be authorised to approve a sale of shares in *Rickmers Holding AG* held by the LuxCo following an investor solicitation process yet to be conducted and to distribute the proceeds to HSH, the bond creditors and possibly to one further bank, according to a defined allocation formula.
- Payment of the interest coupon of 8.875 per cent on 11 June 2017 shall be exempt from the above debt assumption under the corporate bond. The payment is to be made in full by *Rickmers Holding AG* on the condition that a resolution of the bond creditors on the appointment and authorisation of a joint representative has been passed by such time. Therefore, *Rickmers Holding AG* released an invitation to vote without holding a meeting ("Aufforderung zur Stimmabgabe") in the Official Federal Gazette (Bundesanzeiger) on 21 April 2017.

- On 19 April 2017 *Rickmers Holding AG* reached agreement with HSH as the largest creditor on a term sheet with the following restructuring contributions amongst others: (i) agreement to debt assumption by LuxCo ("debt push-up") with regard to parts of the Corporate Revolver; reduction of the interest rate for the part of the Corporate Revolver not taken over by LuxCo from 1 March 2017 to 31 March 2021; maturity extensions for the parts of the Corporate Revolver remaining with *Rickmers Holding AG* from May 2018 to March 2021, (ii) agreement to final repayments on selected ship-financing loans solely from the proceeds of the sale of the vessels serving as security, (iii) reduction of interest margins from the second quarter of 2017 to the end of 2020 as well as continuation of existing deferrals and further repayment deferrals under selected ship-financing loans to March 2021, (iv) deferral of payment obligations under interest rate hedging transactions from the first quarter of 2017 and conversion of six interest rate hedging transactions into loans with fixed interest rates as well as discharging the Rickmers Group from the four remaining interest rate hedging transactions with currently negative fair values each, (v) release of funds pledged to HSH and (vi) "back up deferral" facility to secure minimum liquidity for *Rickmers Holding AG* in the period from 1 January 2018 to 1 January 2021.
- In a Letter of Support dated 2 February 2017, UniCredit has declared its willingness in principle to extend loans which are due to mature in March 2018, on the conditions that all other stakeholder as well as the sole shareholder provide various significant restructuring contributions as specified in the financial restructuring. In addition, *Rickmers Holding AG* is currently negotiating with UniCredit about the provision of further restructuring contributions.
- Deutsche Bank has raised the prospect of not charging the Rickmers Group with the difference between the outstanding loan amounts and sales proceeds from the sale of the vessels against a one-off payment (repayment premium), in the case of a sale of both car carriers that it has financed.
- An agreement with a shipyard (HHI) is currently being finalised which provides in particular for a further reduction of the interest rate for HHI loans to 1.75 per cent p.a., deferral of all repayments for the term of all eight loans, and a further postponement of the maturity of six of the loans to July/August/September 2021, in exchange for further special repayments to HHI in the amount of USD 4.5 million.
- Regarding the sale/monetisation of selected (non-) core vessels and shares in companies further measures are planned within the restructuring period until end of 2020: (i) sale of selected vessels currently under short-term charter contracts respectively which predominantly generate negative cash flows, (ii) companies which provide services closely associated with shipping and (iii) sale of shares in joint-venture vessels.
- In addition, extensive cost respectively liquidity saving measures are planned, in particular through: (i) reduction of vessel operating costs ("Opex"), (ii) savings primarily in consultancy and personnel costs of *Rickmers Holding AG*, (iii) realisation of efficiency gains in the area of shipmanagement, among other things through the already initiated consolidation and optimisation of service activities and (iv) additional liquidity easing in the restructuring period to the end of 2020 is planned through contributions by Members of the Management Board of *Rickmers Holding AG* of 60.0 per cent of their variable remuneration components as well as their Long Term Incentive Program (LTIP) components.
- The Management Board of *Rickmers Holding AG* has tasked a leading international auditing firm with providing an expert report on the possibility of successfully restructuring the Rickmers Group within the meaning of IDW Standard S6. In the current draft restructuring report, which is almost finalised, the auditing firm concludes that the Rickmers Group can be successfully restructured if all proposed restructuring measures are implemented.
- The realisation of the restructuring concept including various measures, partially short-term initiatives, depends on the approval of external parties, amongst others from decision-making bodies of creditor banks and bond holders and on sufficient liquidity in the market.

Based on the current business plan, the current draft restructuring report for the Rickmers Group pursuant to the Standard S6 of the German Institute of Auditors (IDW), which is almost finalised, the fundamentally reached understanding on a term sheet with HSH and the sole shareholder on 19 April 2017, the constructive talks with further financing banks, the publication of the invitation to vote without holding a meeting ("Aufforderung zur Stimmabgabe") on 21 April 2017 as well as the as mostly probable assumed approval of the bond creditors regarding the restructuring concept, as at the preliminary date of preparation the Management Board of *Rickmers Holding AG* assumes a positive forecast of continuation of the company as set out in Section 19 of the German Insolvency Code (InsO), as well as the prerequisites for continuation of the company as a going concern as defined under Section 252 of the German Commercial Code (HGB) respectively IAS 1, will be given. The positive forecast of continuation was validated by opinions from a renowned international law firm and from a professor of a university-institute for international and European insolvency law.

5 Risk and Opportunity Report

5.1 Overall statement from the management regarding the risk and opportunity report

The volume of global trade and the related developments in the maritime industry are the main shapers of the Rickmers Group's opportunity and risk situation. Of particular relevance are the ongoing consolidation process in the container liner shipping industry, current vessel overcapacity and the limited willingness of banks to provide funding to shipping companies. Those developments are continuously burdening the opportunity and risk situation. Five of the risks of particular significance are classified with an effect of > € 30 million and affect:

- Liquidity risks ● see Risk 5, p. 81,
- Risks from decrease in vessel values ● see Risk 3, p. 78,
- Risk from over-indebtedness of *Rickmers Holding AG* as the parent company ● see Risk 8, S. 84 and subsequently
- Risks from non-compliance with terms and conditions on loan agreements ● see Risk 7, p. 83 as well as
- Risks from indebtedness ● see Risk 6, p. 83

In light of the still challenging shipping market conditions at the beginning of 2017 further there is a risk that, in the event of a significant failure to achieve revenue and income expectations as well as planned investment, equity and debt capital measures, this will lead to lower-than-expected cash flows from operating, investing and financing activities, that could endanger the Rickmers Group's appropriate liquidity situation (Liquidity risk, Risk 5). Simultaneously a significant failure to achieve revenue expectations, specific regarding charter revenues, would probably burden the amount of vessel values (Risks from decrease in vessel values, Risk 3). The failure to achieve revenue expectations as well as the decrease in vessel values could lead to a negative equity of *Rickmers Holding AG* (Risk from over-indebtedness of *Rickmers Holding AG* as the parent company, Risk 8).

The occurrence of the risk from over-indebtedness of *Rickmers Holding AG* as the parent company in terms of balance-sheet over-indebtedness would not endanger the continuation of *Rickmers Holding AG* or the Rickmers Group as long as the Management Board assumes a positive forecast of continuation of the company as set out in Section 19 of the German Insolvency Code (InsO), will be given, as it does at the preliminary date of preparation. The positive forecast of continuation was validated by opinions from a renowned international law firm and from a professor of a university-institute for international and European insolvency law ● see also Liquidity risks, Risk 5, p. 81.

The burdens on revenue and income situation, vessel values and the equity of *Rickmers Holding AG* would probably also endanger the company's ability to meet the financial performance indicators. This could lead to the additional risk that financial creditors receive and exercise a right to early repayment of the respective financial debt (Risks from non-compliance with terms and conditions on loan agreements, Risk 7). Individual breaches of terms and conditions on loan agreements through cross-default regulations may then also endanger other forms of finance of the Group, in such a way that a requirement to repay loans early for these forms of finance is also triggered. Even if the company fulfils the terms and conditions on loan agreements, a lower creditworthiness of the Rickmers Group could lead amongst other consequences to less favourable loan terms and conditions in future, and thus to higher financing costs (Risks from indebtedness, Risk 6).

A comprehensive concept in particular for the restructuring of the Rickmers Group's main financial debt has thus become necessary, to complement the bundle of measures already initiated by the Management Board in beginning of March 2016, which was approved by the Supervisory Board on 4 March 2016 and which has subsequently been developed further. Since calling off the IPO on 14 March 2016, up to and including the second quarter of 2017 *Rickmers Holding AG* has been developing such a concept in parallel to the implementation respectively continuation and expansion of the said bundle of measures ● see Events after the Reporting Date, p. 66.

This restructuring concept comprises major contributions on the part of all the Rickmers Group's stakeholders, including the *Rickmers Holding AG* sole shareholder Bertram R.C. Rickmers, the company's financing banks, a shipyard, and the bond creditors. Furthermore, the restructuring foresees diverse additional measures undertaken by the Rickmers Group, particularly in the form of divestments and further cost-saving initiatives. Within the 2016 financial year and until the preliminary date of preparation diverse steps from the further developed bundle of measures and the restructuring concept were initiated or implemented ● see Business performance of the Corporate Center, p. 55, and Events after the Reporting Date, p. 66.

In this regard, *Rickmers Holding AG* has mandated a leading international auditing company as external auditor with producing a restructuring concept and assessing the restructurability of the Rickmers Group according to the Standard S6 of the German Institute of Auditors (IDW) and taking the requirements of the German Federal Supreme Court into account. In the current draft of the Restructuring Report, which is almost final, the auditor concludes that *Rickmers Holding AG* can be restructured if all planned restructuring measures are realised. In turn, this implies that besides the positive assessment of the company's restructurability, the positive forecast of continuation of the company as set out in Section 19 of the German Insolvency Code (InsO) may also cease to be valid if the restructuring measures are not implemented. The realisation of objectives also depends on the implementation of various measures including short-term initiatives, on the approval of external parties, and on sufficient liquidity in the market. The withdrawal of a positive forecast of continuation of the company as set out in Section 19 of the German Insolvency Code (InsO) would probably lead to the insolvency of *Rickmers Holding AG* as well as above mentioned cross-default regulations in loan agreements amongst others of the Rickmers Group.

Based on the current business plan, the current draft restructuring report for the Rickmers Group pursuant to the Standard S6 of the German Institute of Auditors (IDW), which is almost finalised, the fundamentally reached understanding on a term sheet with HSH and the sole shareholder on 19 April 2017, that is still subject to corporate approvals of the creditors, the constructive talks with further financing banks, the publication of the invitation to vote without holding a meeting ("Aufforderung zur Stimmabgabe") on 21 April 2017 as well as the as mostly probable assumed approval of the bond creditors regarding the restructuring concept, as at the preliminary date of preparation the Management Board of *Rickmers Holding AG* assumes a positive forecast of continuation of the company as set out in Section 19 of the German Insolvency Code (InsO), as well as the prerequisites for continuation of the company as a going concern as defined under Section 252 of the German Commercial Code (HGB) respectively IAS 1, will be given. The positive forecast of continuation was validated by opinions from a renowned international law firm and from a professor of a university-institute for international and European insolvency law.

5.2 Internal control system for accounting procedures

Concept and objectives

The internal control system (ICS) of the *Rickmers Holding AG* also incorporates the accounting-related ICS.

In terms of accounting of Rickmers Group, the aim of the ICS is to avoid the risk of material misstatements through accounting errors and to ensure that financial reporting in the consolidated financial statements is reliable. As an integral component of the Group's accounting procedures, the ICS includes preventative, monitoring and detecting safeguarding and control measures in terms of accounting and operating functions. These include the segregation of duties, IT controls, access restrictions and authorisation controls within the IT system. It should be ensured that accounting is consistent and in compliance with legal provisions, applicable regulations and generally accepted accounting principles. However, no absolute guarantee can be given that an ICS will achieve this goal, irrespective of its form or structure which is arranged in the department Financial Concepts & Internal Control Systems.

Organisation and main processes in Group accounting and consolidation

Rickmers Holding AG produces the consolidated financial statements for the Group according to the international accounting provisions of the IASB (IFRS) as implemented in national law within the framework of adoption by the European Commission. The Group principles for producing financial statements and accounting (instructions, circulars) were distributed to the relevant employees in a timely manner. Changes to relevant legal provisions and standards are observed continually and incorporated correspondingly into the work instructions and individual provisions. A standardised accounting system is used for the Group.

The department Corporate Financial Accounting and Reporting hold the main responsibility for the consolidation process and production of financial statements.

The planning and consolidated financial statement process is performed based on a detailed financial calendar. The departments Corporate Controlling, Corporate Financial Reporting and Financial Concepts & Internal Control Systems are responsible for monitoring compliance with this financial calendar. All units included in the Group planning and consolidated financial statement process are incorporated within a firmly defined management and reporting structure.

The manual and IT-supported authorisation and approval procedure provides payment-flow controls.

The consolidated financial statements include information from other departments. For instance, they include information from Corporate Finance & Treasury on the accounting of financial derivatives and information on notes to the consolidated financial statements pursuant to IFRS 7 as well as information from the controlling department to perform impairment tests.

A number of situations are examined and illustrated with the involvement of external experts and auditors, such as insurance actuaries, to calculate provisions for pensions and other obligations.

At system level, accounting is prepared using the IT system SAP. The subsidiaries included in the consolidated financial statements present report packages and these are consolidated using the SAP Financial Consolidation (SAP FC) system into consolidated financial statements. Automatic system controls and manual agreement processes ensure data consistency regarding the consolidated financial statements. The Corporate Financial Accounting and Reporting department is the central point of contact for the subsidiaries included in the consolidated financial statements. This is to ensure accounting is IFRS-compliant and that reporting deadlines and obligations are met. Furthermore, the department carries out the necessary consolidation steps and performs analyses to identify remaining inconsistencies if necessary.

5.3 Risk and opportunity report

5.3.1 Presentation of the risk management system

The risk strategy provides the framework for the Rickmers Group's risk management system. As part of overall strategic corporate management, the strategy sets out how risks associated with corporate activities, from strategy development and implementation to the daily business, should be handled responsibly. Business risks are then only taken consciously when they are manageable, proportionate to the expected benefit of engaging in that corporate activity and serve to achieve the Rickmers Group's corporate targets. The risk management system comprises all the instruments and measures that allow possible operational and strategic risks to be identified, measured, monitored and controlled early on in the particular business process. The aim of the system is to identify, if necessary to avoid, incidents that could jeopardise the Group and then to take mitigation measures and ensure the targets of the Rickmers Group can be met as planned. There is a strong link between risks and opportunities and both are associated with every business activity. This is why the risk management system also incorporates the opportunities of the Rickmers Group as a matter of principle. As such, as part of the presentation of the risk management system the terms opportunities and risks are more or less synonymous.

Risk management is clearly regulated and documented in the risk manual. In terms of the responsibilities it sets out, it reflects a system of centralised Group management combined with a high degree of decentralised responsibility for the business segments. The Management Board of

Rickmers Holding AG is responsible for the risk management system and its effectiveness. The Group companies in the operational business segments Maritime Assets, Maritime Services and Rickmers-Linie as well as the Corporate Center assess and control the risks according to the responsibilities entrusted to them. As such, the risk-consolidation group corresponds to the group of consolidated companies of the Rickmers Group. Essential risks from joint ventures and associated companies are reported by the particular parent company. The Risk Management department, headed by the CRO, is responsible for the maintenance and ongoing development of the risk management system. This department sets out and coordinates the Group-wide consistent risk process, reports to the Management Board and Supervisory Board, and ensures information is shared within the Rickmers Group on risk-related topics.

The following graphic illustrates the Group-wide risk management system as a double-loop process. It is based on the internationally recognised COSO II framework (Enterprise Risk Management – Integrated Framework) and is integrated into the Rickmers Group's process environment.

Risk management process circle



The risk strategy and the risk culture form the core of the risk management system. The inner circle represents the risk process, from objective setting to risk reporting. The outer circle reflects the documentation of the risk management system, which must be kept continually updated, its ongoing development as well as its monitoring. The key task of monitoring is to ensure the risk management system is as efficient as set out in the risk manual.

The aim of risk reporting is to provide the Management Board and Supervisory Board of *Rickmers Holding AG* with relevant information on the risk situation regarding the Rickmers Group and on appropriate risk-control measures. This allows the Management Board to make decisions to control key risks based on a wide pool of information and to ensure the improvement of the risk management system. Risk reporting is embedded in the reporting of the Rickmers Group. It comprises an annual risk inventory and quarterly updates. Where necessary, risk management consolidates the individual risks reported by the Group units. If sudden key risks arise or there are substantial changes to known risks, the Management Board is immediately informed via ad-hoc notifications. To manage financial risks, in-depth reports are provided centrally by the Corporate Finance & Treasury department. The Corporate Insurance department safeguards the Rickmers Group against the financial consequences of own-damage and liability insurance-relevant incidents. It continually monitors and updates insurance policies. Here, a very high focus is placed on industry-related and highly relevant maritime insurance policies.

Risk-control activities are performed within the Rickmers Group at all levels and in all functions. They include a wide group of activities such as authorisations, approvals, operational development reviews as well as compliance checks in terms of the separation of duties. Responsibility for control activities in terms of identified risks lies with the relevant risk owner. The Risk Management department can undertake additional control activities at any time.

The opportunity management system is structured like the risk management system and is firmly anchored within the process landscape of the Rickmers Group. Its basis lies in the company's long-term business planning and the measures derived from this to develop services and position them in the markets across their lifecycle. The Rickmers Group monitors and analyses the relevant markets by drawing on market data on the one hand, and within ongoing personal dialogue with its business partners on the other. The systematic recording and communication of opportunities is carried out by the Group companies in the operational business segments Maritime Assets, Maritime Services and Rickmers-Linie, as well as by the Corporate Center. This is an integral part of the Group's management and control processes.

5.3.2 Description of risks and opportunities

The risks to the Rickmers Group as well as the mitigation measures are generally observed with a one-year horizon. Risks are evaluated after possible risk-mitigation measures have been taken (net method). The probability of occurrence as well as the possible effects on the Rickmers Group's business aims are considered to determine if the risks possibly threaten the going concern assumption. On this basis and in terms of reputation, the business environment, business activities and the income, financial and asset situation of the Rickmers Group, the risks are classified accordingly and described in terms of their effect on the financial key performance indicators for the Rickmers Group. If necessary, relevant impacts on further key performance indicators are additionally reported.

Similarly, the opportunities for the Rickmers Group are observed with a one-year horizon. As with risks, these are presented in the form of a table showing key opportunities with a probability of occurrence high enough for them to be realised in the coming year and which may have a significant effect on the corporate targets of the Rickmers Group.

The following chart shows the valuation criteria “Probability of occurrence” and “Effect” as well as their thresholds. It provides the basis for classifying risks and opportunities:

Valuation criteria and thresholds

Indicators	Definitions
1. Probability of occurrence	
rare	0.0% – 4.9%
unlikely	5.0% – 24.9%
possible	25.0% – 49.9%
likely	50.0% – 74.9%
almost certain	75.0% – 100.0%
2. Effect	
insignificant	Up to € 3 million
low	> € 3 million to € 6 million
medium	> € 6 million to € 15 million
major	> € 15 million to € 30 million
severe (for risks)/ outstanding (for opportunities)	> € 30 million

The identified risks and opportunities are grouped in the following categories based on the COSO II criteria and are broken down into the following areas:

Categories and areas of risks and opportunities

RISK AND OPPORTUNITY CATEGORIES

Strategic and industry-based risks/ opportunities	Business and operational risks/ opportunities	Reporting and financial risks/ opportunities	Regulatory and compliance risks
RISK AND OPPORTUNITY AREAS			
• Risks/Opportunities arising from political and global economic developments • Risks/Opportunities arising from charter contracts • Risks/Opportunities arising from declining/increasing freight rates and freight volumes • Risks from decrease in vessel values • Opportunities arising from the expansion and diversification of services	• Risks from the unexpected restrictions in vessel availability • Risks and opportunities arising from the bundling of service activities and the reorganisation of the Rickmers Group • Risks from unexpected operating cost increases • Opportunities arising from technical innovation and modification • Liability risks and risks from actual and threatened litigations • Risks from IT systems • Personnel risks	• Liquidity risks • Risks from indebtedness and non-compliance with terms and conditions on loan agreements • Opportunities arising from flexible adjustment of the financial strategy • Risk from over-indebtedness of <i>Rickmers Holding AG</i> as the parent company • Risks from interest-rate changes • Risks/Opportunities arising from exchange-rate changes • Default risks on receivables • Risks arising from insolvency of shipping companies	• Compliance-related risks • Risks from regulatory obligations and restrictions

5.3.3 Risk description and evaluation

Summary and qualification of risks of particular significance

Based on the net risks outlined above ● see Description of risks and opportunities, p. 73, the Management Board of *Rickmers Holding AG* has identified nine particularly significant risks to the continuation of business operations, and has defined and categorised these by risk category and risk area. Of these, five are categorised as having a potential effect of >€30 million. As stated in the Overall statement from the management regarding the risk and opportunity report [p. 81], the withdrawal of a positive forecast of

continuation of the company as set out in Section 19 of the German Insolvency Code (InsO) would probably lead to the insolvency of *Rickmers Holding AG* as well as of the Rickmers Group. The positive forecast of continuation could be withdrawn for instance due to a failure to implement the planned restructuring measures successfully, including the contractually agreed implementation of the above-mentioned term sheet with HSH and the sole shareholder, and the restructuring of the corporate bond.

The risks of particular significance have been allocated as follows:

Risks of particular significance

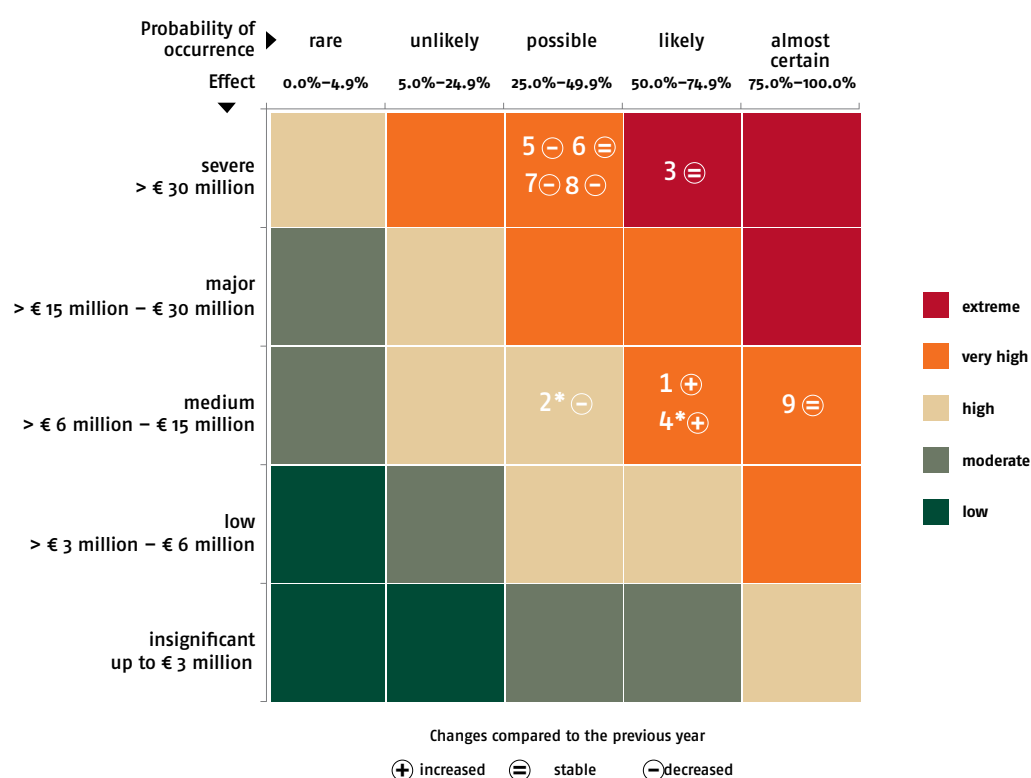
Risk categories	Risk areas		Risks of particular significance ¹
Strategic and industry-based risks			
	Risks arising from charter contracts	1	Consolidation-related changes in demand for vessel capacity with a limited number of charterers
	Risks arising from declining freight rates and freight volumes ²	2	Risk from demand for shipping capacity, competition with container vessel offerings and imbalances in the cargo mix
	Risks from decrease in vessel values	3	Risk of market-related impairments on vessels values
Business and operational risks			
	Risks from unexpected operating cost increases ²	4	Risk from increasing bunker prices
Reporting and financial risks			
	Liquidity risks	5	Risk of a shortfall in planned cash surpluses
		6	Dependence of financing terms and conditions on the creditworthiness of the Rickmers Group as well as on the monetary and capital market environments
	Risks from indebtedness and non-compliance with terms and conditions on loan agreements	7	Compliance with contractual financing requirements
	Risk from over-indebtedness of <i>Rickmers Holding AG</i> as the parent company	8	Loss of value in investments as well as the sale of assets below book value, which ultimately lead to burdens on the equity of <i>Rickmers Holding AG</i> as the parent company
	Risks from interest-rate changes	9	Risk from increased interest payments with variable rate loans

¹The colour-highlights refer to the risk map on the following page 76.

² With the sale of the operating business of the Rickmers-Linie effective as at 1 April 2017 these risks have been eliminated ● see Events after the Reporting Date, p. 66.

The nine risks of particular significance, including the five risks with an effect of >€ 30 million have been allocated as follows based on the probability of occurrence and effect. Their change compared to the previous year is indicated. The development of the risks assumes it as mostly probable that it will be able to implement the necessary in particular financial restructuring measures set out in the concept, and that a positive forecast of continuation of the company as set out in Section 19 of the German Insolvency Code (InsO) will be given.

Risk map



* With the sale of the operating business of the Rickmers-Linie effective as at 1 April 2017 these risks have been eliminated

● see Events after the Reporting Date, p. 66.

All the risks are detailed in the relevant risk areas and the main risk-mitigation measures explained. The risks of particular significance are indicated as such. In principle, the risks relate to the Rickmers Group as a whole. Specific risks to the Maritime Assets, Maritime Services and Rickmers-Linie segments as well as the Corporate Center are highlighted explicitly.

Strategic and industry-based risks

Risks arising from political and global economic developments

Approximately 80 to 90 per cent of the global cargo volume is transported by sea. Accordingly, the maritime industry is directly dependent on the global economy and in particular, the global trade volume and generally responds at an early

stage to expected changes in the economic environment. The growth of the global economy in the last two decades has been driven particularly by the high dynamics of the emerging economies. The subdued growth of the developed economies, in 2016 mainly due to a slowdown in economic development in the United States and the decision of Great Britain to leave the European Union. The slow global economic growth has also had a negative impact on emerging markets. Nevertheless, for the first time in six years the rate of growth in the emerging and developing economies once again rose more strongly compared with previous years. A more stable development of the Chinese economy, a slight increase in raw material prices, and robust growth in India's gross domestic product (GDP) is the basis for this. No assurance can be given that the growth forecasted for the global economy or the emerging economies will occur or that these economies will not experience contraction in the future. This uncertainty is exacerbated by the lack of clarity regarding the consequences of the (economic) policies currently in place. Furthermore, technical innovations such as digitalisation and robotics may lead to greater regionalisation, and in doing so influence established trade and transportation patterns in the future. A negative change in the global economic conditions could impact negatively on customers of the Rickmers Group and consequently on the operating business.

Given that Rickmers Group conducts its business through various subsidiaries in countries throughout the world, the Rickmers Group's business is directly and indirectly subject to the political, economic and social conditions of the countries where it, the owned vessels or managed or operated vessels and its respective customers operate, and where the ports called at by the vessels are located. For the Rickmers Group this can result in a decline in demand for transport by sea or the provision of services or severe disruptions to business operations.

To counter the global economic risk, the Maritime Assets segment has already secured the long-term chartering out of the vessels to safeguard the utilisation of a significant part of the fleet.

Risks arising from charter contracts

The maritime industry is highly fragmented between many global and regional shipowners; furthermore, it is characterised by intense competition and a persistently strained market situation. In the past, just a few liner shipping companies served the majority of the container liner shipping industry. Particularly in recent years, this industry has been swept by persistent consolidation involving mergers, joint ventures and alliances, which may have a negative impact on the Rickmers Group's business activities. Of the previous four globally leading alliances, three are likely to remain in existence over the course of 2017: "M2 Alliance" (Maersk Line with Hamburg Süd and MSC), "Ocean Alliance" (CMA CGM with APL, COSCO, Evergreen and OOCL), and "THE Alliance" (Hapag-Lloyd, K-Line, MOL, NYK and Yang Ming). Their aim is to achieve a higher capacity utilisation of their vessels and in doing so reduce the demand of container liner shipping companies for additional vessel capacity. This would potentially result in more difficult conditions for the Maritime Assets segment in the chartering out of its vessels. This means revenues would need to be generated with a smaller number of charterers with strong demand power. Charter rates and, in particular, rates on short-term charter contracts tend to fluctuate considerably. Changes in the demand for vessel capacity are difficult to predict and are beyond the Rickmers Group's control ● see Risk 1, p. 76.

Industry trends such as the cascade effect whereby smaller vessels are replaced by larger, often more energy-efficient vessels on specific shipping routes, gained additional momentum in 2016 as a result of the expansion of the Panama Canal (wider locks), and will continue to shape the market situation in 2017. Furthermore, due to existing competition and the strained market situation in the case of (threatening) insolvencies, or through the exercising of terms in a number of contracts for early termination, charterers could force renegotiations through to reduce charter rates, or even terminate charter contracts early. However, this risk is currently assessed as rather moderate, due, on the one hand, to existing long-term charter contracts – especially those with a charterer with good credit ratings – and on the other hand, due to short-term contracts, some of which have already been concluded at the current low market level.

In both instances, Maritime Assets would not be able to charter out the affected vessels under attractive terms, or indeed at all. Low charter rates or a complete lack of follow-on charters would result in losses of revenues and liquidity shortages. This could lead to potentially inadequate coverage of operating costs plus additional unexpected financing costs and potential costs arising from the laying-up of vessels. However, this risk will be clearly mitigated by the execution of the sale planned within the restructuring concept of selected vessels returning mainly negative cash flows. In addition, it may lead to payment defaults amongst customers in third-party management in the Maritime Services segment or Rickmers-Linie customers – until the receipt of outstanding receivables in the period until the successive hand-over of vessels' operations to the buyer of Rickmers-Linie.

The Rickmers family can look back on a tradition of more than 180 years in shipping and the "Rickmers" name enjoys a high level of brand awareness, particularly in the Asian region. Due to the Rickmers Group's good networking with important players along the supply chain in the maritime sector and its known high quality standards, the Group sees itself as being in a strong position, also in the future, to successfully secure reasonable charter agreements. At the same time, as part of the optimisation of Group-wide cost structures, the ongoing operating costs, including maintenance and repair costs, are regularly checked and reduced where possible; this also includes best-practice comparisons within the industry. The Rickmers Group continuously strives for long-term customer relationships. Thus in 2015 und 2016 the Group could agree early extensions to charter contracts with renowned charterers ● see **Business performance of the segments**, p. 52. To safeguard future cash flows, in particular charterers with good creditworthiness are of significant importance for the Rickmers Group. Overall, one charterer generates more than 80 per cent of all charter revenues with remaining charter periods of up to nine years. To monitor the receivables volume from operational business, the Rickmers Group has a corresponding receivables management system.

Risks arising from declining freight rates and freight volumes

In its Rickmers-Linie business segment, the Rickmers Group operates as a breakbulk, heavylift and project cargo liner service. Accordingly, its revenues are mainly derived from freight rates, which tend to fluctuate significantly in response to supply and demand for maritime cargo transportation services. The Rickmers-Linie segment sees itself faced with the risks arising from declining freight rates and freight volumes ● see **Risk 2**, p. 76. Amongst other things,

this could arise from increased price competition and protectionist trends and low demand for transport capacity, which also leads to a low freight volume. A further risk for Rickmers-Linie arises from the fact that in the strained container transport market the carrying of cargoes that are typical for Rickmers-Linie may not only be performed by multipurpose heavylift vessels (MPC), but also by container vessels and bulk carriers and can thus lead to a fall in orders. Moreover, an imbalance in the cargo mix between the transport of high-value goods with high-revenue potential and so-called base-load cargoes with comparatively low-revenue potential can strain the average attainable freight rate. These interdependent uncertainties lead to the risk of a negative impact on EBITDA of Rickmers-Linie.

To counteract a fall in freight rates, Rickmers-Linie provides a high-quality service as a liner shipping company, with strong schedule reliability combined with specialised know-how. Suitable cooperation with locally established business partners reduces the risk of price changes and competition risks. In addition to securing the core fleet through long-term charter contracts, remaining fleet capacity is chartered flexibly to be able to respond to changes in demand as quickly as possible.

With the sale of the operating business of Rickmers-Linie effective as at 1 April 2017 ● see **Events after the Reporting Date** p. 66, the risks arising from declining freight rates and freight volumes have been eliminated. Between the effective date of sale and the progressive transfer of the vessels to the buyer, the Rickmers Group continues to be exposed to a moderate residual risk arising from declining freight rates and freight volumes.

Risks of decrease in vessel values

The market value of vessels is principally volatile and currently on a low level. The market value of the vessels owned or managed by Maritime Assets can be influenced due to a number of different factors. Amongst others, these include the maturity and conditions of existing charter agreements, the supply of, and demand for, similar types of vessels, the characteristics of the vessel, changes in applicable regulations, and the development of port infrastructure. Also, the building of new, more technically advanced vessels, which are more efficient or more flexible than vessels owned by the Rickmers Group, may have a negative effect on the vessel value.

In 2016 financial year the Rickmers Group recognised net impairment losses on the carrying amounts of vessels of € 231.7 million. Amongst other factors, the most current forecasts available as at the reporting date on the possible

development of charter rates were taken into account. If the shipping sector once again develops much more weakly than expected in the forecast period, further impairments to the carrying amounts of vessels may become necessary. This would have a negative impact on the asset and income situation of the Rickmers Group, and therefore potentially also on terms and conditions on loan agreements, such as loan-to-value ratios and the minimum equity ratio of the Rickmers Group ● see Risk 3, p. 76. Individual breaches of terms and conditions on loan agreements through cross-default regulations may then also endanger other forms of finance and thus the continuation of the Group, in such a way that a requirement to repay loans early for these forms of finance is also triggered. As at 31 December 2016, terms and conditions of one credit facility would have not been fulfilled, but for which no evaluation was obtained or demanded and in respect of which no covenant breach was claimed. As at the end of the financial year 2016 and as at the preliminary date of preparation all other bank loans did respectively do fulfil all contractual terms and conditions on loan agreements or waiver agreements until 28 February 2017 with the relevant lending banks are in place, which were prolonged until 30 April 2017 respectively 31 May 2017. For developments after the balance sheet date ● see Events after the Reporting Date, p. 66. To counteract the risks of a decrease in vessel values, in the Maritime Service segment the Maritime Technology department makes competitiveness-enhancing technical modifications to the existing fleet and upgrades individual components. Alongside the use of modern technologies, the Rickmers Group attaches great importance to ongoing regular maintenance and repair of technical systems. As part of the optimisation of Group-wide cost structures, the ongoing operating costs, including maintenance and repair costs, are regularly checked and reduced wherever possible; taking into consideration best-practice comparisons with industry benchmarks. In case there are any indications that a vessel might be impaired, the Rickmers Group performs an impairment test. If necessary, impairment losses are considered within profit or loss.

Beyond the instances mentioned, low market values for vessels are also relevant in the event of sales and vessel-valuation reports. In the first case, the Rickmers Group is exposed to the risk that in the event of a vessel sale, the sales price might be below the carrying amount of the vessel. This would lead to losses from disposal in the Rickmers Group's consolidated income statement. Where the sales proceeds would also pose a risk to the ability to service any potential outstanding debt arising from the terms of financing contracts for a particular vessel, it would be intended that amicable solutions with the financing banks are to

be worked out. For the planned sale of selected vessels with mainly negative cash flows within the restructuring concept a fundamental understanding was achieved. In the second case, vessel-valuation reports may be requested by financing banks to review compliance with loan-to-value ratios. These may show lower market values in relation to unsold vessels and in doing so result in a breach of terms and conditions on loan agreements as set out in financing contracts, such as the breach of the loan-to-value ratios. In turn, this may result in the financing bank terminating the contract and in doing so lead to the requirement to repay the loan early. In these cases, cross-default regulations may also apply, thus endangering the financing and the continuation of the Rickmers Group.

Business and operational risks

Risks arising from the unexpected restrictions in vessel availability

The availability of a vessel can be reduced by various factors. Technical issues could lead to operating constraints. These could arise from normal wear and tear of the vessels, or could arise from other causes. In addition to downtimes caused by regular maintenance and repair, the classification society could withdraw class from a vessel for technical reasons. In this case the vessel is no longer seaworthy until the necessary repairs and inspections have been performed and the vessel again fulfils the classification society rules without any limitations. Moreover, there is a risk of the vessel being arrested by private creditors or state inspection authorities due to outstanding liabilities from the Rickmers Group or the non-compliant state of the vessel.

An arrest as a consequence of overdue liabilities, amongst other factors, or technically imposed downtimes of one or more vessels of the Rickmers Group could delay the expected payment receipts from charterers or could lead to payment defaults and thus negatively impact on the revenue development. Under certain circumstances, longer arrest or downtimes could also trigger the cancellation of time-charter contracts rights.

To prevent these risks, the Rickmers Group closely monitors its liabilities and payments are made on time in accordance with their due dates, and employs a Planned Maintenance System on its vessels. Required technical standards are checked regularly and the Quality, Health, Safety and Environment (QHSE) department ensures that all necessary certificates are present and valid. In addition to the above measures, the Rickmers Group has concluded appropriate insurance policies for its fleet such as loss of income and hull insurance policies.

Risks arising from the bundling of service activities and the reorganisation of the Rickmers Group

Since Holger Strack took over as CEO Maritime Services in parallel to his function as CEO of the Maritime Assets segment, he has led the further optimisation of cross-segment operating processes launched in 2016 and has leveraged synergies. Efficiency gains and consequently cost-reduction benefits are expected, driven by the optimisations currently underway resulting from the bundling of service activities from the technical, operational, commercial shipmanagement and ship finance areas within a 360° service concept.

In the Maritime Assets segment with the planned sale of selected vessels with mainly negative cash flows within the restructuring concept, losses should be reduced. Further, significant cost savings are planned at the Corporate Center. If the implementation of these measures does not lead to the full planned cost reductions and efficiency improvements, or if the sale of vessels in particular takes longer than planned, this could lead to unexpected burdens on cash flow and on the development of profit or loss.

Risks from unexpected operating cost increases

The Rickmers Group is exposed to unexpected operating-cost increases in all its segments and at the Corporate Center. In particular, this risk relates to the potential increase of operation costs which, amongst other things, may result from bunker or lube-oil price increases. The price of crude oil is unpredictable and fluctuates based on a variety of economic and geopolitical factors. The prices for lube-oil and bunker vary in close accord with crude oil prices.

Rickmers-Linie, which within the scope of the charter contracts is responsible for bunker costs, is exposed to the risk from bunker price increase ● see Risk 4, p. 76. In line with industry-standard practices, Rickmers-Linie strives to apportion possible bunker price increases to the freight rate by means of a contractually agreed bunker surcharge. It is, however, unknown whether future bunker price increases might be passed on either partially or in full. To limit remaining risks from bunker price increases these are regularly quantified and, if deemed necessary by the management team, appropriate hedging relationships are concluded. With the sale of the operating business of the Rickmers-Linie effective as at 1 April 2017 ● see Events after the Reporting Date, p. 66, the risk from bunker price increases has been significantly reduced for the Rickmers Group. The residual risk, which is assessed as moderate, relates solely to price changes for bunker consumption during positioning journeys, and to the Group's laid-up vessels where applicable.

In general, for time-charter contracts in the Maritime Assets segment, the charterer is obliged to pay bunker costs, while the shipowner is responsible for lube-oil costs. Consequently, the lube-oil costs must be borne at the segment level of Maritime Assets for the own vessels, meaning that it is exposed to the risk of increasing lube-oil costs. This risk may also occur in the Maritime Services segment in special cases involving fixed-price management contracts. In this case, a fixed lump sum would agree to cover operating vessel costs including the cost of lube-oils. As at the preliminary date of preparation, no such contracts existed regarding the Group-owned vessels. Currently, no bunker prices are secured through hedging instruments.

Liability risks and risks from actual and threatened litigations

Owing to the Rickmers Group's activity in the maritime industry, and based on financing coming from several capital sources including Ship-Ownning Funds for vessels, the Group is and may be exposed to liability risks and risks from actual and threatened litigations.

Rickmers Group companies are regularly involved in minor and, less frequently, major legal litigations regarding their liability for damage to vessels and cargoes. They are also involved in contractual litigations with suppliers, service providers, consultants and customers, as well as in litigations over fund prospects. Claims from creditors against the Rickmers Group regarding the vessels could also be enforced by means of vessel arrests.

Liability risks and risks from actual and threatened litigations decrease significantly compared to the previous year. This is due to the sale of the subsidiaries *ATLANTIC Gesellschaft zur Vermittlung internationaler Investitionen mbH & Co. KG* (ATLANTIC) and *EVT Elbe Vermögens Treuhand GmbH* (EVT) which reduces the volume of potential claims against the Rickmers Group, which results from the activities of both named Group companies as an issuing house and trustee respectively. In addition, the positive outcome of first-instance court proceedings against other Rickmers Group companies regarding the responsibilities arising from the Rickmers Group's earlier activities in initiating and marketing of Ship-Ownning Funds, which increases the likelihood of legal dismissal, was a risk-mitigating factor. Following the sale of these two Group companies with economic effect from 1 January 2016, the Group now only faces legal action against *Rickmers Reederei GmbH & Co. KG*. As at the reporting date, the outstanding amount in litigation in legal actions brought against the Rickmers Group has fallen to € 10.8 million (31 Dec. 2015: € 16.1 million) and out-of-court claims as at the balance sheet date also declined to € 0.2 million (31 Dec. 2015: € 13.3 million). For

more details ● see the Notes to the Group's consolidated financial statements, Section 44.

In 2015, a consultant to the Rickmers Group initiated legal proceedings against two Group companies for supposed fee claims arising from consultancy contracts (success-related bonuses). The amount in dispute at the balance sheet date is €10.1 million plus interest. At this stage, a judgement by the court of last instance allowing the legal action cannot be ruled out, although the Rickmers Group considers this to be unlikely. For further information ● see the Notes to the Group's consolidated financial statements, Section 44.

Rickmers-Linie faces potential liability risks arising from vessel and cargo damage; however, insurance policies have been concluded to cover these. With the sale of the operating business of the Rickmers-Linie effective as at 1 April 2017 ● see Events after the Reporting Date, p. 66, and with the progressive hand-over of vessels' operations to the buyer, these risks have been eliminated.

There are also individual litigations concerning tax issues and contractual relationships with suppliers, service providers and customers. Judgements found against the Rickmers Group in relation to these legal disputes can cost a considerable amount, especially in legal fees, which may not be covered by insurance policies in some cases.

In the event of legal litigations, the Rickmers Group's Legal Affairs department initiates the necessary measures in collaboration with external legal advisers to defend the Rickmers Group against financial damages as best as possible. To counter the financial consequences of these risks, if necessary, corresponding provisions have been made in the annual consolidated financial statements.

Risks from IT systems

The Rickmers Group's business is dependent on IT systems. To enable the capabilities of the services offered in the business segments, information must be available directly, quickly and in an integrated format. A failure of IT systems could impact negatively on a wide range of factors in the particular business areas. Not to be excluded here are losses of reputation, burden regarding operating results and operating costs as well as liquidity outflows. Moreover, the Rickmers Group has outsourced a part of the IT systems to service providers based in the European Union for support services. Rickmers Group aims to monitor these third-party service suppliers using controlled processes. However, a comprehensive control of such suppliers may not be guaranteed.

A failure of the central and backup systems as a result of damage due to fire, flooding or power outages cannot be excluded. However, the structure of the network and the distribution of data centres generally ensures that failures do not occur in all areas of the data centres in the event of partial failures of IT systems. Unauthorised access can largely be excluded based on a defined access control concept. All systems are protected by firewalls and other protection mechanisms such as spam filters and anti-virus systems. Data is safeguarded through daily backups onto different media, to minimise any loss of data that might occur.

Personnel risks

A qualified workforce is the basis for implementing the corporate strategy. It also ensures the long-term business success of the Rickmers Group. As a result of the continuing crisis in the shipping industry and in particular based on the requirement to restructure published on 19 April 2017, the Rickmers Group is increasingly exposed to the risk of a potential loss of managers or other employees in key positions without adequate succession. At the same time and for the same reason, difficulties could potentially arise in recruiting young talent, qualified employees and new managers, and retaining them. Both circumstances cause a slowdown of internal processes. It also has a negative impact on the company's development.

To counter this risk, the Rickmers Group has a long-term personnel-requirement policy which focuses on the company's future development and is closely coordinated with each department. In terms of staff development, appropriate, target-group specific development programmes are conceived and continually expanded to include current topics. In addition, measures such as individual career planning, performance-based payment and regular dialogue between staff and managers strengthen the loyalty of knowledge-holders. To attract potential new talent, the Rickmers Group is working on a target group-specific approach to attracting job applicants comprising a wide range of apprenticeship, trainee programmes, internships and working-student activities.

Reporting and financial risks

Liquidity risks

Liquidity risk is the risk of not having sufficient liquidity to meet payment obligations on time. In order to avoid or reduce this risk, Rickmers Group has established the liquidity management which bundles Group liquidity and lies within the responsibility of the Corporate Finance & Treasury department. To secure the ability to meet payment obligations, the Rickmers Group maintains liquid funds for the fulfilment of Group-wide financial obligations at their

respective due dates. Payment obligations result from cash flows from operating, investing and financing activities. Short and medium-term liquidity strategy is based on bi-weekly, rolling, Group-wide liquidity planning that covers, besides a 13-week-planning, the current and following financial year. Long-term liquidity strategy is based on annual Group-wide business planning for the next four financial years (business plan including indirect liquidity planning). If available, excess short-term liquidity is invested in money-market transactions.

KPIs for the existing and future payment obligations are the available cash reserves, which comprise bank balances, short-term money deposits, as well as a credit line that is firmly committed until 31 May 2018. The maximum volume available under the credit line is USD 165.0 million (equivalent to € 156.7 million as at 31 Dec. 2016) and as at 31 December 2016 USD 160.0 million (equivalent to € 152.0 million as at 31 Dec. 2016) were drawn.

As a reaction to the challenging conditions in the shipping market, the Management Board decided a bundle of measures in the first quarter of 2016, which was approved by the Supervisory Board on 4 March 2016 and which has subsequently been developed further. This includes, amongst other things:

- the sale/monetisation of selected (non-) core vessels and shares in companies,
- the refinancing of selected bank loans, and
- the optimisation of Group-wide cost structures.

In light of the still challenging shipping market conditions at the beginning of 2017 further there is a risk that, in the event of a significant failure to achieve revenue and income expectations as well as planned investment, equity and debt capital measures, this will lead to lower-than-expected cash flows from operating, investing and financing activities, that could endanger the Rickmers Group's appropriate liquidity situation ● see Risk 5, p. 76.

A comprehensive concept in particular for the restructuring of the Rickmers Group's main financial debt has thus become necessary, to complement the bundle of measures already initiated by the Management Board in beginning of March 2016, which was approved by the Supervisory Board on 4 March 2016 and which has subsequently been developed further. Since calling off the IPO on 14 March 2016, up to and including the second quarter of 2017 *Rickmers Holding AG* has been developing such a concept in parallel to the implementation respectively continuation and expansion of the said bundle of measures ● see Events after the Reporting Date, p. 66.

This restructuring concept comprises major contributions on the part of all the Rickmers Group's stakeholders, including the *Rickmers Holding AG* sole shareholder Bertram R.C. Rickmers, the company's financing banks, a shipyard, and the bond creditors. Furthermore, the restructuring concept foresees diverse additional measures undertaken by the Rickmers Group, particularly in the form of divestments and further cost-saving initiatives ● see Events after the Reporting Date, p. 66., and Forecast Report, p. 89.

The realisation of objectives also depends on the implementation of various measures including short-term initiatives, on the approval of external parties, and on sufficient liquidity in the market. Within the 2016 financial year and until the preliminary date of preparation diverse steps from the further developed bundle of measures and the restructuring concept were initiated or implemented ● see Business performance of the Corporate Center, p. 55, and Events after the Reporting Date, p. 66.

Rickmers Holding AG has provided guarantees for credit facilities at banks in the amount of approximately USD 0.81 billion (equivalent to € 0.77 billion as at 31 Dec. 2016), which shall be partially released within the implementation of the planned restructuring. The claim of these guarantees, in the event of non-compliance with terms and conditions on loan agreements which were not waived, or non-agreement with the company's principal lending banks, might lead to a risk to *Rickmers Holding AG's* position as a going concern, and thus to the dissolution of the Rickmers Group.

The Rickmers Group is exposed to two significant concentration risks as far as its liquidity development is concerned. The global operations of the Rickmers Group as well as a generally diversified customer structure do counteract these risks. Firstly, the significant external financing sources derive from a portfolio of banks, where approximately 75 per cent of bank loans are attributable to a single counterparty with a Moody's credit rating of Baa3 (corresponds to a lower investment grade to Moody's). Secondly, medium to long-term a concentration risk arises from the composition of agreed long-term charter contracts of the Rickmers Group's own vessels with over 80 per cent of the Group-wide charter volume attributable to one single charterer. This contracting party has, however, a Moody's rating of Baa2 (corresponds to a lower investment grade according to Moody's).

Based on the current business plan, the current draft restructuring report for the Rickmers Group pursuant to the Standard S6 of the German Institute of Auditors (IDW) which is almost finalised, the fundamentally reached understanding on a term sheet with HSH and the sole shareholder on

19 April 2017, the constructive talks with further financing banks the publication of the invitation to vote without holding a meeting ("Aufforderung zur Stimmabgabe") on 21 April 2017 as well as the mostly probable assumed approval of the bond creditors regarding the restructuring concept, as at the preliminary date of preparation the Management Board of *Rickmers Holding AG* assumes a positive forecast of continuation of the company as set out in Section 19 of the German Insolvency Code (InsO), as well as the prerequisites for continuation of the company as a going concern as defined under Section 252 of the German Commercial Code (HGB) respectively IAS 1, will be given. The positive forecast of continuation was validated by opinions from a renowned international law firm and from a professor of a university-institute for international and European insolvency law.

Risks from indebtedness and non-compliance with terms and conditions on loan agreements

The net debt of the Rickmers Group as at 31 December 2016 totalled € 1,515.3 million (31 Dec. 2015: € 1,993.8 million). It is the sum of the net financial debt plus loan liabilities towards shipyards and a charterer. The Rickmers Group defines its net financial debt as the sum of liabilities towards credit and leasing institutions, plus an issued corporate bond (*Rickmers Holding AG* corporate bond with a term to June 2018 and amounting to € 275.0 million) less cash and cash equivalents. With the sale of shares in *Rickmers Trust Management Pte. Ltd.*, the trustee manager of *Rickmers Maritime*, and the resulting termination of full consolidation of *Rickmers Maritime*, the liabilities to credit institutions and the bond issued under the multi-currency, medium-term note programme (MTN) were principally reduced.

The ability of debt service and other expenses is dependent on the future business and earnings development of the Rickmers Group. Future financing conditions and terms regarding follow-on or refinancing, as well as the extent and conditions of a potential strengthening of equity, will be dependent amongst other factors on the creditworthiness of the Rickmers Group, on shipping sector developments, as well as on the money- and capital-market environments ● see Risk 6, p. 76.

The compliance of certain financial performance indicators or terms and conditions on loan agreements also influence continued access to debt and equity, and therefore the future development of the Rickmers Group. There is a risk that creditors might obtain the right to cancel financial debt, and exercise this right. Financial debt creditors could receive such a right, for instance, if the Rickmers Group is unable to comply with terms and conditions on loan agreements, such as loan-to-value ratios, minimum liquidity or

minimum equity ratio. This could lead to increased financing costs, early repayments and even premature contract terminations ● see Risk 7, p. 76. As at 31 December 2016, terms and conditions of one credit facility would have not been fulfilled, but for which no evaluation was obtained or demanded and in respect of which no covenant breach was claimed. As at the end of the financial year 2016 and as at the preliminary date of preparation all other bank loans did respectively do fulfil all contractual terms and conditions on loan agreements or waiver agreements until 28 February 2017 with the relevant lending banks are in place, which were prolonged until 30 April 2017 respectively 31 May 2017. The interest and principal repayments due were met in 2016; as part of a waiver agreement, some payment deferrals amongst others relating to essential ship-financing loans were agreed affecting the third and fourth quarter of 2016 as well as the first quarter 2017. For developments after the balance sheet date ● see Events after the Reporting Date, p. 66.

Since 2016, main effects reduce the reported risks from indebtedness and non-compliance with terms and conditions on loan agreements ● see Capital structure, p. 59 and Events after the Reporting Date, p. 66.

Due to the overall situation in the global shipping market, particularly German banks are reducing or even ending their involvement in ship financing. This could result in the banks financing the Rickmers Group making use of transfer clauses that are typically included in ship-financing contracts. These clauses give the banks the right to syndicate their commitments, or to sell them to third parties. Ship-financing contracts in the Rickmers Group also contain such standard clauses. This gives rise to the risk that the Rickmers Group could be forced to work with financing institutions that the Group would not have decided for as a contracted party; for example, non-core asset banks, private equity funds or public institutions. These financing institutions may not be familiar with the practices of the shipping industry. Thus, conflicts of interest cannot be precluded, particularly if terms and conditions on loan agreements are not met or if expiring financing agreements require prolongation.

To guarantee as much transparency as possible, the Rickmers Group issues regular reports on developments and close cooperation is maintained with the financing banks, amongst others.

Risks from over-indebtedness of *Rickmers Holding AG* as the parent company

The persistently challenging development of the global economy, particularly in the shipping industry, could lead to potential losses in the value of the investments held by the parent company in the forecasting year and thereafter. Such losses could arise in particular from deteriorating revenue and EBITDA development of investments in vessel-owning companies ● see also **Risks arising from charter contracts**, p. 77. Furthermore, sales of assets below current carrying amounts, as well as impairments on individual assets could lead to the realisation of book losses. Both of these factors would also have a negative effect on the carrying amount of the parent company's investments.

The above effects would ultimately lead to a charge on the equity of *Rickmers Holding AG* as the parent company. If these effects as well as the current operating losses are not compensated to the required extent by income distributions by subsidiaries that are as tax-neutral as possible, they would lead to a balance-sheet over-indebtedness and thus endanger the continuation of *Rickmers Holding AG* ● see **Risk 8**, p. 76. This in turn could lead to a violation of credit obligations and thus to a risk to the Rickmers Group, or to the dissolution of the Rickmers Group. However, potential balance-sheet over-indebtedness alone would not endanger the continuation of *Rickmers Holding AG* or the Rickmers Group as long as the Management Board assumes a positive forecast of continuation of the company as set out in Section 19 of the German Insolvency Code (InsO), as well as the prerequisites for continuation of the company as a going concern as defined under Section 252 of the German Commercial Code (HGB) respectively IAS 1, will be given, as it does at the preliminary date of preparation ● see also **Liquidity risks**, p. 81. The implementation of the planned capital increase of *Rickmers Holding AG* within the above-mentioned restructuring will strengthen its equity.

Risks from interest-rate changes

Owing to its capital-intensive business model, the Rickmers Group is exposed to risks from interest-rate changes and quantifies its risks regularly.

Risks from interest-rate changes arise through variations in the market interest rate and, in the case of fixed-interest financial instruments, can lead to a change in the fair value, while in the case of variable rate financial instruments it can also lead to interest-payment fluctuations. The Rickmers Group's risks from interest-rate changes primarily result from variable interest rates concerning ship financing, which are based on the 3-month USD LIBOR. In 2016 financial year, while an increase in the interbank interest rate was observed, it remained with 100 basis points (31. Dec 2015: 57 basis points) at a very low level as at the balance sheet date. Assumptions regarding the development of the 3-month USD LIBOR are reviewed and adjusted as necessary, as part of regular annual business planning for the coming four financial years. The increase assumed during business planning could exceed in the period under review ● see **Risk 9**, p. 76.

The Rickmers Group creates an appropriate relationship between its variable (approx. 40 per cent) and fixed-interest (approx. 60 per cent) financial liabilities by relying on derivative-based interest-rate hedging instruments and fixed-interest financing. In particular, such liabilities are those towards leasing companies, a corporate bond, a firmly committed credit line, and shipyard loans. An analysis of the cash flow or present value risks as at the balance sheet date based on sensitivity analysis is provided in the respective section ● see the **Notes to the Group's consolidated financial statements**, Section 38. The quantitative risks from interest-rate changes to the Rickmers Group will be slightly reduced by the planned loan repayments as part of the above-mentioned restructuring.

Risks arising from exchange-rate changes

As an internationally operating company, the Rickmers Group is exposed to currency-fluctuation risks and so quantifies its risks arising from exchange-rate changes regularly.

The risk posed to the Rickmers Group in terms of currency fluctuations is that exchange-rate changes may result in detrimental changes in future cash flows from transactions and losses in the value of financial instruments. For Rickmers Group companies there are exchange-rate risks as soon as transactions are completed and the resulting cash flows do not correspond to the functional currency of the Group's company.

The USD/EUR exchange rate is of particular importance to the Rickmers Group. The Rickmers Group reports in Euros in its Annual Report. A large portion of the services in international shipping are invoiced in US dollar. This concerns in particular charter and freight rates, fuel costs and fees for ship and crew management. Vessel purchases usually take place in US dollar and accordingly, ship financing is carried out almost exclusively in US dollar. Furthermore, the Rickmers Group is exposed to exchange-rate fluctuations in the Singapore dollar (SGD) as the functional currency of the majority of Rickmers Group companies based in Singapore is the US dollar.

A part of the payments in foreign currencies can be balanced out through Group-internal transactions (natural hedge) whereby the risks arising from exchange-rate changes of the Rickmers Group can be reduced. To limit remaining risks from exchange-rate fluctuations, appropriate hedging relationships are concluded if deemed necessary by the management team. Despite the reduction in currency risks, unanticipated exchange-rate fluctuations, which go beyond assumptions made as part of annual business planning, may influence the Rickmers Group's earnings and liquidity situation. As at 31 December 2016, there were no hedging instruments in place to counter foreign currency risks. A sensitivity analysis of the existing earning effects at the balance sheet dates in relation to financial instruments is provided in the respective section ● **see the Notes to the Group's consolidated financial statements, Section 38.** Based on the completed sale of the Rickmers-Linie operating business effective per 1 April 2017 the previous natural hedge is no longer present.

Default risks on receivables

Regarding trade receivables, liquidity, and other financial assets resulting from the operating business, the Rickmers Group is exposed to default risks as soon as a counterparty fails to meet its contractual obligations in whole or part. The default risk from liquidity only applies to banks, as the Rickmers Group maintains short-term money market investments. The resulting default risks are counteracted by a diversification of contracting parties as well as a regular creditworthiness review of these parties.

The maximum credit default risk arising from non-liquid assets at the balance sheet date is largely reflected in the carrying amounts of financial assets (without cash and cash equivalents) recognised in the balance sheet and amounts, as at 31 December 2016, to a total of € 55.6 million (31 Dec. 2015: € 75.0 million).

A further default risk on receivables regarding financial assets extends to shares in companies, bonds of a third-party company and financial receivables; in addition to possible payment losses this also includes the risk of valuation losses. At each balance sheet date the Rickmers Group checks whether there are objective indications for an impairment of these assets, and recognises an impairment loss if the present value of the expected cash flows is below the carrying amount.

To avoid and reduce defaults on receivables resulting from the operating business the Rickmers Group has a corresponding receivables management system that regularly and centrally monitors debtors and the maturity structures of due trade receivables. The global nature of the Rickmers Group's business activity as well as its generally diverse customer structure counteracts the concentration of default risk arising from individual business partners. Such a concentration nevertheless exists in the middle- and long-term consideration regarding the composition of the long-term charter contracts agreed for the Group's own vessels, as over 80 per cent the Group-wide charter volume is contracted with one charterer. However, this contractual party enjoys a Moody's rating of Baa2 (corresponds to a low investment grade according to Moody's).

The Rickmers Group did not hold any collateral as at the balance sheet date.

Risks from insolvency of ship-owning companies

The risks from insolvency of ship-owning companies affects the Maritime Assets and Maritime Services segments. Due to a persistently low charter-rate level due to excess capacities in the shipping industry, amongst other factors, business risks to ship-owning companies have risen. As a result, numerous ship-owning companies have had to be wound up in recent years, or have become insolvent. Risks of this nature may arise from the default of significant contractual partners such as charterers, who may themselves be in financial distress due to the freight-rates development.

For the Rickmers Group the strained economic situation of some ship-owning companies entails a default risk on receivables ● see **Default risks on receivables**, p. 85. Beyond this, there is a risk of possible impairments on investments in ship-owning companies held by the Rickmers Group. As at 31 December 2016, impairment losses on corresponding investments in Ship-Ownning Funds, receivables and other assets amounting to € 1.1 million were partly offset by write-ups of € 0.4 million. In principle, investments in ship-owning companies, receivables and other assets are checked at each balance sheet date (currently at least every six months) and impaired if necessary.

For some individual Group companies, in their capacity as limited partners of Ship-Ownning Funds there is also the risk of having to repay payments already received.

Through the gradual sale of 56 Ship-Ownning Fund vessels, commissioned by the respective shipowners, thereof four in 2016, which have been under commercial and technical management of Rickmers Group, the vessel portfolio has been substantially rationalised and the risk from the potential future insolvency of Ship-Ownning Funds has been reduced. Furthermore, the Rickmers Group is committed to further minimising the risk from the remaining seven Ship-Ownning Fund investments. In the case of imminent liquidity shortages, its the aim to work out sustainable solutions and implement through close consultation with all parties involved.

The risk of Ship-Ownning Fund investors affected by insolvency also asserting in-court or out-of-court compensation claims against Rickmers Group companies is presented in the liability risk section ● see **Liability risks and risks from actual and threatened litigations**, p. 80.

Regulatory and compliance risks

Compliance-related risks

Through its business segments, the Rickmers Group is active in many countries and in various statutory and regulatory environments. It is therefore subject to different cultural and national standards as well as legal provisions, which are additionally subject to frequent changes. Through our Accounting & Financial Reporting and Legal Affairs departments, as well as Tax, QSHE and Human Resources departments, in collaboration with specialist consultants, the Rickmers Group continuously work on the necessary measures to meet these requirements. The Internal Audit Division, which was newly established in January 2017, further secures compliance with legal requirements and corporate guidelines.

Fundamental elements of the Rickmers Group's corporate culture are compliance with the law, incorruptibility and fair competition. The principles of Rickmers Group's compliance culture are set out in the Code of Conduct, are trained and are demonstrated through the management team's culture of leadership. Nevertheless, an inherent residual risk remains that laws and international regulations may not be complied with and that cases of fraud or corruption may occur.

Risks from regulatory obligations and restrictions

Every vessel in international trade must be inspected and certified by a classification society according to the relevant classification conditions governing engineering and operation. Extensive environmental laws and regulations that are regularly updated must be complied with. Especially for older vessels, these laws and regulations may complicate servicing and maintenance. Moreover, shipping companies are dependent on operating permits and licences, which must be extended or renewed at regular intervals. Due to continuously changing laws and regulations, the Rickmers Group may be liable for considerable costs for the fulfilment or liability costs for non-fulfilment of existing and new rules. To avoid possible losses of revenues and increased costs, the Rickmers Group complies with internal regulations which ensure that the maintenance and servicing of its vessels conform to regulations.

Advanced innovations with regard to energy efficiency are not only targeted at fulfilment of the required standards, but also to setting benchmarks for the Rickmers Group. Legal requirements are constantly checked by the QHSE department so that the segments concerned can be immediately informed and adequate measures introduced. This will take account of increasing regulatory requirements in investment and dry-docking planning, such as the stipulations affecting the treatment of ballast water that will become effective in September 2017.

Rickmers Group operates its business through various global subsidiaries and accordingly is subject to the respective national tax legislations. Tax laws and regulations can be highly complex and subject to interpretation and change in general. Adverse changes to or related interpretations of tax laws, in particular higher tax rates or the termination of tax incentives, may have a negative impact.

The Rickmers Group is of the opinion that its Group companies have duly filed their tax returns and duly made all obligatory tax payments. Nevertheless, subsequent tax payments could be assessed as a result of a tax audit. The Rickmers Group maintains a suitably qualified Tax department to guarantee the correctness of taxes and duties due under law and to properly manage taxation risks. In addition, the Rickmers Group is permanently advised by reputable tax-advisory firms worldwide.

5.3.4 Opportunity description and evaluation

Opportunities in order of materiality

In terms of their probability of occurrence and their financial effect in Euro, the scope of opportunities in general is very significantly lower than the risks detailed above, also in view of the persistently challenging development of the global economy and in particular of the shipping industry. Given the current need for restructuring, opportunities that go beyond the forecast offered here have only a slight probability of occurring. The opportunities detailed below are generally related to the overall Rickmers Group. Where opportunities specifically relate to the Maritime Assets or Maritime Services business segments, or the Corporate Center, this is explicitly indicated.

Strategic and industry-based opportunities

Opportunities arising from political and global economic developments

The maritime industry is highly dependent on the global economy, and in particular on the volume of global trade. Therefore, if the global economy or the economy in the emerging and developing countries surpasses forecasted levels of growth, or if there is an improvement in global economic conditions, this could have a positive impact on the customers of the Rickmers Group and consequently on the global operating business of Rickmers Group.

Opportunities arising from charter contracts

The fragmentation of the shipping industry between many shipowners, fierce competition and the bargaining power of what will soon be just three leading alliances of liner shipping companies all reflect the persistently difficult market environment in which the Rickmers Group and other vessel owners operate. However, the prevalent high level of scrapping activities, above all in currently unprofitable vessel classes, could further strengthen and have a positive impact on the market environment. Equally, rising regulatory requirements, such as the rules for the treatment of ballast water due to come into force in September 2017, could also have a positive effect on the market environment. The current imbalance between supply and demand for vessels could thus improve more quickly than expected and lead to opportunities arising from increasing charter rates. However, the scope of these opportunities is limited by the sale planned within the restructuring concept of selected vessels returning mainly negative cash flows.

Opportunities arising from increasing freight rates and freight volumes

Rickmers-Linie has a network of customer contacts established over many years with direct access to cargoes. Well over 80 per cent of the annual cargo volume is generated by Rickmers-Linie's extensive global network of twelve offices, with only a small proportion generated by third-party agencies. This close proximity to customers should influence customers' freight placements in favour of Rickmers-Linie and secure the opportunity to generate freight and revenue volumes beyond existing planning targets. With the sale of the operating business of the Rickmers-Linie effective as at 1 April 2017 these opportunities have been eliminated ● see Events after the Reporting Date, p. 66.

Opportunities arising from the expansion and diversification of services

Rickmers Group's management has comprehensive and long-standing experience in the shipping industry, covering large parts of the maritime value chain. It also enjoys relationships stretching back many years with essential stakeholders in the maritime sector such as shipyards, charterers, liner shipping companies and other shipowners. This includes the extensive contacts of the Chairman of the Supervisory Board and sole shareholder Bertram R.C. Rickmers, who plays a significant role in attracting customers and business partners, and whose market know-how and reputation is of major importance to the Rickmers Group. In addition, the Rickmers Group benefits from its presence in Asia, for example, through the main office in Singapore.

Against this background, the Maritime Assets and Maritime Services segments see the potential to serve and grow the Group's existing customer base more comprehensively, through the expansion and diversification of commercial and technical shipmanagement services in the Group's third-party business. Current developments such as the acquisition of ship-owning companies in financial difficulties by banks, private investment companies and other shipowners could further intensify this trend. Here, the Rickmers Group is well positioned to offer classic shipmanagement as well as additional services such as vessel appraisals and valuations, or shipping-related consultancy activities.

Business opportunities and operational opportunities**Opportunities arising from technical innovation**

Monitoring and analysis of the relevant markets for the Rickmers Group, carried out by Rickmers' own experts and service provider, and personal dialogue with our business partners, drive the continual development of innovative solutions to existing challenges.

In the Maritime Services segment, the Maritime Technology department actively champions the trend toward environmental protection and energy efficiency. The various energy-efficiency measures, processes and systems are embedded in the energy-management system which has been certified to ISO 50001 by DNV GL Systems Certification. Besides the continual monitoring and improvement of fleet bunker consumption, technical measures also encompass construction modifications to vessels such as fitting a bulbous bow to a number of vessels. In addition

to the energy-efficiency and emissions-reduction advantages achieved on Rickmers Group vessels, there is also an opportunity to offer these improvement measures to maritime partners. Doing this will strengthen the position of the Rickmers Group in negotiations for commercial and technical shipmanagement contracts.

Opportunities arising from the bundling of service activities and the reorganisation of the Rickmers Group

Cost-reduction benefits and efficiency improvements are expected from the optimizations currently underway resulting from bundling of service activities, the sale planned within the restructuring concept of selected vessels returning mainly negative cash flows, and cost savings at the Corporate Center. Additional earnings upside and positive liquidity effects could result from earlier-than-expected implementation and higher-than-planned cost savings.

Reporting and financial opportunities**Opportunities arising from flexible adjustment of the financial strategy**

Since the financial crisis in 2008, capital sourcing has proved extremely tough for the shipping industry. Due to low freight and charter rates, low capacity utilisation and the financial industry's stricter refinancing conditions, banks have been as a rule not, or only partially, in a position or willing to make finance available to shipping companies. The Rickmers Group acted early on this development and is opening itself up to the national and international capital market. Should shipping markets experience a clear upturn compared to the current challenging situation, and following successful completion of the current refinancing of bank loans and restructuring of the *Rickmers Holding AG* corporate bond, investors may be willing to contribute equity and participate in the Rickmers Group, thus opening up investment opportunities in attractive shipping projects. This could also enable the Group to benefit from the ongoing shipping-industry consolidation through investments in low-priced newbuildings, in resales, and through cooperations with institutional investors. However, the probability of this opportunity occurring is currently assessed as clearly lower than in the previous year.

In recent years, Asian banks and leasing companies have been increasingly active in financing shipping activities. In the context of the transformation processes referred to above, the Rickmers Group has significantly strengthened its relationships with a number of these and has been able to restructure the financing of three large container vessels

with a capacity of 13,600 TEU each by concluding a “sale-and-lease-back” transaction with a Chinese leasing company. These relationships, particularly with Asian banks, could provide the foundation for a further diversification and, where appropriate, an optimisation of the financing of Rickmers’ own vessels.

Opportunities arising from exchange-rate changes

Whilst currency fluctuations pose a risk to the Rickmers Group, exchange-rate changes also provide the Group with opportunities. Positive changes to future cash flows and recovery in the value of financial instruments may arise when transactions are concluded in a currency other than the functional currency of a particular company.

The EUR/USD currency pair is of particular importance to the Rickmers Group. The Rickmers Group reports in Euros in its Annual Report. A large portion of the services in international shipping are invoiced in US dollars. Euro cash outflows which are not balanced out through Group-internal transactions or secured through hedging relationships are subject to risks and opportunities caused by exchange-rate movements. Based on the exchange rates assumed in planning, and current exchange-rate developments, opportunities arising from future cash flows could be realised.

6 Forecast Report

6.1 Overall statement of the management regarding the forecast report

The overall statement from the management will follow the audit and adoption of the annual financial statements and approval of the consolidated financial statements of *Rickmers Holding AG*. In this regard the Rickmers Group hereby explicitly state that the framework conditions underlying the forecast may change in the course of the forecasting financial year 2017. The forecast of continuation of the company is inseparable from the successful implementation and completion of the financial restructuring concept. In view of the necessary agreement of several groups of creditors that it requires, this implementation and completion is complex and carries significant risks. As at the preliminary date of preparation the Management Board of *Rickmers Holding AG* as well as the mandated leading international restructuring expert assume it as mostly probable that it will be able to implement the necessary in particular financial restructuring measures set out in the concept, and that a positive forecast of continuation of the company as set out in Section 19 of the German Insolvency Code (InsO), as well as the prerequisites for continuation of the company as a going concern as defined under Section 252 of the German Commercial Code (HGB) respectively IAS 1, will be given. The positive forecast of continuation was validated by opinions from a renowned international law firm and from a professor of a university-institute for international and European insolvency law. The forecast provided here for the probable development of the Rickmers Group assumes the successful implementation of in particular the financial restructuring concept and the related positive forecast of continuation of the Rickmers Group.

6.2 Economic and industry environment¹

6.2.1 Overall economic situation

To support future growth the IMF continues to advocate loose monetary policy from central banks, and is calling on governments to ramp up investment in training, technology and infrastructure while also taking steps to correct imbalances.

¹ Note: Unless otherwise indicated, statements on the economic and industry environment are based on market data provided by Maritime Strategies International (MSI) as at January 2017.

Assuming higher energy prices, amongst other factors, the United States' economy is once again set to expand slightly in the year ahead. However, on the basis of current policy in China, where political decision-makers are looking to wean the economy off its reliance on investments and industry and encourage the domestic consumption of goods and services, an economic slowdown is expected in the short term.

According to MSI the global economy is set to grow by 2.5 per cent in 2017 (2016: 2.2 per cent). In its October 2016 report the IMF predicted economic growth of 1.8 per cent for industrialised economies in 2017 (2016: 1.6 per cent). Emerging and developing economies are likewise expected to achieve a slightly higher level of overall growth compared to the previous year, at 4.6 per cent (2016: 4.2 per cent).

In 2017 the volume of global trade – a key indicator of demand for freight services – is expected to grow by 3.8 per cent worldwide (2016: 2.3 per cent). Compared to 2016, in this scenario growth in the developed economies' imports will increase by 1.5 percentage points to 3.9 per cent. According to IMF forecasts, developing economies' imports will grow by 4.1 per cent in 2017 (2016: 2.3 per cent).

6.2.2 Shipping industry-related framework conditions

The situation at the beginning of the 2017 financial year is marked by an unpredictable economic and geopolitical situation as well as the impacts of new alliances in the container shipping industry.

Based on the forecast slight improvement in global economic growth, MSI anticipates an expansion in global container trade of 4.0 per cent for 2017 (2016: 1.5 per cent). On the key Far East – Europe routes an increase of 1.9 per cent (2016: 1.3 per cent) is anticipated, while on the eastward Transpacific routes the expected rise is 2.1 per cent (2016: 2.7 per cent). For the north–south routes, growth of 2.5 per cent is forecast (2016: 0.3 per cent), while intra-Asian container trade is expected to expand by 5.7 per cent (2016: 2.2 per cent). On the main trade routes, growth in trade volume is expected to reach 1.9 per cent (2016: 1.9 per cent), similar to the previous year's level.

MSI forecasts the delivery of container vessel newbuildings with a cargo capacity of approximate 1.26 million TEU (2016: 0.91 million TEU) in 2017. Fleet expansion of 4.3 per cent (2016: 1.3 per cent) is expected to reflect the predicted rise in growth, which would hinder the striven market recovery. The projected downward trend in tonnage scrapped (2017: 554,970 TEU; 2016: 665,700 TEU) will likewise have a negative impact on the future balance of supply and demand.

According to MSI, charter rates will remain at a low level throughout the 2017 financial year. The second half of 2017 may even see a partial recovery in the charter market. Despite of the widespread lack of demand-side stimuli and a general oversupply in freight capacity, during 2017 average charter rates are expected to slightly exceed the values achieved in 2016.

A decisive factor for recovery in the market and a contingent rise in charter rates will be an ongoing drive to scrap older vessels in the medium term. Progress could be accelerated by the Ballast Water Convention, ratified by the International Maritime Organisation (IMO) and due to come into force in September 2017. The biggest scrapping potential in terms of volume is likely to be in container vessels within the Feeder-Segment with a freight capacity of less than 3,000 TEU, as well as in Handysize bulk carriers.

The prospects for growth in freight rates in financial year 2017 are critically dependent on the configuration of newly formed alliance structures. If the new competitive structures lead to stability for liner shipping companies, and the price-eroding battle for market share fails to materialise, a recovery in freight rates could be achieved.

6.3 Development of Rickmers Group

The forecast for the business segments is based on the following assumptions.

- For the forecasting period 2017 it is assumed that the US dollar will remain strong in relation to the Euro.
- The forecast charter rates for future charter contracts are based on a charter-rate forecast by the shipbroker *Harper Petersen & Co. (GmbH & Cie. KG)*, which foresees slight rate rises depending on the vessel class.
- The repayment of capital, in particular from bank financing (interest and capital repayments) is to be adjusted to reflect the persistently challenging shipping market situation.
- The successful refinancing of the corporate bond is provisionally to take place via a Luxembourg-based vehicle.
- Interest rate expectations for the 3-month USD LIBOR foresee slight rate rises.
- The already initiated consolidation and optimisation of the service activities of the Maritime Assets and Maritime Services business segments targets efficiency improvements and thus cost savings in the shipmanagement area.

For the Maritime Assets segment it is assumed that its own tonnage under commercial management will decline slightly. The number of third-party vessels is also likely to decline.

It is assumed that the Maritime Services segment will provide technical management for a reduced number of vessels.

Due to the sale of the operating business of Rickmers-Linie to Zeaborn Chartering GmbH & Co. KG, segment-specific forecasts will no longer be produced for the Rickmers-Linie segment commencing from the forecasting year 2017.

6.3.1 Income situation

For the forecasting year 2017 the Rickmers Group assumes a sharper fall in revenues. This assumption is based on the lower number of vessels resulting from the change in consolidation of *Rickmers Maritime* in October 2016 as well as the planned sale of selected vessels currently under short-term charter contracts respectively which predominantly

generate negative cash flows. Furthermore temporary lack of vessel employment will continue to burden revenues. A significant decline in revenues compared to the previous year is also expected in the forecasting year 2017 due to the sale of the operating business of Rickmers-Linie, effective as at 1 April 2017.

From the forecasting year 2017 onwards the Rickmers Group plans to implement further cost-saving measures at the Corporate Center and in the Maritime Services segment, in particular in the area of vessel operating costs, and the already initiated reorganisation of the operating segments; these measures are intended to achieve efficiency increases and thus cost savings in the shipmanagement area. Despite the planned optimisations, similar to the revenue development the operating result (EBITDA) shows a strongly negative deviation from the EBITDA figure of financial year 2016 due to the losses on disposals resulting from the planned sale of the above-mentioned vessels with mainly negative cash flows in the forecasting year 2017. In line with the EBITDA development, the management expects a Group profit before recognised net impairment loss on vessels significant below that of the previous year.

Maritime Assets

Given the lower number of vessels under management in the Maritime Assets segment for the forecasting period, and compounded by the change in consolidation of *Rickmers Maritime* in October 2016, the planned sale of selected vessels with mainly negative cash flows and the temporary unemployment of some vessels, a significant decline in revenues is expected for the forecasting period. Furthermore, the full-year effect of the "less-for-longer" agreement with a principal charterer in the forecasting period is expected to lead to lower revenues in comparison to financial year 2016. The contracted charter capacity of the Group's own vessels for 2017 as at 31 December 2016 is 67.7 per cent and is thus at a stable level. Revenues from service activities will be transferred from the Maritime Assets segment to the Maritime Services segment within the already initiated reorganisation of the operative segments from the forecasting year 2017 onwards. Despite the cost reduction arising from the lower number of vessels and the implemented cost-efficiency program, the management expects EBITDA to fall significant below of the previous year's figure in the forecasting year, due to the declining revenue development outlined above and also to the forecast losses on disposals resulting from the planned sale of selected vessels with mainly negative cash flows.

In line with the EBITDA development, the management expects a segment result before recognised net impairment loss on vessels significant below the previous year's level.

Maritime Services

The Maritime Services business segment expects a clear decline in revenues for financial year 2017. This forecast is mainly based on the transition of shipmanagement contracts for 17 Group-owned vessels from a fixed-fee vessel operating-cost structure to an "At-Cost"-shipmanagement contract, in which only the shipmanagement fee is reported as Maritime Services segment revenue. The revenue development will probably benefit slightly from the transfer of service activities from Maritime Assets to Maritime Services resulting from the already initiated reorganisation of the operative business segments.

From the forecasting year 2017 the Maritime Services segment plans to increase efficiency and thus achieve cost savings in the shipmanagement area. However, these measures will not be able to compensate fully for the negative revenue development in 2017 that is compounded by the elimination of margins from shipmanagement contracts for 17 of the Rickmers Group's own vessels based on a fixed-fee vessel operating-cost structure. With regard to the EBITDA operating key performance figure and the segment result for financial year 2017, the management therefore expects a significant decline.

6.3.2 Financial situation

Capital structure

On 19 April 2017, *Rickmers Holding AG* reached an understanding on a term sheet with the HSH and the sole shareholder regarding the restructuring of material financial liabilities of the Rickmers Group, that is still subject to corporate approvals of the creditors and contingent on restructuring of the corporate bond issued by *Rickmers Holding AG*. The envisaged restructuring is to enable reorganisation of the Rickmers Group on the basis of contributions of all relevant stakeholders, i.e. in particular the sole

shareholder Bertram R.C. Rickmers, the financing banks and the bond creditors. For further information regarding the restructuring of material financial liabilities ● see Events after the Reporting Date, p. 66.

Investments

In the forecasting year 2017 the focus of planned investment activities is in particular on energy-efficiency measures and scheduled class renewals of the existing fleet, for instance carried out in dry-dock.

7 Rickmers Holding AG (Explanations according to HGB)

The *Rickmers Holding AG* management report is combined with the Rickmers Group management report in accordance with Section 315 (3) HGB in conjunction with Section 298 (3) HGB. As an addition to the report on the Rickmers Group, the following thus presents the development of *Rickmers Holding AG*.

The single-entity financial statements of *Rickmers Holding AG*, in contrast to the consolidated financial statements, are not prepared according to International Financial Reporting Standards (IFRS) but in accordance with the rules of the German Commercial Code (Handelsgesetzbuch – HGB).

7.1 Economic report of Rickmers Holding AG

7.1.1 Economic conditions and business performance of Rickmers Holding AG

As the parent company, *Rickmers Holding AG* makes interdisciplinary services available to the individual business segments and acts as managing holding company in the Corporate Center for the entire Rickmers Group. This includes, amongst other things, the purchase, holding and sale of investments and further maritime business.

Rickmers Holding AG is integrated into the Group-wide management system. No company-specific key performance indicators have been defined, apart from those used in that system (● see Management system, p. 42)

Owing to the interconnections between *Rickmers Holding AG* and the group companies, the business and underlying conditions essentially correspond to those of the Rickmers Group. For further information please see Economic and industry environment, p. 46 and Business performance, p. 49.

7.1.2 Income, financial and asset situation of *Rickmers Holding AG*

Due to its holding function the income, financial and assets situation of *Rickmers Holding AG* are decisively shaped by the management of equity investments and the financing of group activities and reflect the Rickmers Group's focus on a capital market-orientated company structure.

Income situation

In the financial year 2016, *Rickmers Holding AG* recorded an annual gain of € 38.2 million, a clear improvement on the previous year (2015: € -3.4 million).

Income statement of *Rickmers Holding AG* according to HGB (short version)

in € thousands	2016	2015
Revenues	7,171.2	0.0
Other own work capitalised	0.0	8.6
Other operating income	291,775.3	37,034.8
Personnel expenses	-15,610.2	-13,964.3
Amortisation/ depreciation of fixed intangible and tangible assets	-1,205.6	-1,076.3
Other operating expenses	-26,483.6	-40,075.4
Income from other long-term equity investments	44,420.2	78,893.1
Income from loans on financial assets	483.0	487.9
Other interest and similar income	3,172.6	6,651.7
Write-downs on financial assets	-230,659.0	-33,756.7
Interest and similar expenses	-38,199.2	-33,382.2
Taxes on income	2,652.0	-2,657.1
Earnings after tax on income	37,516.7	-1,836.0
Other taxes	700.4	-1,529.3
Net profit for the year (2015: Net loss for the year)	38,217.1	-3,365.4
Loss carried forward from the previous year	-3,365.4	0.0
Net accumulated profit/ losses	34,851.7	-3,365.4

In the period under review, revenues amounted to € 7.2 million (2015: € 0.0 million). As this is the first report prepared in line with the requirements of the German

Accounting Directive Implementation Act and incorporating its adjusted definition of revenues, revenues for financial year 2016 are not comparable with revenues for financial year 2015. Revenues for the previous year, had they been calculated under the application of Section 277 (1) of the German Commercial Code (HGB) (revised version), would have been € 7.4 million.

During the period under review, other operating income increased by € 254.7 million to € 291.8 million (2015: € 37.0 million) primarily due to extraordinary income. These relate to an increase in share capital of *Maritime Assets Holding GmbH* against the contribution of shares in *Rickmers Second Invest GmbH*.

Personnel expenses, at € -15.6 million, increased by € 1.6 million over the previous year (2015: € -14.0 million). The change is to be attributed primarily to a higher number of employees in the period under review as well as share-based payments for the Management Board and the Senior Management.

Amortisation and depreciation on fixed intangible and tangible assets, at € -1.2 million, reflect virtually no change on the previous year (2015: € -1.1 million).

Other operating expenses declined in the period under review by € 13.6 million to € -26.5 million (2015: € -40.1 million), primarily due to less value adjustments recognised under expenses and exchange rate effects.

The decrease in investment income by € 34.5 million to € 44.4 million (2015: € 78.9 million) resulted mainly from less dividends from Global Management Ltd.

As in the previous year, other interest and similar income, which declined by € 3.5 million to € 3.2 million in the financial year 2016 (2015: € 6.7 million), primarily comprises interest income from affiliated companies.

In the past financial year, write-downs on financial assets recorded an increase of € 196.9 million to € -230.7 million (2015: € -33.8 million) and relate in full to write-downs on shares in affiliated companies. This development was, to a very great extent, influenced by unfavourable developments in charter and freight rates.

Interest and similar expenses increased by € 4.8 million to € -38.2 million (2015: € -33.4 million) in the year under review. The rise is to be attributed to a higher level of financial debt, primarily due to drawing down more of the credit line firmly committed until 31 May 2018 with a maximum volume of USD 165.0 million.

Taxes on income in the financial year 2016 amounted to € 2.7 million (2015: € -2.7 million), other taxes to € 0.7 million (2015: € -1.5 million). A decisive factor in the changes compared to the previous year was lower tax provisions due to the reversal of differences through the sale of seagoing vessels, amongst other factors.

Financial and asset situation

As at 31 December 2016, the total assets of *Rickmers Holding AG* amounted to € 619.6 million and thus increased by € 103.9 million compared to the previous year (2015: € 515.7 million).

Balance sheet of Rickmers Holding AG according to HGB (short version)

in € thousands	31 Dec.2016	31 Dec.2015
ASSETS		
Fixed assets		
Intangible assets	1,632.8	2,232.2
Tangible assets	694.5	849.7
Financial assets	583,266.9	478,756.6
	585,594.2	481,838.6
Current assets		
Receivables and other assets	18,654.9	29,237.7
Cash on hand, banks balances	12,126.4	929.0
	30,781.3	30,166.6
Prepaid expenses	1,551.6	3,086.1
Deferred tax assets	1,693.9	594.5
Assets	619,621.0	515,685.8
EQUITY AND LIABILITIES		
Equity	91,486.0	40,268.9
Provisions	10,439.2	10,288.6
Liabilities		
Bonds	275,000.0	275,000.0
Liabilities to banks	153,218.3	99,701.2
Trade payables	1,225.8	809.1
Payables to affiliated companies	74,441.6	74,737.5
Other liabilities	13,810.0	14,880.6
	517,695.8	465,128.3
Equity and liabilities	619,621.0	515,685.8

At € 583.0 million (2015: € 477.8 million), shares in affiliated companies constitute the largest item in fixed assets. The increase by € 105.2 million compared to the previous year results in particular from an increase in share capital of *Maritime Assets Holding GmbH* against the contribution of shares in *Rickmers Second Invest GmbH* in the period under review. Contrary effects were primarily due to write-downs on shares in affiliated companies.

Current assets, at € 30.8 million, reflect virtually no significant change on the previous year (2015: € 30.2 million) as a reduction of receivables and other assets, primarily related to affiliated companies was compensated by an increase of cash and cash equivalents.

As in the previous year, prepaid expenses, at € 1.6 million (2015: € 3.1 million), primarily comprises disagio (differences) that are associated with the corporate bond issue in the financial years 2013 and 2014.

As at 31 December 2016, the equity of *Rickmers Holding AG* amounted to € 91.5 million (2015: € 40.3 million). The change over the previous year is to be attributed to the net gain of € 38.2 million for the year, as well as to additional payments totalling € 13.0 million made by the sole shareholder Bertram R.C. Rickmers into the capital reserve. As at 31 December 2016, the equity ratio amounted to 14.8 per cent (2015: 7.8 per cent).

Provisions, at € 10.4 million, reflect virtually no change on the previous year (2015: € 10.3 million).

The corporate bond, with a nominal volume of € 275.0 million, represented the largest item under liabilities, as in the previous year (2015: € 275.0 million). The rise in liabilities to € 517.7 million (2015: € 465.1 million) primarily results from increased financing debt. The credit line firmly committed until 31 May 2018 with a maximum volume of USD 165.0 million (equivalent to € 156.7 million as at 31 Dec. 2016) had been drawn down to the amount of USD 160.0 million (equivalent to € 152.0 million as at 31 Dec. 2016) as at 31 December 2016 (2015: USD 107.0 million equivalent to € 98.4 million as at 31 Dec. 2015).

7.2 Employees of *Rickmers Holding AG*

Rickmers Holding AG employed an average of 114 staff in the financial year 2016 (2015: 103 employees). For further information ● see Employees. p. 63.

7.3 Events after the reporting date of *Rickmers Holding AG*

The events of material importance after balance sheet date correspond to those matters presented in the Rickmers Group ● Events after the Reporting Date, p. 66.

7.4 Risks and opportunity report of *Rickmers Holding AG*

As the parent company of the Rickmers Group, *Rickmers Holding AG* is integrated into the Group-wide Risk Management System. For further information ● see Presentation of the risk management system, p. 72.

The business development of *Rickmers Holding AG* is subject to essentially the same risks and opportunities as the Rickmers Group, therefore reference is made to its ● Risk and Opportunity report, p. 72. Amongst other things, potential risks from over-indebtedness of *Rickmers Holding AG* as the parent company are presented there ● see Risk description and evaluation, p. 75. In principle, *Rickmers Holding AG* participates in the risks of its subsidiaries and equity investments in accordance with its respective stake.

The description of the internal control system of *Rickmers Holding AG* required by Section 289 (5) HGB forms part of the presentation of the Rickmers Group's ● Internal control system for accounting procedures, p. 71.

7.5 Forecast report of *Rickmers Holding AG*

Owing to the interconnections between *Rickmers Holding AG* and the Group companies, its expectations are reflected in the Rickmers Group ● Forecast Report, p. 89.

The company expects that EBITDA and the result will continue to be characterised essentially by capital market-orientated costs and accordingly also running administration expenses, financing costs and where applicable value adjustments on company participations. Additional expenses are expected within the restructuring of the Rickmers Group's main financial debt. However, following a successful debt restructuring positive effects, amongst others deriving from planned cost reduction measures, are expected.

For the financial year 2017, the result before one-off effects of the restructuring concept is expected to be distinctly below the level of the financial year 2016. It should however be borne in mind that the result in 2016 benefitted from extraordinary income from an increase in share capital of *Maritime Asset Holding GmbH* against the contribution of shares in *Rickmers Second Invest GmbH*.

Investments are planned to be continued in the constant optimisation of the IT systems, in reporting and controlling systems and also processes and structures.

Hamburg, 28 April 2017

Dr. Ignace Van Meenen

Prof. Dr. Mark-Ken Erdmann

Management Board *Rickmers Holding AG*

IMPORTANT NOTE

The Management Board and Supervisory Board of *Rickmers Holding AG* hereby explicitly state that the figures and information contained in this Preliminary Annual Report as at 31 December 2016, which was prepared on a going concern assumption, are preliminary and remain subject to the publisher's right of amendment. The annual and consolidated financial statements as well as the combined group management report for the financial year 2016 have currently neither been audited conclusively by the auditors appointed by the company and the Group respectively, nor has an audit opinion been issued. Also, annual and consolidated financial statements have not yet been approved or adopted by the Supervisory Board or the General Meeting.

In view of the negotiations still in progress with the Rickmers Group's financing banks and the still-pending resolution on the part of bond creditors regarding a proposed restructuring of the *Rickmers Holding AG* corporate bond, the auditors and group auditors have not yet received the requested and required audit evidence as part of their respective audits of the annual financial statements and the consolidated financial statements that will enable them to make a conclusive statement on the assumption of going concern. Currently it is not yet possible to forecast whether and when the auditors will complete their audit and issue an audit opinion with regards to the annual and consolidated financial statements for the financial year 2016, and therefore whether and when the Supervisory Board or the General Meeting will be able to approve and adopt these.

Additionally, the Management Board and Supervisory Board of *Rickmers Holding AG* hereby explicitly state that possible changes, resulting from the as-yet incomplete audits of the annual financial statements and the consolidated financial statements, may materially affect the preliminary information contained in this Preliminary Annual Report.

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Consolidated Income Statement

in € thousand	Note	2016	2015
Revenues	7	483,273	586,977
Changes in inventories of work in progress	8	-26	-92
Other operating income	9	18,577	57,336
Cost of materials	10	-203,399	-245,004
Personnel expenses	11	-85,081	-79,467
Amortisation, depreciation, impairment losses and reversals on intangible assets and property, plant and equipment	12	-336,250	-259,872
Other operating expenses	13	-54,736	-68,095
Result from investments accounted for using the equity method	14	-10,246	615
Other income from investments	15	-14,216	-178
<i>Interest income</i>		2,331	3,029
<i>Interest expenses</i>		-105,325	-105,748
<i>Other financial income</i>		40,255	9,595
<i>Other financial expenses</i>		-32,712	-24,947
<i>Expenses from change in consolidation method</i>	6.2	-45,403	0
Financial result	16	-140,853	-118,071
Earnings before income taxes		-342,957	-125,851
Income taxes	17	1,939	-9,678
Group profit or loss		-341,018	-135,529
Attributable to:			
Shareholders of Rickmers Holding AG		-259,633	-85,870
Non-controlling interests		-81,385	-49,658
Earnings per ordinary share (in €, basic and diluted)	18	-25.96	-8.59

Consolidated Statement of Comprehensive Income

in € thousand	Note	2016	2015
Group profit or loss		-341,018	-135,529
Remeasurement of post-employment benefit obligations	31	-70	-287
Share of other comprehensive income in investments accounted for using the equity method	6.4, 6.5	0	0
Items that will not be reclassified subsequently to Group profit or loss		-70	-287
Currency translation differences	30	-45,818	76,252
Recognition in other comprehensive income		-31,092	76,263
Reclassification to Group profit or loss		-14,726	-12
Cash flow hedges	30, 38.5.4	6,476	7,565
Recognition in other comprehensive income		0	-15
Reclassification to Group profit or loss		6,476	7,580
Items that will be reclassified subsequently to Group profit or loss when specific conditions are met		-39,341	83,817
Other comprehensive income net of tax		-39,411	83,529
Group total comprehensive income		-380,429	-51,999
Attributable to:			
Shareholders of Rickmers Holding AG		-256,608	-30,999
Non-controlling interests		-123,821	-21,000

Consolidated Balance Sheet

in € thousand	Note	31 Dec. 2016	31 Dec. 2015
ASSETS			
Non-current assets			
Intangible assets	19	3,524	4,264
Vessels	20	1,635,684	2,635,537
Other property, plant and equipment	21	1,503	1,944
Investments accounted for using the equity method	22	42,413	38,315
Other financial assets	23	29,319	28,279
Trade and other receivables	24	141	126
Other non-financial assets	25	3,154	0
Deferred tax assets	34	1,782	641
		1,717,519	2,709,106
Current assets			
Inventories	26	9,782	11,492
Other financial assets	23	3,103	4,824
Trade and other receivables	24	23,060	41,758
Other non-financial assets	25	5,566	12,875
Income tax receivables	27	901	956
Cash and cash equivalents	28	62,052	96,263
		104,464	168,168
Assets held for sale	29	9,309	0
Assets		1,831,292	2,877,274

in € thousand	Note	31 Dec. 2016	31 Dec. 2015
EQUITY AND LIABILITIES			
Equity	30		
Subscribed capital		10,000	10,000
Capital reserves		46,634	33,634
Retained earnings		-29,659	230,011
Other comprehensive income		71,464	68,369
Equity attributable to shareholders of Rickmers Holding AG		98,439	342,014
Non-controlling interests		21	213,381
		98,461	555,395
Non-current liabilities			
Provisions for pensions and similar obligations	31	3,106	3,162
Other provisions	32	2,545	1,346
Derivative financial instruments	38	18,846	58,954
Financial debt	33	1,359,562	1,783,775
Trade and other payables	35	0	13
Non-financial liabilities	36	37,601	34,842
Deferred tax liabilities	34	17,594	16,777
		1,439,254	1,898,869
Current liabilities			
Provisions for pensions and similar obligations	31	203	209
Other provisions	32	5,374	10,447
Derivative financial instruments	38	12,147	440
Financial debt	33	217,824	306,239
Trade and other payables	35	38,295	77,015
Non-financial liabilities	36	15,223	20,429
Income tax liabilities	37	4,511	8,231
		293,578	423,010
Equity and liabilities		1,831,292	2,877,274

Statement of Changes in Shareholders' Equity

in € thousand	Subscribed capital	Capital reserves (formerly: reserves)	Retained earnings	Currency translation differences
Balance as at 1 Jan. 2015	6,405	386,297	0	33,615
Group profit or loss	0	0	-85,870	0
Other comprehensive income	0	0	-287	50,089
Total comprehensive income	0	0	-86,158	50,089
Capital increase/decrease	0	0	0	0
Distribution	0	-36,500	0	0
Changes in ownership inter- ests in subsidiaries that do not result in a loss of control	0	0	3,622	270
Change in legal form	3,595	-316,162	312,567	0
Other changes	0	0	-21	0
Balance as at 31 Dec. 2015	10,000	33,634	230,011	83,974
Group profit or loss	0	0	-259,633	0
Other comprehensive income	0	0	-70	-3,382
Total comprehensive income	0	0	-259,702	-3,382
Proceeds from the sole shareholder and capital increase/decrease	0	13,000	0	0
Dividends	0	0	0	0
Changes in ownership inter- ests in subsidiaries that do not result in a loss of control	0	0	32	2
Changes in the scope of consolidation	0	0	0	0
Balance as at 31 Dec. 2016	10,000	46,634	-29,659	80,593

¹ Formerly: Rickmers Holding GmbH & Cie. KG

For more details on equity please refer to [Section 30](#).

Other comprehensive income				
Cash flow hedges	Equity attributable to share- holders of Rickmers Holding AG ¹	Non-controlling interests	Equity	
-20,633	405,684	245,604	651,288	
0	-85,870	-49,658	-135,529	
5,069	54,871	28,658	83,529	
5,069	-30,999	-21,000	-51,999	
0	0	1,904	1,904	
0	-36,500	-9,309	-45,809	
-41	3,850	-3,852	-1	
0	0	0	0	
0	-21	34	13	
-15,605	342,014	213,381	555,395	
0	-259,633	-81,385	-341,018	
6,476	3,024	-42,435	-39,411	
6,476	-256,608	-123,821	-380,429	
0	13,000	0	13,000	
0	0	0	0	
0	34	-34	0	
0	0	-89,505	-89,505	
-9,129	98,439	21	98,461	

Consolidated Cash Flow Statement

in € thousand	Note	2016	2015
Operating activities			
Group profit or loss		-341,018	-135,529
Income taxes		-1,939	9,678
Amortisation, depreciation, impairment losses and reversals on intangible assets, property, plant and equipment and investments		336,904	260,858
Net interest		102,994	102,719
Net interest from financial instruments (held for trading)		15,692	19,563
Gains/losses on sale of non-current assets		3,051	7,388
Result from investments accounted for using the equity method		10,246	-615
Other non-cash items		43,853	-10,539
Dividends received		3,262	2,306
Change in provisions for pensions and similar obligations		-197	1,389
Change in other assets and liabilities		-5,023	18,980
Income taxes paid		-2,408	-2,778
Cash flow from operating activities	39	165,418	273,420
Investing activities			
Investments in intangible assets		-827	-1,369
Investments in vessels		-31,252	-244,622
Investments in other property, plant and equipment		-327	-351
Investments in equity instruments		-3,845	-161
Proceeds from disposal of intangible assets and property, plant and equipment		5,032	229
Change from disposal of subsidiaries and other business units		-31,478	881
Proceeds from disposal of investments in equity instruments		3,126	828
Payments for financial receivables		-997	-3,435
Receipts from financial receivables		2,942	5,624
Interest received		704	2,300
Cash flow from investing activities	39	-56,921	-240,076

in € thousand	Note	2016	2015
Financing activities			
Proceeds from issuing equity instruments, proceeds from the sole shareholder and capital increase		13,000	0
Dividends paid		0	-43,905
Proceeds from financial debt		337,777	259,756
Payments for transaction costs on debt proceeds		-9,014	-15,831
Repayments of financial debt		-380,491	-291,085
Interest paid		-103,853	-111,865
Cash flow from financing activities	39	-142,580	-202,930
Change in cash and cash equivalents	39	-34,083	-169,586
Currency translation effects on cash and cash equivalents		-128	17,652
Changes in the scope of consolidation		0	-724
Cash and cash equivalents at beginning of period		96,263	248,921
Cash and cash equivalents at end of period¹	28	62,052	96,263

¹ Reference is made to ● Section 6.3 for further information on significant restrictions in cash and cash equivalents.

Notes to the Consolidated Financial Statements

General Notes

1 Basic information

1.1 General

Rickmers Holding AG, Hamburg, is the parent company of the Rickmers Group. The address of the company's registered headquarters is Neumuehlen 19, 22763 Hamburg, and the company is registered with the commercial register (Handelsregister) kept at the local court (Amtsgericht) of Hamburg under HRB 136889. The Rickmers Group is an international provider of services for the maritime industry, operates a fleet of 114 vessels and is represented internationally at 16 locations in 13 countries and by more than 50 sales agencies.

1.2 Principles applied in the IFRS consolidated financial statements

The Rickmers Group's consolidated financial statements for the period ending 31 December 2016 are prepared in accordance with the International Financial Reporting Standards (IFRS) passed and issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) as adopted by the European Union (EU) ● see Section 2. The Rickmers Group's consolidated financial statements are prepared in application of the regulations contained in Directive (EC) No. 1606/2002 of the European Parliament and Council dated 19 July 2002 concerning the application of International Accounting Standards. The supplementary requirements set out in Section 315a (3) of the German Commercial Code (HGB) have been met – exempting the Rickmers Group from its obligation to prepare consolidated financial statements according to HGB.

The Rickmers Group's consolidated financial statements are prepared in euros and cover the period from 1 January to 31 December 2016. Unless otherwise stated, all amounts are given in € thousand. All figures reported are rounded

according to normal commercial practice, so minor deviations may occur through addition of these amounts.

The preparation of consolidated financial statements is essentially based on the recognition of assets and liabilities at amortised cost with the exception of financial assets and liabilities measured at fair value in accordance with IAS 39 – *Financial Instruments: Recognition and Measurement*.

The consolidated income statement is prepared using the nature of expense method. As required by IAS 1 – *Presentation of Financial Statements*, consolidated balance sheet items are classified as either current or non-current. For the sake of clarity, certain items in the consolidated balance sheet and consolidated income statement are combined. These items are disclosed and explained in greater detail in the notes to the consolidated financial statements.

The preparation of consolidated financial statements in accordance with IFRS involves the management making estimates, assumptions and judgements that affect the recognition and measurement of items in the consolidated balance sheet, consolidated income statement and consolidated statement of comprehensive income as well as the disclosure of contingent liabilities ● see Section 5.

The consolidated financial statements are being audited by *PricewaterhouseCoopers AG WPG*, Alsterufer 1, 20354 Hamburg, in accordance with Section 317 of the German Commercial Code (HGB) and the German Generally Accepted Standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW).

The present consolidated financial statements are based on a going concern assumption and are preliminary. They have not yet been conclusively audited by the external group auditors, and no audit opinion has been issued. The going concern assumption principally depends on the successful agreement and implementation of the concept for the restructuring of the Rickmers Group. For further information regarding those risks categorised as existential please ● see Section 38 and 41; for further information regarding the

current status of the concept for the restructuring please

● see Section 47 Events after the Balance Sheet Date.

The Management Board of *Rickmers Holding AG* preliminarily prepared the consolidated financial statements as at 28 April 2017. All adjusting events that occurred up to and including the preliminary date of preparation of the consolidated financial statements were taken into account.

2 Application of new and revised standards and interpretations

2.1 Overview

Standard	Note	IASB effective date	Accepted by the EU	EU effective date	Adopted early by the Rickmers Group
IFRS 10, IFRS 12, IAS 28	Amendments to IFRS 10, IFRS 12, IAS 28: Investment entities: Applying the consolidation exception	1 Jan. 2016	yes	1 Jan. 2016	n/a
IFRS 14	Regulatory deferral accounts	1 Jan. 2016	no	n/a	n/a
IAS 7	Amendments to IAS 7: Disclosure initiative	1 Jan. 2017	no	n/a	n/a
IAS 12	Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses	1 Jan. 2017	no	n/a	n/a
Various	Annual Improvements to IFRS: 2014–2016 cycle	1 Jan. 2017/ 1 Jan. 2018	no	n/a	n/a
IAS 40	Amendments to IAS 40: Transfers of investment property	1 Jan. 2018	no	n/a	n/a
IFRS 2	Amendments to IFRS 2: Classification and measurement of share-based payment transactions	1 Jan. 2018	no	n/a	n/a
IFRS 4	Amendments to IFRS 4: Applying IFRS 9 – Financial instruments with IFRS 4 – Insurance contracts	1 Jan. 2018	no	n/a	n/a
IFRS 9	Financial instruments	1 Jan. 2018	yes	1 Jan. 2018	no
IFRS 15	Revenue from contracts with customers	1 Jan. 2018	yes	1 Jan. 2018	no
IFRS 15	Amendments to IFRS 15: Effective date	1 Jan. 2018	yes	1 Jan. 2018	no
IFRS 15	Clarifications to IFRS 15: Revenue from contracts with customers	1 Jan. 2018	no	n/a	n/a
IFRIC 22	IFRIC Interpretation 22: Foreign currency transactions and advance considerations	1 Jan. 2018	no	n/a	n/a
IFRS 16	Leases	1 Jan. 2019	no	n/a	n/a
IFRS 10, IAS 28	Amendments to IFRS 10 and IAS 28: Sales or contributions of assets between an investor and its associate or joint venture	indefinitely postponed	no	n/a	n/a

2.2 Notes to material amendments and new standards and interpretations

Below are some of the new or amended standards and interpretations to be applied that have been published by the IASB. These are both those which have not yet been endorsed in European law as well as those which have already been endorsed in European law.

Amendments to IAS 7: Disclosure initiative

In the context of the disclosure initiative the IASB published amendments to *IAS 7 – Statement of Cash Flows* in January 2016. The amendments require disclosures that enable the user of financial statements to assess changes in liabilities relating to financing activities, including changes affecting cash and non-cash.

The EU plans to endorse the amendments in the second quarter of 2017. The standard will apply for an entity's first annual IFRS financial statements for periods beginning on or after 1 January 2017. It is expected that these amendments will have no material effects on the Rickmers Group.

Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses

The IASB has published amendments to *IAS 12 – Income taxes* in January 2016. The amendments clarify the recognition of deferred tax assets for unrealised losses for debt instruments measured at fair value.

The EU plans to endorse the amendments in the second quarter of 2017. The standard will apply for an entity's first annual IFRS financial statements for periods beginning on or after 1 January 2017. The effects of the amendments on the Rickmers Group are currently being explored.

Amendments to IFRS 2: Classification and measurement of share-based payment transactions

In June 2016, the IASB published amendments to *IFRS 2 – Share-based payments*. The amendments address the accounting for cash-settled share-based payment transactions that include a performance condition; the classification of share-based payment transactions with net settlement features; and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

The EU plans to endorse the amendments in the third quarter of 2017. The standard will apply for an entity's first annual IFRS financial statements for periods beginning on or after 1 January 2018. The effects of the amendments on the Rickmers Group are currently being explored.

IFRS 15 – Revenue from contracts with customers

In May 2014, the IASB published *IFRS 15 – Revenue from contracts with customers*. Due to the amendment to IFRS 15 issued in September 2015, the mandatory effective date was deferred from 1 January 2017 to fiscal years beginning on or after 1 January 2018. Early application is permitted. IFRS 15 establishes a comprehensive model to determine when to recognise revenue, and at what amount, for revenue arising from contracts with customers. According to the new standard revenues are recognised when control over goods or services is passed to the customer. Moreover, the standard specifies the recognition and measurement of gains and losses arising from the disposal of certain non-financial assets (e.g. property, plant and equipment, intangible assets), which are not a consideration in the course of the entity's ordinary business activities.

The Rickmers Group currently assumes that no use will be made of the option for early application of IFRS 15 before the start of the fiscal year 2018. The transition rules for IFRS 15 permit both, a full retrospective and a modified retrospective approach for the initial application. The Rickmers Group has not yet finalised the detailed analysis of the impacts from the application of IFRS 15. It is expected that the Rickmers Group will decide on which alternative to use for retrospective initial application during the course of the financial year 2017.

Currently, it is expected that changes in the total amount of revenue to be recognised for a customer contract will be very limited. For certain types of contracts the timing for the recognition of revenue will change, if a reallocation of the transaction price between performance obligations take place; for example for newbuilding supervision contracts. No change in revenue recognition is expected for other service contracts (especially ship management agreements) in the segments Maritime Assets and Maritime Services of the Rickmers Group, due to the separation of individual performance obligations, as the allocation of revenues over time already takes place in accordance with the current applicable standards.

Also in future, energy efficiency measures with cost participation of the charterer could occur. The resulting compensation payment is expected to be still recognised in profit or loss on a straight-line basis over the charter period according to IFRS 15.

Based on the analysis performed, the vast majority of transport contracts of the Rickmers-Linie's current core business currently accounted under the percentage-of-completion method is expected to fulfil the requirements for revenue recognition over time.

Furthermore, the Rickmers Group currently expects the amendments to have an impact on the presentation of the notes. These amendments will have no material effect on the Rickmers Group.

IFRS 16 – Leases

In January 2016, the IASB published *IFRS 16 – Leases*. IFRS 16 replaces the former standard *IAS 17 – Leases* as well as the interpretations of *IFRIC 4 – Determining whether an arrangement contains a lease*, *SIC-15 – Operating leases – incentives* and *SIC-27 – Evaluating the substance of transactions involving the legal form of a lease*. IFRS 16 eliminates the current classification for lessee's lease contracts as either operating or finance leases. Instead IFRS 16 introduces a single lessee accounting model requiring lessees to recognise assets (for the right of use) and lease liabilities in the amount of the present value of future lease payments of the respective lease plus directly allocable costs. Over the term of the lease, the lease liability is adjusted using financial mathematic methods, similar to the rules for finance leases under the current IAS 17, and the right-of-use asset is depreciated. The accounting for short-term leases, leases of low-value assets and portfolios of leases has been simplified. This brings the previous off-balance leases on the balance sheet in a manner largely comparable to current finance lease accounting. For lessors, the rules of the new standard are almost unchanged. The EU has not yet endorsed the standard. The standard will apply for an entity's first annual IFRS financial statements for periods

beginning on or after 1 January 2019. Earlier application is permitted as long as IFRS 15 is also applied. The Rickmers Group is currently assuming that the possibility of applying IFRS 16 as part of an early application prior to the beginning of the financial year 2019 is not used. The modifications will have no material impact on the Rickmers Group due to the primary business as vessel-owner (and thus lessor) and not as a charterer (and thus lessee). The impact on the balance sheet of the Rickmers Group is expected to be less than one per cent.

IFRS 9 – Financial Instruments

In July 2014, the IASB has issued the final version of *IFRS 9 – Financial instruments*. The new version includes revised requirements concerning the classification and measurement of financial assets. The approach is based on the contractual cash flow characteristics and the business model in which the financial assets are held. Furthermore, IFRS 9 includes an adjusted model concerning the impairment of financial instruments that requires entities to also account for expected future credit losses besides incurred losses. Additionally, the standard includes new regulations for the application of hedge accounting.

The EU endorsed the changes in November 2016. The standard will be effective for financial periods beginning on or after 1 January 2018. An early application is permitted.

The Rickmers Group will adopt IFRS 9 for the fiscal year beginning on 1 January 2018 and is currently assessing qualitatively the impact of its adoption on the Group's consolidated financial statements. While the new regulations for hedge accounting will not have any impact as a result of the non-application, the Rickmers Group expects changes in some cases concerning the measurement and presentation of financial assets. These changes are expected to have no material impact compared to the balance sheet total.

3 Group accounting principles

3.1 Subsidiaries

Rickmers Holding AG and the subsidiaries it controls are included in the consolidated financial statements. Control is deemed to exist if *Rickmers Holding AG* directly or indirectly has power over the investee, i. e. if *Rickmers Holding AG* directly or indirectly possesses rights which grant it the ability at the present time to steer the investee's relevant activities. These are the activities which materially affect the profitability of the investee. Furthermore, in the case of control, *Rickmers Holding AG* is exposed to variable returns from its relationship with the investee or owns rights thereto and is able to influence these returns. Even though *Rickmers Holding AG* may not directly or indirectly hold the majority of the voting rights, other matters and circumstances (including contractual agreements) may lead to control being exercised over the investee. The consolidation begins at the first date on which control exists, and ends when such control no longer exists.

All assets, liabilities, income, expenses and cash flows of the Rickmers Group are aggregated with those of its subsidiaries for the purpose of the consolidated financial statements. Intercompany transactions are completely eliminated. Full consolidation ceases on the date of the loss of control.

The non-consolidated subsidiaries listed in [● Section 48](#) are immaterial to the consolidated financial statements of the Rickmers Group.

3.2 Business combinations

Subsidiaries acquired for consideration are accounted for using the acquisition method. The consideration transferred within the framework of the acquisition corresponds to the fair value of the assets transferred and of the liabilities entered into or assumed at the date of the transaction.

It also includes the fair values of all recognised assets or assumed liabilities resulting from any contingent consideration arrangements. Costs relating to the acquisition are taken to profit or loss at the time they are incurred. The Rickmers Group measures identifiable assets, liabilities and contingent liabilities acquired within the framework of a business combination at their fair value at the time of acquisition. For each acquisition, the Rickmers Group recognises any non-controlling interests in the acquired subsidiary on an acquisition-by-acquisition basis, either at fair value or at the pro rata share of the acquiree's net assets. The accounting policies of acquired subsidiaries are adjusted where necessary, so as to ensure uniform accounting policies within the Rickmers Group. At the time control is lost, the remaining carrying amount of an investment is remeasured at fair value and the resulting difference recognised in profit or loss. Furthermore, all amounts relating to this company disclosed in other comprehensive income are recognised in the way this would be required if the parent company had sold the assets and liabilities associated therewith directly. Any gain or loss previously recognised in other comprehensive income is accordingly reclassified to profit or loss. Transactions with non-controlling interests without the loss of control are treated the same way as transactions with the Rickmers Group's shareholders. Any difference between the consideration paid and the relative share in the carrying amount of the subsidiary's net assets arising from the acquisition of non-controlling interests is recognised in equity, as are gains and losses arising on the sale of non-controlling interests.

Goodwill arising in a business combination is measured as the excess of the aggregate of the cost of acquisition, the amount of any non-controlling interests in the acquiree, and, in a business combination achieved in stages, the fair value of the equity interest held by the Rickmers Group in the acquiree prior to the acquisition date over the fair value of the net assets. If the total of the consideration transferred, the non-controlling interests recognised and the previously held equity interest is less than the fair value of the net assets of the acquiree, the difference is recognised directly in profit or loss (bargain purchase). In subsequent periods, goodwill is tested for impairment at least annually following completion of the planning process

and in case there are observable indications of impairment. If the carrying amount of the asset exceeds the recoverable amount, an impairment loss amounting to the excess of the carrying amount over the recoverable amount is recognised.

3.3 Associates and joint ventures

Associates are all entities over which the Rickmers Group has significant influence but not control over operating and financial policies, generally involving a shareholding of between 20 and 50 per cent of the voting rights. Investments in associates are accounted for using the equity method under which the investment is initially recognised at cost.

Joint arrangements are arrangements under which the Rickmers Group and one or more other parties jointly exercise control. Joint control is control that is agreed contractually and exercised jointly. It exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements which are set up as independent entities are classified as joint ventures if the parties to the agreement have rights to the net assets under the arrangement. Joint ventures are accounted for using the equity method and initially measured at cost. The equity method is applied from the date on which the Rickmers Group acquires significant influence or joint control and discontinued on the date on which the significant influence over or joint control of, the investee company ends.

The following principles apply equally to associates and joint ventures. The acquisition costs that exceed the Rickmers Group's share in the net assets of the associates are subject to certain adjustments orientated towards the fair value and the remaining amount is recognised as goodwill. The goodwill resulting from the acquisition of an associate is included in the investment carrying amount of the associate and is not subject to scheduled depreciation. At each balance sheet date, however, the Rickmers Group assesses whether there is objective evidence that the share

in the associate is impaired. If so, the difference between the carrying amount of the investment and the recoverable amount is recognised as an impairment in profit or loss. The Rickmers Group's share in the profits and losses of an associate are recognised in profit or loss from the time of acquisition onwards, while changes in equity not affecting profit or loss are recognised directly in the Group's equity on a pro rata basis. The accumulated changes subsequent to the acquisition increase or decrease the investment carrying amount of the associate. If the losses – including other unsecured receivables – of an associate which are to be attributed to the Rickmers Group are equal to or greater than the value of the Rickmers Group's share in this company, no further losses are recognised, unless the Rickmers Group has entered into any obligations or made any payments on behalf of the associate. Unrealised gains and losses on transactions between the Rickmers Group and an associate are eliminated to the extent of the Rickmers Group's share in the associate, unless the transaction indicates an impairment of the transferred asset. If the carrying amount of an investment in an associate decreases but the company remains an associate, the pro rata amount of the gains or losses previously recognised in other comprehensive income is reclassified to profit or loss.

The accounting policies of associates and joint ventures are adjusted where necessary, so as to ensure uniform accounting policies within the Rickmers Group.

3.4 Other long-term equity investments

Pursuant to IAS 39, other long-term equity investments are classified as available-for-sale financial instruments. These investments are measured at cost if no publicly listed market price exists and the fair value cannot be determined reliably.

3.5 Foreign currency translation

3.5.1 Functional and reporting currency

Items included in the financial statements of each of the Rickmers Group's entities are measured using the respective functional currency. Functional currencies include the euro, US dollar, Singapore dollar, Japanese yen, Yuan renminbi and South Korean won. These are the currencies of the primary economic environment in which the entity operates. The consolidated financial statements of the Rickmers Group are presented in euros.

3.5.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation date at which items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges. They are presented in the income statement under exchange rate gains in other operating income or as exchange rate losses in other operating expenses, as appropriate.

In the case of changes in the fair value of monetary securities denominated in foreign currency classified as available for sale, a distinction is made between translation

differences resulting from changes in the amortised cost of the security which are recognised in profit or loss, and other changes in the carrying amount of the security which are recognised in other comprehensive income.

Translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. By contrast, translation differences on non-monetary assets and liabilities, such as equity instruments classified as available-for-sale, are included in other comprehensive income.

3.5.3 Group companies and exchange rates

The individual financial statements of all Rickmers Group entities that have a functional currency other than the euro are translated into euros as follows:

- Assets and liabilities as at the balance sheet date are translated at the closing rate at the date of that balance sheet,
- Income and expenses are translated at average exchange rates and
- All resulting exchange differences are recognised in other comprehensive income.

The table below shows how the relevant exchange rates for the Rickmers Group have developed against the euro compared to the prior period.

Foreign currency per € 1	Currency	Closing rate 31 Dec. 2016	Closing rate 31 Dec. 2015	Average rate 2016	Average rate 2015
Yuan renminbi	CNY	7.3106	7.0584	7.3503	6.9749
British pound	GBP	0.8541	0.7375	0.8193	0.7264
Japanese yen	JPY	123.0380	130.6660	120.3080	134.3423
South Korean won	KRW	1,271.2800	1,276.8800	1,284.8015	1,256.7718
Singapore dollar	SGD	1.5244	1.5399	1.5277	1.5261
US dollar	USD	1.0527	1.0870	1.1067	1.1102

4 Summary of accounting policies

4.1 General

The principal accounting policies applied in preparing the Rickmers Group's consolidated financial statements are set out below. The methods described have been consistently applied to the reporting periods presented unless otherwise stated.

4.2 Intangible assets

Intangible assets acquired for consideration are measured at cost on initial recognition including any directly attributable costs, less any price reductions or trade discounts. If the consideration for an intangible asset includes a variable component that may change based on, for example, future revenues, the respective payments are not part of the initial cost. Variable licence fees are considered within profit or loss in the period as incurred. Intangible assets acquired in a business combination are initially recognised at fair value pursuant to *IFRS 3 – Business combinations*.

Intangible assets with finite useful lives are amortised using the straight-line method over their estimated useful life. They are also tested for impairment insofar as there are any indications that they may be impaired.

Prepayments and internally generated intangible assets under development are not systematically amortised until completion. Intangible assets with indefinite useful lives (e.g. goodwill acquired in a business combination) are likewise not systematically amortised but are instead subject to impairment testing at least annually. An impairment test is also performed if there is any indication that the intangible asset may be impaired. Reference is made to ● **Section 4.5** for detailed information on impairment testing.

Acquired software licences are recognised at cost including any directly attributable cost incurred for the preparation of intended use. Initial cost is systematically amortised over the useful life of up to five years.

The useful life of an intangible asset is reviewed annually and adjusted prospectively if necessary to reflect changes in expectations.

4.3 Vessels

Vessels within the Rickmers Group are recognised at amortised cost. Initial cost includes any consideration given to acquire the vessel and to bring it to the location and condition necessary to operate it as intended by management. Borrowing costs that are directly attributable to the acquisition of a vessel are part of initial cost according to *IAS 23 – Borrowing Costs* ● see **Section 4.6**. A vessel is recognised within non-current assets when its use is intended to be of long-term nature and the economic ownership of the vessel is transferred to the Rickmers Group. Equally, the loss of economic ownership results in a disposal of non-current assets. Gains or losses resulting from the disposal of a vessel are recognised in profit or loss within other operating income or other operating expenses.

Major components of a vessel are capitalised and depreciated individually (component approach). This relates in particular to costs in connection with regular class renewal (dry-docking). Initial cost attributable to the dry-docking component is equivalent to the total expected cost to obtain the next class renewal, taking into account the age and size of the vessel as well as its last scheduled dry-dock.

After initial recognition, vessels are carried at cost less any depreciation, impairment losses and gains from the reversal of impairment, whereby the residual value considering vessel size and scrap price per tonne of steel constitutes the minimum asset value.

Vessels are depreciated on a straight-line basis over the following economic useful lives that remained unchanged to the prior period:

- Vessels: 27 years
- Dry-docking costs: 5 to 7.5 years

The useful lives and residual values are reviewed on a regular basis and adjusted prospectively in profit or loss in the current and in future periods if necessary to reflect changes in expectations.

Prepayments and vessels under construction are not depreciated systematically until completion.

In case there are any indications that a vessel may be impaired as at the balance sheet date, the Rickmers Group performs an impairment test to determine the recoverable amount. If the carrying amount exceeds the recoverable amount, the carrying amount of the vessel is reduced to its recoverable amount. If the reasons for the impairment loss that was recognised in previous periods become invalid, the impairment is reversed up to the amount as when no impairment loss had been recognised. Reference is made to ● Section 5.2 for further information on the impairment testing of vessels.

Subsequent costs are only recognised when it is probable that future economic benefits will flow to the Rickmers Group and the costs can be measured reliably. This particularly relates to costs incurred to comply with environmental requirements or to improve a vessel's energy efficiency, reducing subsequent costs (retrofit measures). Expenses for repairs and maintenance that do not represent material improvements (day-to-day servicing) are recognised in profit or loss as incurred.

Subsequent costs do result in a derecognition of amortised cost in case individual vessel components are replaced. Losses resulting from derecognition are considered within profit or loss under other operating expenses.

4.4 Other property, plant and equipment

Items of other property, plant and equipment are initially recognised at cost including any directly attributable costs, less any price reductions or trade discounts.

Items of other property, plant and equipment are subsequently carried at cost less any accumulated depreciation using the straight-line method and any accumulated impairment losses.

Items of other property, plant and equipment are tested for impairment if there are any indications or events that suggest an asset may be impaired. Reference is made to ● Section 4.5 for further information on impairment testing.

Subsequent costs are only capitalised when it is probable that future economic benefits will flow to the Rickmers Group and the costs can be measured reliably.

The Rickmers Group applies the following useful lives to other property, plant and equipment:

- Containers: 10 years
- Operating and office equipment: 1 to 23 years

Prepayments and other property, plant and equipment under construction are not depreciated systematically until completion.

Gains and losses on disposal of other property, plant and equipment are calculated as difference between disposal proceeds and carrying amounts of other property, plant and equipment, and are recognised in profit or loss within other operating income and other operating expenses, respectively.

4.5 Impairment testing of non-financial assets

Intangible assets with finite useful lives, vessels and other property, plant and equipment are tested for impairment if there are objective indications which point towards reduced economic usefulness for the asset concerned. If such indications are present, the recoverable amount of the asset is calculated and compared with its carrying amount.

The recoverable amount of an asset is defined as the higher of fair value less costs to sell and value in use. The fair value represents a market-based measurement and corresponds to the price that would be obtained for the sale of an asset in an orderly transaction between market participants at the measurement date. In contrast, the value in use corresponds to the present value of the future cash flows expected from the operational use of the asset. If the carrying amount of the asset exceeds the recoverable amount, an impairment loss amounting to the excess of the carrying amount over the recoverable amount is recognised.

Assets with indefinite useful lives, as well as intangible assets not yet ready for use, are not amortised/depreciated systematically but are instead tested for impairment annually and, if necessary, written down to the recoverable amount.

As a basic principle, the impairment test is carried out on the basis of the individual asset. Insofar as no recoverable amount can be calculated at this level, assets are aggregated at the lowest level for which cash flows can be separately identified (cash-generating unit – CGU). Reference is made to ● Section 5.2 for further information on vessel impairment testing.

Non-financial assets for which an impairment has been recognised in the past are likewise examined at each balance sheet date as to whether any reversal of impairment is required. A reversal of impairment may result from a higher recoverable amount compared to the previously impaired asset or corresponding CGU and may not exceed the amortised cost.

4.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost until all necessary activities to prepare the qualifying asset for its intended use or sale are substantially completed. A qualifying asset is an asset that necessarily takes a substantial period of time to become ready for its intended use or sale. During construction, a vessel fulfils the criteria of a qualifying asset. Interest expenses and other costs that the Rickmers Group incurs in connection with the borrowing of funds for the construction of a vessel are capitalised as part of initial cost until delivery of the vessel.

4.7 Financial instruments

4.7.1 Financial assets

Regular purchases and sales of financial assets are recognised as at the trade date, the day on which the Rickmers Group undertakes to buy or sell the asset. On initial recognition, financial assets are measured at fair value, taking directly attributable transaction costs into account. The transaction costs of financial assets which are subsequently measured at fair value through profit or loss are directly recognised in the consolidated income statement.

In the Rickmers Group, financial assets are divided into the following categories for subsequent measurement:

- a) Financial assets measured at fair value through profit or loss
- b) Loans and receivables
- c) Financial assets available for sale

Financial assets measured at fair value through profit or loss are non-derivative and derivative financial assets which are held for trading purposes. This category normally includes derivatives that do not fulfil the formal requirements for hedge accounting under IAS 39. They are also subsequently measured at fair value. Gains or losses on changes in the fair value are taken to profit or loss and reported either within other operating income or expenses (currency derivatives) or in the financial result (interest derivatives).

In the case of a business combination, to which IFRS 3 applies, contingent considerations of an acquirer are designated to the category of financial liabilities measured at fair value through profit or loss. In the case of a business combination with the Rickmers Group being the seller and a contingent consideration being part of the contracted consideration, the contingent consideration is inversely designated as a financial asset measured at fair value through profit or loss. Gains or losses on changes in the fair value are taken to profit or loss and reported within other operating income or expenses. Gains or losses on changes in interest rate (effect from discounting or compounding) are recognised within the financial result.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category mainly comprises loans granted, shares in corporate bonds, trade receivables and cash and cash equivalents. Financial assets assigned to this category are recognised at amortised cost using the effective interest method, taking any impairment into account.

Financial assets available-for-sale are non-derivative financial assets which have either been assigned to this category or cannot be assigned to any other category. Financial assets available-for-sale are subsequently measured at fair value, if this can be determined reliably, or at cost less any impairment if it cannot. Gains and losses resulting from changes in fair value are recognised in other comprehensive income. Dividend income from financial assets in the available-for-sale category is recognised within other income from investments when the Rickmers Group becomes legally entitled to.

A check is made as at each balance sheet date as to whether there is objective evidence that a financial asset or a group of financial assets which are not measured at fair value is impaired. An impairment is only recognised if, as a result of one or more events that occurred after initial recognition, there is any objective evidence of impairment and the impact on the estimated future cash flows of the financial asset or the group of financial assets can be determined reliably.

An objective evidence of impairment occurs, for example, when the debtor experiences serious financial difficulties, interest payments or repayments of debt are delayed or overdue, the insolvency risk of the debtor increases or other observable data exists that indicate a measurable reduction in future cash flows.

In the case of financial assets measured at amortised cost or at cost, the impairment loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows as at the balance sheet date. If the impairment loss decreases on subsequent measurement dates, a reversal of impairment to no more than the amortised cost is taken to profit or loss. There is no reversal of impairment when unlisted equity instruments are involved which are measured at cost as available-for-sale financial assets.

In the case of equity instruments classified as available-for-sale and measured at fair value, a significant or prolonged decline in the fair value below its cost is also objective evidence of impairment. In this case, the accumulated losses previously recognised in other comprehensive income, measured as the difference between the cost and the current fair value less any impairment losses already recognised in profit or loss, are reclassified to profit or loss. Impairment losses on equity instruments measured at fair value in the available-for-sale category that were once recognised in profit or loss are not reversed to profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and this increase results from circumstances that occurred after the initial recognition of the impairment, the impairment loss is reversed through profit or loss.

Financial assets are reported as current assets insofar as they are expected to be realised within twelve months of the balance sheet date.

4.7.2 Financial liabilities

Trade payables and other non-derivative financial liabilities are recognised initially at fair value less transaction costs. A difference between the fair value and the transaction price of a financial liability is only recognised in profit or loss to the extent that the fair value is evidenced by a quoted price in an active market for an identical liability or based on a valuation technique that only uses data from observable markets. In all other cases, the difference is deferred at initial recognition and subsequently recognised in profit or loss only to the extent that it arises from a change in a factor including the time that market participants would take into account when pricing the liability.

Subsequently, non-derivative financial liabilities are measured at amortised cost using the effective interest method. The Rickmers Group recognises puttable financial instruments relating to non-controlling interests as financial liability at amortised cost according to IAS 39.

The Rickmers Group has not yet made any use of the option to designate non-derivative financial liabilities as liabilities to be measured at fair value through profit or loss on initial recognition (fair value option).

A financial liability, or a part thereof, is derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. The restructuring of an existing financial liability or a part thereof may result in a modification of contractual terms. A substantial modification of the terms of an existing liability, or a part thereof, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Terms are considered to be substantially different based on quantitative criteria, meaning if the discounted present value of cash flows under the new terms is at least ten per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the restructuring does not lead to a substantial modification of the terms of an existing liability, or a part thereof, the modification is not accounted for as

an extinguishment. Any costs incurred adjust the carrying amount of the financial liability and are amortised over the remaining term of the modified liability.

Financial liabilities are reported as current liabilities insofar as they are expected to be realised within twelve months of the balance sheet date.

4.7.3 Offsetting financial instruments

Financial assets and liabilities are offset and reported in the consolidated balance sheet as a net amount only if there is a legal entitlement to do so and there is an intention to effect settlement on a net basis or to settle the attendant liability at the same time as the asset concerned is realised.

The Rickmers Group did not offset any financial assets and financial liabilities as at the balance sheet date since the conditions for offsetting were not met.

4.7.4 Derivative financial instruments and hedge accounting

Derivative financial instruments are measured at fair value on both, initial and subsequent recognition. Gains and losses from the remeasurement are recognised in profit or loss, unless the derivative is designated as a hedging instrument within the framework of a hedge relationship (hedge accounting) and is effective. If the requirements are met, changes in fair values are recognised in other comprehensive income.

The Rickmers Group did not apply hedge accounting in the financial years 2015 and 2016. At the balance sheet date, all interest derivatives are in an economic hedge relationship and are classified as held for trading.

Unrealised losses remain within other comprehensive income with regards to cash flow hedges that expired in 2012 and are reclassified to profit or loss on a pro rata basis up to the final maturity of the underlying transaction.

4.8 Accounting for leases

4.8.1 Accounting for leases as lessee

4.8.1.1 Operating lease

Leases in which essentially all the risks and rewards incidental to ownership of the leased asset are retained by the lessor are classified as operating leases from the lessee's perspective. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease. The Rickmers Group is the lessee in operating lease agreements relating to vessels and properties. The leased assets are attributed to the lessor from an economic point of view.

4.8.1.2 Finance lease

Leases in which essentially all the risks and rewards incidental to ownership of the leased asset are transferred to the lessee are classified as finance leases from the lessee's perspective. At the commencement of the lease term, finance leases are recognised both as assets and liabilities at equal amounts in the balance sheet. Generally, they are equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. For subsequent measurement, depreciable leasing assets are accounted for according to depreciation policy described in ● Sections 4.2 to 4.4. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated over the shorter of the lease term and its useful life. To determine whether a leased asset has become impaired, the contents of ● Section 4.5 are applied. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. In subsequent periods, lease liabilities decrease due to the reduction of the outstanding liability using the effective interest method. The interest portion of payments is recognised in profit or loss.

4.8.2 Accounting for leases as lessor

Leases in which essentially all the risks and rewards incidental to ownership of the leased asset are retained by the Rickmers Group are classified as operating leases from the lessor's perspective. Payments received under operating leases are recognised in profit or loss, on a straight-line basis, over the period of the lease. The Rickmers Group itself is the lessor in the context of vessel chartering. This is in connection with operating lease contracts. The leased assets are attributed to the Rickmers Group from an economic point of view.

4.9 Inventories

Inventories are recognised at cost, including all costs incurred in bringing the inventories to their present location and condition on the basis of the average cost method or the first-in, first-out (FIFO) method.

At each balance sheet date, the stock of inventories still on hand is examined with regards to its recoverability and recognised at the lower of cost and net realisable value.

4.10 Cash and cash equivalents

Cash and cash equivalents cover cash balances, bank deposits and other current highly liquid financial assets with an original term of at most three months. Cash and cash equivalents include liquid funds that are subject to certain contractual restrictions but are available to the Rickmers Group at short notice, e.g. minimum liquidity as required by loan agreements.

Reference is made to ● Section 6.3 for detailed information on restricted cash and cash equivalents.

Current account overdrafts are considered as liabilities to banks within current financial debt.

4.11 Assets held for sale

A non-current asset is classified as held for sale and reported separately in the consolidated balance sheet if the associated carrying amount is to be recovered principally through a sales transaction rather than continued use. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell. Non-current assets are not depreciated as long as they are classified as held for sale.

4.12 Equity

Equity components are accounted for in accordance with *IAS 32 – Financial instruments: presentation*. Financial instruments must be classified on initial recognition as a financial liability or as an equity instrument in accordance with the economic substance of the agreement and the definitions in IAS 32.

Transaction costs directly attributable to the issuance of new shares or options are recognised in equity net of tax as a reduction of proceeds. Costs attributable to the issuance of new shares or options as well as to existing shares are only recognised in equity on a pro rata basis. Costs that do relate to existing shares are recognised in profit or loss. Costs that occur prior to the issuance of new shares or options are deferred within other non-financial assets.

Puttable financial instruments relating to non-controlling interests are recognised as financial liabilities at amortised cost according to IAS 39.

The equity is represented by ordinary shares which are classified as equity instruments according to IAS 32.

Apart from currency effects from Group translation, unrealised gains and losses on the market valuation of available-for-sale financial assets and of derivative financial instruments used as cash flow hedges are recognised in other comprehensive income pursuant to IAS 39. Changes in the equity of investments accounted for using the equity method which are not recognised in profit or loss are likewise recognised in other comprehensive income insofar as these components will later be reclassified to profit or loss. Changes in the equity of investments accounted for using the equity method not taken to profit or loss that are not later reclassified to profit or loss, as well as remeasurements of post-employment benefit obligations, are recognised in retained earnings.

4.13 Share-based payment

The long-term incentive programme applies to members of the Management Board of *Rickmers Holding AG* and to further selected managers of *Rickmers Holding AG* and its affiliated companies within the meaning of Section 15 ff. of the German Stock Corporation Act (AktG). Within this context, the plan participants can be granted conditional rights pursuant to the plan conditions by the body responsible, in the form of Performance Share Units (PSUs). These are dependent on the performance indicator EBITDA. Based on current expectations, the additional share-based component is paid in cash, thus the long-term incentive programme is accounted for as cash settled share-based payment within the scope of IFRS 2.

Share-based payments are measured at fair value on the basis of an option pricing model in accordance with IFRS 2. The PSUs are measured at fair value on the grant date, on each balance sheet date and on the settlement date. The fair value of PSUs is considered in profit or loss within personnel expenses to the extent that services were received during the vesting period. A provision is recognised in the same amount.

4.14 Provisions for pensions and similar obligations

Provisions for pensions and similar obligations comprise defined benefit pension plans.

Defined benefit pension plans need to be distinguished from defined contribution plans. A defined contribution plan is a post-employment benefit plan under which the Rickmers Group pays fixed contributions to a company (fund) which is not a member of the Rickmers Group. The Rickmers Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior financial periods.

For defined contribution plans, the Rickmers Group pays contributions to publicly or privately administered pension insurance plans on a statutory, contractual and also on a voluntary basis. The Rickmers Group has no further payment obligations beyond the payment of the contributions. The contributions are recognised within personnel expenses when they are due.

The provisions for pensions in the Rickmers Group are based on a defined benefit plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

The provisions recognised in the consolidated balance sheet in respect of the defined benefit plan correspond to the present value of the defined benefit obligation (DBO) at the balance sheet date as the Rickmers Group has no plan assets to be offset. Pursuant to *IAS 19 – Employee benefits*, the DBO is calculated by an independent actuary using the projected unit credit method.

At each balance sheet date, the adequacy of all assumptions is evaluated. Account is taken of known pension obligations and vested pension rights as at each balance sheet date. The present value of the DBO is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds. Corporate bonds of this kind are denominated in the currency in which the retirement benefits will be paid, and have terms to maturity corresponding to the terms of the pension obligations. The present value of the DBO is calculated using K. Heubeck's "Richttafeln 2005 G" (mortality tables) as the basis of calculation.

Defined benefit obligations are exclusively financed with payments made by the employer. A minimum refunding requirement does not exist. To ensure that retirement benefits continue in accordance with the Occupational Retirement Provision Act in the event of insolvency, employers are obliged to make an annual contribution to the pension guarantee fund (Pensions-Sicherungs-Verein).

The interest expense relating to the DBO is recognised in financial expenses. Current service costs are recognised within personnel expenses. Remeasurement of post-employment benefit obligations arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income under consideration of deferred taxes as incurred. The amounts directly recognised in equity are not subsequently reclassified to profit or loss.

4.15 Other provisions

With the exception of provisions for pensions recognised under IAS 19, all other provisions are recognised in accordance with *IAS 37 – Provisions, contingent liabilities and contingent assets*, provided the Rickmers Group has a present legal or constructive obligation as a result of a past event, the settlement of the obligation is more likely than not and the amount can be estimated reliably.

Provisions are recognised at their settlement amount and are not offset with positive earnings contributions. The estimate of the settlement amount takes future cost increases into account. Where there are a number of similar obligations, the amount to be provided for is estimated by weighting all possible outcomes by their associated probabilities (expected value method).

Long-term provisions are discounted if the interest effect is material. The discount rate is then based on an average market interest rate appropriate to the term and risk of the respective provision. The increase in a previously discounted provision due to the passage of time is recognised as an interest expense.

4.16 Current and deferred income tax

The income tax expense for the period is the total of current and deferred income tax. Income tax is recognised in profit or loss, unless it relates to items directly recognised in equity. In this case, the tax is likewise recognised in other comprehensive income.

The current income tax charge comprises the actual tax claims and liabilities for the current and prior periods. It is measured as the amount expected in refund from the tax authority or as a payment to the tax authority.

Deferred tax is recognised on all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the IFRS consolidated financial statements. The measurement of deferred tax takes account of tax rates and tax laws that apply or have been enacted as at the balance sheet date and that are expected to apply when the deferred tax is realised. Deferred tax assets arising from temporary differences and tax loss carry forwards are recognised only to the extent that it is probable that a

future taxable profit will be available against which the temporary difference or the tax loss carry forwards can be offset. The future taxable profit is calculated on a five-year projection period. When deferred tax assets have been recognised, they are tested annually for impairment.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.17 Recognition of income and expense

Revenue is measured at fair value of the consideration received or receivable, taking account of any sales deductions. Revenue recognition depends on whether the amount of revenue can be measured reliably and it is sufficiently probable that economic benefits will flow to the Rickmers Group. Revenue only includes gross inflows of economic benefits which the Rickmers Group has received for its own account or to which it is entitled. Amounts collected on behalf of third parties do not represent revenue. Within this context, revenue is the amount of commission in case they incur.

Revenue from service contracts within the Maritime Services and Rickmers-Linie segment is recognised according to the stage of completion. In light of this, the Rickmers Group recognises revenue for uncompleted vessel voyages proportionately according to the progress of the voyage as at the balance sheet date. The progress of a voyage is determined either on a pro rata temporis basis or by the ratio of the expenses incurred to the anticipated total expenses as at the balance sheet date.

Revenue from the chartering of vessels within the Maritime Assets segment is recognised on a straight-line basis over the remaining term of the charter agreement pursuant to the provisions of IAS 17 ● see Section 4.8.2.

Interest income and expense is recognised appropriate to the period in profit or loss using the effective interest method in accordance with IAS 39. Dividend income is recognised when the right to receive payment is established.

5 Management estimates, assumptions and judgements

5.1 General

The preparation of consolidated financial statements in accordance with IFRS involves management making estimates, assumptions and judgements that affect the recognition and measurement of items in the consolidated balance sheet, consolidated income statement and consolidated statement of comprehensive income, as well as the disclosure of contingent liabilities.

The Rickmers Group's management makes estimates and assumptions regarding the future and by their nature, not all of them will correspond to subsequent actual circumstances. All estimates, assumptions and judgements are continually assessed and are based on historical experience and expectations about future events that are believed to be reasonable under the given circumstances as at the balance sheet date. Changes in estimates are recognised prospectively in profit or loss in the current and in future periods.

Estimates, assumptions and judgements that substantially affect the amount and presentation of assets, liabilities, income and expenses as well as contingent liabilities are discussed below.

5.2 Vessels

Testing vessels for impairment requires assumptions and estimates inter alia with regards to future cash flows, expected growth rates, foreign exchange rates, vessel operating expenditures, the useful life and discount rates. All material parameters with regards to future developments, in particular to that of the global economy, are thus subject to managerial judgement. As with all forecasts, they harbour a degree of uncertainty. Assumptions made in this respect may be subject to changes that could lead to impairment losses in future periods. This includes determining uniform useful lives within the Rickmers Group that are based on management estimates. As a consequence, the Rickmers Group examines, on a regular basis in accordance with the accounting and valuation methods discussed in ● Section 4.3, whether there are any indications for impairment. In case there are indications that a vessel may be impaired, the Rickmers Group determines the recoverable amount of a vessel. Each vessel is considered to be a separate cash-generating unit (CGU).

The recoverable amount of a vessel corresponds to the higher of fair value less costs to sell and value in use. The recoverable amount of a vessel may be affected by an attached charter, regardless of whether the recoverable amount is calculated as fair value or as value in use. If the carrying amount of a vessel exceeds its recoverable amount, the carrying amount of the vessel is reduced to its recoverable amount. In 2016 as well as in previous periods, the Rickmers Group determines the recoverable amount generally on the basis of a vessel's estimated long-term earnings potential (Long Term Asset Value – LTAV), as no reliable fair value can be derived from historic transactions due to persistently modest trading activities as well as distressed sales. If there exists a substantiated intention to sell, the valuation is based on the fair value less costs of sale due to the limited remaining useful life of the vessel.

The basis to determine a vessel's long-term earnings potential is the discounted cash flow method (DCF-method) reflecting the total of future expected cash flows discounted over the remaining useful life of the vessel. The detailed internal forecast for each vessel, that is the basis for the DCF-method, requires assumptions and estimates with regards to its input parameters. The following parameters are substantially affecting future cash flows:

- (1) Obtainable charter rates
- (2) Vessel operating expenditures
- (3) The expected useful life and
- (4) The pre-tax weighted average cost of capital (WACC) used to discount future cash flows as at the balance sheet date

The charter rates obtainable relate to receipts from actual contracted charter rates and to estimates concerning future charter market rates. Charter market rate forecasts for container vessels, differentiated by vessel type and vessel size, are provided by MSI and Harper Petersen. Charter market rates for multipurpose heavylift vessels with onboard cranes and car carriers are based on information by Drewry Shipping and on management estimates and assumptions.

Vessel operating expenditures are measured on the basis of the cost structure per vessel type and vessel age and are developed bottom-up within the annual business plan on a single-vessel basis. Vessel operating expenditures are based on the business plan 2016 and were updated as at the balance sheet date.

The expected useful life is based on available market information provided by Moore Stephens and on management assumptions.

The residual value (expected scrap value) is based on ten-year market rate averages including expected scrapping costs and expected scrapping location at the end of the vessel's useful life.

Future charter market rates, vessel operating expenditures and scrap values, which are part of the forecast, are adjusted for expected inflation.

The WACC reflects the vessel type, the remaining useful life of the vessel and other factors, such as inter alia equity ratio and beta factor.

Besides the parameters substantially affecting future cash flows, administrative as well as personnel expenses incurred on the level of *Rickmers Holding AG* and on the level of intermediate holding companies are considered but are limited to the existing business of the Rickmers Group. The respective costs that do relate to Group vessels are allocated proportionally to the single CGUs.

Different assumptions with regards to discounted future cash flows may have a material effect on a vessel's value in use. As a consequence, the Rickmers Group performs a sensitivity analysis with regards to all critical input parameters. Reference is made to ● **Section 20** for further information.

For the purpose of scheduled depreciation, the residual value of the vessels was adjusted as at 1 January 2016 to a scrap price of USD 284 per tonne of steel applicable as at 31 December 2016 (31 Dec. 2015: USD 260) including expected scrapping costs and expected scrapping location at the end of the vessel's useful life.

5.3 Income taxes

The Rickmers Group is obliged to pay income taxes in a large number of tax jurisdictions. For this reason, material assumptions are needed to calculate international tax obligations. There are many business transactions and calculations for which the final tax burden cannot be determined conclusively as at the balance sheet date. The Rickmers Group measures the level of the obligations on the basis of estimates of whether, and at what level, income taxes will be due. Discrepancies between the final tax burden on these business transactions and that initially assumed will have an effect on current and deferred tax in the period in which the tax is determined conclusively.

The Rickmers Group's ability to realise uncertain tax positions and future tax benefits is subject to assumptions and estimates. Uncertain tax positions are recognised as assets or liabilities according to IAS 12 to the extent that the tax benefit or the tax expense is probable. The measurement of uncertain tax positions reflects the best estimate of the final outcome.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable income will be available in future for offsetting. Different factors are taken into account to assess the probability of future usability of deferred tax assets including planned operating earnings, estimates of the possibility for reversing temporary tax differences and the implementation of various tax strategies by the management of the Rickmers Group. If the Rickmers Group's management assumes that deferred tax assets can only be partially realised, if at all, only that part is recognised.

5.4 Fair value of financial instruments

The fair value of financial instruments not traded on an active market (e.g. over-the-counter derivatives) is calculated using suitable measurement techniques, in particular the DCF-method. This also applies to determining the fair value of numerous available-for-sale financial assets that are not traded on an active market. The measurement parameters used (e.g. interest rates) are based to a large extent on market terms observable at the balance sheet date. The fair value of contingent considerations depends on the estimated probability of settlement of the contingent consideration. The main parameters included in the measurement of financial instruments are subject to a sensitivity analysis. Reference is made to ● Section 38.6 for further information.

5.5 Estimates in connection with receivables

Allowances on doubtful accounts are recognised on the basis of risk factors such as a customer's financial difficulties or unfavourable changes in the economic situation while observing the maturity structure of the receivables.

Consequently, allowances on doubtful accounts largely comprise estimates and assessments of individual receivables and groups of receivables based on the creditworthiness of the customer, current economic trends and an analysis of maturity structures and historical receivable defaults. Reference is made to ● Sections 24, 38.5.5 and 38.5.6 for further information.

5.6 Revenue recognition

Revenue from vessel voyages not completed as at the balance sheet date is recognised according to IAS 18.20 ff. as revenue from the rendering of services based on the progress of the vessel voyage to the extent that the outcome can be determined reliably. The progress of a voyage is determined either on a pro rata temporis basis or by the ratio of the expenses incurred to the anticipated total expenses as at the balance sheet date. The estimation of total expenses is based on historic experience as well as on all further information available. If the expected margin of a vessel voyage is positive, corresponding expenses and income are recognised proportionally to the progress of the voyage. In the case of an expected negative result, total loss is directly recognised in profit or loss.

5.7 Other provisions

By their nature, other provisions are subject to significant uncertainties with regards to the amount of the obligations or the time of their occurrence. Assumptions have to be made on the basis of figures drawn from past experience with regards to the amount, timing and probability of the obligation or future developments. These may be subject to uncertainties, as is the case in particular with long-term provisions.

The Rickmers Group recognises provisions for onerous contracts if a loss is likely and its amount can be determined reliably. Owing to the uncertainties connected with this assessment, the actual losses may potentially differ from the original estimates. Major provisions with a remaining term of more than one year are discounted at an average market interest rate appropriate to the term. In the case of provisions for warranty and liability risks, uncertainty exists, in particular, in estimating the future claims. Reference is made to ● Section 32 for further information.

Estimates and underlying assumptions are reviewed continuously. As a basic principle, adjustments to the estimates are taken into account in profit or loss in the period of the change and in future periods.

5.8 Subsidiaries, joint arrangements and associates

Judgement is required in assessing the level of control the Rickmers Group exercises over an investee while taking into account all material facts and circumstances. In this context, there exist constellations which lead to the Rickmers Group having joint control or significant influence over an investee, although substantial or majority ownership is held by another investor. Reference is made to ● Sections 6.1, 6.2, 6.4 and 6.5 for further information on investees on which the Rickmers Group exercises control, joint control or significant influence despite only holding a minority share.

6 Group of consolidated companies

6.1 Overview

As at 31 December 2016, the scope of consolidation comprises 75 companies next to *Rickmers Holding AG*:

	Subsidiaries		Joint ventures		Associates		Total
	German	International	German	International	German	International	
31 Dec. 2014	26	72	1	3	2	3	107
Additions	0	4	0	0	0	0	4
Disposals	4	12	0	1	0	0	17
31 Dec. 2015	22	64	1	2	2	3	94
Additions	1	3	0	2	0	1	7
Disposals	2	24	0	0	0	0	26
31 Dec. 2016	21	43	1	4	2	4	75

Additions In 2016, the following companies were fully consolidated as subsidiaries for the first time:

Name of the subsidiary	Name of the holding company	Share, in %
Newly founded subsidiaries		
Clan Yachting Pte. Ltd.	Rickmers Reederei (Singapore) Pte. Ltd.	100.0
Maritime Assets Holding GmbH	Rickmers Holding AG	100.0
NPC Projects A/S	Rickmers-Linie GmbH & Cie. KG	100.0
Subsidiaries, fully consolidated for the first time due to materiality		
Barroose Navigation Limited	Polaris Shipmanagement Company Limited	100.0

In addition, *NPC Projects Ltd.* was established in 2016 and for the first time accounted for as a joint venture using the equity method within the Rickmers Group. *NPC Projects A/S* holds 49 per cent of the shares.

Disposals With economic effect from 1 January 2016, the Rickmers Group sold the total of its 80 per cent share in the subsidiaries *ATLANTIC Gesellschaft zur Vermittlung internationaler Investitionen mbH & Co. KG* and *EVT Elbe Vermögens Treuhand GmbH*, thus ceasing to exercise control.

With economic effect from 17 October 2016, the Rickmers Group sold 100 per cent of its shares in the subsidiary *Rickmers Trust Management Pte. Ltd.*, thus ceasing to exercise control ● see Section 6.2.

In addition, *Frimley Assets S.A.* was liquidated in 2016 and *Clan Maritime & Yachting Limited* was deconsolidated for reasons of immateriality as at 31 December 2016.

Regarding profit contribution from deconsolidation ● see Sections 9 and 13.

Change in consolidation method In 2016, the Rickmers Group ceased to exercise control over *Rickmers Third Maritime Investment Pte. Ltd.* and *Rickmers Maritime* and their subsidiaries. As a consequence, all assets and liabilities relating to both companies and their subsidiaries were derecognised from Rickmers Group's consolidated financial statements. The investments retained are subsequently accounted for as a joint venture using the equity method for *Rickmers Third Maritime Investment Pte. Ltd.* and accounted for as an associate using the equity method for *Rickmers Maritime* ● see Section 6.2.

6.2 Material changes of the scope of consolidation

Rickmers Maritime/Rickmers Trust Management Pte. Ltd.

The Rickmers Group has sold 100 per cent of its shares in the subsidiary *Rickmers Trust Management Pte. Ltd.*, the trustee manager of *Rickmers Maritime*, to *BRICK Holding International Invest GmbH*, a related party in accordance with IAS 24 – *Related Party Disclosures*, with effect from 17 October 2016 ● see Section 45. Due to the disposal of *Rickmers Trust Management Pte. Ltd.*, the Rickmers Group ceases to exercise control over the company according to IFRS 10 – *Consolidated financial statements*. In consequence, *Rickmers Trust Management Pte. Ltd.* is excluded from the scope of fully consolidated entities of the Rickmers Group. The deconsolidation took place on 1 October 2016, as no material transactions took place within the period from 1 to 17 October 2016.

The fair value of the consideration for the disposal of *Rickmers Trust Management Pte. Ltd.* amounts to € 781 thousand at the date of deconsolidation, thereof an amount of € 281 thousand applies to a contingent consideration in the form of a result-bound earn-out. According to the result-bound earn-out another payment of € 750 thousand will have to be made should there occur a cumulated annual profit of *Rickmers Trust Management Pte. Ltd.*, which exceeds USD 1,000 thousand in the years 2017 to 2019. The fair value of the earn-out is mainly based on the slightly more likely than not probability of occurrence of the contingent consideration and by discounting the future payment using an estimated interest rate appropriate to the term and risk. A result-bound earn-out refers to a contingent consideration, which is to be classified as a financial asset and measured at fair value according to IAS 39 (financial assets recognised at fair value through profit or loss) ● see Section 38. However, the carrying amount of the contingent consideration was fully impaired as at 31 December 2016 due to the occurrence of the contingent consideration being unlikely.

Net assets attributable to *Rickmers Trust Management Pte. Ltd.* amount to € 663 thousand (30 Sep. 2015: € 221 thousand) within the Rickmers Group's consolidated financial statements as at 30 September 2016, including assets in the amount of € 915 thousand (30 Sep. 2015: € 485 thousand) and liabilities in the amount of € 252 thousand (30 Sep. 2015: € 264 thousand). These amounts are prior to intercompany eliminations. The EBITDA contribution to the Rickmers Group in the first three quarters of the financial year 2016 amounts to € 291 thousand (1 Jan. 2015 to 30 Sep. 2015: € 166 thousand) and the share in profit or loss was € 289 thousand (1 Jan. 2015 to 30. Sep. 2015: € 154 thousand). An income from deconsolidation amounting to € 633 thousand (2015 pro forma: € 1,084 thousand) results taking into account the currency translation differences recognised in other comprehensive income which amounts to € 515 thousand (30 Sep. 2015: € 524 thousand). This item is considered within other operating income ● see Section 9.

Rickmers Maritime is a listed Singapore business trust which was operating a fleet of 16 vessels at the date control was lost. All relevant activities of *Rickmers Maritime* are directed by the Board of Directors of *Rickmers Trust Management Pte. Ltd.* The trustee manager appoints and dismisses the members of the Board of Directors. Due to the sale of *Rickmers Trust Management Pte. Ltd.*, the Rickmers Group loses the opportunity of appointing and dismissing the members of the Board of Directors of *Rickmers Maritime* and henceforth, the opportunity to exercise control over *Rickmers Maritime* and its subsidiaries in accordance with IFRS 10. The loss of control occurred simultaneously with the sale of the shares in *Rickmers Trust Management Pte. Ltd.* on 17 October 2016. As the Rickmers Group continues to hold its shares in the publicly listed Singapore business trust *Rickmers Maritime* in the amount of 34.2 per cent

(31 Dec. 2015: 34.2 per cent), the Rickmers Group conducted a change in consolidation method. As a consequence, all assets and liabilities relating to *Rickmers Maritime* are derecognised from Rickmers Group's consolidated financial statements and the investment retained is accounted for as an associate using the equity method in accordance with IAS 28 – *Investments in associates and joint ventures*. The change in consolidation method for *Rickmers Maritime* and its subsidiaries was reflected as at 1 October 2016, because no material transactions took place within the period from 1 to 17 October 2016.

Due to the change in consolidation method, besides *Rickmers Maritime*, the following 16 subsidiaries also left the scope of fully consolidated entities of the Rickmers Group (hereinafter the *Rickmers Maritime Group*):

- *Clan Navigation Ltd.*, Marshall Islands
- *Ebba Navigation Ltd.*, Marshall Islands
- *Erwin Rickmers Navigation Ltd.*, Marshall Islands
- *Henry II Navigation Ltd.*, Marshall Islands
- *India Navigation Ltd.*, Marshall Islands
- *Kaethe Navigation Ltd.*, Marshall Islands
- *Laranna Rickmers Navigation Ltd.*, Marshall Islands
- *Maja Rickmers Navigation Ltd.*, Marshall Islands
- *Marte Rickmers Navigation Ltd.*, Marshall Islands
- *Moni II Navigation Ltd.*, Marshall Islands
- *Olympia II Navigation Ltd.*, Marshall Islands
- *Pingel Navigation Ltd.*, Marshall Islands
- *Richard II Navigation Ltd.*, Marshall Islands
- *Sabine Rickmers Navigation Ltd.*, Marshall Islands
- *Sui An Navigation Ltd.*, Marshall Islands
- *Vicki Rickmers Navigation Ltd.*, Marshall Islands

Net assets attributable to the *Rickmers Maritime Group* amount to € 193,053 thousand (30 Sep. 2015: € 334,053 thousand) prior to intercompany elimination as at 30 September 2016. The contribution of *Rickmers Maritime Group* to the revenues of the Rickmers Group amounts to € 49,810 thousand within the first three quarters of the year 2016 (1 Jan. 2015 to 30 Sep. 2015: € 75,855 thousand). The EBITDA share was € 18,811 thousand (1 Jan. 2015 to 30 Sep. 2015: € 51,753 thousand) and the contribution to profit or loss was € -123,668 thousand (1 Jan. 2015 to 30 Sep. 2015: € -55,361 thousand).

The tables below display summarised financial information for the *Rickmers Maritime Group* at the time of change in consolidation method:

in € thousand	30 Sep. 2016	30 Sep. 2015
Non-current assets	489,115	648,754
<i>thereof vessels</i>	489,115	648,754
Current assets	23,006	49,453
<i>thereof cash and cash equivalents</i>	19,315	46,274
Assets	512,121	698,207
Equity	193,053	334,053
<i>thereof currency translation differences attributable to the Rickmers Group</i>	14,590	14,120
<i>thereof non-controlling interests</i>	125,205	221,106
Non-current liabilities	12,931	314,346
<i>thereof financial debt</i>	12,301	314,346
Current liabilities	306,137	49,808
<i>thereof financial debt</i>	302,257	41,639
Equity and liabilities	512,121	698,207

in € thousand	2016 ¹	2015 ¹
Revenues	49,810	75,855
Other operating income	295	5,243
Cost of materials	-26,947	-26,010
Amortisation, depreciation, impairment losses and reversals on intangible assets and property, plant and equipment	-132,852	-93,525
Other operating expenses	-4,347	-3,335
Financial result	-9,627	-13,589
Earnings before income taxes	-123,668	-55,361
Income taxes	0	0
Profit or loss	-123,668	-55,361
Attributable to:		
Shareholders of Rickmers Group	-42,282	-18,540
Non-controlling interests	-81,386	-36,821

¹ Presented is the period from 1 January to 30 September of 2016 and of 2015.

in € thousand	2016 ¹	2015 ¹
Cash flow from operating activities	18,907	46,549
Cash flow from investing activities	-235	-600
Cash flow from financing activities	-39,764	-52,625
Change in cash and cash equivalents	-21,092	-6,676
Currency translation effects on cash and cash equivalents	-1,052	3,357
Cash and cash equivalents at beginning of period	41,459	49,593
Cash and cash equivalents at end of period	19,315	46,274

¹ Presented is the period from 1 January to 30 September of 2016 and of 2015.

The result of the change in consolidation method for *Rickmers Maritime Group* is made up as follows:

in € thousand	30 Sep. 2016	30 Sep. 2015 (pro forma)
Disposal of assets	-512,121	-698,207
Disposal of liabilities	318,983	362,245
Disposal of non-controlling interests	125,205	221,106
thereof retained earnings	89,189	184,331
thereof currency translation differences	36,017	36,775
Reinstatement of intercompany receivables and payables	86	1,909
Currency translation differences attributable to the subsidiaries, recognised in other comprehensive income	14,590	14,120
Fair value of the investment retained	7,854	42,719
Result from change in consolidation method	-45,403	-56,108

The loss resulting from the change in consolidation method in the amount of € 45,403 thousand (2015 pro forma: € 56,108 thousand) is disclosed in a separate line item "Expenses from change in consolidation method" within the financial result ● see Section 16.

The investment retained in *Rickmers Maritime* amounting to 34.2 per cent is accounted for using the equity method and is included in the Rickmers Group's consolidated financial statement in accordance with IAS 28. Furthermore, at the time of change in consolidation method, it is measured at fair value in accordance with IFRS 10. The shares of the publicly listed Singapore business trust *Rickmers Maritime*, with an amount of 300,729,188 shares (30 Sep. 2015: 289,228,426 shares) and a fair value per share of € 0.026 (30 Sep. 2015: € 0.148) amount to a total of € 7,854 thousand (30 Sep. 2015: € 42,719 thousand) measured at fair value as at 30 September 2016 ● see Section 22. Due to the losses which occurred in the fourth quarter for *Rickmers Maritime*, the carrying amount of the investment accounted for using the equity method amounts to € 0 thousand as at 31 December 2016.

Rickmers Third Maritime Investment Pte. Ltd. Due to financing decisions, the Rickmers Group ceased to exercise control over *Rickmers Third Maritime Investment Pte. Ltd.* and its subsidiaries in January 2016. As a consequence, all assets and liabilities relating to *Rickmers Third Maritime Investment Pte. Ltd.* and its subsidiaries were derecognised from the Rickmers Group's consolidated financial statements effective as of 1 January 2016. The investment retained is accounted for as a joint venture using the equity method in the Rickmers Group's consolidated financial statements. Besides *Rickmers Third Maritime Investment Pte. Ltd.*, also the three single-vessel companies *Rickmers First Navigation Pte. Ltd.*, Singapore, *Rickmers Second Navigation Pte. Ltd.*, Singapore and *Rickmers Third Navigation Pte. Ltd.*, Singapore are no longer included in the scope of fully consolidated entities.

Net assets attributable to *Rickmers Third Maritime Investment Pte. Ltd.* and its subsidiaries amount to € 27,387 thousand within the Rickmers Group's consolidated financial statements as at 31 December 2015, including assets in the amount of € 220,149 thousand and liabilities in the amount of € 192,762 thousand. These amounts are prior to inter-company eliminations. For the period ending 31 December 2015, *Rickmers Third Maritime Investment Pte. Ltd.* and its subsidiaries contributed to the revenues within the Rickmers Group's consolidated financial statements in the amount of € 8,428 thousand. The EBITDA share was € 5,432 thousand and the contribution to profit or loss was € -208 thousand. The change in consolidation method does not have a material effect on the group profit or loss.

Pro forma prior-year figures The consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the consolidated cash flow statement for the financial years 2015 and 2016, as well as the pro forma figures for 2015 including a reconciliation to the published figures of the financial year 2015, are shown as follows in compliance with the "IDW statement on accounting: Prior year's figures in consolidated financial statements and group accounting when the scope of consolidation changes according to German GAAP (IDW RS HFA 44)" ("IDW Stellungnahme zur Rechnungslegung: Vorjahreszahlen im handelsrechtlichen Konzernabschluss und Konzernrechnungslegung bei Änderungen des Konsolidierungskreises (IDW RS HFA 44)").

The pro forma disclosures for the financial year 2015 simulate the theoretical disposal of the fully consolidated entities *Rickmers Trust Management Pte. Ltd.* and *Rickmers Maritime Group* as at 1 October 2015 as well as the simultaneous addition of an investment in *Rickmers Maritime Group* as an associate accounted for using the equity method in accordance with IAS 28. Moreover, pro forma figures show that *Rickmers Third Maritime Investment Pte. Ltd.* and its subsidiaries (hereinafter: "Third Maritime Invest") would have already been accounted for in the consolidated financial statements as a joint venture accounted for using the equity method in accordance with IAS 28, beginning at the time of their formation in the financial year 2015.

Consolidated Income Statement (pro forma)

in € thousand	2016 (as reported)	2015 (as reported)	RM/ RTM ¹	Third Maritime Invest	2015 (pro forma)	Change from 2016 to 2015 (pro forma)
Revenues	483,273	586,977	-14,908	-7,499	564,569	-81,297
Changes in inventories of work in progress	-26	-92	0	0	-92	66
Other operating income	18,577	57,336	1,941	24	59,301	-40,723
Cost of materials	-203,399	-245,004	1,289	1,707	-242,007	38,608
Personnel expenses	-85,081	-79,467	285	0	-79,182	-5,899
Amortisation, depreciation, impairment losses and reversals on intangible assets and property, plant and equipment	-336,250	-259,872	25,897	2,003	-231,972	-104,278
Other operating expenses	-54,736	-68,095	2,169	336	-65,591	10,855
Result from investments accounted for using the equity method	-10,246	615	-6,374	-208	-5,967	-4,279
Other income from investments	-14,216	-178	0	0	-178	-14,039
Interest income	2,331	3,029	-35	-9	2,985	-654
Interest expenses	-105,325	-105,748	3,151	3,645	-98,952	-6,373
Other financial income	40,255	9,595	-3	0	9,593	30,663
Other financial expenses	-32,712	-24,947	-267	0	-25,214	-7,498
Expenses from change in consolidation method	-45,403	0	-56,108	0	-56,108	10,706
Financial result	-140,853	-118,071	-53,262	3,636	-167,696	26,843
Earnings before income taxes	-342,957	-125,851	-42,964	0	-168,814	-174,143
Income taxes	1,939	-9,678	7	0	-9,671	11,610
Group profit or loss	-341,018	-135,529	-42,957	0	-178,485	-162,533
Attributable to:						
Shareholders of Rickmers Holding AG	-259,633	-85,870	-54,791	0	-140,661	-118,971
Non-controlling interests	-81,385	-49,658	11,834	0	-37,824	-43,561

¹ Rickmers Maritime Group (RM), Rickmers Trust Management Pte. Ltd. (RTM)

Consolidated Statement of Comprehensive Income (pro forma)

in € thousand	2016 (as reported)	2015 (as reported)	RM/ RTM ¹	Third Maritime Invest	2015 (pro forma)	Change from 2016 to 2015 (pro forma)
Group profit or loss	-341,018	-135,529	-42,957	0	-178,485	-162,533
Remeasurement of post-employment benefit obligations	-70	-287	0	0	-287	218
Share of other comprehensive income in investments accounted for using the equity method	0	0	0	0	0	0
Items that will not be reclassified subsequently to Group profit or loss	-70	-287	0	0	-287	218
Currency translation differences	-45,818	76,252	-58,113	0	18,139	-63,957
Recognition in other comprehensive income	-31,092	76,263	-44,327	0	31,936	-63,027
Reclassification to Group profit or loss	-14,726	-12	-13,786	0	-13,797	-929
Cash flow hedges	6,476	7,565	0	0	7,565	-1,089
Recognition in other comprehensive income	0	-15	0	0	-15	15
Reclassification to Group profit or loss	6,476	7,580	0	0	7,580	-1,104
Items that will be reclassified subsequently to Group profit or loss when specific conditions are met	-39,341	83,817	-58,113	0	25,704	-65,045
Other comprehensive income net of tax	-39,411	83,529	-58,113	0	25,417	-64,828
Group total comprehensive income	-380,429	-51,999	-101,070	0	-153,069	-227,360
Attributable to:						
Shareholders of Rickmers Holding AG	-256,608	-30,999	-70,456	0	-101,456	-155,153
Non-controlling interests	-123,821	-21,000	-30,613	0	-51,613	-72,208

¹ Rickmers Maritime Group (RM), Rickmers Trust Management Pte. Ltd. (RTM)

Consolidated Balance Sheet (pro forma)

in € thousand	31 Dec. 2016 (as reported)	31 Dec. 2015 (as reported)	RM/ RTM ¹	Third Maritime Invest	31 Dec. 2015 (pro forma)	Change from 31 Dec. 2016 to 31 Dec. 2015 (pro forma)
ASSETS						
Non-current assets						
Intangible assets	3,524	4,264	0	0	4,264	-740
Vessels	1,635,684	2,635,537	-641,520	-207,305	1,786,712	-151,028
Other property, plant and equipment	1,503	1,944	-3	0	1,941	-438
Investments accounted for using the equity method	42,413	38,315	39,596	27,387	105,298	-62,885
Other financial assets	29,319	28,279	4	0	28,283	1,035
Trade and other receivables	141	126	0	0	126	14
Other non-financial assets	3,154	0	0	0	0	3,154
Deferred tax assets	1,782	641	0	0	641	1,141
	1,717,519	2,709,106	-601,922	-179,918	1,927,266	-209,747
Current assets						
Inventories	9,782	11,492	-2,423	-274	8,795	988
Other financial assets	3,103	4,824	-2	0	4,821	-1,719
Trade and other receivables	23,060	41,758	2,751	-285	44,223	-21,162
Other non-financial assets	5,566	12,875	-329	-1,016	11,531	-5,966
Income tax receivables	901	956	0	0	956	-55
Cash and cash equivalents	62,052	96,263	-44,856	-11,182	40,224	21,828
	104,464	168,168	-44,860	-12,758	110,551	-6,087
Assets held for sale	9,309	0	0	0	0	9,309
Assets	1,831,292	2,877,274	-646,782	-192,675	2,037,816	-206,524

¹ Rickmers Maritime Group (RM), Rickmers Trust Management Pte. Ltd. (RTM)

in € thousand	31 Dec. 2016 (as reported)	31 Dec. 2015 (as reported)	RM/ RTM ¹	Third Maritime Invest	31 Dec. 2015 (pro forma)	Change from 31 Dec. 2016 to 31 Dec. 2015 (pro forma)
EQUITY AND LIABILITIES						
Equity						
Subscribed capital	10,000	10,000	0	0	10,000	0
Capital reserves	46,634	33,634	0	0	33,634	13,000
Retained earnings	-29,659	230,011	-58,165	0	171,846	-201,505
Other comprehensive income	71,464	68,369	-15,678	0	52,691	18,773
Equity attributable to shareholders of Rickmers Holding AG	98,439	342,014	-73,843	0	268,171	-169,731
Non-controlling interests	21	213,381	-213,009	0	372	-350
	98,461	555,395	-286,853	0	268,542	-170,081
Non-current liabilities						
Provisions for pensions and similar obligations	3,106	3,162	0	0	3,162	-56
Other provisions	2,545	1,346	0	0	1,346	1,199
Derivative financial instruments	18,846	58,954	0	0	58,954	-40,107
Financial debt	1,359,562	1,783,775	-312,203	-144,374	1,327,198	32,363
Trade and other payables	0	13	0	0	13	-13
Non-financial liabilities	37,601	34,842	-1,144	0	33,698	3,903
Deferred tax liabilities	17,594	16,777	0	0	16,777	817
	1,439,254	1,898,869	-313,347	-144,374	1,441,148	-1,894
Current liabilities						
Provisions for pensions and similar obligations	203	209	0	0	209	-6
Other provisions	5,374	10,447	-399	0	10,048	-4,674
Derivative financial instruments	12,147	440	0	0	440	11,707
Financial debt	217,824	306,239	-41,747	-44,061	220,431	-2,608
Trade and other payables	38,295	77,015	-1,837	-1,165	74,012	-35,717
Non-financial liabilities	15,223	20,429	-2,573	-3,075	14,780	443
Income tax liabilities	4,511	8,231	-26	0	8,205	-3,694
	293,578	423,010	-46,583	-48,302	328,126	-34,548
Equity and liabilities	1,831,292	2,877,274	-646,782	-192,675	2,037,816	-206,524

¹ Rickmers Maritime Group (RM), Rickmers Trust Management Pte. Ltd. (RTM)

**Consolidated Cash Flow Statement
(pro forma)**

in € thousand	2016 (as reported)	2015 (as reported)	RM/ RTM ¹	Third Maritime Invest	2015 (pro forma)	Change from 2016 to 2015 (pro forma)
Operating activities						
Group profit or loss	-341,018	-135,529	-42,957	0	-178,485	-162,533
Income taxes	-1,939	9,678	-7	0	9,671	-11,610
Amortisation, depreciation, impairment losses and reversals on intangible assets and property, plant and equipment and investments	336,904	260,858	-25,897	-2,003	232,957	103,947
Net interest	102,994	102,719	-3,116	-3,636	95,967	7,027
Net interest from financial instruments (held for trading)	15,692	19,563	-2	0	19,561	-3,869
Gains/losses on sale of non-current assets	3,051	7,388	-1,911	0	5,477	-2,425
Result from investments accounted for using the equity method	10,246	-615	6,374	208	5,967	4,279
Other non-cash items	43,853	-10,539	54,574	0	44,036	-183
Dividends received	3,262	2,306	0	0	2,306	956
Change in provisions for pensions and similar obligations	-197	1,389	0	0	1,389	-1,586
Change in other assets and liabilities	-5,023	18,980	-616	-2,610	15,754	-20,778
Income taxes paid	-2,408	-2,778	-6	0	-2,783	375
Cash flow from operating activities	165,418	273,420	-13,562	-8,042	251,816	-86,399
Investing activities						
Investments in intangible assets	-827	-1,369	0	0	-1,369	542
Investments in vessels	-31,252	-244,622	2,723	199,471	-42,428	11,176
Investments in other property, plant and equipment	-327	-351	0	0	-351	25
Investments in equity instruments	-3,845	-161	-1,563	-27,022	-28,746	24,901
Proceeds from disposal of intangible assets and property, plant and equipment	5,032	229	0	0	229	4,804
Change from disposal of subsidiaries and other business units	-31,478	881	-49,365	0	-48,484	17,006
Proceeds from disposal of investments in equity instruments	3,126	828	0	0	828	2,298
Payments for financial receivables	-997	-3,435	0	0	-3,435	2,438
Receipts from financial receivables	2,942	5,624	0	0	5,624	-2,682
Interest received	704	2,300	-33	-9	2,258	-1,554
Cash flow from investing activities	-56,921	-240,076	-48,239	172,441	-115,874	58,954

in € thousand	2016 (as reported)	2015 (as reported)	RM/ RTM ¹	Third Maritime Invest	2015 (pro forma)	Change from 2016 to 2015 (pro forma)
Financing activities						
Proceeds from issuing equity instruments, proceeds from the sole shareholder and capital increase	13,000	0	0	0	0	13,000
Dividends paid	0	-43,905	2,496	0	-41,409	41,409
Proceeds from financial debt	337,777	259,756	0	-200,522	59,234	278,543
Payments for transaction costs on debt proceeds	-9,014	-15,831	0	5,911	-9,920	907
Repayments of financial debt	-380,491	-291,085	11,520	19,612	-259,952	-120,539
Interest paid	-103,853	-111,865	4,307	803	-106,756	2,903
Cash flow from financing activities	-142,580	-202,930	18,323	-174,196	-358,803	216,223
Change in cash and cash equivalents	-34,083	-169,586	-43,478	-9,797	-222,861	188,779
Currency translation effects on cash and cash equivalents	-128	17,652	-1,378	-1,385	14,888	-15,017
Changes in scope of consolidation	0	-724	0	0	-724	724
Cash and cash equivalents at beginning of period	96,263	248,921	0	0	248,921	-152,659
Cash and cash equivalents at end of period	62,052	96,263	-44,856	-11,182	40,224	21,828

¹ Rickmers Maritime Group (RM), Rickmers Trust Management Pte. Ltd. (RTM)

6.3 Significant restrictions

The Rickmers Group indirectly holds 51 per cent of voting ordinary shares in *Rickmers Third Maritime Investment Pte. Ltd.* for the period ending 31 December 2016. However, decisions about all relevant activities require the unanimous consent of both shareholders. This also refers to dividend payments, any other form of capital decreases as well as the transfer or disposal of assets and the premature repayment of debt.

Although the Rickmers Group holds voting shares of only ten per cent in *A. R. Maritime Investments Pte. Ltd.*, the contractual agreements with the joint venture partner require unanimous consent regarding decisions on all relevant activities.

The articles of association of other associates and joint ventures in which the Rickmers Group holds 50 per cent or less of voting shares contain no further restrictions apart from those provided for by law.

As it is customary in the industry, all shipping loans are collateralised by senior ship mortgages. Thus, the free or encumbered disposal of vessels requires the approval of creditors. As at 31 December 2016, the carrying amount of vessels that is subject to a restriction in the form of a shipping mortgage amounts to € 802,634 thousand (31 Dec. 2015: € 1,498,714 thousand). The encumbrance results from existing loan agreements.

Cash and cash equivalents include an amount of € 28,271 thousand (31 Dec. 2015: € 34,090 thousand) that can only be used by the Rickmers Group subject to certain contractual restrictions. Thereof, inter alia, an amount of € 4,085 thousand (31 Dec. 2015: € 24,840 thousand) is attributable to minimum liquidity as required by loan agreements. The decrease results mainly from the change in consolidation method for *Rickmers Maritime* and *Rickmers Third Maritime Investment Pte. Ltd.* ● see Section 6.2. In addition, loan agreements contracted by single-vessel companies based on the Isle of Man require additional cash reserves in the amount of € 8,855 thousand (31 Dec. 2015: € 9,051 thousand) for regular class renewals and a potential non-fulfilment of the debt service coverage ratio (DSCR). Furthermore, liquid funds from a loan provided by a charterer in 2016 in the amount of € 5,793 thousand (31 Dec. 2015: € 0 thousand) and partial proceeds from a "sale-and-lease-back" transaction amounting to € 8,787 thousand (31 Dec. 2015: € 0 thousand) are pledged in favour of the financing banks.

Legal regulations have to be taken into account for all companies in the scope of consolidation in respect of dividend distributions and pay-outs. The annual amount of dividends distributable by *Rickmers Holding AG* is limited under the rules and regulations associated with *Rickmers Holding AG's* corporate bond. In addition, the sole shareholder of *Rickmers Holding AG*, Bertram R.C. Rickmers, is not entitled to receive dividends for the years from 2015 to 2017. Reference is made to ● Section 30 for further information.

6.4 Investments in joint ventures

As at 31 December 2016, the Rickmers Group holds investments in five joint ventures (31 Dec. 2015: three).

Name of the joint venture	Share in %	Description of the relationship	Consolidation method
Harper Petersen & Co. (GmbH & Cie. KG)	50.0	1.	Equity method
A.R. Maritime Investments Pte. Ltd.	10.0	2.	Equity method/ IFRS 5
A.R. Second Maritime Investments Pte. Ltd.	50.0	3.	Equity method/ IFRS 5
NPC Projects Ltd.	49.0	4.	Equity method
Rickmers Third Maritime Investment Pte. Ltd.	35.0 ¹	5.	Equity method

¹ Rickmers Group's share of redeemable preference shares

The following describes the relationship of the Rickmers Group to the joint ventures:

1. *Harper Petersen & Co. (GmbH & Cie. KG)* operates as a broker for chartering out and acquiring/selling vessels.
2. The holding company *A.R. Maritime Investments Pte. Ltd.* was founded in 2014 to invest in container vessels together with the joint venture partner. *A.R. Maritime Investments Pte. Ltd.* holds 100 per cent of shares in seven single-vessel companies.
3. The holding company *A.R. Second Maritime Investments Pte. Ltd.* was founded in 2014 to invest in container vessels together with the joint venture partner. *A.R. Second Maritime Investment Pte. Ltd.* holds 100 per cent of shares in five single-vessel companies.
4. *NPC Projects Ltd.* has been newly founded in 2016 by *NPC Projects A/S*, which operates as a specialist for worldwide tramp shipping and is assigned to the Rickmers-Linie segment.
5. The holding company *Rickmers Third Maritime Investment Pte. Ltd.* was founded in 2015 to invest in container vessels together with an international financial investor. *Rickmers Third Maritime Investment Pte. Ltd.* holds 100 per cent of shares in three single-vessel companies.

Although the Rickmers Group holds voting shares of ten per cent in *A. R. Maritime Investments Pte. Ltd.*, the contractual agreements with the joint venture partner requires unanimous consent regarding decisions on all relevant activities. For that reason, Rickmers Group has joint control over *A.R. Maritime Investments Pte. Ltd.*

The Rickmers Group holds 51 per cent of the ordinary voting shares and 35 per cent of the redeemable preference shares in *Rickmers Third Maritime Investment Pte. Ltd.*, which corresponds to the share in the total capital. The contractual agreements require unanimous consent regarding decisions on all relevant activities. Therefore, the Rickmers Group has joint control over *Rickmers Third Maritime Investment Pte. Ltd.* In 2015, *Rickmers Third Maritime Investment Pte. Ltd.* was a fully consolidated subsidiary within the Rickmers Group ● see Section 6.2. The share attributable to the international financial investor is disclosed on subgroup level of *Rickmers Third Maritime Investment Pte. Ltd.* in accordance with IAS 32 as liability, so that the equity disclosed is 100 per cent attributable to the Rickmers Group.

There is no reliable quoted market price available for the Rickmers Group's interest in the five non-listed joint ventures as shares are not traded on any active market.

The table below shows summarised financial information on individually material investments in joint ventures. The information disclosed reflects the amounts included in the financial statements of *Harper Petersen & Co. (GmbH & Cie. KG)*, *A. R. Maritime Investments Pte. Ltd.*, *A. R. Second Maritime Investments Pte. Ltd.* and *Rickmers Third Maritime Investment Pte. Ltd.* The table does not reflect the Rickmers Group's share of these amounts. If necessary, the accounting policies of joint ventures were adjusted to ensure uniform accounting policies within Rickmers Group.

Summarised financial information on individually material investments in joint ventures

	Harper Petersen & Co. (GmbH & Cie. KG)		A.R. Maritime Investments Pte. Ltd.		A.R. Second Maritime Investments Pte. Ltd.		Rickmers Third Maritime Investment Pte. Ltd. ¹	
in € thousand	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Non-current assets	495	335	107,984	146,790	23,714	0	249,921	207,305
Current assets	2,866	5,706	29,366	23,817	4,677	35,390	9,870	12,844
<i>thereof cash and cash equivalents</i>	2,357	4,277	27,438	22,139	3,061	2,547	9,146	11,182
Assets	3,361	6,041	137,350	170,607	28,391	35,390	259,791	220,149
Equity	2,384	4,118	98,776	116,368	27,686	33,119	37,391	27,387
Non-current liabilities	0	0	25,154	34,413	0	0	202,824	144,374
<i>thereof non-current financial debt</i>	0	0	25,154	34,413	0	0	202,824	144,374
Current liabilities	977	1,923	13,419	19,826	705	2,271	19,576	48,388
<i>thereof current financial debt</i>	0	0	10,530	17,703	0	0	15,812	44,061
Equity and liabilities	3,361	6,041	137,350	170,607	28,391	35,390	259,791	220,149
in € thousand	2016	2015	2016	2015	2016	2015	2016	2015
Revenues	5,037	9,114	41,937	42,827	8,284	13,465	33,819	8,428
Depreciation	-13	-50	-41,458	-7,097	-2,826	-5,062	-8,142	-2,003
Interest income	3	6	130	53	0	0	42	9
Interest expenses	-3	-2	-1,691	-2,073	0	0	-13,141	-3,645
Earnings after income taxes	2,263	3,988	-19,537	16,261	-4,313	-4,962	4,948	-208
Other comprehensive income	0	0	0	0	0	0	0	0
Total comprehensive income	2,263	3,988	-19,537	16,261	-4,313	-4,962	4,948	-208
Dividends received	17	0	0	0	0	0	0	0

¹ In 2015, Rickmers Third Maritime Investment Pte. Ltd. was a fully consolidated subsidiary within the Rickmers Group. The information for the year 2015 is only for the purpose of comparability.

The table below reconciles the summarised financial information to the carrying amount of the investments within the Rickmers Group's consolidated financial statements:

Reconciliation to carrying amount

	Harper Petersen & Co. (GmbH & Cie. KG)		A.R. Maritime Investments Pte. Ltd.		A.R. Second Maritime Investments Pte. Ltd.		Rickmers Third Maritime Investment Pte. Ltd. ^{1, 2}		Total	
in € thousand	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Equity	2,384	4,118	98,776	116,368	27,686	33,119	37,391	0	166,237	153,605
<i>Proportionate equity</i>	<i>1,192</i>	<i>2,059</i>	<i>9,878</i>	<i>11,637</i>	<i>13,843</i>	<i>16,560</i>	<i>37,391</i>	<i>0</i>	<i>62,304</i>	<i>30,255</i>
<i>Adjustments for using the equity method</i>	<i>0</i>	<i>0</i>	<i>-9,878</i>	<i>940</i>	<i>-13,843</i>	<i>336</i>	<i>0</i>	<i>0</i>	<i>-23,721</i>	<i>1,276</i>
Carrying amount	1,192	2,059	0	12,577	0	16,895	37,391	0	38,583	31,531

¹ The share attributable to the international financial investor is disclosed as a liability on subgroup level of *Rickmers Third Maritime Investment Pte. Ltd.* in accordance with IAS 32, so the equity disclosed is 100 per cent attributable to the Rickmers Group.

² In 2015, *Rickmers Third Maritime Investment Pte. Ltd.* was a fully consolidated subsidiary within the Rickmers Group. The information for the year 2015 is only for the purpose of comparability.

Adjustments for using the equity method in the prior year relate to the capitalisation of the transaction costs (goodwill) the Rickmers Group incurred on capital increases in 2013 and 2014 with regards to its investments in *A.R. Maritime Investments Pte. Ltd.* and *A.R. Second Maritime Investments Pte. Ltd.*

In December 2015, the shareholders of *A.R. Second Maritime Investments Pte. Ltd.* principally decided to sell the five vessels owned by the subgroup under certain market conditions. As the requirements of *IFRS 5 – Non-current assets held for sale and discontinued operations* were met, the individual carrying amounts were impaired to the corresponding fair value less costs to sell and were reclassified from non-current assets to assets held for sale within the subgroup. By 31 December 2016, four of the vessels owned by the subgroup were not sold as a result of market conditions. Therefore the individual carrying amounts were reclassified to non-current assets because the one-year period under *IFRS 5* to complete the sale was exceeded. The vessels were remeasured in accordance with *IFRS 5* at the lower of their carrying amounts prior to the vessels classified as held for sale adjusted for depreciation and their recoverable amounts at the date of change to the plan of sale.

In December 2016, the management of the Rickmers Group decided to sell the 10 per cent investment in the joint venture *A.R. Maritime Investments Pte. Ltd.* as well as the 50 per cent investment in the joint venture *A.R. Second Maritime Investments Pte. Ltd.* The requirements of *IFRS 5* are met due to the decision to sell and advanced negotiations with the potential buyer – see Section 47. As at 31 December 2016 the individual carrying amounts were reclassified from non-current assets to assets held for sale – see Section 29. The reclassification is shown as an adjustment for using the equity method.

The table below shows summarised financial information on joint ventures considered to be individually immaterial. The information given represents in each case the Rickmers Group's interest.

in € thousand	2016	2015
Earnings after income taxes	-21	0
Other comprehensive income	0	0
Total comprehensive income	-21	0
Total carrying amount as at 31 Dec.	58	0

6.5 Investments in associates

As at 31 December 2016, the Rickmers Group holds investments in six associates (31 Dec. 2015: five).

Name of the associate	Share in %	Description of the relationship	Consolidation method
Colombo International Nautical And Engineering College (Private) Limited	12.5	1.	Equity method
Madryn Holding Inc.	40.0	2.	Equity method
MS "PATRICIA RICKMERS" Reederei Rickmers GmbH & Cie. KG	40.4	3.	Equity method
Rickmers Marine Agency Philippines Inc.	25.0	4.	Equity method
Rickmers Maritime	34.2	5.	Equity method
Wallmann & Co. (GmbH & Co.)	25.1	6.	Equity method

The relationship of the Rickmers Group to its associates is described below:

1. The investment in *Colombo International Nautical And Engineering College (Private) Limited*, which operates as a training centre, ensures the training and development of seafarers within the Rickmers Group. One member of the Board of Directors guarantees significant influence for the Rickmers Group.
2. *Madryn Holding Inc.* is the holding company for the Rickmers Group's business activities in the Philippines.
3. *MS "PATRICIA RICKMERS" Reederei Rickmers GmbH & Cie. KG* is a single-vessel company which sold its container vessel (2,226 TEU) in 2016.
4. As a staffing agency, *Rickmers Marine Agency Philippines Inc.* is the first port of call for Philippine seafarers.
5. *Rickmers Maritime* is a listed Singapore business trust operating a fleet of 15 vessels as at 31 December 2016.
6. *Wallmann & Co. (GmbH & Co.)* holds an investment in a terminal operator in the port of Hamburg. It operates to ensure that project and break-bulk cargoes mainly transported by Rickmers-Linie are loaded and unloaded flexibly.

As at 1 October 2016, the Rickmers Group has conducted a change in consolidation method for *Rickmers Maritime*. The investment retained is subsequently accounted for as an associate using the equity method in accordance with IAS 28 within the Rickmers Group's consolidated financial statement. At the time of change in consolidation method, the share in *Rickmers Maritime* in the amount of 34.2 per cent is measured at its fair value in accordance with IFRS 10. The shares of the publicly listed Singapore business trust *Rickmers Maritime*, with an amount of 300,729,188 shares (30 Sep. 2015: 289,228,426 shares) and a fair value per share of € 0.026 (30 Sep. 2015: € 0.148), measured at fair value as at 30 September 2016, amount to a total of € 7,854 thousand (30 Sep. 2015: € 42,719 thousand) ● see Section 6.2.

Basically there is a quoted market price available for the Rickmers Group's interest in *Rickmers Maritime* but since November 2016 trading for the shares has been suspended. Therefore, as at 31 December 2016 there is no quoted market price available. There is no reliable quoted market price available for the Rickmers Group's interest in the other five non-listed associates as shares are not traded on an active market.

The table below shows summarised financial information on individually material investments in associates. The information disclosed is the amounts included in the financial statements of the subgroup *Rickmers Maritime* and not the Rickmers Group's share of these amounts. If necessary, the accounting policies of associates were adjusted to ensure uniform accounting policies within Rickmers Group.

Summarised financial information on individually material investments in associates

	Rickmers Maritime ¹	
in € thousand	31 Dec. 2016	31 Dec. 2015
Non-current assets	351,504	641,520
Current assets	24,927	45,143
thereof cash and cash equivalents	21,263	41,459
Assets	376,431	686,663
Equity	45,160	326,473
Non-current liabilities	7,202	313,347
thereof non-current financial debt	6,699	312,203
Current liabilities	324,069	46,843
thereof current financial debt	319,641	41,747
Equity and liabilities	376,431	686,663

in € thousand	2016	2015
Revenues	62,865	98,574
Depreciation	-291,414	-119,422
Interest income	52	140
Interest expenses	-12,665	-16,849
Earnings after income taxes	-277,684	-74,260
Other comprehensive income	0	0
Total comprehensive income	-277,684	-74,260
Dividends received	0	0

¹ In 2015, *Rickmers Maritime* was a fully consolidated subsidiary within the Rickmers Group. The information for the year 2015 is only for the purpose of comparability.

The table below reconciles the summarised financial information to the carrying amount of the investment within the Rickmers Group's consolidated financial statements:

Reconciliation to carrying amount

	Rickmers Maritime
in € thousand	31 Dec. 2016
Equity	45,160
Proportionate equity	15,440
Adjustments for using the equity method	-15,440
Carrying amount	0

At the time of change in consolidation method, the investment in *Rickmers Maritime* was measured at fair value in accordance with IFRS 10. The fair value amounted to € 7,854 thousand and was significantly lower than the carrying amount of the proportionate equity. The adjustments for using the equity method reflect, amongst others, the difference between the carrying amount of the proportionate equity and the lower fair value of the investment. Furthermore, *Rickmers Maritime's* losses from the fourth quarter in the amount of € 152,752 thousand, of which Rickmers Group's share is € 52,226 thousand, would have led to a negative carrying amount of the investment of € -44,256 thousand. The negative carrying amount of the investment was corrected to an amount of € 0 thousand due to the adjustments for using the equity method.

The table below shows summarised financial information on associates considered to be individually immaterial. The information given represents in each case the Rickmers Group's interest.

in € thousand	2016	2015
Earnings after income taxes	-2,928	-375
Other comprehensive income	0	0
Total comprehensive income	-2,928	-375
Total carrying amount as at 31 Dec.	3,772	6,785

Earnings after income taxes relate to *MS "PATRICIA RICKMERS" Reederei Rickmers GmbH & Cie. KG* in the amount of € -2,904 thousand and result mostly from impairment losses on the vessel previous to its disposal.

Notes to the Consolidated Income Statement

7 Revenues

Revenues amount to € 483,273 thousand (2015: € 586,977 thousand) for the period ending 31 December 2016.

in € thousand	2016	2015
Revenues from charter	304,125	372,182
Revenues from freight	129,218	169,563
Revenues from shipmanagement	45,233	38,574
Other revenues	4,697	6,658
Revenues	483,273	586,977

The development of the revenues from charter is characterised by the expiry of high-margin charter contracts and follow-on charters at lower market rates as well as an increased fleet idleness compared to prior period. Furthermore, revenues decreased in comparison to the prior year due to the change in consolidation method for *Rickmers Third Maritime Investment Pte. Ltd.* in January 2016 and *Rickmers Maritime* in October 2016 ● see Section 6.2.

In the Rickmers-Linie segment revenues from freight declined mostly due to decreasing freight rates and due to a lower number of completed vessel voyages.

Revenues from freight contain an amount of € 621 thousand (2015: € 1,171 thousand) for uncompleted vessel voyages recognised proportionately according to the progress of the voyage.

Increased revenues from shipmanagement in the Maritime Services segment are firstly attributable to the acquisition of new contracts for third-party vessels under technical management. Secondly the change in consolidation method mentioned above lead to an increase in revenues from shipmanagement: Since the date of the change in consolidation, the services provided by Rickmers Group companies to single-vessel companies of *Rickmers Third Maritime Investment Pte. Ltd.* as well as to *Rickmers Maritime* are included in the consolidated income statement ● see Section 6.2.

Other revenues inter alia comprise insurance commissions and side services relating to freight sales.

Reference is made to ● Section 40 for the classification of revenues by segment and region.

8 Change in inventories of work in progress

Change in inventories of work in progress amounts to € -26 thousand (2015: € -92 thousand) for the period ending 31 December 2016.

9 Other operating income

Other operating income amounts to € 18,577 thousand (2015: € 57,336 thousand) for the period ending 31 December 2016.

in € thousand	2016	2015
Exchange rate gains	5,886	33,813
Income from insurance and charterer's refunds	3,147	2,852
Income from costs recharged	2,941	3,373
Income from compensation payments	2,054	6,959
Gains from deconsolidation	1,169	2,320
Income from the disposal of non-financial assets	476	188
Income from trade and other receivables impaired	389	1,577
Other own costs capitalised	280	654
Sundry operating income	2,235	5,600
Other operating income	18,577	57,336

The decrease compared to 2015 is mainly attributable to lower foreign exchange gains in the amount of € 5,886 thousand (2015: € 33,813 thousand) resulting from changes in the USD/EUR exchange rate between transaction and payment dates of assets and liabilities, as well as from the measurement of monetary items as at the balance sheet date.

In 2016 the Rickmers Group received a payment in the amount of € 2,054 thousand (2015: € 6,959 thousand) from the charterer to compensate for the loss from disposal of replaced vessel components. The decrease in income from compensation payments relates to investments in energy-efficiency improvements that the Rickmers Group started in June 2015 with regards to eight container vessels of its existing fleet. These were carried out in close cooperation with, and with substantial cost participation from, the current charterer. As at 31 December 2015, the energy-efficiency improvements were completed on six out of eight container vessels. In the first half of 2016 the energy-efficiency measures for the two remaining container vessels were performed. Reference is made to ● Section 20 for detailed information.

In 2016, gains from deconsolidation relate to the disposal of shares in *Rickmers Trust Management Pte. Ltd.* ● see Section 6.2 and to the deconsolidation of *Frimley Assets S.A.*

10 Cost of materials

Cost of materials amounts to € 203,399 thousand (2015: € 245,004 thousand) for the period ending 31 December 2016.

in € thousand	2016	2015
Bunker expenses	-24,298	-33,015
Lubricants expenses	-7,841	-10,418
Other cost of raw materials and supplies	-1,349	-4,766
Cost of raw materials, consumables and supplies	-33,487	-48,199
Loading/harbour expenses, sundry vessel voyage expenses	-45,777	-53,248
Crewing expenses	-36,154	-41,860
Charter expenses	-33,906	-34,954
Vessel maintenance costs	-22,004	-31,192
Insurance expenses	-13,931	-16,516
Commission expenses	-8,133	-8,786
Other vessel operating expenses	-6,076	-6,142
Expenses for shipmanagement	-1,788	-2,239
Agency expenses	-1,635	-1,471
Sundry cost of purchased services	-509	-396
Cost of purchased services	-169,912	-196,805
Cost of materials	-203,399	-245,004

The decrease in cost of materials is inter alia attributable to reduced bunker and other vessel voyage expenses mainly relating to a favourable development in bunker prices and to a lower number of completed vessel voyages in the Rickmers-Linie segment. Furthermore, cost of materials decreased in comparison to prior year due to the change in consolidation method for *Rickmers Third Maritime Investment Pte. Ltd.* in January 2016 and for *Rickmers Maritime* in October 2016 ● see Section 6.2.

11 Personnel expenses

Personnel expenses amount to € 85,081 thousand (2015: € 79,467 thousand) for the period ending 31 December 2016.

in € thousand	2016	2015
Wages and salaries	-78,579	-71,630
Other personnel expenses	-346	-499
Wages, salaries and other personnel expenses	-78,925	-72,129
Social charges	-3,353	-3,251
Pension costs	-2,803	-4,088
Social charges and pension costs	-6,156	-7,339
Personnel expenses	-85,081	-79,467

Wages and salaries include expenses for share-based payments in the amount of € 789 thousand (2015: € 359 thousand). Reference is made to ● Section 32 for further information.

Pension costs include expenses for defined contribution pension plans in the amount of € 268 thousand (2015: € 345 thousand), expenses for statutory pension payments in the amount of € 2,527 thousand (2015: € 2,393 thousand) and expenses for defined benefit pension plans in the amount of € 8 thousand (2015: € 1,350 thousand). Reference is made to ● Section 31 for further information.

The average number of employees is presented in the table below:

Annual average number of employees	2016	2015
Sea personnel	1,644	1,723
Own	1,065	992
External	579	731
Staff ashore	493	470
Own	493	470
Total	2,137	2,193

On average, 579 seafarers (2015: 731) of external crew providers were employed on vessels of the Rickmers Group's fleet during 2016. Related expenses are considered in cost of materials. The increase in personnel expenses is mainly attributable to the expansion of own sea personnel in the Maritime Services segment.

12 Amortisation, depreciation, impairment losses and reversals on intangible assets and property, plant and equipment

Amortisation, depreciation, impairment losses and reversals on intangible assets and property, plant and equipment amount to € 336,250 thousand (2015: € 259,872 thousand) for the period ending 31 December 2016.

in € thousand	2016	2015
Depreciation of property, plant and equipment	-102,925	-121,698
Amortisation of intangible assets	-1,623	-1,379
Amortisation and depreciation	-104,548	-123,077
Impairment losses on property, plant and equipment	-259,233	-139,655
Impairment losses	-259,233	-139,655
Reversal of impairment losses on property, plant and equipment	27,531	2,859
Reversal of impairment losses	27,531	2,859
Amortisation, depreciation, impairment losses and reversals on intangible assets and property, plant and equipment	-336,250	-259,872

Scheduled depreciation, impairment losses and reversals on property, plant and equipment mainly relate to the Rickmers Group's vessels ● see Section 20.

13 Other operating expenses

Other operating expenses amount to € 54,736 thousand (2015: € 68,095 thousand) for the period ending 31 December 2016.

in € thousand	2016	2015
Exchange rate losses	-16,402	-27,017
Legal, audit and consultancy fees	-9,194	-6,109
Allowances on trade and other receivables	-5,600	-802
Rental and lease expenses	-4,947	-4,820
Losses from disposals of non-financial assets	-3,663	-8,438
Travel and business entertainment expenses	-2,334	-3,004
Losses from deconsolidation	-2,079	-156
Licence fees	-1,679	-3,340
Other personnel related expenses	-1,270	-2,073
IT expenses	-1,108	-1,238
Advertising and representation expenses	-874	-1,425
Communication expenses	-749	-884
Car fleet expenses	-749	-758
Insurance expenses	-620	-942
Maintenance and repair expenses	-69	-323
Sundry operating expenses	-3,399	-6,766
Other operating expenses	-54,736	-68,095

The decrease in other operating expenses is mainly attributable to a decrease in foreign exchange losses resulting from changes in the USD/EUR exchange rate between transaction and payment dates of assets and liabilities as well as from the measurement of monetary items as at the balance sheet date.

A charterer's insolvency in 2016 led to allowances on trade and other receivables in the amount of € 5,416 thousand. Reference is made to ● Section 38.5.5 for further information on allowances on trade and other receivables.

Decreasing losses from disposals of non-financial assets mainly relate to investments in energy-efficiency improvements the Rickmers Group started in June 2015 with regards to eight container vessels of its existing fleet. Within this context, major components of the vessels were replaced resulting in the disposal of corresponding net book values on completion of the energy-efficiency measures. As at 31 December 2015, the energy-efficiency improvements were completed on six out of eight container vessels. In the first half of 2016 the energy-efficiency measures were performed for the two remaining container vessels. The corresponding loss from disposal of net book values considered within losses from disposal of non-financial assets amounts to € 2,107 thousand (2015: € 6,206 thousand). Reference is made to ● Section 20 for further information. The remaining losses from disposal of non-financial assets mainly relate to the disposal of a car carrier in the amount of € 875 thousand (2015: € 0 thousand).

In 2016, losses from deconsolidation relate to the sale of all shares in *ATLANTIC Gesellschaft zur Vermittlung internationaler Investitionen mbH & Co. KG* and in *EVT Elbe Vermögens Treuhand GmbH* as well as to the disposal of *Clan Maritime & Yachting Limited*.

The licence fees relate to a licence agreement with Bertram R.C. Rickmers granting the use of the trademark "Rickmers Group" and "Rickmers flag". The decrease of licence fees results from Bertram R.C. Rickmers' waiver for the period from the third quarter of 2016 till the first quarter of 2021 ● see Section 45.

14 Result from investments accounted for using the equity method

The result from investments accounted for using the equity method relates to joint ventures and associates and amounts to € -10,246 thousand (2015: € 615 thousand) for the period ending 31 December 2016.

in € thousand	2016	2015
Share of profit or loss		
thereof associates	-10,893	-375
thereof joint ventures	647	990
Result from investments accounted for using the equity method	-10,246	615

The result from associates mostly comprises the profit contribution of *Rickmers Maritime* amounting to € -7,970 thousand for the period following the change in consolidation method ● see Section 6.2.

The result from joint ventures relates to *Rickmers Third Maritime Investment Pte. Ltd.* in the amount of € 4,948 thousand and refers to the period following the change in consolidation method ● see Section 6.2. Furthermore, the result from joint ventures is related to *A.R. Maritime Investments Pte. Ltd.* in the amount of € -1,933 thousand as well as *A.R. Second Maritime Investments Pte. Ltd.* in the amount of € -3,478 thousand.

15 Other income from investments

Other income from investments amounts to € -14,216 thousand (2015: € -178 thousand) for the period ending 31 December 2016.

in € thousand	2016	2015
Impairment losses on investments	-15,545	-985
Losses from disposal of investments	-12	-51
Gains from disposal of investments	148	28
Dividend income	1,193	831
Other income from investments	-14,216	-178

The impairment losses are related to the investments in *A.R. Maritime Investments Pte. Ltd.* in the amount of € 9,197 thousand as well as *A.R. Second Maritime Investments Pte. Ltd.* in the amount of € 6,236 thousand. The investments are measured as assets held for sale at fair value less costs to sell in accordance with IFRS 5 ● see Sections 6.4 and 29.

16 Financial result

The financial result amounts to € -140,853 thousand (2015: € -118,071 thousand) for the period ending 31 December 2016.

in € thousand	2016	2015
Interest income from loans and receivables, cash and cash equivalents	1,134	1,563
Interest income from securities	696	591
Interest income from discounting of financial receivables	446	266
Other interest and similar income	54	609
Interest income	2,331	3,029
Interest expenses on financial debt	-98,374	-97,036
Interest expenses on interest derivatives (cash flow hedges)	-6,476	-7,580
Other interest and similar expenses	-474	-1,132
Interest expenses	-105,325	-105,748
Income from financial instruments at fair value through profit or loss	39,974	8,262
Income from reversal of allowances on loan receivables	268	1,302
Sundry financial income	13	31
Other financial income	40,255	9,595
Expenses on financial instruments at fair value through profit or loss	-27,087	-21,367
Allowances on loan receivables	-4,061	-2,292
Sundry financial expenses	-1,564	-1,289
Other financial expenses	-32,712	-24,947
Expenses from change in consolidation method	-45,403	0
Financial result	-140,853	-118,071

Interest income from loans and receivables, cash and cash equivalents mainly includes interest from loans to single-vessel companies.

Interest expenses on financial debt result mainly from issued loans from banks and leasing companies as well as bonds ● see Section 33.

Interest expenses on interest derivatives (cash flow hedges) relate to derivatives fulfilling the requirements of IAS 39 for hedge accounting and which were fully terminated as at 31 December 2016 and result from other comprehensive income reclassified to profit or loss. Reference is made to ● Section 38.5.4 for further information.

Income from financial instruments at fair value through profit or loss results from the fair value remeasurement of interest derivatives concluded for economic hedging purpose. Corresponding interest expenses are recognised within expenses from financial instruments at fair value through profit or loss. This position also includes expenses from the fair value measurement of a charter guarantee agreement.

Sundry financial expenses mainly relate to consultancy fees in the context of planned financing measures.

Expenses from change in consolidation method result from the changed consolidation for *Rickmers Maritime* and its subsidiaries ● see Section 6.2.

17 Income taxes

Income taxes amount to € 1,939 thousand (2015: € -9,678 thousand) for the period ending 31 December 2016.

in € thousand	2016	2015
Current income taxes	1,613	-3,118
Deferred income taxes	326	-6,560
Income taxes	1,939	-9,678

Other changes to deferred tax assets and liabilities relate to currency effects from Group conversion in the amount of € 2 thousand (2015: € 25 thousand) recognised in other comprehensive income.

Included in current income taxes are expenses amounting to € 338 thousand (2015: € 245 thousand) relating to tonnage tax.

The reconciliation of expected income taxes to actual income taxes is shown in the table below:

in € thousand	2016	2015
Earnings before income taxes	-342,957	-125,851
Expected income tax expense (2016: 32.28%; 2015: 32.28%)	110,689	40,618
Adjustments on expected income tax expense:		
Effects from differences between Group and local tax rates	-72,182	-23,623
Permanent financial differences	-30,924	-2,285
Temporary differences and tax loss carry forwards for which no deferred tax is recognised	-22,262	-782
Non-deductible expenses	-2,619	-11,811
Deduction of income subject to tonnage tax	-1,165	-8,036
Other tax effects	-322	-853
Effects from deconsolidation	246	4,015
Taxes relating to investments accounted for using the equity method	329	199
Additions and deductions for local taxes	480	-1,922
Current taxes for prior periods	3,555	-5,227
Tax-exempt income	16,114	29
Income taxes	1,939	-9,678

The applicable tax rate at the level of *Rickmers Holding AG* is 32.28 per cent (2015: 32.28 per cent) and is relevant for the determination of the expected income tax expense. The long-term overall expected average income tax rate of the Rickmers Group of 6.0 per cent, however, results mainly from the extraordinary taxation of shipping revenues in Germany, Singapore, Cyprus and on the Isle of Man. The deviation of the actual overall tax rate of the year 2016 of approximately 0.5 per cent (2015: 6.0 per cent) results mainly from a different weighting of extraordinary taxation of shipping revenues in Germany, Singapore and on the Isle of Man, mainly due to impairments in vessel assets, and from the impairment of tax loss carry forwards of *Rickmers Holding AG* and other group entities.

For the period ending 31 December 2016, current taxes for prior periods result mainly from the appreciation of tax loss carryforwards from prior years due to the cancellation of differences on vessels under German tonnage taxation.

18 Earnings per share

For the financial years 2016 and 2015, no shareholders' equity instruments diluted the earnings per share based on the respective shares issued. In consequence, basic earnings per share correspond to diluted earnings per share.

in € thousand	2016	2015
Group profit or loss attributable to Rickmers Holding AG (in € thousand)	-259,633	-85,870
Weighted average number of ordinary shares	10,000,000	10,000,000
Earnings per ordinary share (in €, basic and diluted)	-25.96	-8.59

Notes to the Consolidated Balance Sheet

19 Intangible assets

As at 31 December 2016, the carrying amount of intangible assets amounts to € 3,524 thousand (31 Dec. 2015: € 4,264 thousand). The development is shown in the table below:

in € thousand	Goodwill	Software	Payments on account	Total
Costs				
31 Dec. 2014	1,434	6,956	1,398	9,788
Additions	0	1,369	0	1,369
Reclassifications	0	1,524	-1,524	0
Disposals	0	-8	0	-8
Currency translation	0	235	126	360
31 Dec. 2015	1,434	10,077	0	11,511
Additions	0	827	0	827
Reclassifications	0	0	0	0
Disposals	0	-164	0	-164
Currency translation	0	154	0	154
31 Dec. 2016	1,434	10,894	0	12,328
Accumulated amortisation, impairment losses and reversals				
31 Dec. 2014	-1,434	-4,274	0	-5,708
Amortisation	0	-1,379	0	-1,379
Disposals	0	8	0	8
Currency translation	0	-167	0	-167
31 Dec. 2015	-1,434	-5,813	0	-7,247
Amortisation	0	-1,623	0	-1,623
Disposals	0	164	0	164
Currency translation	0	-98	0	-98
31 Dec. 2016	-1,434	-7,370	0	-8,804
Carrying amount				
31 Dec. 2014	0	2,682	1,398	4,080
31 Dec. 2015	0	4,264	0	4,264
31 Dec. 2016	0	3,524	0	3,524

Additions to software relate to subsequent costs for the consolidation software SAP FC and to capitalised development costs for the software GL-Shipmanager.

20 Vessels

As at 31 December 2016, the carrying amount of vessels amounts to € 1,635,684 thousand (31 Dec. 2015: € 2,635,537 thousand). As in previous periods, the Rickmers Group's vessel portfolio is only allocated to the Maritime Assets segment ● see Section 40. The development is shown in the table below:

in € thousand	Vessels (incl. dry-docking)	Payments on account	Total
Costs			
31 Dec. 2014	3,046,108	1,582	3,047,690
Additions	214,446	52,446	266,892
Reclassifications	2,669	-2,669	0
Disposals	-75,723	0	-75,723
Currency translation	312,599	1,223	313,822
31 Dec. 2015	3,500,099	52,582	3,552,681
Additions	14,431	47	14,478
Reclassifications	9,471	-9,471	0
Disposals	-1,096,545	-42,982	-1,139,528
Currency translation	40,013	-176	39,837
31 Dec. 2016	2,467,469	0	2,467,469
Accumulated depreciation, impairment losses and reversals			
31 Dec. 2014	-639,153	0	-639,153
Depreciation	-121,036	0	-121,036
Impairment losses	-139,655	0	-139,655
Reversals of impairment	2,859	0	2,859
Disposals	42,611	0	42,611
Currency translation	-62,772	0	-62,772
31 Dec. 2015	-917,145	0	-917,145
Depreciation	-102,192	0	-102,192
Impairment losses	-259,233	0	-259,233
Reversals of impairment	27,531	0	27,531
Disposals	434,388	0	434,388
Currency translation	-15,135	0	-15,135
31 Dec. 2016	-831,786	0	-831,786
Carrying amount			
31 Dec. 2014	2,406,955	1,582	2,408,537
31 Dec. 2015	2,582,954	52,582	2,635,537
31 Dec. 2016	1,635,684	0	1,635,684

Additions and Disposals Due to financing decisions, the Rickmers Group ceased to exercise control over *Rickmers Third Maritime Investment Pte. Ltd.* and its subsidiaries in January 2016. The change in scope results in the derecognition of two container vessels and payments on account for one vessel under construction with a total carrying amount of € 207,305 thousand. In addition, the change in consolidation of *Rickmers Maritime* and its subsidiaries in October 2016 has resulted in the disposal of 16 container vessels and a corresponding disposal of carrying amounts in the amount of € 489,115 thousand ● see Section 6.2.

In June 2015, the Rickmers Group started to invest in energy-efficiency improvements with regards to eight container vessels of its existing fleet. The planned investment volume totals € 46,472 thousand. The energy-efficiency measures comprising improvement as well as replacement investments are carried out in close cooperation with, and with substantial cost participation from, the current charterer providing for a compensation payment to the Rickmers Group, with regards to the disposal of individual vessel components. As at 31 December 2015, the energy-efficiency improvements were completed on six out of eight container vessels. Due to the completion of energy-efficiency measures for the two remaining container vessels during the first half of 2016, acquisition costs increased in the amount of € 7,801 thousand. The disposal of the corresponding vessel components (propeller and bulbous bow) at net book value resulted in a loss of € -2,107 thousand that is considered within other operating expenses ● see Section 13. The corresponding compensation effect amounts to € 2,054 thousand and is recognised in other operating income ● see Section 9. The difference between the acquisition costs and the compensation received totals € 5,747 thousand and is deferred as a charter prepayment within other non-financial liabilities. In subsequent periods, the deferred income is reversed on a straight-line basis over the charter period and considered in revenues. The deferred income for the eight vessels amounts to € 32,846 thousand as at 31 December 2016 ● see Section 36.

In August 2016, a "less-for-longer" agreement concerning the time-charter contracts of three container vessels of its existing fleet came into effect with one of the principal charterers. As a result, the terms of the three associated charter agreements are being extended early by at least five years from 2020/2021 to 2025/2026, with a simultaneous reduction in charter rates. Furthermore, an extension option for a maximum of three years in favour of the

charterer is agreed. In connection with this, the Rickmers Group also restructured the financing of these vessels by concluding a "sale-and-lease-back" agreement. The term modifications of charter and financing contracts do not lead to the derecognition of the vessel assets. The vessels are still recognised in the balance sheet as assets financed by debt ● see Section 43.2.

With regards to regular class renewals, dry-docking expenses in the amount of € 5,706 thousand (2015: € 22,679 thousand) were capitalised for the period ending 31 December 2016. Thereof, an amount of € 0 thousand (2015: € 8,267 thousand) is considered within payments on account.

The sale of two vessels resulted in a disposal of carrying amounts in the amount of € 5,402 thousand.

Scrap Value Effective from 1 January 2016, the residual value of vessels was adjusted to the scrap price applicable as at 31 December 2016 of USD 284 per tonne of steel (31 Dec. 2015: USD 260) including expected scrapping costs and further considering the expected scrapping location at the end of the vessel's useful life.

Collateral As at 31 December 2016, the carrying amount of vessels that is subject to a restriction in the form of a shipping mortgage amounts to € 802,634 thousand (31 Dec. 2015: € 1,498,714 thousand). The encumbrance results from existing loan agreements. The decrease of restriction in the form of shipping mortgage is mostly due to the above mentioned "sale-and-lease-back" transaction in the amount of € -243,390 thousand, as well as due to the change in consolidation method regarding *Rickmers Maritime*, *Rickmers Third Investment Pte. Ltd.* and their respective subsidiaries in the amount of € -353,541 thousand ● see Sections 6.2 and 43.2.

Impairment Test Due to persistently difficult market conditions negatively affecting forecasted market charter rates, the Rickmers Group performed an impairment test on its vessel portfolio as at 31 December 2016 resulting in an accumulated impairment loss of € 259,233 thousand (2015: € 139,655 thousand) which is partly compensated by an accumulated reversal of impairment losses of € 27,531 thousand (2015: € 2,859 thousand). The net impairment amounts to € 231,702 thousand (2015: € 136,795 thousand). The table below shows individual vessels for which an impairment loss was recognised or was reversed as at 31 December 2016.

		31 Dec. 2016			31 Dec. 2015		
Vessel	Vessel type	Recoverable amount in € thousand	Impairment losses(-)/ reversals (+) in € thousand	WACC in % ³	Recoverable amount in € thousand	Impairment losses(-)/ reversals (+) in € thousand	WACC in %
1	Panamax (4,250 TEU)	4,630 ⁴	-33,317 ⁴	7.43 ⁴	40,357	-9,730	7.80
2	Panamax (4,250 TEU)	24,097	-21,539	7.70	47,249	0	7.80
3	Panamax (4,250 TEU)	23,921	-20,645	7.70	46,151	-200	7.80
4	Panamax (4,250 TEU)	23,937	-19,570	7.70	45,018	-695	7.80
5	Panamax (4,230 TEU)	32,816	-16,915	7.72	52,881	-71	7.80
6	Panamax (4,230 TEU)	32,733	-15,570	7.72	53,007	-1,627	7.80
7	Handy (1,840 TEU)	2,912	-7,691	7.60	11,422	1,025	7.69
8	Panamax (4,250 TEU)	29,381 ⁴	-7,428 ⁴	7.43 ⁴	39,355	-9,462	7.69
9	Panamax (4,250 TEU)	29,206 ⁴	-6,456 ⁴	7.43 ⁴	38,140	-8,643	7.69
10	Panamax (4,250 TEU)	28,548 ⁴	-6,288 ⁴	7.43 ⁴	37,306	-6,027	7.69
11	Panamax (4,250 TEU)	29,315 ⁴	-6,142 ⁴	7.43 ⁴	37,915	-11,050	7.69
12	Panamax (4,250 TEU)	29,792 ⁴	-5,813 ⁴	7.43 ⁴	38,115	-8,151	7.69
13	Panamax (5,060 TEU)	28,257 ⁴	-5,664 ⁴	7.43 ⁴	36,478	-3,353	7.69
14	Panamax (4,250 TEU)	29,122 ⁴	-5,590 ⁴	7.43 ⁴	37,191	-6,281	7.69
15	Panamax (4,250 TEU) FS ¹	43,607 ⁴	-5,287 ⁴	7.43 ⁴	54,807	0	7.69
16	Panamax (4,440 TEU)	26,663	-4,962	7.60	44,648	0	7.69
17	Panamax (4,250 TEU) FS ¹	42,342 ⁴	-4,818 ⁴	7.43 ⁴	53,850	0	7.69
18	Panamax (4,250 TEU) FS ¹	44,476 ⁴	-4,449 ⁴	7.43 ⁴	55,483	0	7.69
19	Sub-Panamax (3,450 TEU)	20,308 ⁴	-4,305 ⁴	7.43 ⁴	26,334	-8,187	7.69
20	Car Carrier (4,900 cars)	30,490	-4,294	7.70	35,398	-11,020	7.80
21	Car Carrier (4,900 cars)	30,491	-4,248	7.70	35,319	-10,190	7.80
22	Sub-Panamax (3,450 TEU)	19,684 ⁴	-4,185 ⁴	7.43 ⁴	25,472	-6,576	7.69
23	Sub-Panamax (3,450 TEU)	19,468 ⁴	-4,120 ⁴	7.43 ⁴	25,202	-6,980	7.69
24	Panamax (5,060 TEU)	24,642	-3,766	7.57	38,209	70	7.69
25	Panamax (4,250 TEU) FS ¹	45,381 ⁴	-3,701 ⁴	7.43 ⁴	55,812	0	7.80
26	Ultra-Large Post-Panamax (13,600 TEU)	131,331	-3,300	7.72	149,667	0	7.80

Vessel	Vessel type	31 Dec. 2016			31 Dec. 2015		
		Recoverable amount in € thousand	Impairment losses(-)/reversals (+) in € thousand	WACC in % ³	Recoverable amount in € thousand	Impairment losses(-)/reversals (+) in € thousand	WACC in %
27	Panamax (5,060 TEU)	25,662	-3,170	7.57	39,121	82	7.69
28	Handy (1,850 TEU)	7,773	-3,165	7.60	11,093	217	7.69
29	Panamax (4,250 TEU) FS ¹	46,069 ^a	-2,899 ^a	7.43 ^a	56,571	0	7.80
30	Ultra-Large Post-Panamax (13,600 TEU)	141,083	-2,667	7.73	156,855	0	7.80
31	Panamax (5,060 TEU)	25,366	-2,598	7.57	38,162	49	7.69
32	Ultra-Large Post-Panamax (13,600 TEU)	137,262	-2,549	7.72	155,637	0	7.80
33	Ultra-Large Post-Panamax (13,600 TEU)	132,568	-2,151	7.72	149,625	0	7.80
34	Ultra-Large Post-Panamax (13,600 TEU)	137,045	-2,120	7.72	155,484	0	7.80
35	Ultra-Large Post-Panamax (13,600 TEU)	140,591	-2,110	7.72	156,386	0	7.80
36	Feeder (1,340 TEU)	4,124	-2,055	7.67	6,468	-11,159	7.80
37	Ultra-Large Post-Panamax (13,600 TEU)	131,966	-1,419	7.72	149,332	0	7.80
38	Ultra-Large Post-Panamax (13,600 TEU)	131,989	-1,384	7.72	149,308	0	7.80
39	Feeder (FFC ² 1,200 TEU)	2,751	-882	7.46	2,263	-5,702	7.53
40	Multipurpose (30,000 dwt)	37,951	1,227	7.72	37,141	-527	7.80
41	Multipurpose (30,000 dwt)	40,590	1,238	7.73	39,709	-759	7.80
42	Multipurpose (30,000 dwt)	39,382	1,538	7.72	38,261	-851	7.80
43	Multipurpose (30,000 dwt)	13,855	2,956	7.50	11,163	267	7.53
44	Multipurpose (30,000 dwt)	40,784	3,279	7.73	37,691	-3,094	7.80
45	Multipurpose (30,000 dwt)	14,870	3,423	7.54	11,850	50	7.53
46	Multipurpose (30,000 dwt)	15,113	4,062	7.50	11,380	234	7.53
47	Multipurpose (30,000 dwt)	15,764	4,095	7.54	12,065	84	7.69
48	Multipurpose (30,000 dwt)	15,589	5,712	7.54	10,452	-951	7.69
49	Car Carrier (4,800 cars)	n/a	n/a	n/a	4,162 ⁵	604 ⁵	6.70 ⁵

		31 Dec. 2016			31 Dec. 2015		
Vessel	Vessel type	Recoverable amount in € thousand	Impairment losses(-)/reversals (+) in € thousand	WACC in % ³	Recoverable amount in € thousand	Impairment losses(-)/reversals (+) in € thousand	WACC in %
50	Feeder (1,200 TEU)	n/a	n/a	n/a	1,967 ⁵	178 ⁵	7.25 ⁵
51	Multipurpose (20,000 dwt) ⁶	n/a	n/a	n/a	14,144	-4,236	7.91
52	Multipurpose (20,000 dwt) ⁶	n/a	n/a	n/a	14,228	-4,132	7.91
Total			-231,702			-136,795	

¹ Fuel Saving

² Fast Feeder Concept

³ In 2016, a WACC was used for one specific year according to the remaining useful life per vessel, whereas in 2015, a WACC was used reflecting intervals of each with five years.

⁴ Recoverable amount and WACC as at 30 September 2016 as well as impairment for the period from 1 January till 30 September 2016 due to a change in consolidation method in October 2016

⁵ Sale of vessels in March and May 2016

⁶ Recoverable amount and WACC as at 30 September 2015 as well as impairment for the period from 1 January till 30 September 2015 due to the sale of vessels in October 2015

The reversals of impairment with regards to the class Multipurpose (30,000 dwt) mainly result from a decrease in forecasted market charter rates less severe than in comparison to the container vessels and a simultaneous reduction of vessel operating expenditure.

The Rickmers Group defines the recoverable amount of vessels on the basis of the estimated long-term earnings potential. The recoverable amount equals the value in use. The technical basis of the value in use calculation is the DCF-method. In cases with a substantiated intention to sell, the valuation of single vessels is based on the fair value less costs of sale due to the limited remaining useful lives. The fair value of these vessels is determined under consideration of experiences from current sales and scrapping transactions. It is allocated to level 2 of the fair value hierarchy. Reference is made to ● Section 5.2 for further information on the valuation model and the parameters used.

The future charter rates obtainable relate to receipts from actual contracted charter rates and to estimates concerning future charter market rates. The latter is based on forecasted charter rates differentiated by vessel type and loading capacity provided by MSI and Harper Petersen for container vessels. Future charter rates for multipurpose heavylift vessels and car carriers are based on information provided by Drewry Shipping as well as on management estimates and assumptions.

Vessel operating expenditures are measured on the basis of the cost structure per vessel type and vessel age. They are based on the business plan 2016 and were updated as at the balance sheet date. The annual cost increase is reflected by taking into account an inflation rate of 1.60 per cent (31 Dec. 2015: 1.66 per cent).

The residual value (expected scrap value) used for impairment test purposes is based on information published by Clarksons and amounts to USD 404 per tonne of steel (31 Dec. 2015: USD 370 per tonne of steel) reflecting a ten-year market rate average including expected scrapping costs and further considering the expected location of the scrapping at the end of the vessel's useful life. Future scrap prices are adjusted for an expected inflation of 1.60 per cent (31 Dec. 2015: 1.66 per cent) equivalent to the inflation of operating expenditure.

The pre-tax weighted average cost of capital (WACC) used for discounting reflects the vessel type, the remaining useful life of the vessel and other factors like equity ratio and beta factor. As at 31 December 2016, the WACC is between 7.43 and 7.73 per cent (31 Dec. 2015: 6.70 and 7.80 per cent).

Sensitivities to the main parameters used in the impairment test are summarised in the table below:

Sensitivity analysis	Change in net impairment in € thousand ¹	Relation to the carrying amount of vessels in %
Sensitivity 1: Change in future charter income		
+5.0%	+52,885	+3.23
-5.0%	-62,257	-3.81
Sensitivity 2: Change in vessel operating expenditures		
+3.0%	-20,233	-1.24
-3.0%	+19,571	+1.20
Sensitivity 3: Change in remaining useful life		
+2 years	+39,806	+2.43
-2 years	-59,101	-3.61
Sensitivity 4: Change in WACC		
+50 basis points	-54,441	-3.33
-50 basis points	+36,052	+2.20

¹ A positive change (+)/negative change (-) reflects a decrease/an increase of the net impairment.

21 Other property, plant and equipment

As at 31 December 2016, the carrying amount of other property, plant and equipment amounts to € 1,503 thousand (31 Dec. 2015: € 1,944 thousand). The development is shown in the table below:

in € thousand	Other equipment and office equipment
Cost	
31 Dec. 2014	11,399
Additions	351
Disposals	-599
Currency translation	878
31 Dec. 2015	12,029
Additions	327
Disposals	-866
Currency translation	250
31 Dec. 2016	11,740
Accumulated depreciation, impairment losses and reversals	
31 Dec. 2014	-8,908
Depreciation	-850
Disposals	408
Currency translation	-735
31 Dec. 2015	-10,085
Depreciation	-733
Disposals	818
Currency translation	-237
31 Dec. 2016	-10,237
Carrying amount	
31 Dec. 2014	2,491
31 Dec. 2015	1,944
31 Dec. 2016	1,503

No other property, plant and equipment is provided for as collateral nor are the property rights restricted in any way.

22 Investments accounted for using the equity method

As at 31 December 2016, the carrying amount of investments accounted for using the equity method amounts to € 42,413 thousand (31 Dec. 2015: € 38,315 thousand). The development is shown in the table below:

in € thousand	2016	2015
As at 1 Jan.	38,315	36,520
Share of profit or loss	-10,246	615
Dividends	-2,073	-1,474
Capital increases/decreases	3,796	-484
Changes in the scope of consolidation	35,241	0
Reclassification to assets held for sale	-24,742	0
Other changes	2,122	3,138
As at 31 Dec.	42,413	38,315

The carrying amount of investments accounted for using the equity method does not reflect losses in the amount of € 44,260 thousand (2015: € 3 thousand) for the period ending 31 December 2016. As at 31 December 2016, the accumulated losses not recognised in the carrying amount of investments accounted for using the equity method amount to € 44,279 thousand (31 Dec. 2015: € 19 thousand).

The changes in the scope of consolidation are caused by a change in consolidation method with regards to the investments in *Rickmers Maritime* in the amount of € 7,854 thousand and in *Rickmers Third Maritime Investment Pte. Ltd.* in the amount of € 27,387 thousand ● see Section 6.2. Due to the losses which occurred in the fourth quarter, the carrying amount of the investment in *Rickmers Maritime* amounts to € 0 thousand as at 31 December 2016.

The reclassification to assets held for sale relates to the investments in *A.R. Maritime Investments Pte. Ltd.* in the amount of € -10,954 thousand and to *A.R. Second Maritime Investments Pte. Ltd.* in the amount of € -13,788 thousand ● see Sections 6.4 and 29.

Other changes are mainly attributable to currency effects from Group conversion.

23 Other financial assets

As at 31 December 2016, other financial assets amount to € 32,422 thousand (31 Dec. 2015: € 33,103 thousand).

in € thousand	31 Dec. 2016		
	Non-current	Current	Total
Investments in subsidiaries not consolidated due to immateriality	1,272	0	1,272
Other investments	14,091	0	14,091
Investments in equity instruments	15,363	0	15,363
Loans	1,138	3,103	4,241
Other financial receivables	0	0	0
Financial receivables	1,138	3,103	4,241
Securities	12,817	0	12,817
Other financial assets	29,319	3,103	32,422

in € thousand	31 Dec. 2015		
	Non-current	Current	Total
Investments in subsidiaries not consolidated due to immateriality	1,399	0	1,399
Other investments	14,345	0	14,345
Investments in equity instruments	15,744	0	15,744
Loans	3,892	4,106	7,998
Other financial receivables	0	48	48
Financial receivables	3,892	4,154	8,046
Securities	8,643	670	9,313
Other financial assets	28,279	4,824	33,103

In July 2016, the Rickmers Group participated in a charterer's restructuring process and received equity and debt instruments as compensation for a reduction in charter rates. While equity instruments were already sold, fixed-interest bonds amount to € 2,657 thousand as at 31 December 2016. These are recognised at amortised cost and considered within securities. In addition, the charterer granted a loan till the final maturity of the bond in 2024. As at 31 December 2016, the loan amounts to € 5,865 thousand and is considered within financial debt ● see Section 33.

As at 31 December 2016, other investments include interests in the equity of another charterer in the amount € 12,725 thousand (31 Dec. 2015: € 12,324 thousand), the Rickmers

Group was granted in return for a charter rate reduction in July 2014. Under the same agreement, debt instruments were issued to the Rickmers Group amounting to € 10,160 thousand as at 31 December 2016 (31 Dec. 2015: € 9,313 thousand). These are considered within securities.

All debt and equity instruments granted in the context of the two restructuring processes as well as liquid funds received from the payout of the charterer's loan are provided for as collateral to the financing bank until the shipping loans mature in March 2018. The book value of these collaterals amounts to € 23,905 thousand as at 31 December 2016 (31 Dec. 2015: € 19,956 thousand). The underlying agreement regarding the collaterals is an integral part of the loan agreements.

Reference is made to ● Section 38.5.5 for allowances considered on other financial assets.

Information on the ageing of other financial assets that are past due but not yet impaired is given in ● Section 38.5.6.

24 Trade and other receivables

As at 31 December 2016, trade and other receivables amount to € 23,201 thousand (31 Dec. 2015: € 41,884 thousand).

in € thousand	31 Dec. 2016		
	Non-current	Current	Total
Gross amounts due from customers for contract work	0	2,482	2,482
Sundry trade receivables	0	8,763	8,763
Trade receivables	0	11,245	11,245
Receivables from insurance claims	0	4,517	4,517
Sundry other receivables	141	7,298	7,439
Other receivables	141	11,816	11,956
Trade and other receivables	141	23,060	23,201

in € thousand	31 Dec. 2015		
	Non-current	Current	Total
Gross amounts due from customers for contract work	0	3,686	3,686
Sundry trade receivables	0	27,290	27,290
Trade receivables	0	30,976	30,976
Receivables from insurance claims	0	3,423	3,423
Sundry other receivables	126	7,359	7,485
Other receivables	126	10,782	10,908
Trade and other receivables	126	41,758	41,884

Gross amounts due from customers for contract work relate to deferred revenue from vessel voyages not yet completed.

Sundry trade receivables include outstanding balances from charter, shipmanagement and freight transactions.

The change in sundry trade receivables mainly relates to the settlement of refund claims against a charterer who has participated substantially in energy-efficiency improvements with regards to eight container vessels of the Rickmers Group's existing fleet ● see Section 20.

Other receivables include a contingent consideration in the amount of € 281 thousand resulting from the deconsolidation of *Rickmers Trust Management Pte. Ltd.* As at 31 December 2016, the fair value of this financial asset classified as held for trading according to IAS 39 amounts to € 0 thousand. The loss from remeasurement is recognised in profit or loss and is considered within the financial result ● see Section 16.

Reference is made to ● Section 38.5.5 for allowances considered on trade and other receivables.

Information on the ageing of trade and other receivables that are overdue but not yet impaired is given in ● Section 38.5.6.

25 Other non-financial assets

As at 31 December 2016, other non-financial assets amount to € 8,720 thousand (31 Dec. 2015: € 12,875 thousand) and mainly relate to prepaid expenses and VAT receivables.

The decline in other non-financial assets relates, amongst others, to accrued expenses from the intended issuance of new shares, which were reported under prepaid expenses in the prior year in the amount of € 1,564 thousand and were linked to a capital-market-supported equity transaction planned for the year 2016.

26 Inventories

As at 31 December 2016, inventories amount to € 9,782 thousand (31 Dec. 2015: € 11,492 thousand).

in € thousand	31 Dec. 2016	31 Dec. 2015
Raw materials and supplies	7,446	10,275
Payments on account	2,323	1,177
Work in progress	14	40
Inventories	9,782	11,492

Raw materials and supplies primarily comprise fuels and lubricants.

The consumption of inventories recognised in profit or loss amounts to € 33,074 thousand (2015: € 47,284 thousand). The impairment considered on inventories amounts to € 413 thousand (2015: € 916 thousand).

The total expense considered for the period ending 31 December 2016 amounts to € 33,487 thousand (2015: € 48,199 thousand) and corresponds to the item cost of raw materials, consumables and supplies ● see Section 10.

27 Income tax receivables

As at 31 December 2016, income tax receivables amount to € 901 thousand (31 Dec. 2015: € 956 thousand).

28 Cash and cash equivalents

As at 31 December 2016, cash and cash equivalents amount to € 62,052 thousand (31 Dec. 2015: € 96,263 thousand) and mainly include cash at banks and cash in hand.

The change in cash and cash equivalents is, amongst others, attributable to changes in the scope of consolidation, related mainly to the change in consolidation method of *Rickmers Maritime*, *Rickmers Third Maritime Investment Pte. Ltd.* and its subsidiaries in the amount of € 30,497 thousand ● see Section 6.2.

Currency translation effects on cash and cash equivalents amount to € -128 thousand for the period ending 31 December 2016 (2015: € 17,652 thousand).

Information on the development of cash and cash equivalents is given in ● Section 39.

Reference is made to ● Section 6.3 for cash and cash equivalents that may only be used by the Rickmers Group subject to certain contractual restrictions.

29 Assets held for sale

As at 31 December 2016, assets held for sale amount to € 9,309 thousand (31 Dec. 2015: € 0 thousand).

In December 2016, the Rickmers Group decided to sell the 10 per cent investment in the joint venture *A.R. Maritime Investments Pte. Ltd.* as well as the 50 per cent investment in the joint venture *A.R. Second Maritime Investments Pte. Ltd.* The requirements of IFRS 5 are met due to the decision to sell and advanced negotiations with the potential buyer ● see Section 47. As a consequence, the individual carrying amounts were reclassified from non-current assets to assets held for sale as at 31 December 2016 and were impaired to the corresponding fair value less costs to sell.

The reclassification relates to the investment in *A.R. Maritime Investments Pte. Ltd.* in the amount of € 10,954 thousand and to *A.R. Second Maritime Investments Pte. Ltd.* in the amount of € 13,788 thousand ● see Sections 6.4 and 22.

Impairments to the fair values less costs to sell were recognised on the investments in *A.R. Maritime Investments Pte. Ltd.* in the amount of € 9,197 thousand (2015: € 0 thousand) and on *A.R. Second Maritime Investments Pte. Ltd.* in the amount of € 6,236 thousand (2015: € 0 thousand) ● see Sections 6.4 and 15.

The carrying amounts of the investments in *A.R. Maritime Investments Pte. Ltd.* amount to € 1,757 thousand (31.12.2015: € 12,577 thousand) and in *A.R. Second Maritime Investments Pte. Ltd.* to € 7,552 thousand (31.12.2015: € 16,895 thousand). As at 31 December 2015, the investments were shown in investments accounted for using the equity method.

30 Equity

Subscribed capital/capital reserves The subscribed capital of *Rickmers Holding AG* amounts to € 10,000 thousand and corresponds to 10,000,000 registered ordinary voting shares not bearing a par value. All bearer ordinary shares are authorised and fully paid-in. As at 31 December 2016, Bertram R.C. Rickmers is the sole shareholder of *Rickmers Holding AG*.

Generally, the provisions of the German Stock Corporation Act (AktG) apply to the rights, preferences and restrictions attached to the share capital of *Rickmers Holding AG* unless the articles of association rule differently within the legally permitted framework. In accordance with the articles of association of *Rickmers Holding AG* its shares are only transferable upon the approval of the Supervisory Board and the Management Board. An increase of the registered share capital is subject to a resolution by the General Meeting passed by a majority of at least 50 per cent.

In the financial year 2016, a payment of € 13,000 thousand according to Section 272 (2) sentence 4 of the German Commercial Code (HGB) was contributed by Bertram R.C. Rickmers to the capital reserves of *Rickmers Holding AG*.

Due to the change in legal form in 2015, the subscribed capital of *Rickmers Holding GmbH & Cie. KG* was assigned to the subscribed capital of *Rickmers Holding AG*. The former Group reserves were considered within subscribed capital in the amount of € 3,595 thousand and within capital reserves of *Rickmers Holding AG* in the amount of € 33,634 thousand. The remaining amount of € 312,567 thousand was assigned to retained earnings.

Dividends Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of *Rickmers Holding AG* as reported in its annual financial statements determined in accordance with the German Commercial Code (HGB). The annual amount of dividends to be distributed is limited under the rules and regulations associated with *Rickmers Holding AG's* corporate bond to the higher of € 10,000 thousand and 50 per cent of the Rickmers Group's profit or loss, if the consolidated profit or loss reaches or exceeds € 25,000 thousand. Pursuant to an agreement dated 28 May 2015, Bertram R.C. Rickmers has waived his entitlement for any dividends declared at the General Meeting for the financial periods ending 31 December 2015, 2016 and 2017. Therefore, no dividends were distributed or declared.

In the financial year 2015, Bertram R.C. Rickmers in his function as sole limited partner of *Rickmers Holding GmbH & Cie. KG* received a distribution of € 36,500 thousand for corporate-related tax payments concerning prior periods.

The total dividend attributable to shares held by non-controlling interests in *Rickmers Maritime* was € 9,234 thousand for the period ending 31 December 2015, including an amount of € 7,330 thousand distributed in the form of cash and an amount of € 1,904 thousand distributed in the form of fully-paid new shares.

Other comprehensive income The other comprehensive income includes currency effects from Group conversion in the amount of € 80,593 thousand (31 Dec. 2015: € 83,974 thousand) and unrealised losses from fair value remeasurements of derivatives designated as cash flow hedges totalling € 9,129 thousand (31 Dec. 2015: € 15,605 thousand).

The change in currency translation differences is composed as follows:

in € thousand	Currency translation differences attributable to the Rickmers Group	Currency translation differences attributable to non-controlling interests	Total
Continuous translation into group reporting currency	11,344 ¹	-6,418 ¹	4,926
Changes in the scope of consolidation	-14,726 ²	-36,017 ¹	-50,743
Currency translation differences	-3,382	-42,435	-45,818

¹ In the statement of other comprehensive income, shown as "Recognition in other comprehensive income".

² In the statement of other comprehensive income, shown as "Reclassification to Group profit or loss".

The accumulated unrealised losses remaining within other comprehensive income relate to changes in the fair value of cash flow hedges that expired in 2012. For one of these cash flow hedges the hedged item was derecognised in August 2016. As a consequence, the corresponding unrealised losses for this hedge relationship in the amount € 2,765 thousand were reclassified into profit or loss. For the remaining cash flow hedges, the historical changes in fair values are reclassified to profit or loss on a pro rata basis up to the final maturity of the underlying transactions ● see Section 38.5.4. In 2016, an amount of € 3,712 thousand was reclassified on a pro rata basis.

The share of investments accounted for using the equity method in other comprehensive income for the period ending 31 December 2016 is € 0 thousand (2015: € 0 thousand). Owing to the applicable tax regulations, no (deferred) income taxes are to be recognised on individual items in other comprehensive income (31 Dec. 2015: none).

Non-controlling interests The share of non-controlling interests in other comprehensive income is presented in the table below:

Non-controlling interests in other comprehensive income

in € thousand	Currency translation differences	Cash flow hedges	Total
As at 31 Dec. 2014	16,545	-2,537	14,008
Change	25,892	2,537	28,429
As at 31 Dec. 2015	42,437	0	42,437
Change	-42,435	0	-42,435
As at 31 Dec. 2016	2	0	2

Due to the change in consolidation method for *Rickmers Maritime*, the non-controlling interests decreased by € 125,205 thousand as at 31 December 2016 ● see Section 6.2.

The change in the share of non-controlling interests in other comprehensive income amounts to € -42,435 thousand, of which an amount of € -6,418 thousand is

attributable to the translation of the individual financial statement of *Rickmers Maritime* into the group reporting currency as at 30 September 2016. An amount of € -36,017 thousand results from the disposal of currency translation differences attributable to the non-controlling interests of *Rickmers Maritime*.

The disposal of retained earnings related to the non-controlling interests in the amount of total € 89,505 thousand relates mostly to *Rickmers Maritime* with an amount of € 89,189 thousand.

Reference is made to the statement of changes in shareholder's equity for changes in individual equity items.

31 Provisions for pensions and similar obligations

As at 31 December 2016, provisions for pensions and similar obligations amount to € 3,309 thousand (31 Dec. 2015: € 3,371 thousand).

Firstly, provisions for pensions and similar obligations contain a pension agreement entered into with Bertram R.C. Rickmers in May 2015 pursuant to which he is entitled – due to his achievements towards the company – to receive benefits in kind such as a company car, office space, communication equipment, a driver and staff for secretarial as well as bookkeeping services for private matters for the remainder of his lifetime. The present value of the defined benefit obligation (DBO) resulting from this agreement amounts to € 1,535 thousand as at 31 December 2016 (31 Dec. 2015: € 1,566 thousand).

Secondly, *Rickmers-Linie GmbH & Cie. KG* operates defined benefit plans. These are mainly identical for all beneficiaries and cover lifelong retirement, invalidity and surviving dependants' pensions. The defined benefit plans are final-salary unfunded pension plans under which the Rickmers Group meets benefit obligations as they fall due. The level of benefits provided depends on several factors such as age, years of service and salary.

In two cases, benefits from another pension fund entitlement are credited against pension benefits. As at 31 December 2016, the plan confers vested benefits on one current employee (31 Dec. 2015: one), two former employees (31 Dec. 2015: two) and nine retired employees (31 Dec. 2015: ten).

The Rickmers Group uses statistical and actuarial calculations in order to determine expenses and obligations relating to defined benefit plans according to IAS 19. Following the assessment of the actuary, net obligations are recognised after deduction of imputed benefits. The calculation does not only reflect assumptions regarding used discount rates, but also includes an anticipated development of future wages and salaries and, concerning the pension agreement entered into with Bertram R.C. Rickmers, the development of costs.

The calculation of the DBO is based on statistical and actuarial calculations using the following parameters:

	31 Dec. 2016		31 Dec. 2015	
	Rickmers-Linie GmbH & Cie. KG	Rickmers Holding AG	Rickmers-Linie GmbH & Cie. KG	Rickmers Holding AG
Discount rate	1.5%	1.5%	2.0%	2.0%
Rate of pension increase/cost increase	5.5% every three years	1.5% p.a.	5.5% every three years	1.5% p.a.
Extent of private manpower utilisation	n/a	34.0%	n/a	33.3%

The present value of the DBO is calculated using K. Heubeck's "Richttafeln 2005 G" (mortality tables) and the discount rate mentioned above.

The present value of the DBO developed as follows:

	2016			2015		
in € thousand	Rickmers-Linie GmbH & Cie. KG	Rickmers Holding AG	Total	Rickmers-Linie GmbH & Cie. KG	Rickmers Holding AG	Total
Present value of the DBO as at 1 Jan.	1,805	1,566	3,371	1,806	0	1,806
Current service cost	8	0	8	7	0	7
Past service cost	0	0	0	0	1,380	1,380
Interest expenses	35	30	65	38	17	55
Rendered benefits	-124	-80	-204	-129	-37	-166
Remeasurement of post-employment benefit obligations	50	19	70	82	205	287
Present value of the DBO as at 31 Dec.	1,774	1,535	3,309	1,805	1,566	3,371

The remeasurement of post-employment benefit obligations of € 50 thousand (2015: € 82 thousand) within *Rickmers-Linie GmbH & Cie. KG* includes changes in interest rate of € 91 thousand (2015: € 37 thousand) and experience-based adjustments of € -41 thousand (2015: € 45 thousand). The remeasurement of post-employment benefit obligations of € 19 thousand (2015: € 205 thousand)

within *Rickmers Holding AG* includes changes in interest rate of € 88 thousand (2015: € 96 thousand), experience-based adjustments of € -68 thousand (2015: € 68 thousand) and adjustments due to changes in other parameters of € 0 thousand (2015: € 41 thousand). The remeasurement of post-employment benefit obligations directly recognised within equity prior to deferred taxes developed as follows:

	2016			2015		
in € thousand	Rickmers-Linie GmbH & Cie. KG	Rickmers Holding AG	Total	Rickmers-Linie GmbH & Cie. KG	Rickmers Holding AG	Total
Differences as at 1 Jan.	-534	-205	-739	-452	0	-452
Remeasurement of post-employment benefit obligations	-50	-19	-70	-82	-205	-287
Differences as at 31 Dec.	-585	-224	-809	-534	-205	-739

As at 31 December 2016, the weighted average term of the DBO amounts to 10.9 years (31 Dec. 2015: 10.7 years) for *Rickmers-Linie GmbH & Cie. KG* and to 12.1 years (31 Dec. 2015: 12.2 years) for *Rickmers Holding AG*.

Expenses under the DBO regarding *Rickmers-Linie GmbH & Cie. KG* and *Rickmers Holding AG* are as follows:

	2016			2015		
in € thousand	Rickmers-Linie GmbH & Cie. KG	Rickmers Holding AG	Total	Rickmers-Linie GmbH & Cie. KG	Rickmers Holding AG	Total
Current service cost	8	0	8	7	0	7
Past service cost	0	0	0	0	1,380	1,380
Interest expenses	35	30	65	38	17	55
Expenses under the DBO	43	30	73	45	1,397	1,442

An increase or decrease in the discount rate or in the extent of private manpower utilisation would have had the following effects on the DBO:

	31 Dec. 2016			31 Dec. 2015		
in € thousand	Rickmers-Linie GmbH & Cie. KG	Rickmers Holding AG	Total	Rickmers-Linie GmbH & Cie. KG	Rickmers Holding AG	Total
Change in discount rate						
+0.50 percentage points	-91	-88	-179	-90	-89	-179
-0.50 percentage points	100	96	196	99	98	197
Expected private manpower utilisation						
+10.00 percentage points	n/a	377	377	n/a	405	405
-10.00 percentage points	n/a	-377	-377	n/a	-405	-405

The sensitivity analysis is based on realistic changes as at the end of the reporting period using a methodology that extrapolates the effects of realistic changes in key parameters on the DBO. Changes in key actuarial assumptions were analysed individually. No interdependencies were taken into account.

Following benefits are expected to be rendered during the next years regarding the DBO.

in € thousand	31 Dec. 2016		
Expected benefits	Rickmers-Linie GmbH & Cie. KG	Rickmers Holding AG	Total
Payable within 1 year	126	77	203
Payable within 2 to 5 years	507	320	827
Payable in more than 5 years	1,474	1,456	2,930
Total	2,107	1,853	3,961

32 Other provisions

As at 31 December 2016, other provisions amount to € 7,919 thousand (31 Dec. 2015: € 11,793 thousand).

in € thousand	1 Jan. 2016	Reclassification	Additions	Use
Provision for guarantees	0	2,000	0	0
Provisions for personnel expenses	983	0	962	-33
Provision for damages to vessels	0	1,334	0	0
Provision for claims franchises for damages in transit	0	1,202	368	-76
Provisions for other taxes	1,678	0	20	-654
Provisions for legal and out-of-court claims	1,935	0	0	0
Other provisions	7,197	-4,536	947	-130
Total	11,793	0	2,297	-893

in € thousand	1 Jan. 2015	Additions	Use
Provisions for legal and out-of-court claims	0	1,935	0
Provisions for other taxes	529	1,538	-278
Provisions for personnel expenses	635	564	-149
Provisions for onerous contracts	1,766	21	-1,781
Other provisions	6,389	3,111	-730
Total	9,319	7,169	-2,938

Provisions for guarantees relate to potential claims from guarantees made to two Ship-Owning Fund vessels in the amount of € 2,000 thousand (31 Dec. 2015: € 2,000 thousand). Provisions for personnel expenses mainly include provisions for anniversary bonuses and for share-based payments. The decrease in provisions for other taxes in the amount of € 1,601 thousand relates to received tax assessments from a tax audit for the periods 2012 to 2015 regarding subsequent VAT payments. In this context € 620 thousand of the provision were used and € 918 thousand were released. Provisions for legal and out-of-court claims were effected by changes in the scope of consolidation due to the sale of the total shares in the subsidiaries *ATLANTIC Gesellschaft zur Vermittlung internationaler Investitionen mbH & Co. KG* and *EVT Elbe Vermögens Treuhand GmbH* with economic effect from 1 January 2016. In the prior year, the respective provisions for legal and out-of-court claims related mainly to claims from Ship-Owning Fund investors.

As at 31 December 2016, provisions for personnel expenses include an amount of € 1,842 thousand that is classified as non-current. Other provisions contain an amount of € 703 thousand that is classified as non-current as at 31 December 2016.

Other changes mainly relate to currency effects from Group conversion.

Share-based payments In September 2015, the Supervisory Board of *Rickmers Holding AG* introduced a long-term incentive programme in the form of a Performance Share Unit Plan. This long-term incentive programme applies to members of the Management Board and to further selected managers of *Rickmers Holding AG* and its affiliated companies within the meaning of Section 15 ff. of the German Stock Corporation Act (AktG) as at 2015.

	Release	Interest effects	Changes in the scope of consolidation	Other changes	31 Dec. 2016
	0	0	0	0	2,000
	-41	12	0	25	1,908
	0	0	0	43	1,377
	-853	0	0	10	651
	-920	0	-49	2	77
	0	0	-1,935	0	0
	-1,050	0	-450	-72	1,906
	-2,864	12	-2,434	8	7,919

	Release	Interest effects	Changes in the scope of consolidation	Other changes	31 Dec. 2015
	0	0	0	0	1,935
	-234	0	0	123	1,678
	-84	13	0	4	983
	-9	0	0	3	0
	-3,098	0	-176	1,701	7,197
	-3,425	13	-176	1,831	11,793

Within the context of the long-term incentive programme, the plan participants are granted conditional rights in the form of Performance Share Units (PSUs) that might lead to additional remuneration depending on the target achievement – as measured by the performance indicator EBITDA – as well as the share price in case *Rickmers Holding AG* is listed at the stock exchange.

The participation of members of the Management Board is subject to the decision of the Supervisory Board of *Rickmers Holding AG*, while the Management Board decides about the participation of further selected managers of *Rickmers Holding AG* and its affiliated companies. The decision is made at the sole discretion of the respective board taking into account the applicable internal rules of procedure.

The entitlement for additional performance-related remuneration is determined by the number of PSUs multiplied with the target achievement and the relevant value of PSUs (share price or available alternative).

The respective board decides on an annual basis whether and to what extent an entitlement is conferred under the long-term incentive programme (number of PSUs; annual performance period). Additional performance-related remuneration amounts to 30.0 per cent for members of the Management Board, 25.0 per cent for members of the Extended Management Board and for segment directors, and to 20.0 per cent for further selected managers.

The performance period covers three years starting on 1 January in the year the performance period was launched and ending on 31 December in the second year following the year of the granting. The target achievement is mainly based on the performance indicator EBITDA whereby the Group EBITDA is relevant for the plan participants of *Rickmers Holding AG*. For plan participants of the segment management, the performance indicator is equally based on Group EBITDA and on segment EBITDA. Target achievement is measured as ratio of actual to planned EBITDA. The actual EBITDA shall be a three-year average over the performance period based on audited IFRS consolidated financial statements of the Rickmers Group. The planned EBITDA shall be a three-year average based on budgeted IFRS consolidated financial statements of the Rickmers Group as approved by the Supervisory Board. The performance is subject to a cap of 150.0 per cent (Cap A).

In case *Rickmers Holding AG* is listed at the stock exchange, the relevant share price is equal to the average closing price of *Rickmers Holding AG*'s shares rounded to two decimal points. The average closing price shall be calculated

over a period of 30 days prior to the last trading day of the performance period. The relevant share price shall be limited to twice the amount of the share price at the grant date (Cap B). The share price at the grant date – if available – shall be calculated over a period of 30 days prior to the start of the performance period.

The maximum entitlement while simultaneously achieving Cap A and Cap B is equal to 300 per cent of the initially granted number of PSUs multiplied with the share price at the grant date.

Based on current expectations, the equivalent of the final number of PSUs granted is paid in cash after expiration of the performance period as soon as the relevant performance indicators are available based on audited IFRS consolidated financial statements. The Rickmers Group basically has the option to settle the PSUs in equity instruments. As a consequence, the long-term incentive programme is a cash-settled share-based payment transaction and as such it is within the scope of IFRS 2.

As at 1 September 2015 (grant date), the Supervisory Board and the Management Board of *Rickmers Holding AG* granted the first performance period of the long-term incentive programme (PSU-2015) covering the period from 1 January 2015 until 31 December 2017. The first performance period benefits eleven plan participants. As the PSU-2015 was only approved and granted in September 2015, the vesting period of the first performance period only covers the period from 1 September 2015 to 31 December 2017. With regards to the first performance period, the plan participants are granted an absolute amount of € 1,984 thousand based on current total cash compensation instead of an individual number of PSUs. This amount is only converted into PSUs based on the issue price in case *Rickmers Holding AG* is listed at the stock exchange.

In financial year 2016, the Supervisory Board and Management Board of *Rickmers Holding AG* granted a second performance period of the long-term incentive programme (PSU-2016), which covers the period from 1 January 2016 till 31 December 2018 and benefits nine plan participants altogether. The vesting period of the second performance period runs from 1 January 2016 till 31 December 2018. With regards to the second performance period, plan participants are granted an absolute amount of € 1,880 thousand instead of an individual number of PSUs, depending on the current total cash compensation. This amount is only converted into PSUs based on the issue price in case *Rickmers Holding AG* is listed at the stock exchange.

As at 31 December 2016, the proportional vesting factor of the first performance period amounts to 57.2 per cent and 33.3 per cent for the second performance period. The performance achieved based on Group or segment EBITDA is between 0 and 184.9 per cent. The relevant share price amounts to 100.0 per cent as a change in fair value can only be considered upon a listing at the stock exchange. As at 31 December 2016, no PSUs were paid to the plan participants. In the financial year 2016, two plan participants of the PSU-2015 and three participants of the PSU-2016 left the long-term incentive programme without any claim

for payment. Therefore, the granted amount decreased by approximately € 107 thousand for the PSU-2015 and by approximately € 177 thousand for the PSU-2016.

In principle, it is already planned not to grant a third performance period for the financial year 2017 with regards to the majority of plan participants. The Management Board and Supervisory Board are closely aligning in that respect.

The provision for share-based payments amounts to € 1,148 thousand (31 Dec. 2015: € 359 thousand).

33 Financial debt

As at 31 December 2016, financial debt amounts to € 1,577,386 thousand (31 Dec. 2015: € 2,090,014 thousand).

in € thousand	31 Dec. 2016		
	Non-current	Current	Total
Bonds	273,377	10,922	284,300
Bank liabilities	771,532	183,992	955,525
Liabilities from finance leases	263,499	18,039	281,538
Other financial debt	51,153	4,870	56,023
Total	1,359,562	217,824	1,577,386

in € thousand	31 Dec. 2015		
	Non-current	Current	Total
Bonds	335,730	11,804	347,534
Bank liabilities	1,347,117	250,738	1,597,855
Liabilities from finance leases	0	0	0
Other financial debt	100,928	43,698	144,626
Total	1,783,775	306,239	2,090,014

Bonds comprise *Rickmers Holding AG's* corporate bond with a nominal of € 275,000 thousand (31 Dec. 2015: € 275,000 thousand) and as at 31 December 2015 *Rickmers Maritime's* multi-currency, medium-term note programme of SGD 100,000 thousand. The decline of bonds is attributable mainly to the change in consolidation method for *Rickmers Maritime* amounting to € 67,148 thousand ● see Section 6.2.

Bank liabilities mainly include individually contracted shipping loans to finance the Rickmers Group's vessel portfolio.

The general decline in bank liabilities of € 642,330 thousand relates mainly to changes in the scope of consolidation in the amount of € 353,541 thousand. This refers to the change

in consolidation method for *Rickmers Maritime, Rickmers Third Maritime Investment Pte. Ltd.*, and their subsidiaries

● see Section 6.2.

Furthermore, bank liabilities decreased due to scheduled repayments in the amount of € 100,732 thousand as well as an extraordinary prepayment of *Rickmers Maritime* in the amount of € 13,553 thousand (USD 15,000 thousand) made in June 2016. In addition, a refinancing agreement for three large container vessels was reached in August 2016. At the time of restructuring, the bank liabilities with carrying amounts of € 244,541 thousand were repaid and replaced by a "sale-and-lease-back" transaction.

The decrease is partly compensated by currency effects from Group conversion in the amount of € 15,856 thousand. In addition, an increase in bank liabilities is attributable to the additional drawdown of a short-term available credit line in the amount of € 47,754 thousand in the financial year 2016. This credit line has a maximum volume of USD 165,000 thousand, is agreed until 31 May 2018 and is considered within non-current bank liabilities. As at 31 December 2016, the drawdown amounts to € 151,992 thousand (USD 160,000 thousand) and in the prior year, it was considered in current bank liabilities due to the intention of a short-term repayment at that time in course of a capital-market-supported equity transaction.

In March 2016, the Rickmers Group successfully extended the maturity of existing bank liabilities for five container vessels with carrying amounts of € 475,033 thousand (USD 516,347 thousand) as at 31 December 2015. The maturity of refinanced bank loans was postponed from 2018 to 2020 and 2021. The modification of credit terms is not considered substantial. As a consequence, Rickmers Group's consolidated financial statements do not reflect a derecognition of initial, and a recognition of, refinanced bank loans. The initially incurred transaction costs are amortised using the effective interest method over the extended term of the loans together with the transaction costs incurred due to the refinancing process in an amount of € 378 thousand (USD 422 thousand).

Due to the "sale-and-lease-back" transaction and hence the early repayment of the existing financing provided by two of the Group's principal lending banks, these banks contractually agreed under further still existing financing agreements to a postponement of repayments in the amount of quarterly USD 2,316 thousand (equivalent to € 2,092 thousand in 2016). This agreement is in place since the third quarter of 2016 and is applicable until the end of the respective loan term in 2018.

Additionally, deferrals of repayments with regards to contractually agreed repayments for certain bank liabilities were agreed with one of the Group's principal lending banks within a waiver agreement. This agreement refers to repayments in the amount of € 10,648 thousand regarding the third and fourth quarter 2016.

As at 31 December 2016, terms and conditions of one credit facility would have not been fulfilled, but for which no evaluation was obtained or demanded and in respect of which no covenant breach was claimed. However, a reclassification into current liabilities was made precautionarily with regards to this credit facility in the amount of € 34,626 thousand as at the balance sheet date. All other bank loans did fulfill all contractual terms and conditions or waiver agreements with the relevant lending banks were in place. These waivers were agreed on with the Group's principal lending banks and have a maturity until 28 February 2017. Reference is made to ● Section 47 regarding events after the balance sheet date.

A significant portion of bank liabilities is secured by ship mortgages in the amount of € 802,634 thousand (31 Dec. 2015: € 1,498,714 thousand).

Liabilities from finance leases result from a refinancing agreement for three large container vessels reached in August 2016. The proceeds amounting to € 283,327 thousand are accounted for using the effective interest method after deduction of transaction costs of € 8,132 thousand and are considered within liabilities from finance leases. The maturity of the liabilities was extended by the refinancing agreement until 2025 and 2026. Furthermore, an option in favour of the Rickmers Group was agreed to further extend the maturity of the loans by a maximum of three years.

Other financial debt mainly includes loans from shipyards and loans granted by a charterer relating to a restructuring process in which the Rickmers Group participated in July 2016 ● see Section 23. As at 31 December 2015, other financial debt included funds provided by an international financial investor relating to three container vessel new-buildings. Due to the change in consolidation method for *Rickmers Third Maritime Investment Pte. Ltd.* and its subsidiaries, these funds in the amount of € 82,304 thousand were derecognised from the Rickmers Group's consolidated financial statement ● see Section 6.2. Within the scope of the above described refinancing, extraordinary prepayments for loans from shipyards were made in the amount of € 8,810 thousand for the three large container vessels and the annual interest rate for eight loans from shipyards was reduced beginning in August 2016. This modification of credit terms is not considered substantial and, thus, did not lead to a derecognition of the initial liability.

34 Deferred tax

As at 31 December 2016, deferred tax liabilities exceed deferred tax assets in an amount of € 15,812 thousand (31 Dec. 2015: € 16,136 thousand).

in € thousand	31 Dec. 2016	31 Dec. 2015
Deferred tax assets	1,782	641
Deferred tax liabilities	17,594	16,777
Deferred tax	15,812	16,136

The maturity of deferred tax assets and liabilities is as follows:

in € thousand	31 Dec. 2016		31 Dec. 2015	
	Assets	Liabilities	Assets	Liabilities
Deferred tax	4,930	20,742	9,285	25,420
thereof current	2,168	1,578	647	2,131
thereof non-current	2,762	19,164	8,638	23,290
Offset	-3,148	-3,148	-8,644	-8,644
Total	1,782	17,594	641	16,777

Deferred tax assets and liabilities result from the following items and factors:

in € thousand	31 Dec. 2016		31 Dec. 2015	
	Assets	Liabilities	Assets	Liabilities
Vessels and other property, plant and equipment	32	18,495	2,983	20,085
Non-current financial assets	0	0	0	1,851
Current assets	358	65	487	738
Provisions	94	16	681	0
Financial debt	1,239	292	387	1,354
Other liabilities	1,167	1,523	134	1,392
Tax loss carry forward	1,689	0	4,613	0
Total	4,579	20,391	9,285	25,420
Offset	-2,797	-2,797	-8,644	-8,644
After offsetting	1,782	17,594	641	16,777

Deferred tax assets on temporary differences and on tax loss carry forwards are recognised to the extent that it is probable that future taxable profit is available against which temporary differences and tax loss carry forwards can be offset. As a consequence, the Rickmers Group did not consider deferred taxes on domestic trade tax loss carry forwards in the amount of € 63,004 thousand (2015: € 29,892 thousand) and on foreign and domestic corporation tax loss carry forwards in the amount of € 16,595 thousand (2015:

€ 10,793 thousand) as well as on interest carry forwards in the amount of € 63,230 thousands (2015: € 0 thousand) and on other deductible temporary differences in the amount of € 13,758 thousand (2015: € 0 thousand). Trade tax as well as corporation tax loss carry forwards may principally be carried forward without restriction. As at 31 December 2016, the Rickmers Group does not consider deferred tax assets on companies making losses in the current and in prior periods (31 Dec. 2015: € 1,307 thousand).

35 Trade and other payables

As at 31 December 2016, trade and other payables amount to € 38,295 thousand (31 Dec. 2015: € 77,028 thousand).

in € thousand	31 Dec. 2016		
	Non-current	Current	Total
Gross amount due to customers for contract work	0	722	722
Sundry trade payables	0	27,443	27,443
Trade payables	0	28,165	28,165
Liabilities from puttable instruments	0	0	0
Accruals for personnel expenses	0	7,453	7,453
Sundry other payables	0	2,677	2,677
Other payables	0	10,130	10,130
Total	0	38,295	38,295

in € thousand	31 Dec. 2015		
	Non-current	Current	Total
Gross amount due to customers for contract work	0	2,068	2,068
Sundry trade payables	0	66,058	66,058
Trade payables	0	68,125	68,125
Liabilities from puttable instruments	0	43	43
Accruals for personnel expenses	0	4,741	4,741
Sundry other payables	13	4,106	4,119
Other payables	13	8,890	8,903
Total	13	77,015	77,028

Gross amounts due to customers for contract work relate to deferred freight services from vessel voyages not yet completed.

The decrease in sundry trade payables results mainly from payments made for energy-efficiency improvements and regular class renewal measures for vessels that were carried out within 2015 ● see Section 20.

36 Non-financial liabilities

As at 31 December 2016, non-financial liabilities amount to € 52,824 thousand (31 Dec. 2015: € 55,271 thousand) and relate mainly to deferred income and VAT liabilities.

Non-financial liabilities include deferred income amounting to € 13,030 thousand (31 Dec. 2015: € 11,506 thousand) relating to the restructuring of charter contracts. The increase results mainly from a restructuring process of a further charterer, in which the Rickmers Group participated in 2016. In return for the reduction of the contracted charter rate the Rickmers Group received equity as well as debt instruments in the amount of € 6,071 thousand. These have been considered as other financial assets ● see Section 23. Since the restructuring leads to an adjustment of the form of remuneration under existing charter contracts, the initial recognition gave rise to deferred income without affecting profit or loss. The deferred income is considered in revenues over the remaining charter period.

Furthermore, non-financial liabilities include deferred income in the amount of € 32,846 thousand (31 Dec. 2015: € 28,168 thousand) relating to prepayments received by a charterer with regards to the implementation of energy-efficiency measures. As at 31 December 2015, the implementation was already completed for six container vessels. The increase in 2016 is due to the completion of energy-efficiency measures on two additional container vessels. The measures were carried out in close cooperation with, and with substantial cost participation from, the current charterer. Prepayments received were deferred and they are considered within profit or loss on a pro rata basis over the charter period ● see Section 20.

37 Income tax liabilities

As at 31 December 2016, income tax liabilities amount to € 4,511 thousand (31 Dec. 2015: € 8,231 thousand) fully considered within current liabilities.

38 Financial instruments

38.1 Financial risk management

Financial risk management aims to identify and measure financial risks and to take appropriate measures to limit it. The financial risk management policy of the Rickmers Group is established by Group-wide risk and financial guidelines that aim to harmonise operational processes and responsibilities.

Financial risk management within the Rickmers Group focuses on creating clear and coherent conditions that are generally understandable and workable. Its main objectives and principles include making Group-wide uniform use of financial markets and focusing on financial transactions in underlying operational business that are demand-driven. Existing risk items are naturally hedged or hedged by suitable financial instruments based on the extent of the risk and the inherent potential risk of loss if deemed necessary by the management. Rickmers Group's risk policy stipulates that financial transactions are only to be carried out with approved counterparties and with the use of approved financial instruments.

Operating internationally, the Rickmers Group is exposed to a series of financial risks in its business operations. These include in particular liquidity risks, risks from changes in interest rates and exchange rates, and default risks on receivables that could affect significantly the Rickmers Group's asset, financial and income situation. These risks are to a large degree centrally managed by the department Corporate Finance & Treasury and the operational receivable management system.

Rickmers Group's policy is to limit market risks resulting from ordinary business operations by using hedging instruments. The Rickmers Group uses derivative financial instruments to hedge certain risks. The individual rules, powers of authorisation, operations, transaction limits and risk positions are set out in guidelines and implementation rules. Compliance with these rules is monitored regularly. The basis for all hedging activities within the Rickmers Group is both underlying transactions that are appropriately accounted for and business planned for the future. Accredited standard software is used to collate, evaluate and report on hedging transactions.

Risk management strategies cannot entirely eliminate financial risks from the Rickmers Group's business. They nevertheless contribute sustainably to secure the company's value.

38.2 Market risks

38.2.1 Overview

Market risks include fluctuations to the fair value or to future payments from financial instruments because of changes in market prices.

Within the Rickmers Group, market risks include exchange-rate and interest-rate risks. *IFRS 7 – Financial instruments: Disclosures* requires entities to disclose a sensitivity analysis for each type of market risk, reflecting how earnings after income taxes and equity could be affected by hypothetical changes in relevant risk variables. Sensitivities are calculated using an analytical tool developed in-house for exchange rate and interest rate risks.

38.2.2 Risks from interest-rate changes

Owing to its capital-intensive business model, the Rickmers Group is exposed to risks from interest-rate changes and quantifies its risks regularly.

Risks from interest-rate changes arise through variations in the market interest rate and, in the case of fixed-interest financial instruments, can lead to a change in the fair value, while in the case of variable rate financial instruments it can also lead to interest-payment fluctuations. The Rickmers Group's risks from interest-rate changes primarily result from variable interest rates concerning ship

financing, which are based on the 3-month USD LIBOR. In 2016 financial year, while an increase in the interbank interest rate was observed, it remained with 100 basis points (31. Dec 2015: 57 basis points) at a very low level as at the balance sheet date.

The Rickmers Group creates an appropriate relationship between its variable (approx. 40 per cent) and fixed-interest (approx. 60 per cent) financial liabilities by relying on derivative-based interest-rate hedging instruments and fixed-interest financing. In particular, such liabilities are those towards leasing companies, a corporate bond, a firmly committed credit line, and shipyard loans.

As at 31 December 2016, the Rickmers Group holds interest derivatives in an economic hedge relationship with a nominal amount of € 290,190 thousand (31 Dec. 2015: € 282,069 thousand). However, these do not meet the requirements of hedge accounting. Reference is made to [Section 38.5.4](#).

Interest rate risks need to be differentiated by cash flow and present value risks. The Rickmers Group's non-derivative financial instruments mainly relate to variable-interest bank loans. Thus, changing interest rates may affect interest cash flows and the result from interest. As bank loans are measured at amortised cost, there are no changes in present value affecting the consolidated balance sheet or consolidated income statement.

Furthermore, the Rickmers Group holds fixed-interest non-derivative financial instruments. For these instruments, cash flows and thus the result from interest are not affected by a change in interest rates. Although fixed-interest debt instruments are exposed to the risk of changes in fair value in principle, no effects on the balance sheet arise from changes in interest also for the above mentioned fixed-interest financial instruments of the Rickmers Group, as they are recognised at amortised cost.

Additionally, the Rickmers Group holds interest derivatives recognised at fair value. These financial instruments convert variable interest payments on bank loans into synthetic fixed-interest payments. As all interest derivatives are classified as held for trading, changes in present value and thus changes in fair value are directly recognised in Group's profit or loss.

The sensitivity analysis on earnings after income taxes reflects cash flow and present value risks as at the balance sheet date applying the average tax rate of the Rickmers Group of 6 per cent (31 Dec. 2015: 6 per cent). Taking account of the slightly increasing level of interests, the market interest rate is increased or decreased by +100/-50 basis points as at 31 December 2016 (31 Dec. 2015: +50/-25 basis points).

For non-derivative financial instruments (mainly variable-interest bank loans), a change in interest rates of +100 basis points (31 Dec. 2015: +50 basis points) would result in increasing interest expenses, thus, negatively affecting Group profit or loss, whereas for interest derivatives, for which the Rickmers Group pays fix and receives variable interests, an increase in interest rates would affect Group profit or loss positively. For interest derivatives, increasing interest rates would have an additional positive effect on Group profit or loss from fair value measurements.

A change in interest rates of -50 basis points (31 Dec. 2015: -25 basis points) would result in opposite effects. However, the effect from increasing interest rates of +100 basis points (31 Dec. 2015: +50 basis points) would be comparably higher than the effect from decreasing interest rates.

The effects on the consolidated income statement as at the balance sheet date are shown in the table below:

Change in variable interest rates

31 Dec. 2016		
in € thousand	+100 basis points	-50 basis points
Earnings after income taxes	-2,983	1,803
Non-derivative financial instruments	-7,427	4,020
Interest derivatives	4,444	-2,217

31 Dec. 2015		
in € thousand	+50 basis points	-25 basis points
Earnings after income taxes	-1,175	731
Non-derivative financial instruments	-7,097	3,718
Interest derivatives	5,922	-2,987

A change in variable interest rates of +100 basis points would decrease earnings after income taxes by € 2,983 thousand. A change in variable interest rates of -50 basis points would increase earnings after income taxes by € 1,803 thousand as at 31 December 2016.

In 2015, a change in variable interest rates of +50 basis points would have decreased earnings after income taxes by € 1,175 thousand. A change in variable interest rates of -25 basis points would have increased earnings after income taxes by € 731 thousand.

38.2.3 Risks from exchange-rate changes

As an internationally operating company, the Rickmers Group is exposed to currency-fluctuation risks and so quantifies its risks arising from exchange-rate changes regularly.

The risk posed to the Rickmers Group in terms of currency fluctuations is that exchange-rate changes may result in detrimental changes in future cash flows from transactions and losses in the value of financial instruments. For Rickmers Group companies there are exchange-rate risks as soon as transactions are completed and the resulting cash flows do not correspond to the functional currency of the Group's company.

The USD/EUR exchange rate is of particular importance to the Rickmers Group. The Rickmers Group reports in euros in its Annual Report. A large portion of the services in international shipping are invoiced in US dollar. This concerns in particular charter and freight rates, fuel costs and fees

for ship and crew management. Vessel purchases usually take place in US dollar and accordingly, ship financing is carried out almost exclusively in US dollar.

Furthermore, the Rickmers Group is exposed to exchange-rate fluctuations in the Singapore dollar (SGD) as the functional currency of the majority of Rickmers Group companies based in Singapore is the US dollar.

A part of the payments in foreign currencies can be balanced out through Group-internal transactions (natural hedge) whereby the risks arising from exchange-rate changes of the Rickmers Group can be reduced. To limit remaining risks from exchange-rate fluctuations, appropriate hedging relationships are concluded if deemed necessary by the management team. Despite the reduction in currency risks, unanticipated exchange-rate fluctuations, which go beyond assumptions made as part of annual business planning, may influence the Rickmers Group's earnings and liquidity situation. As at 31 December 2016, there were no hedging instruments in place to counter foreign currency risks. Based on the completed sale of the Rickmers-Linie operating business effective per 1 April 2017 the previous natural hedge is no longer present.

Within the Rickmers Group, most companies are reporting in euro and US dollar but are exposed to cash flows denominated in US dollar and Singapore dollar. The sensitivity analysis reflects this situation and shows the effects on earnings after income taxes for 2015 and 2016 for non-derivative and derivative financial instruments of a hypothetical appreciation or depreciation of 5 per cent of the companies' functional currency against other significant foreign currencies. For this purpose, the average tax rate of the Rickmers Group of 6 per cent (31 Dec. 2015: 6 per cent) is applied.

31 Dec. 2016				
in € thousand	EUR/USD		SGD/USD	
	+5%	-5%	+5%	-5%
Earnings after income taxes	9,379	-10,347	-7	7

31 Dec. 2015				
in € thousand	EUR/USD		SGD/USD	
	+5%	-5%	+5%	-5%
Earnings after income taxes	7,168	-7,876	-3,174	2,885

As at 31 December 2016, a change in the EUR/USD exchange rate of +5 per cent would increase earnings after income taxes by € 9,379 thousand (appreciation of the euro). A change in the EUR/USD exchange rate of -5 per cent would decrease earnings after income taxes by € 10,347 thousand (depreciation of the euro). As at 31 December 2015, a change in the EUR/USD exchange rate would have increased earnings after income taxes by € 7,168 thousand (appreciation of the euro) and respectively decreased earnings after income taxes by € 7,876 thousand (depreciation of the euro).

As at 31 December 2016, a change in the SGD/USD exchange rate of +5 per cent would decrease earnings after income taxes by € 7 thousand (appreciation of the Singapore dollar). A change in the SGD/USD exchange rate of -5 per cent would increase earnings after income taxes by € 7 thousand (depreciation of the Singapore dollar). As at 31 December 2015, a change in the SGD/USD exchange rate would have decreased earnings after income taxes by € 3,174 thousand (appreciation of the Singapore dollar) and respectively increased earnings after income taxes by € 2,885 thousand (depreciation of the Singapore dollar). The decrease of hypothetical effects in 2016 refers to the change in consolidation method for *Rickmers Maritime*, whose functional currency is the US dollar. This results in a derecognition of a multi-currency, medium-term note programme of SGD 100,000 thousand.

38.3 Default risks on receivables

Regarding trade receivables, liquidity, and other financial assets resulting from the operating business, the Rickmers Group is exposed to default risks as soon as a counterparty fails to meet its contractual obligations in whole or part. The default risk from liquidity only applies to banks, as the Rickmers Group maintains short-term money market investments. The resulting default risks are counteracted by a diversification of contracting parties as well as a regular creditworthiness review of these parties.

The maximum credit default risk arising from non-liquid assets at the balance sheet date is largely reflected in the carrying amounts of financial assets (without cash and cash equivalents) recognised in the balance sheet and amounts, as at 31 December 2016, to a total of € 55,623 thousand (31 Dec. 2015: € 74,987 thousand).

A further default risk on receivables regarding financial assets extends to shares in companies, bonds of a third-party company and financial receivables; in addition to possible payment losses this also includes the risk of valuation losses. At each balance sheet date the Rickmers

Group checks whether there are objective indications for an impairment of these assets, and recognises an impairment loss if the present value of the expected cash flows is below the carrying amount.

To avoid and reduce defaults on receivables resulting from the operating business the Rickmers Group has a corresponding receivables management system that regularly and centrally monitors debtors and the maturity structures of due trade receivables. The global nature of the Rickmers Group's business activity as well as its generally diverse customer structure counteracts the concentration of default risk arising from individual business partners. Such a concentration nevertheless exists in the middle- and long-term consideration regarding the composition of the long-term charter contracts agreed for the Group's own vessels, as over 80 per cent the Group-wide charter volume is contracted with one charterer. However, this contractual party enjoys a Moody's rating of Baa2 (corresponds to a low investment grade according to Moody's).

The Rickmers Group did not hold any collateral as at the balance sheet date.

38.4 Liquidity risks

38.4.1 Overview

Liquidity risk is the risk of not having sufficient liquidity to meet payment obligations on time. In order to avoid or reduce this risk, Rickmers Group has established the liquidity management which bundles Group liquidity and lies within the responsibility of the Corporate Finance & Treasury department. To secure the ability to meet payment obligations, the Rickmers Group maintains liquid funds for the fulfilment of Group-wide financial obligations at their respective due dates. Payment obligations result from cash flows from operating, investing and financing activities. Short and medium-term liquidity strategy is based on bi-weekly, rolling, Group-wide liquidity planning that covers, besides a 13-week-planning, the current and following financial year. Long-term liquidity strategy is based on annual Group-wide business planning for the next four financial years (business plan including indirect liquidity planning). If available, excess short-term liquidity is invested in money-market transactions.

The net debt of the Rickmers Group as at 31 December 2016 totalled € 1,515,334 thousand (31 Dec. 2015: € 1,993,752 thousand). It is the sum of the net financial debt plus loan liabilities towards shipyards and a charterer. The Rickmers Group defines its net financial debt as the sum of liabilities towards credit and leasing institutions, plus an issued

corporate bond (*Rickmers Holding AG* corporate bond with a term to June 2018 and amounting to € 275,000 thousand) less cash and cash equivalents. With the sale of shares in *Rickmers Trust Management Pte. Ltd.*, the trustee manager of *Rickmers Maritime*, and the resulting termination of full consolidation of *Rickmers Maritime*, the liabilities to credit institutions and the bond issued under the multi-currency, medium-term note programme (MTN) were significantly reduced.

KPIs for the existing and future payment obligations are the available cash reserves, which comprise bank balances, short-term money deposits, as well as a credit line that is firmly committed until 31 May 2018. The maximum volume available under the credit line is USD 165,000 thousand (equivalent to € 156,741 thousand as at 31 Dec. 2016) and as at 31 December 2016 USD 160,000 thousand (equivalent to € 151,992 thousand as at 31 Dec. 2016) were drawn.

Business Plan As a reaction to the challenging conditions in the shipping market, the Management Board decided a bundle of measures in the first quarter of 2016, which was approved by the Supervisory Board on 4 March 2016 and which has subsequently been developed further. This includes, amongst other things:

- the sale/monetisation of selected (non-) core vessels and shares in companies,
- the refinancing of selected bank loans, and
- the optimisation of Group-wide cost structures.

In light of the still challenging shipping market conditions at the beginning of 2017 further there is a risk that, in the event of a significant failure to achieve revenue and income expectations as well as planned investment, equity and debt capital measures, this will lead to lower-than-expected cash flows from operating, investing and financing activities, that could endanger the Rickmers Group's appropriate liquidity situation.

A comprehensive concept in particular for the restructuring of the Rickmers Group's main financial debt has thus become necessary, to complement the bundle of measures already initiated by the Management Board in beginning of March 2016, which was approved by the Supervisory Board on 4 March 2016 and which has subsequently been developed further. Since calling off the IPO on 14 March 2016, up to and including the second quarter of 2017 *Rickmers Holding AG* has been developing such a concept in parallel to the implementation, continuation and expansion of the said bundle of measures.

This restructuring concept comprises major contributions on the part of all the Rickmers Group's stakeholders, including the *Rickmers Holding AG* sole shareholder Bertram R.C. Rickmers, the company's financing banks, a shipyard, and the bond creditors. Furthermore, the restructuring concept foresees diverse additional measures undertaken by the Rickmers Group, particularly in the form of divestments and further cost-saving initiatives ● see Section 47.

The realisation of objectives also depends on the implementation of various measures including short-term initiatives, on the approval of external parties, and on sufficient liquidity in the market. Within the 2016 financial year and until the preliminary date of preparation diverse steps from the further developed bundle of measures and the restructuring concept were initiated or implemented ● see Section 47.

Rickmers Holding AG has provided guarantees for credit facilities at banks in the amount of USD 807,598 thousand (equivalent to € 767,176 thousand as at 31 Dec. 2016), which shall be partially released within the implementation of the planned restructuring. The claim of these guarantees, in the event of non-compliance with terms and conditions on loan agreements which were not waived, or non-agreement with the company's principal lending banks, might lead to a risk to *Rickmers Holding AG's* position as a going concern, and thus to the dissolution of the Rickmers Group.

Based on the current business plan, the current draft restructuring report for the Rickmers Group pursuant to the Standard S6 of the German Institute of Auditors (IDW), which is almost finalised, the fundamentally reached understanding on a term sheet with HSH and the sole shareholder on 19 April 2017, the constructive talks with further financing banks, the publication of the invitation to vote without holding a meeting ("Aufforderung zur Stimmabgabe") on 21 April 2017 as well as the mostly probable assumed approval of the bond creditors regarding the restructuring concept, as at the preliminary date of preparation the Management Board of *Rickmers Holding AG* assumes a positive forecast of continuation of the company as set out in Section 19 of the German Insolvency Code (InsO), as well as the prerequisites for continuation of the company as a going concern as defined under Section 252 of the German Commercial Code (HGB) respectively IAS 1, will be given. The positive forecast of continuation was validated by opinions from a renowned international law firm and from a professor of a university-institute for international and European insolvency law.

Counterparty default risk The Rickmers Group is exposed to two significant concentration risks as far as its liquidity development is concerned. The global operations of the Rickmers Group as well as a generally diversified customer structure do counteract these risks. Firstly, the significant external financing sources derive from a portfolio of banks, where approximately 75 per cent of bank loans are attributable to a single counterparty with a Moody's credit rating of Baa3 (corresponds to a lower investment grade to Moody's). Secondly, medium to long-term a concentration risk arises from the composition of agreed long-term charter contracts of the Rickmers Group's own vessels with over 80 per cent of the Group-wide charter volume attributable to one single charterer. This contracting party has, however, a Moody's rating of Baa2 (corresponds to a lower investment grade according to Moody's).

Financing conditions The ability of debt service and other expenses is dependent on the future business and earnings development of the Rickmers Group. Future financing conditions and terms regarding follow-on or refinancing, as well as the extent and conditions of a potential strengthening of equity, will be dependent amongst other factors on the creditworthiness of the Rickmers Group, on shipping sector developments, as well as on the money- and capital-market environments.

The compliance of certain financial performance indicators or terms and conditions on loan agreements also influence continued access to debt and equity, and therefore the future development of the Rickmers Group. There is a risk that creditors might obtain the right to cancel financial debt, and exercise this right. Financial debt creditors could receive such a right, for instance, if the Rickmers Group is unable to comply with terms and conditions on loan agreements, such as loan-to-value ratios, minimum liquidity or minimum equity ratio. This could lead to increased financing costs, early repayments and even premature contract terminations. As at 31 December 2016, terms and conditions of one credit facility would have not been fulfilled, but for which no evaluation was obtained or demanded and in respect of which no covenant breach was claimed. As at the end of the financial year 2016 and as at the preliminary date of preparation all other bank loans did respectively do fulfil all contractual terms and conditions on loan agreements or waiver agreements until 28 February 2017 with the relevant lending banks are in place, which were prolonged until 30 April 2017 respectively 31 May 2017. The interest and principal repayments due were met in 2016; as part of a waiver agreement, some payment deferrals

amongst others relating to essential ship-financing loans were agreed affecting the third and fourth quarter of 2016 as well as the first quarter 2017. For developments after the balance sheet date ● see Section 47.

Since 2016, main effects reduce the reported risks from indebtedness and non-compliance with terms and conditions on loan agreements ● see Sections 41 and 47.

Due to the overall situation in the global shipping market, particularly German banks are reducing or even ending their involvement in ship financing. This could result in the banks financing the Rickmers Group making use of transfer clauses that are typically included in ship-financing contracts. These clauses give the banks the right to syndicate their commitments, or to sell them to third parties. Ship-financing contracts in the Rickmers Group also contain such standard clauses. This gives rise to the risk that the Rickmers Group could be forced to work with financing institutions that the Group would not have decided for as a contracted party; for example, non-core asset banks, private equity funds or public institutions. These financing institutions may not be familiar with the practices of the shipping industry. Thus, conflicts of interest cannot be precluded, particularly if terms and conditions on loan agreements are not met or if expiring financing agreements require prolongation.

To guarantee as much transparency as possible, the Rickmers Group issues regular reports on developments and close cooperation is maintained with the financing banks, amongst others.

38.4.2 Maturity: remaining terms of non-derivative and derivative financial instruments

The following table shows the contractually agreed cash flows from non-derivative and derivative financial instruments undiscounted as at the balance sheet date:

Cash flows from financial instruments as at 31 Dec. 2016		2017		
in € thousand	Interest	Repayment	Total	
Financial debt	-84,389	-173,646	-258,036	
Trade and other payables	0	-38,295	-38,295	
Non-derivative financial instruments	-84,389	-211,941	-296,331	
Derivative financial instruments¹	-38,096	-2,375	-40,471	
Total	-122,485	-214,316	-336,802	

Cash flows from financial instruments as at 31 Dec. 2015		2016		
in € thousand	Interest	Repayment	Total	
Financial debt	-97,831	-191,271	-289,102	
Trade and other payables	0	-77,015	-77,015	
Non-derivative financial instruments	-97,831	-268,287	-366,118	
Derivative financial instruments¹	-16,283	0	-16,283	
Total	-114,114	-268,287	-382,401	

¹ For interest derivatives net cash flows

Amounts in foreign currency are translated at the spot rate on the balance sheet date. Accrued interests and transaction costs that are part of the carrying amount of non-derivative financial instruments are not taken into consideration within repayments.

Variable-interest payments arising from financial instruments are calculated using the interest rates fixed as at the balance sheet date also for subsequent periods.

The undiscounted net payments for the respective term are disclosed for derivative financial instruments as this reflects the cash flows on a contractual basis.

38.5 Additional information on financial instruments

38.5.1 Overview

This section contains further details on financial instruments and on items in the consolidated balance sheet, consolidated income statement and consolidated statement of comprehensive income.

	2018–2021			from 2022			Total		
	Interest	Repayment	Total	Interest	Repayment	Total	Interest	Repayment	Total
	-126,485	-1,218,660	-1,345,145	-31,001	-186,222	-217,223	-241,876	-1,578,528	-1,820,404
	0	0	0	0	0	0	0	-38,295	-38,295
	-126,485	-1,218,660	-1,345,145	-31,001	-186,222	-217,223	-241,876	-1,616,823	-1,858,699
	-42,351	0	-42,351	0	0	0	-80,447	-2,375	-82,822
	-168,837	-1,218,660	-1,387,496	-31,001	-186,222	-217,223	-322,323	-1,619,198	-1,941,521

	2017–2020			from 2021			Total		
	Interest	Repayment	Total	Interest	Repayment	Total	Interest	Repayment	Total
	-155,601	-1,807,998	-1,963,599	-8,767	-87,970	-96,737	-262,198	-2,087,240	-2,349,438
	0	-13	-13	0	0	0	0	-77,028	-77,028
	-155,601	-1,808,011	-1,963,612	-8,767	-87,970	-96,737	-262,198	-2,164,268	-2,426,466
	-82,467	0	-82,467	0	0	0	-98,750	0	-98,750
	-238,067	-1,808,011	-2,046,078	-8,767	-87,970	-96,737	-360,948	-2,164,268	-2,525,216

38.5.2 Carrying amounts and fair values by class and valuation category

The table below shows the carrying amount and fair value by class and valuation category according to IAS 39 and IAS 17 as at 31 December 2016:

Balance sheet valuation according to IAS 39								
in € thousand	Valuation categories according to IAS 39	Carrying amount at 31 Dec. 2016	Amortised cost	Cost	Fair value recognised in other comprehensive income	Fair value recognised in profit or loss	Valuation according to IAS 17	Fair value at 31 Dec. 2016
ASSETS								
Other financial assets		32,422	17,058	15,363	0	0	0	n/a
Investments in equity instruments	Available-for-sale	15,363	0	15,363	0	0	0	n/a
Securities	Loans and receivables	12,817	12,817	0	0	0	0	13,628
Financial receivables	Loans and receivables	4,241	4,241	0	0	0	0	4,241
Trade and other receivables	Loans and receivables	23,201	23,201	0	0	0	0	n/a
Cash and cash equivalents	Loans and receivables	62,052	62,052	0	0	0	0	n/a
EQUITY AND LIABILITIES								
Derivative financial instruments		30,993	0	0	0	30,993	0	30,993
Interest derivatives	Held for trading	19,309	0	0	0	19,309	0	19,309
Other derivatives	Held for trading	11,684	0	0	0	11,684	0	11,684
Financial debt		1,577,386	1,295,848	0	0	0	281,538	1,353,779
Bonds	Other liabilities	284,300	284,300	0	0	0	0	64,449
Bank liabilities	Other liabilities	955,525	955,525	0	0	0	0	955,525
Liabilities from finance leases	n/a	281,538	0	0	0	0	281,538	278,309
Other financial debt	Other liabilities	56,023	56,023	0	0	0	0	55,497
Trade and other payables		38,295	38,295	0	0	0	0	n/a
Trade payables	Other liabilities	28,165	28,165	0	0	0	0	n/a
Other payables	Other liabilities	10,130	10,130	0	0	0	0	n/a

The table below shows the carrying amount and fair value by class and valuation category according to IAS 39 as at 31 December 2015:

Balance sheet valuation according to IAS 39							
in € thousand	Valuation categories according to IAS 39	Carrying amount at 31 Dec. 2015	Amortised cost	Cost	Fair value recognised in other comprehensive income	Fair value recognised in profit or loss	Fair value at 31 Dec. 2015
ASSETS							
Other financial assets		33,103	17,359	15,744	0	0	n/a
Investments in equity instruments	Available-for-sale	15,744	0	15,744	0	0	n/a
Securities	Loans and receivables	9,313	9,313	0	0	0	9,609
Financial receivables	Loans and receivables	8,046	8,046	0	0	0	8,046
Trade and other receivables	Loans and receivables	41,884	41,884	0	0	0	n/a
Cash and cash equivalents	Loans and receivables	96,263	96,263	0	0	0	n/a
EQUITY AND LIABILITIES							
Derivative financial instruments		59,394	0	0	0	59,394	59,394
Interest derivatives	Held for trading	59,394	0	0	0	59,394	59,394
Financial debt		2,090,014	2,090,014	0	0	0	2,070,463
Bonds	Other liabilities	347,534	347,534	0	0	0	324,287
Bank liabilities	Other liabilities	1,597,855	1,597,855	0	0	0	1,597,855
Other financial debt	Other liabilities	144,626	144,626	0	0	0	148,321
Trade and other payables		77,028	77,028	0	0	0	n/a
Trade payables	Other liabilities	68,125	68,125	0	0	0	n/a
Other payables	Other liabilities	8,903	8,903	0	0	0	n/a

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Other financial assets classified as available-for-sale are generally measured at fair value. If there is no reliable fair value or there is a wide range of deriving fair value measurements, investments in equity instruments are measured at cost. As fixed-interest debt instruments considered within securities do not have a quoted market price, their fair value is determined by discounting expected cash flows using comparable conditions and terms. Given their relatively short remaining maturity, the carrying amount of most financial receivables, trade receivables and payables, other receivables and payables, and cash and cash equivalents is reasonably approximating their fair value.

For fixed-interest liabilities from finance leases and financial instruments considered within other financial debt and fixed-interest loans within securities, the Rickmers Group determines corresponding fair values by discounting contractually agreed principal or interest payments using the actual yield curve as well as the credit risk. The carrying amount of variable interest-bearing, secured bank liabilities that make up a large proportion of the Rickmers

Group's financial debt still approximates to their fair value. The modification of credit terms within the context of refinanced bank loans in March 2016 is not considered substantial.

The fair value of the publicly listed corporate bond and of the multi-currency, medium-term note programme is derived from quoted prices in the market or from trades over-the-counter (OTC) as at the respective balance sheet date.

38.5.3 Net gains/losses on financial instruments by valuation category

Net gains/losses from financial instruments include the result from interests and the other result. The other result includes the recognition and reversal of impairment losses, gains/losses from currency translation, valuation gains/losses and all other effects on earnings from financial instruments.

Financial assets and liabilities classified as held for trading solely refer to the gains/losses from those financial instruments that are not part of a hedge relationship pursuant to IAS 39.

The table below shows the net result from financial instruments by valuation category:

2016			
in € thousand	Result from interest	Other result	Net result from financial instruments
Loans and receivables	2,331	-9,688	-7,357
Available-for-sale financial assets	0	1,216	1,216
Financial liabilities measured at amortised cost	-94,430	-9,917	-104,347
Financial instruments held for trading	-15,692	28,579	12,887
Total	-107,792	10,190	-97,601

2015			
in € thousand	Result from interest	Other result	Net result from financial instruments
Loans and receivables	2,603	15,821	18,424
Available-for-sale financial assets	0	-216	-216
Financial liabilities measured at amortised cost	-97,546	-8,145	-105,691
Financial instruments held for trading	-19,563	4,316	-15,247
Total	-114,506	11,776	-102,730

The other result from loans and receivables is attributable mainly to additions to and reversals of allowances on trade and other receivables (2016: € -5,211 thousand; 2015: € 775 thousand) and on financial receivables (2016: € -3,792 thousand; 2015: € -990 thousand) as well as to the measurement of financial assets held in foreign currency (2016: € -685 thousand; 2015: € 16,036 thousand).

With regards to financial assets classified as available for sale, the other result mainly includes impairment losses on investments, dividend income and the net result from disposal of investments.

The other result from financial liabilities measured at amortised cost is attributable mainly to the measurement of financial liabilities held in foreign currency (2016: € 9,917 thousand; 2015: € -10,288 thousand).

A positive contribution to the other result from financial assets and liabilities held for trading in the amount of € 39,974 thousand (2015: € 4,316 thousand) results from the measurement of interest derivatives that do not meet the requirements of hedge accounting pursuant to IAS 39. Furthermore, the other result includes expenses from the valuation of a charter guarantee in the amount of € -11,114 thousand (2015: € 0 thousand).

In principle, additions to and reversals of allowances on trade and other receivables are considered within other operating expenses and other operating income, respectively.

The table below shows the reconciliation of the net result from financial instruments to the financial result within the consolidated income statement:

in € thousand	2016	2015
Net result from financial instruments	-97,601	-102,730
Exchange rate gains (-)/losses (+)	10,602	-5,709
Allowances on trade and other receivables	5,600	802
Income from trade and other receivables impaired	-389	-1,577
Other income from investments (excl. impairments on joint ventures and associates)	-1,216	178
Contribution of financial instruments to the operating result	14,596	-6,306
Interest expenses on finance lease	-4,340	0
Financial result from assets and liabilities according to IAS 17	-4,340	0
Expenses from change in control	-45,403	0
Interest expenses on interest derivatives (cash flow hedges)	-6,476	-7,580
Sundry financial result	-1,551	-1,258
Interest expenses on employee benefits	-78	-69
Net interest result on income tax liabilities	0	-128
Sundry reconciliation to the financial result	-53,508	-9,035
Financial result	-140,853	-118,071

38.5.4 Derivative financial instruments

Interest derivatives The fair value and nominal amount of interest derivatives is presented in the table below:

in € thousand	31 Dec. 2016		31 Dec. 2015	
	Fair value (Liabilities)	Nominal amount	Fair value (Liabilities)	Nominal amount
Derivative financial instruments				
Interest derivatives	19,309	290,190	59,394	282,069
Total	19,309	290,190	59,394	282,069

The Rickmers Group uses standardised derivative financial instruments to hedge the cash flow risk arising from existing variable interest-bearing shipping loans and for planned highly probable variable interest-bearing follow-on financings. The hedged cash flow risk is a result of fluctuations in the 3-month USD LIBOR.

As at 31 December 2016, all interest derivatives are in an economic hedge relationship and are classified as held for trading. Changes in market values are recognised in profit or loss. No derivative financial instruments were held for speculative purposes in the reporting period.

The decrease in the fair values of interest derivatives denominated in US dollars results from market valuation in the amount of € 39,974 thousand that is mainly affected by an increase in the Rickmers Group's credit spread. The increase in nominal amounts relates to currency effects.

In 2015 and 2016, the Rickmers Group did not have any financial assets and liabilities that could have been offset in respect of derivative financial instruments. In addition, there is no potential netting volume under master netting agreements or financial collaterals.

The accumulated unrealised loss from cash flow hedges in the amount of € 9,129 thousand remaining within other comprehensive income as at 31 December 2016 relate to cash flow hedges terminated in 2012. For one of these cash flow hedges the hedged item has been derecognised as part of the "sale-and-lease-back" transaction from August 2016.

As a consequence, the corresponding unrealised losses for this hedge relationship were reclassified into profit or loss in the amount of € 2,765 thousand. On group level, this interest derivative still serves to hedge cash flow fluctuations. As there is still an economic hedge relationship for all further interest derivatives on individual entity level, the cash flow hedge reserve is reclassified to profit or loss on a pro rata basis up to the final maturity of the underlying transactions. In 2016, an amount of € 3,712 thousand was reclassified to the financial result on a pro rata basis.

Other derivatives In 2014, *Rickmers Reederei (Singapore) Pte. Ltd.* entered into a charter guarantee agreement as part of a strategic partnership under which *Rickmers Reederei (Singapore) Pte. Ltd.* guarantees a fixed charter income to six vessels for the period from 2017 till 2019. The guaranteed amount is the difference between the firmly committed charter rate and the contracted charter rate during the guarantee period. In the absence of a follow-on charter, the contracted charter rate is replaced by the current market charter rate valid during the guarantee period. As a consequence, *Rickmers Reederei (Singapore) Pte. Ltd.* has a contractual obligation to deliver cash to the single-vessel companies, if the guaranteed amount is positive, while a negative guaranteed amount gives *Rickmers Reederei (Singapore) Pte. Ltd.* a contractual right to receive cash from the single-vessel companies.

In December 2016, the Rickmers Group decided to sell the investments in the joint ventures *A.R. Maritime Investments*

Pte. Ltd. and *A.R. Second Maritime Investments Pte. Ltd.* The charter guarantee agreement expires simultaneously with the disposal of the investments. The defined obligation from the charter guarantee agreement arising from the sales transaction amounts to € 11,684 thousand and was paid in January 2017. This amount is equal to the fair value as at 31 December 2016 (31 Dec. 2015: € 662 thousand). The fair value from previous year was calculated by discounting the difference between forecasted market charter rates and the guaranteed charter amount using the vessel type specific, pre-tax weighted average cost of capital (WACC).

38.5.5 Allowances on trade and other receivables and other financial assets

Allowances on trade and other receivables are broken down as follows:

in € thousand	Trade receivables	Other receivables	Total
Allowances as at 31 Dec. 2014	-14,907	-4,227	-19,134
Additions	-785	-17	-802
Release	1,577	0	1,577
Use	3,896	34	3,930
Currency-related and other changes	3,950	4,194	8,143
Allowances as at 31 Dec. 2015	-6,269	-17	-6,287
Additions	-5,600	0	-5,600
Release	380	9	389
Use	80	8	88
Currency-related and other changes	1,435	0	1,435
Allowances as at 31 Dec. 2016	-9,974	0	-9,974

As at 31 December 2016, allowances on trade and other receivables amount to € 9,974 thousand (31 Dec. 2015: € 6,287 thousand) and relate mainly to trade receivables from Ship-Owning Fund vessels. The insolvency of a charterer in 2016 results in additions to allowances of € 5,416 thousand. Furthermore, the change in allowances compared to 2015 is due to a decrease in allowances of € 1,435 thousand from currency-related and other changes which relate mainly to disposals due to changes in the scope of consolidation.

For the period ending 31 December 2016, the income from recovery of trade receivables impaired amounts to € 0 thousand (2015: € 0 thousand).

Allowances on other financial assets are broken down as follows:

in € thousand	Investments in equity instruments	Financial receivables	Total
Allowances as at 31 Dec. 2014	-13,057	-7,624	-20,681
Additions	-985	-2,292	-3,277
Release	0	1,302	1,302
Use	3,380	3,591	6,970
Currency-related and other changes	-2,564	-684	-3,248
Allowances as at 31 Dec. 2015	-13,227	-5,706	-18,933
Additions	-112	-4,061	-4,173
Release	0	268	268
Use	1,022	0	1,022
Currency-related and other changes	-4,200	-198	-4,397
Allowances as at 31 Dec. 2016	-16,516	-9,696	-26,213

As at 31 December 2016, allowances on investments in equity instruments and financial receivables amount to € 26,213 thousand (31 Dec. 2015: € 18,933 thousand) attributable mainly to equity instruments and loans from Ship-Ownning Fund vessels. The change in allowances compared to 2015 is due firstly to the use of allowances in the amount of € 1,022 thousand that relates mainly to liquidations. Secondly, currency-related and other changes in allowances of € -4,397 thousand relate to disposals due to changes

in the scope of consolidation as well as to effects from currency translation.

No allowances are considered on securities for the period ending 31 December 2016 (2015: none).

38.5.6 Age structure of financial assets past due, but not impaired

The age structure of financial assets past due, but not impaired is presented in the table below:

in € thousand	Total nominal amount	Thereof neither past due nor impaired	Thereof impaired	Thereof past due, but not impaired			
				Up to 30 days	31-60 days	61-150 days	More than 150 days
31 Dec. 2016							
Other financial assets	58,634	32,368	26,213	54	0	0	0
Trade receivables	21,219	4,411	9,974	5,414	278	413	729
Other receivables	11,956	10,494	0	439	8	0	1,015
31 Dec. 2015							
Other financial assets	52,036	33,103	18,933	0	0	0	0
Trade receivables	37,245	24,239	6,269	3,322	436	1,001	1,978
Other receivables	10,925	10,908	17	0	0	0	0

With regards to outstanding other financial assets, trade and other receivables that are neither past due nor impaired, there are no indications that the debtors will not meet their payment obligations as at the balance sheet date.

38.6 Calculating fair value

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments is measured and presented based on a fair value hierarchy that takes account of the origin of the input parameters used to measure fair value:

Level 1 of the fair value hierarchy: The fair value of financial instruments traded on an active market is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the Rickmers Group is the current bid price. If the fair value is calculated on the basis of observable market data, the financial instrument is included in level 1 of the fair value hierarchy.

Level 2 of the fair value hierarchy: Level 2 inputs are inputs other than the quoted prices included within level 1 of the fair value hierarchy that are observable, either directly

or indirectly. The fair value of financial instruments that are not traded on an active market (e.g. over-the-counter derivatives) is calculated on the basis of a specific valuation procedure (e.g. the DCF-method or the option price model). The fair value is determined on the basis of the results of a valuation procedure that maximises the use of observable market data where it is available and rely as little as possible on company-specific data. Input parameters also focus on existing conditions, such as interest rates and yield curves. If all significant inputs required to determine the fair value are observable, the instrument is included in level 2 of the fair value hierarchy.

Level 3 of the fair value hierarchy: If one or more significant input parameters are based on unobservable market data, the asset or liability is classified as a level 3 instrument.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps which is calculated as the present value of the expected future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts which is determined using forward exchange rates at the balance sheet date
- The DCF-method that is used for all other financial instruments

The principles and methods used for determining fair values remain unchanged as at 31 December 2016.

The classification of financial instruments to the levels of the fair value hierarchy at the respective balance sheet date is presented in the table below:

in € thousand	Valuation at fair value at 31 December 2016		
	Level 1	Level 2	Level 3
ASSETS			
Other financial assets	0	4,241	13,628
Securities	0	0	13,628
Financial receivables	0	4,241	0
EQUITY AND LIABILITIES			
Derivative financial instruments	0	11,684	19,309
Interest derivatives	0	0	19,309
Other derivatives	0	11,684	0
Financial debt	64,449	956,877	332,454
Bonds	64,449	0	0
Bank liabilities	0	955,525	0
Liabilities from finance leases	0	0	278,309
Other financial debt	0	1,352	54,145
in € thousand	Valuation at fair value at 31 December 2015		
	Level 1	Level 2	Level 3
ASSETS			
Other financial assets	0	8,046	9,609
Securities	0	0	9,609
Financial receivables	0	8,046	0
EQUITY AND LIABILITIES			
Derivative financial instruments	0	59,394	0
Interest derivatives	0	59,394	0
Other derivatives	0	0	0
Financial debt	263,824	1,745,794	60,845
Bonds	263,824	60,463	0
Bank liabilities	0	1,597,855	0
Liabilities from finance leases	0	0	0
Other financial debt	0	87,476	60,845

Other financial assets The fair values of equity investments measured at cost could not be determined reliably as at 31 December 2016, as no active market exists or there is a wide range of possible fair value measurements. Further on, there is no intention to sell these investments.

Securities contain only identical fixed-interest debt instruments and are recognised at amortised cost using the effective interest method. As at 31 December 2016, the carrying amount of securities amounts to € 12,817 thousand (31 Dec. 2015: € 9,313 thousand), while corresponding fair values amount to € 13,628 thousand (31 Dec. 2015: € 9,609 thousand). The fair values are allocated to level 3 of the fair value hierarchy and are calculated by discounting contractually agreed principal and interest payments using the actual yield curve and credit risk. The credit risk is derived from the observable default level of counterparties having a comparable risk profile. As at 31 December 2016 the derived credit spread is in a range between 7.1 and 9.7 per cent. A hypothetical increase in credit spread by 300 basis points would result in lower fair values of € 2,108 thousand. A decrease by 300 basis points would result in higher fair values of € 3,404 thousand.

The fair values of financial receivables equal their carrying amounts and are allocated to level 2 of the fair value hierarchy. Financial receivables are mainly attributable to loans from Ship-Owing Fund vessels, which are partially impaired.

Derivative financial instruments Since there is no market price available for the interest derivatives, the fair values are calculated by discounting expected future cash flows using the actual yield curve and credit risk of the counterparties. The credit spread is derived from observable pricing of *Rickmers Holding AG's* corporate bond amounting to 246.0 per cent as at 31 December 2016 (31 Dec. 2015: 14.5 per cent). Because this input parameter has significant influence on the calculation in 2016, fair values of € 19,309 thousand (31 Dec 2015: € 59,394 thousand) are allocated to level 3 of the fair value hierarchy as at 31 December 2016 (31 Dec 2015: level 2). In 2016, income from remeasurement

of interest derivatives amounts to € 39,974 thousand and is considered within the financial result. A hypothetical increase in credit spread by 50 percentage points would result in fair values of € 17,442 thousand and the positive effect from remeasurement would have increased by € 1,867 thousand. A hypothetical decrease in credit spread by 100 percentage points would result in fair values of € 25,527 thousand and the positive effect from remeasurement within the financial result would have decreased by € 6,218 thousand.

The fair value of the charter guarantee agreement considered within other derivatives falls within level 2 of the fair value hierarchy.

Financial debt *Rickmers Holding AG's* corporate bond is allocated to level 1 of the fair value hierarchy as it is listed on the Frankfurt stock exchange's open market, Entry Standard, with participation in the Prime Standard for corporate bonds. As the *Rickmers Holding AG's* corporate bond is actively traded, its fair value is derived from the market price.

Moreover, bank liabilities as part of the financial debt for which fair values are indicated fall within level 2 of the fair value hierarchy. However, given the largely floating rate and the short remaining terms, the fair values were not calculated explicitly.

Liabilities from finance leases and other financial debt comprise fixed-interest loans that are recognised using the effective interest method. As at 31 December 2016, the carrying amount of liabilities from finance leases which were obtained in August 2016 amounts to € 281,538 thousand, while corresponding fair values amount to € 278,309 thousand and are allocated to level 3 of the fair value hierarchy. The fair values are calculated by discounting contractually agreed principal and interest payments using the actual yield curve and credit risk. The credit risk at inception of the transaction of 3.1 to 3.5 per cent is considered for the calculation of the fair values as at the balance sheet date. A hypothetical increase in credit spread by 100 basis points

would result in lower fair values of € 13,112 thousand. A decrease by 100 basis points would result in higher fair values of € 14,204 thousand.

As at 31 December 2016, the carrying amount of shipyard loans amounts to € 48,806 thousand (31 Dec. 2015: € 59,925 thousand), while corresponding fair values amount to € 48,651 thousand (31 Dec. 2015: € 60,845 thousand) and are allocated to level 3 of the fair value hierarchy. The fair values are calculated by discounting contractually agreed principal and interest payments using the actual yield curve and credit risk. As the credit risk for these financial instruments is not observable on the market, an initial credit spread of between 3.2 and 4.7 per cent is derived from the conditions as at the restructuring date in 2014 and 2015 and is considered for the calculation of fair values at the balance sheet date. A hypothetical increase in credit spread by 100 basis points would result in lower fair values of € 1,282 thousand. A decrease in credit spread by 100 basis points would result in higher fair values of € 1,338 thousand.

As at 31 December 2016, the carrying amount of a fixed-interest loan granted by a charterer relating to a restructuring agreement in 2016 amounts to € 5,865 thousand. The corresponding fair value amounts to € 5,494 thousand and is allocated to level 3 of the fair value hierarchy. A hypothetical increase in credit spread by 100 basis points would result in lower fair values of € 383 thousand. A decrease in credit spread by 100 basis points would result in higher fair values of € 416 thousand.

Furthermore, other financial debt includes short-term loans with carrying amounts of € 1,352 thousand as at 31 December 2016 (31 Dec. 2015: € 2,398 thousand). The corresponding fair values equal the carrying amounts and are allocated to level 2 of the fair value hierarchy.

The decrease in fair values of financial debt of € 716,683 thousand relates mainly to changes in the scope of consolidation in the amount of € 539,982 thousand. This refers to the change in consolidation method for *Rickmers Maritime*, *Rickmers Third Maritime Investment Pte. Ltd.*, and their subsidiaries. As a consequence, the multi-currency, medium-term note programme (MTN), several liabilities to banks, as well as a loan provided by an international investor relating to three container vessel newbuildings, were derecognised from the Rickmers Group's consolidated financial statement as at 31 December 2016 ● see Section 6.2.

Notes to the Consolidated Cash Flow Statement

39 Consolidated cash flow statement

Cash flow from operating activities

Cash flow from operating activities amounts to € 165,418 thousand for the period ending 31 December 2016 representing a year-on-year decrease of € 108,002 thousand (2015: € 273,420 thousand).

The cash flow from operating activities by segment changed as follows:

- In the Maritime Assets segment, the cash flow from operating activities decreased by € 70,104 thousand. The decrease is attributable mainly to lower charter revenues and to lower prepayments compared to the period ending 31 December 2015 received by a charterer participating in energy-efficiency investments on eight container vessels of the Rickmers Group's existing fleet. Changes in the scope of consolidation caused by a change in consolidation method for *Rickmers Maritime* as well as *Rickmers Third Maritime Invest Pte. Ltd.* and their subsidiaries ● see Section 6.2, led to a decrease of the cash flow from operating activities in the segment Maritime Assets in the amount of € 12,363 thousand.
- The € 6,260 thousand decrease in operating cash flow in the Maritime Services segment is mainly attributable to a reduction of liabilities from the previous year.
- Particularly due to lower charter rates partly compensated by effects from lower bunker prices, the Rickmers-Linie segment decreased its cash flow from operating activities by € 33,049 thousand.

Other non-cash items of € 43,853 thousand (2015: € -10,539 thousand) relate mainly to gains from the fair value remeasurement of interest derivatives of € 39,974 thousand (2015: € -6,119 thousand) ● see Section 38.5.4, and to unrealised currency gains and losses of € 8,631 thousand (2015: € -3,032 thousand).

Cash flow from investing activities

Cash flow from investing activities amounts to € -56,921 thousand for the period ending 31 December 2016 (2015: € -240,076 thousand). The main effects are as follows:

- Investments relating to energy-efficiency improvements with regards to eight container vessels of its existing fleet

and with substantial cost participation of the current charterer amounted to € 18,407 thousand for the period ending 31 December 2016.

- Additional investments in the amount of € 12,294 thousand relate mainly to dry-docking costs for regular class renewals and further energy-efficiency measures.
- Due to the change in consolidation method for *Rickmers Maritime* as well as *Rickmers Third Maritime Invest Pte. Ltd.* and their subsidiaries cash and cash equivalents in the amount of € 30,497 thousand are no longer included in the consolidated balance sheet ● see Section 6.2.

Cash flow from financing activities

Cash flow from financing activities amounts to € -142,580 thousand for the period ending 31 December 2016 (2015: € -202,930 thousand). The change is primarily due to:

- The refinancing of three large container vessels executed in August 2016 led to repayments of financial debt in the form of bank liabilities and loans from shipyards in the amount of € 253,350 thousand. The existing bank financing was replaced by a "sale-and-lease-back" transaction leading to proceeds from financial debt in the amount of € 283,327 thousand less transaction costs paid in the amount of € 8,132 thousand.
- Furthermore, proceeds from financial debt particularly relate to the drawdown of the credit line in the amount of € 47,754 thousand and to a loan granted by a charterer relating to a restructuring agreement in the amount of € 6,700 thousand, in which the Rickmers Group participated in July 2016 ● see Section 23.
- Repayments of financial debt in the amount of € 127,141 thousand relate mainly to scheduled repayments of bank loans, liabilities from finance leases and loans from shipyards in the amount of € 111,352 thousand. Additionally, in June 2016 *Rickmers Maritime* made an extraordinary repayment in the amount of € 13,553 thousand.
- In the period ending 31 December 2016, a payment of € 13,000 thousand was contributed by Bertram R.C. Rickmers to the capital reserves of *Rickmers Holding AG*.
- Interest payments amounted to € 103,853 thousand.

Cash and cash equivalents include an amount of € 28,271 thousand (31 Dec. 2015: € 34,090 thousand) that can only be used by the Rickmers Group subject to certain contractual restrictions. Reference is made to ● Section 6.3 for further information on significant restrictions.

Segment Reporting

40 Presentation of reportable segments

The business activities of the Rickmers Group can be divided into three reportable segments: Maritime Assets, Maritime Services and Rickmers-Linie. These reportable segments are to a large degree independently organised and managed in line with the nature of the services provided.

In the Maritime Assets segment, the Rickmers Group acts as an asset manager for its own and third-party vessels, and initiates and coordinates vessel projects, arranges financing, acquires, charters out and sells vessels. The Maritime Assets segment also includes the single-vessel companies of the Rickmers Group.

Through its Maritime Services segment, the Rickmers Group provides shipmanagement for own and third-party vessels, including technical and operational management, crewing, newbuilding supervision and advisory and insurance-related services.

In the Rickmers-Linie segment, the Rickmers Group offers global liner services for breakbulk, heavylift and project cargoes (such as the "Round-the-World Pearl String Service") and individual sailings that complement the liner services. The fleet operated in this segment consists of multipurpose heavylift vessels with onboard cranes. Please see ● **Section 47** with regards to events after the balance sheet date.

The accounting standards that underlie the segment information of the Rickmers Group are based on IFRS accounting policies. Transactions between segments are effected at market prices.

In accordance with *IFRS 8 – Operating segments*, the Rickmers Group's segment reporting is oriented towards internal reporting to the Management Board, which is responsible for assessing the success of the segment and for allocating resources to it. Segment success is measured in line with its EBITDA. Revenues and the segment profit or loss also serve as key performance indicators.

Overall assets and liabilities are allocated to the segments based on economic control.

The column Corporate Center comprises the business activities of the Rickmers Group's parent company *Rickmers Holding AG*, and other intermediate holding companies. *Rickmers Holding AG* provides internal, interdisciplinary services and acts as the management holding company for the Rickmers Group. This means inter alia acquiring, holding and selling investments in other shipping companies and related maritime businesses.

The reconciliation column Consolidation comprises the elimination of business relations between the segments.

The relevant segment figures are reconciled to the respective consolidated figures (income statement, balance sheet, cash flow statement and EBITDA) in the following tables.

2016 in € thousand	Maritime Assets	Maritime Services	Rickmers- Linie	Total	Corporate Center	Consoli- dation	Group
<i>Revenues from charter</i>	313,327	0	4,478	317,805	0	-13,680	304,125
<i>Revenues from shipmanagement</i>	3,869	120,325	59	124,253	0	-79,020	45,233
<i>Revenues from freight</i>	0	0	129,218	129,218	0	0	129,218
<i>Other revenues</i>	559	2,892	2,120	5,571	0	-874	4,697
Revenues	317,755	123,217	135,876	576,847	0	-93,575	483,273
<i>Generated with third parties</i>	303,746	43,802	135,724	483,273	0	0	483,273
<i>% of total revenues generated with third parties</i>	96%	36%	100%	84%	0%	0%	100%
<i>Generated with other segments</i>	14,008	79,415	151	93,575	0	-93,575	0
<i>% of total revenues generated with other segments</i>	4%	64%	0%	16%	0%	100%	0%
Changes in inventories of work in progress	-26	0	0	-26	0	0	-26
Other operating income	9,972	4,274	1,913	16,159	13,723	-11,305	18,577
Cost of materials	-111,895	-61,016	-125,463	-298,374	0	94,975	-203,399
Personnel expenses	-4,899	-50,430	-13,055	-68,385	-16,699	3	-85,081
Amortisation, depreciation, impairment losses and reversals on intangible assets and property, plant and equipment	-333,955	-624	-363	-334,941	-1,309	0	-336,250
Other operating expenses	-21,497	-7,923	-10,284	-39,704	-24,934	9,902	-54,736
Result from investments accounted for using the equity method	-10,206	180	-221	-10,246	0	0	-10,246
Other income from investments	-14,628	62	0	-14,566	70,166	-69,817	-14,216
<i>Interest income</i>	2,058	3,935	232	6,225	3,664	-7,559	2,331
<i>Interest expenses</i>	-71,453	-352	-56	-71,861	-41,021	7,558	-105,325
<i>Other financial income</i>	40,255	0	0	40,255	0	0	40,255
<i>Other financial expenses</i>	-26,953	0	0	-26,953	-7,531	1,772	-32,712
<i>Expenses from change in consolidation method</i>	-45,403	0	0	-45,403	0	0	-45,403
Financial result	-101,495	3,583	176	-97,736	-44,888	1,771	-140,853
Earnings before income taxes (EBT)	-270,874	11,324	-11,422	-270,972	-3,940	-68,045	-342,957
Income taxes	-256	-447	-194	-897	2,836	0	1,939
Group profit or loss	-271,130	10,876	-11,616	-271,870	-1,104	-68,045	-341,018
Earnings before interest, taxes, amortisation and depreciation (EBITDA)	180,120	8,364	-11,235	177,249	18,304	-45,863	149,690

2015 in € thousand	Maritime Assets	Maritime Services	Rickmers- Linie	Total	Corporate Center	Consoli- dation	Group
<i>Revenues from charter</i>	389,484	0	318	389,802	0	-17,620	372,182
<i>Revenues from shipmanagement</i>	9,571	122,434	-2	132,003	0	-93,428	38,574
<i>Revenues from freight</i>	0	0	169,563	169,563	0	0	169,563
<i>Other revenues</i>	3,237	2,417	2,185	7,839	0	-1,181	6,658
Revenues	402,292	124,850	172,063	699,206	0	-112,229	586,977
<i>Generated with third parties</i>	384,194	30,867	171,916	586,977	0	0	586,977
<i>% of total revenues generated with third parties</i>	96%	25%	100%	84%	0%	0%	100%
<i>Generated with other segments</i>	18,098	93,983	148	112,229	0	-112,229	0
<i>% of total revenues generated with other segments</i>	4%	75%	0%	16%	0%	100%	0%
Changes in inventories of work in progress	-92	0	0	-92	0	0	-92
Other operating income	25,755	9,707	3,954	39,415	32,119	-14,198	57,336
Cost of materials	-137,287	-70,449	-151,115	-358,851	0	113,847	-245,004
Personnel expenses	-6,205	-44,684	-12,785	-63,674	-15,818	24	-79,467
Amortisation, depreciation, impairment losses and reversals on intangible assets and property, plant and equipment	-257,723	-417	-506	-258,645	-1,227	0	-259,872
Other operating expenses	-29,883	-11,062	-11,051	-51,996	-28,640	12,541	-68,095
Result from investments accounted for using the equity method	640	118	-144	615	0	0	615
Other income from investments	-520	95	-1	-426	49,169	-48,921	-178
<i>Interest income</i>	2,820	4,596	259	7,675	6,894	-11,540	3,029
<i>Interest expenses</i>	-82,215	-360	-62	-82,637	-34,584	11,472	-105,748
<i>Other financial income</i>	15,951	0	0	15,951	689	-7,045	9,595
<i>Other financial expenses</i>	-22,027	-1,351	0	-23,379	-9,374	7,805	-24,947
Financial result	-85,472	2,885	197	-82,390	-36,374	693	-118,071
Earnings before income taxes (EBT)	-88,495	11,044	613	-76,838	-771	-48,242	-125,851
Income taxes	2,621	-154	99	2,565	-12,243	0	-9,678
Group profit or loss	-85,874	10,889	713	-74,273	-13,014	-48,242	-135,529
Earnings before interest, taxes, amortisation and depreciation (EBITDA)	255,685	8,575	922	265,182	66,848	-78,952	253,078

31 Dec. 2016 in € thousand	Maritime Assets	Maritime Services	Rickmers- Linie	Total	Corporate Center	Consoli- dation	Group
ASSETS							
Non-current assets							
Intangible assets	19	1,826	45	1,891	1,633	0	3,524
Vessels	1,635,846	0	0	1,635,846	0	-162	1,635,684
Other property, plant and equipment	106	128	527	761	740	1	1,503
Investments accounted for using the equity method	38,810	1,057	2,547	42,413	0	0	42,413
Other financial assets	28,646	37	61	28,744	544,955	-544,381	29,319
Trade and other receivables	0	0	141	141	0	0	141
Other non financial assets	3,154	0	0	3,154	0	0	3,154
Deferred tax assets	504	7	365	876	907	0	1,782
	1,707,085	3,055	3,687	1,713,826	548,235	-544,542	1,717,519
Current assets							
Inventories	1,307	2,373	6,103	9,782	0	0	9,782
Other financial assets	20,251	102,441	17,474	140,166	12,755	-149,818	3,103
Trade and other receivables	9,495	12,412	16,838	38,745	5,068	-20,752	23,060
Other non-financial assets	2,150	1,893	1,426	5,469	410	-313	5,566
Income tax receivables	426	0	35	461	440	0	901
Cash and cash equivalents	40,155	6,500	2,939	49,595	12,457	0	62,052
	73,783	125,619	44,815	244,217	31,129	-170,883	104,464
Assets held for sale	9,309	0	0	9,309	0	0	9,309
Assets	1,790,178	128,674	48,501	1,967,353	579,364	-715,425	1,831,292

31 Dec. 2016 in € thousand	Maritime Assets	Maritime Services	Rickmers- Linie	Total	Corporate Center	Consoli- dation	Group
LIABILITIES							
Non-current liabilities							
Provisions for pensions and similar obligations	0	0	1,648	1,648	1,458	0	3,106
Other provisions	132	767	252	1,151	1,394	0	2,545
Derivative financial instruments	18,846	0	0	18,846	0	0	18,846
Financial debt	934,383	0	0	934,383	425,178	0	1,359,562
Trade and other payables	0	0	0	0	0	0	0
Non-financial liabilities	37,601	0	0	37,601	0	0	37,601
Deferred tax liabilities	9,227	7	0	9,234	8,360	0	17,594
	1,000,190	774	1,900	1,002,864	436,390	0	1,439,254
Current liabilities							
Provisions for pensions and similar obligations	0	0	126	126	77	0	203
Other provisions	3,991	82	1,029	5,102	276	-4	5,374
Derivative financial instruments	12,147	0	0	12,147	0	0	12,147
Financial debt	295,106	489	69	295,665	71,977	-149,818	217,824
Trade and other payables	21,510	20,248	10,621	52,379	6,668	-20,752	38,295
Non-financial liabilities	11,198	1,072	2,096	14,365	1,171	-313	15,223
Income tax liabilities	2,103	397	121	2,621	1,891	0	4,511
	346,054	22,289	14,062	382,406	82,059	-170,887	293,578
Liabilities	1,346,244	23,063	15,962	1,385,270	518,449	-170,887	1,732,832

31 Dec. 2015 in € thousand	Maritime Assets	Maritime Services	Rickmers- Linie	Total	Corporate Center	Consoli- dation	Group
ASSETS							
Non-current assets							
Intangible assets	28	1,900	100	2,028	2,236	0	4,264
Vessels	2,635,699	0	0	2,635,699	0	-162	2,635,537
Other property, plant and equipment	148	194	659	1,001	939	4	1,944
Investments accounted for using the equity method	34,656	930	2,729	38,315	0	0	38,315
Other financial assets	23,741	27	114	23,882	476,857	-472,460	28,279
Trade and other receivables	0	0	126	126	0	0	126
Deferred tax assets	151	38	453	641	0	0	641
	2,694,423	3,089	4,180	2,701,692	480,032	-472,618	2,709,106
Current assets							
Inventories	4,616	2,864	4,012	11,492	0	0	11,492
Other financial assets	30,805	94,620	24,740	150,165	23,126	-168,468	4,824
Trade and other receivables	23,573	15,801	7,612	46,986	5,923	-11,151	41,758
Other non-financial assets	4,645	3,977	2,254	10,877	2,376	-377	12,875
Income tax receivables	543	0	76	619	337	0	956
Cash and cash equivalents	83,316	7,571	4,242	95,129	1,134	0	96,263
	147,498	124,833	42,937	315,268	32,895	-179,995	168,168
Assets	2,841,921	127,922	47,117	3,016,960	512,927	-652,613	2,877,274

31 Dec. 2015 in € thousand	Maritime Assets	Maritime Services	Rickmers- Linie	Total	Corporate Center	Consoli- dation	Group
LIABILITIES							
Non-current liabilities							
Provisions for pensions and similar obligations	0	0	1,677	1,677	1,485	0	3,162
Other provisions	67	450	254	771	575	0	1,346
Derivative financial instruments	58,954	0	0	58,954	0	0	58,954
Financial debt	1,513,301	3,573	0	1,516,874	270,474	-3,573	1,783,775
Trade and other payables	0	0	0	0	13	0	13
Non-financial liabilities	34,842	0	0	34,842	0	0	34,842
Deferred tax liabilities	7,821	0	25	7,846	8,931	0	16,777
	1,614,984	4,023	1,956	1,620,963	281,478	-3,573	1,898,869
Current liabilities							
Provisions for pensions and similar obligations	0	0	129	129	80	0	209
Other provisions	6,992	190	1,427	8,609	1,841	-3	10,447
Derivative financial instruments	440	0	0	440	0	0	440
Financial debt	299,937	1,646	0	301,583	174,428	-169,773	306,239
Trade and other payables	37,747	27,926	18,644	84,318	3,849	-11,151	77,015
Non-financial liabilities	14,728	1,126	3,093	18,947	1,858	-376	20,429
Income tax liabilities	4,314	522	80	4,916	3,315	0	8,231
	364,158	31,410	23,373	418,941	185,372	-181,303	423,010
Liabilities	1,979,142	35,433	25,329	2,039,905	466,850	-184,876	2,321,879

2016 in € thousand	Maritime Assets	Maritime Services	Rickmers- Linie	Total	Corporate Center	Consoli- dation	Group
Operating activities							
Group profit or loss	-271,130	10,876	-11,616	-271,870	-1,104	-68,045	-341,018
Income taxes	256	447	194	897	-2,836	0	-1,939
Amortisation, depreciation, impairment losses and reversals on intangible assets, property, plant and equipment and investments	334,609	624	363	335,596	265,445	-264,136	336,904
Net interest	69,395	-3,583	-176	65,636	37,357	1	102,994
Net interest from financial instruments (held for trading)	15,692	0	0	15,692	0	0	15,692
Gain/loss on sale of non-current assets	3,022	-16	46	3,053	-1	0	3,051
Result from investments accounted for using the equity method	10,206	-180	221	10,246	0	0	10,246
Other non-cash items	33,104	-4	-137	32,964	-320,882	331,772	43,853
Dividends received	2,767	97	50	2,914	15,106	-14,757	3,262
Change in provisions for pensions and similar obligations	0	0	-116	-116	-80	0	-197
Change in other assets and liabilities	10,995	-1,698	-19,125	-9,828	4,827	-23	-5,023
Income taxes paid	-1,660	-544	-34	-2,239	-170	0	-2,408
Cash flow from operating activities	207,255	6,020	-30,329	182,945	-2,339	-15,188	165,418
Investing activities							
Investments in intangible assets	-3	-406	-49	-457	-370	0	-827
Investments in vessels	-31,252	0	0	-31,252	0	0	-31,252
Investments in other property, plant and equipment	-15	-24	-152	-191	-136	0	-327
Investments in equity instruments	-3,760	-9	-76	-3,845	-206,116	206,116	-3,845
Proceeds from disposal of intangible assets and property, plant and equipment	5,016	16	0	5,032	0	0	5,032
Change from disposal of subsidiaries and other business units	-34,160	0	0	-34,160	1,935	747	-31,478
Proceeds from disposal of investments in equity instruments	3,057	0	43	3,100	189,972	-189,945	3,126
Payments for financial receivables	-4,393	-64,131	-25,423	-93,948	-9,132	102,083	-997
Receipts from financial receivables	14,170	60,129	32,709	107,008	22,069	-126,135	2,942
Interest received	1,064	3,838	235	5,138	3,113	-7,546	704
Cash flow from investing activities	-50,276	-586	7,288	-43,574	1,334	-14,681	-56,921

2016 in € thousand	Maritime Assets	Maritime Services	Rickmers- Linie	Total	Corporate Center	Consoli- dation	Group
Financing activities							
Proceeds from issuing equity instruments, proceeds from the sole shareholder and capital increases	7,759	0	21,750	29,509	13,000	-29,509	13,000
Dividends paid	-6,079	-8,679	0	-14,757	0	14,757	0
Other payments to shareholders and non-controlling interests	-13,000	0	0	-13,000	0	13,000	0
Proceeds from financial debt	297,317	1,927	69	299,313	139,748	-101,284	337,777
Payments for transaction costs on debt proceeds	-8,514	0	0	-8,514	-500	0	-9,014
Repayments of financial debt	-402,959	-61	0	-403,019	-102,827	125,356	-380,491
Interest paid	-74,095	-312	-16	-74,423	-36,978	7,548	-103,853
Cash flow from financing activities	-199,570	-7,124	21,803	-184,892	12,443	29,869	-142,580
Change in cash and cash equivalents	-42,591	-1,691	-1,239	-45,521	11,438	0	-34,083
Currency translation effects on cash and cash equivalents	-570	621	-64	-13	-115	0	-128
Changes in the scope of consolidation	0	0	0	0	0	0	0
Cash and cash equivalents at beginning of period	83,316	7,571	4,242	95,129	1,134	0	96,263
Cash and cash equivalents at end of period	40,155	6,500	2,939	49,595	12,457	0	62,052

2015 in € thousand	Maritime Assets	Maritime Services	Rickmers- Linie	Total	Corporate Center	Consoli- dation	Group
Operating activities							
Group profit or loss	-85,874	10,889	713	-74,273	-13,014	-48,242	-135,529
Income taxes	-2,621	154	-99	-2,565	12,243	0	9,678
Amortisation, depreciation, impairment losses and reversals on intangible assets, property, plant and equipment and investments	258,708	417	506	259,630	31,244	-30,017	260,858
Net interest	79,395	-4,236	-197	74,962	27,690	67	102,719
Net interest from financial instruments (held for trading)	19,563	0	0	19,563	0	0	19,563
Gain/loss on sale of non-current assets	7,417	0	-36	7,381	7	0	7,388
Result from investments accounted for using the equity method	-640	-118	144	-615	0	0	-615
Other non-cash items	-12,917	1,224	334	-11,358	-77,427	78,246	-10,539
Dividends received	1,627	148	276	2,051	33,209	-32,954	2,306
Change in provisions for pensions and similar obligations	0	0	46	46	1,343	0	1,389
Change in other assets and liabilities	13,256	4,776	1,487	19,519	-825	286	18,980
Income taxes paid	-555	-973	-454	-1,982	-795	0	-2,778
Cash flow from operating activities	277,359	12,280	2,719	292,358	13,676	-32,614	273,420
Investing activities							
Investments in intangible assets	-32	-663	-1	-696	-673	0	-1,369
Investments in vessels	-244,622	0	0	-244,622	0	0	-244,622
Investments in other property, plant and equipment	-28	-80	-20	-128	-223	0	-351
Investments in equity instruments	-161	0	0	-161	-105,282	105,282	-161
Proceeds from disposal of intangible assets and property, plant and equipment	1	0	228	228	0	0	229
Proceeds from disposal of subsidiaries and other business units	881	0	0	881	0	0	881
Proceeds from disposal of investments in equity instruments	774	0	10	784	44	0	828
Payments for financial receivables	-2,707	-69,022	-11,445	-83,174	-46,381	126,120	-3,435
Receipts from financial receivables	34,290	68,987	7,761	111,038	5,874	-111,289	5,624
Interest received	2,206	4,849	257	7,313	4,453	-9,465	2,300
Cash flow from investing activities	-209,397	4,071	-3,211	-208,536	-142,188	110,648	-240,076

2015 in € thousand	Maritime Assets	Maritime Services	Rickmers- Linie	Total	Corporate Center	Consoli- dation	Group
Financing activities							
Proceeds from issuing equity instruments and capital increase	99,527	0	5,755	105,282	0	-105,282	0
Dividends paid	-8,851	-31,508	0	-40,360	-36,500	32,954	-43,905
Proceeds from financial debt	247,566	1,545	0	249,111	137,009	-126,364	259,756
Payments for transaction costs on debt proceeds	-13,576	0	0	-13,576	-2,256	0	-15,831
Repayments of financial debt	-310,162	-1,924	-4,967	-317,052	-85,054	111,022	-291,085
Interest paid	-88,365	-369	-771	-89,505	-31,995	9,636	-111,865
Cash flow from financing activities	-73,861	-32,255	17	-106,100	-18,796	-78,034	-202,930
Change in cash and cash equivalents	-5,899	-15,904	-475	-22,278	-147,308	0	-169,586
Currency translation effects on cash and cash equivalents	3,553	3,101	203	6,856	10,795	0	17,652
Changes in the scope of consolidation	-302	-422	0	-724	0	0	-724
Cash and cash equivalents at beginning of period	85,964	20,797	4,514	111,275	137,646	0	248,921
Cash and cash equivalents at end of period	83,316	7,571	4,242	95,129	1,134	0	96,263

The following table shows the reconciliation from segment EBITDA to Group profit or loss:

in € thousand	2016	2015
Maritime Assets	180,120	255,685
Maritime Services	8,364	8,575
Rickmers-Linie	-11,235	922
Total	177,249	265,182
Corporate Center	18,304	66,848
Consolidation	-45,863	-78,952
Group EBITDA	149,690	253,078
Amortisation, depreciation, impairment losses and reversals on intangible assets and property, plant and equipment	-336,250	-259,872
Impairment losses on equity investments	-15,545	-985
Financial result	-140,853	-118,071
Group EBT	-342,957	-125,851
Income taxes	1,939	-9,678
Group profit or loss	-341,018	-135,529

The allocation of external revenues by region is based on the customer's headquarters and shown in the table below:

in € thousand	2016	2015
Germany	20,274	45,687
Continental Europe excluding Germany	216,813	254,457
Outside continental Europe	246,185	286,833
Total	483,273	586,977

In the following external revenues relating to one particular country are only disclosed to the extent they account for more than ten per cent of the Rickmers Group's total external revenues. External revenues attributable to countries within continental Europe relate mainly to Denmark with revenues amounting to € 163,640 thousand (2015: € 160,787 thousand). External revenues attributable to countries outside continental Europe relate mainly to Republic of Korea (2016: € 63,027 thousand; 2015: € 83,025 thousand) and Japan (2016: € 47,590 thousand; 2015: € 68,516 thousand).

In 2016, at least ten per cent of the Rickmers Group's external revenues are attributable to one customer (2015: one customer) in the amount of € 160,735 thousand (2015: € 159,032 thousand). In 2015 and 2016, revenues with this customer relate to the Maritime Assets segment.

The regional allocation of consolidated balance sheet items in the table below is limited to intangible assets, vessels, other property, plant and equipment and to investments accounted for using the equity method.

in € thousand	2016	2015
Germany	135,075	169,393
Continental Europe excluding Germany	1,506,893	1,625,656
Outside continental Europe	41,156	885,011
Total	1,683,123	2,680,059

As at 31 December 2016, the Isle of Man accounted for € 1,447,186 thousand of non-current assets (31 Dec. 2015: € 1,579,250 thousand) and Singapore for € 39,886 thousand (31 Dec. 2015: € 880,344 thousand).

The segment allocation of additions to non-current assets in the table below is limited to intangible assets, vessels, other property, plant and equipment and to investments accounted for using the equity method.

in € thousand		Maritime Assets	Maritime Services	Rickmers-Linie	Corporate Center	Group
Additions to intangible assets	2016	3	406	49	370	827
	2015	32	663	1	673	1,369
Additions to vessels	2016	14,478	0	0	0	14,478
	2015	266,892	0	0	0	266,892
Additions to other property, plant and equipment	2016	15	24	152	136	327
	2015	28	80	20	223	351
Additions to investments accounted for using the equity method	2016	3,719	0	77	0	3,796
	2015	0	0	0	0	0

The regional allocation of additions to non-current assets in the table below is limited to intangible assets, vessels, other property, plant and equipment and to investments accounted for using the equity method.

in € thousand		Germany	Continental Europe excluding Germany	Outside continental Europe	Total
Additions to intangible assets	2016	373	49	406	827
	2015	705	0	664	1,369
Additions to vessels	2016	213	13,978	287	14,478
	2015	5,082	53,412	208,398	266,892
Additions to other property, plant and equipment	2016	112	80	134	327
	2015	281	12	58	351
Additions to investments accounted for using the equity method	2016	0	77	3,719	3,796
	2015	0	0	0	0

Other Disclosures

41 Capital management

41.1 Overview

The Rickmers Group seeks a continuous management of its capital structure in order to safeguard the Group's ability to continue as a going concern, and to provide financial stability. The Rickmers Group covers any financing needs that exceed cash inflows from its business operations by means of short and long term capital instruments. The aim is to achieve a diversification of sources of capital, optimise financing terms and ensure a balanced maturity profile through an appropriate financing mix. The Rickmers Group's financing consists mainly of variable interest rate bank loans for vessel financing based on the 3-month USD LIBOR, as well as further fixed interest financing, including liabilities towards leasing institutes, shipyard loans, a corporate bond and a firmly committed credit line amongst others. The principal financing currency is the US dollar.

As at 31 December 2016, the Rickmers Group's equity amounted to € 98,461 thousand (31 Dec. 2015: € 555.395 thousand). The ratio between equity and the balance sheet total (equity ratio) is a key parameter in capital management. The equity ratio as at the balance sheet date is 5.4 per cent (31 Dec. 2015: 19.3 per cent). In particular, the loan agreements include terms and conditions such as a minimum-equity ratio, loan-to-value ratios and minimum liquidity. As at 31 December 2016, terms and conditions of one credit facility would have not been fulfilled, but for which no evaluation was obtained or demanded and in respect of which no covenant breach was claimed. However, a reclassification into current liabilities was made precautionarily with regards to this credit facility in the amount of € 34,626 thousand as at the balance sheet date. All other bank loans did fulfil all contractual terms and conditions or waiver agreements with the relevant lending banks were in place. These waivers were agreed on with the Group's principal lending banks and have a maturity until 28 February 2017. For developments after the balance sheet date ● see Section 47.

Besides the equity ratio both at Group and at *Rickmers Holding AG* level, net financial debt and net debt are also monitored as part of capital management. Net financial debt is the sum of bank liabilities and liabilities from finance leases, plus issued bonds, minus cash and cash equivalents. As at 31 December 2016, this amounted to € 1,459,310 thousand (31 Dec. 2015: € 1,849,126 thousand). The net debt of the Rickmers Group as at 31 December 2016 totalled € 1,515.334 thousand (2015: € 1,993,752 thousand). It is the sum of the net financial debt plus loans from shipyards and loans granted by a charterer.

As at 31 December 2016, the Rickmers Group's financial liabilities decreased overall to € 1,732,832 thousand (31 Dec. 2015: € 2,321,879 thousand).

In the financial year 2016, the capital structure of the Rickmers Group is influenced by the following circumstances:

- The general decrease in financial liabilities in the amount of € 512,629 thousand (2015: increase of € 126,507 thousand) resulted primarily from changes in the scope of consolidation to the amount of € 502,993 thousand. This was caused by the change in consolidation method of *Rickmers Maritime*, *Rickmers Third Maritime Investment Pte. Ltd.*, and their subsidiaries. Likewise, there was a reduction in financial liabilities through scheduled repayments amounting to € 111,352 thousand (2015: € 170.905 thousand) as well as extraordinary prepayments of € 13,553 thousand (2015: € 101,000 thousand). Opposing effects resulted from an increase of USD 53,000 thousand (equivalent to € 47,754 thousand) in the total draw down of a firmly committed credit line of USD 165,000 thousand (equivalent to € 156,741 thousand as at 31 Dec. 2016) with a term to 31 May 2018. As at 31 December 2016, this had been drawn to USD 160,000 thousand (equivalent to € 151,992 thousand as at 31 Dec. 2016). Further opposing effects resulted from the unfavourable development of the USD/EUR exchange rate.
- In March 2016, the Rickmers Group secured the early term extension of a substantial share of its loan portfolio from 2018 until 2020/2021. The extended loans concern financing contracts with a principal lending bank of the Rickmers Group for five large container vessels, with a capacity of 13,600 TEU each with carrying amounts of USD 516,347 thousand as at 31 December 2015 (equivalent to € 475,033 thousand as at 31 Dec. 2015).

- Liabilities from finance leases, as part of the financial debt, result from the refinancing of three large container vessels carried out in August 2016. The bank liabilities that had existed until this date with a book value of € 244,541 thousand, and loans from shipyards amounting to € 8,810 thousand, were repaid and replaced by a "sale-and-lease-back" transaction. The proceeds amounting to € 283,327 thousand are accounted for using the effective interest method after deduction of transaction costs of € 8,132 thousand and are considered within liabilities from finance leases. The due dates of these fixed-interest loans were postponed to 2025 and 2026 respectively as part of the agreement. In addition, the Rickmers Group has the advantageous option of extending these loans by a maximum of three further years.
- As result of the "sale-and-lease-back" transaction and the associated early repayment of the original financing measures of two of the Group's principal lending banks, these banks contractually agreed to the deferral of repayments to the amount of USD 2,316 thousand per quarter (equivalent to € 2,092 thousand in 2016) with regards to further existing loans. The agreement reached has been in force since the third quarter of 2016 and will remain in force until the end of the respective loan maturity period in 2018. In addition, with the completion of the refinancing described above, extraordinary repayments amounting to € 8,810 thousand were made for loans from shipyards for three large container vessels were repaid, and the annual interest coupon for eight further loans from shipyards was reduced from 5.0 to 4.25 per cent p.a. from August 2016.
- As part of a waiver agreement, deferrals representing 50.0 per cent of the contractually agreed debt repayments were agreed with the largest of the Group's principal lending banks (relative to the Group's overall financial exposure). This reduction is equivalent to around € 10,648 thousand and concerns the third and fourth quarter of 2016 for principal ship mortgage loans. For developments after the balance sheet date ● see Section 47.
- In November 2016, *Creditreform Rating AG* updated the rating of *Rickmers Holding AG* to CC (negative outlook) (31 Dec. 2015: B-).
- *Rickmers Holding AG* received further dividend distributions from subsidiaries over the course of financial year 2016 to strengthen the equity of *Rickmers Holding AG*.
- In December 2016, the sole shareholder Bertram R.C. Rickmers paid a total of € 13,000 thousand into the capital reserve.

Within the context of current business planning, the realisation of the objectives of capital management is, amongst other things, dependent on the successful implementation of the bundle of measures decided by the Management Board in the first quarter of 2016, which was approved by the Supervisory Board on 4 March 2016 and has subsequently been developed further. This includes amongst other things:

- the sale/monetisation of selected (non-) core vessels and shares in companies,
- the refinancing of selected bank loans, and
- the optimisation of Group-wide cost structures.

The realisation of the above-mentioned objectives depends on the implementation of various measures including short-term initiatives, on the approval of external parties, and on sufficient liquidity in the market. Additional measures to strengthen the capital base are currently being planned or are under review. For details on the further development of the bundle of measures and other measures ● see Section 47.

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of *Rickmers Holding AG* as reported in its annual financial statements determined in accordance with the German Commercial Code (HGB). The annual amount of dividends to be distributed is limited under the rules and regulations associated with *Rickmers Holding AG's* corporate bond to the higher of € 10,000 thousand and, if the consolidated profit of Rickmers Group reaches or exceeds € 25,000 thousand, 50.0 per cent thereof. Pursuant to an agreement dated 28 May 2015, Bertram R.C. Rickmers has waived his entitlement for any dividends declared at the General Meeting for the financial periods ending 31 December 2015, 2016 and 2017. Therefore, no dividends were distributed or declared.

41.2 Selected Capital Management Risks

41.2.1 Risks of decrease in vessel values

The market value of vessels is principally volatile and currently on a low level. The market value of the vessels owned or managed by Maritime Assets can be influenced due to a number of different factors. Amongst others, these include the maturity and conditions of existing charter agreements, the supply of, and demand for, similar types of vessels, the characteristics of the vessel, changes in applicable regulations, and the development of port infrastructure. Also, the building of new, more technically advanced vessels, which are more efficient or more flexible than vessels owned by the Rickmers Group, may have a negative effect on the vessel value.

In 2016 financial year the Rickmers Group recognised net impairment losses on the carrying amounts of vessels of € 231,702 thousand. Amongst other factors, the most current forecasts available as at the reporting date on the possible development of charter rates were taken into account. If the shipping sector once again develops much more weakly than expected in the forecast period, further impairments to the carrying amounts of vessels may become necessary. This would have a negative impact on the asset and income situation of the Rickmers Group, and therefore potentially also on terms and conditions on loan agreements, such as loan-to-value ratios and the minimum equity ratio of the Rickmers Group. Individual breaches of terms and conditions on loan agreements through cross-default regulations may then also endanger other forms of finance and thus the continuation of the Group, in such a way that a requirement to repay loans early for these forms of finance is also triggered. As at 31 December 2016, terms and conditions of one credit facility would have not been fulfilled, but for which no evaluation was obtained or demanded and in respect of which no covenant breach was claimed. As at the end of the financial year 2016 and as at the preliminary date of preparation all other bank loans did respectively do fulfil all contractual terms and conditions on loan agreements or waiver agreements until 28 February 2017 with the relevant lending banks are in place, which were prolonged until 30 April 2017 respectively 31 May 2017. For

developments after the balance sheet date ● see Section 47. To counteract the risks of a decrease in vessel values, in the Maritime Service segment the Maritime Technology department makes competitiveness-enhancing technical modifications to the existing fleet and upgrades individual components. Alongside the use of modern technologies, the Rickmers Group attaches great importance to ongoing regular maintenance and repair of technical systems. As part of the optimisation of Group-wide cost structures, the ongoing operating costs, including maintenance and repair costs, are regularly checked and reduced wherever possible; taking into consideration best-practice comparisons with industry benchmarks. In case there are any indications that a vessel might be impaired, the Rickmers Group performs an impairment test. If necessary, impairment losses are considered within profit or loss.

Beyond the instances mentioned, low market values for vessels are also relevant in the event of sales and vessel-valuation reports. In the first case, the Rickmers Group is exposed to the risk that in the event of a vessel sale, the sales price might be below the carrying amount of the vessel. This would lead to losses from disposal in the Rickmers Group's consolidated income statement. Where the sales proceeds would also pose a risk to the ability to service any potential outstanding debt arising from the terms of financing contracts for a particular vessel, it would be intended that amicable solutions with the financing banks are to be worked out. For the planned sale of selected vessels with mainly negative cash flows within the restructuring concept, a fundamental understanding was achieved. In the second case, vessel-valuation reports may be requested by financing banks to review compliance with loan-to-value ratios. These may show lower market values in relation to unsold vessels and in doing so result in a breach of terms and conditions on loan agreements as set out in financing contracts, such as the breach of the loan-to-value ratios. In turn, this may result in the financing bank terminating the contract and in doing so lead to the requirement to repay the loan early. In these cases, cross-default regulations may also apply, thus endangering the financing and the continuation of the Rickmers Group.

41.2.2 Liquidity Risks

Liquidity risk is the risk of not having sufficient liquidity to meet payment obligations on time. In order to avoid or reduce this risk, Rickmers Group has established the liquidity management which bundles Group liquidity and lies within the responsibility of the Corporate Finance & Treasury department. To secure the ability to meet payment obligations, the Rickmers Group maintains liquid funds for the fulfilment of Group-wide financial obligations at their respective due dates. Payment obligations result from cash flows from operating, investing and financing activities. Short and medium-term liquidity strategy is based on bi-weekly, rolling, Group-wide liquidity planning that covers, besides a 13-week-planning, the current and following financial year. Long-term liquidity strategy is based on annual Group-wide business planning for the next four financial years (business plan including indirect liquidity planning). If available, excess short-term liquidity is invested in money-market transactions.

KPIs for the existing and future payment obligations are the available cash reserves, which comprise bank balances, short-term money deposits, as well as a credit line that is firmly committed until 31 May 2018. The maximum volume available under the credit line is USD 165,000 thousand (equivalent to € 156,741 thousand as at 31 Dec. 2016) and as at 31 December 2016 USD 160,000 thousand (equivalent to € 151,992 thousand as at 31 Dec. 2016) were drawn.

As a reaction to the challenging conditions in the shipping market, the Management Board decided a bundle of measures in the first quarter of 2016, which was approved by the Supervisory Board on 4 March 2016 and which has subsequently been developed further. This includes, amongst other things:

- the sale/monetisation of selected (non-) core vessels and shares in companies,
- the refinancing of selected bank loans, and
- the optimisation of Group-wide cost structures.

In light of the still challenging shipping market conditions at the beginning of 2017 further there is a risk that, in the event of a significant failure to achieve revenue and income expectations as well as planned investment, equity and debt capital measures, this will lead to lower-than-expected cash flows from operating, investing and financing activities, that could endanger the Rickmers Group's appropriate liquidity situation.

A comprehensive concept in particular for the restructuring of the Rickmers Group's main financial debt has thus become necessary, to complement the bundle of measures already initiated by the Management Board in beginning of March 2016, which was approved by the Supervisory Board on 4 March 2016 and which has subsequently been developed further. Since calling off the IPO on 14 March 2016, up to and including the second quarter of 2017 *Rickmers Holding AG* has been developing such a concept in parallel to the implementation respectively continuation and expansion of the said bundle of measures.

This restructuring concept comprises major contributions on the part of all the Rickmers Group's stakeholders, including the *Rickmers Holding AG* sole shareholder Bertram R.C. Rickmers, the company's financing banks, a shipyard, and the bond creditors. Furthermore, the restructuring concept foresees diverse additional measures undertaken by the Rickmers Group, particularly in the form of divestments and further cost-saving initiatives ● see Section 47.

The realisation of objectives also depends on the implementation of various measures including short-term initiatives, on the approval of external parties, and on sufficient liquidity in the market. Within the 2016 financial year and until the preliminary date of preparation diverse steps from the further developed bundle of measures and the restructuring concept were initiated or implemented ● see Section 47.

Rickmers Holding AG has provided guarantees for credit facilities at banks in the amount of USD 807,598 thousand (equivalent to € 767,176 thousand as at 31 Dec. 2016), which shall be partially released within the implementation of the planned restructuring. The claim of these guarantees, in the event of non-compliance with terms and conditions on loan agreements which were not waived, or non-agreement with the company's principal lending banks, might lead to a risk to *Rickmers Holding AG*'s position as a going concern, and thus to the dissolution of the Rickmers Group.

The Rickmers Group is exposed to two significant concentration risks as far as its liquidity development is concerned. The global operations of the Rickmers Group as well as a generally diversified customer structure do counteract these risks. Firstly, the significant external financing sources derive from a portfolio of banks, where approximately 75 per cent of bank loans are attributable to a single counterparty with a Moody's credit rating of Baa3 (corresponds to a lower investment grade to Moody's). Secondly, medium to long-term a concentration risk arises from the composition of agreed long-term charter contracts of the Rickmers Group's own vessels with over 80 per cent of the Group-wide charter volume attributable to one single charterer. This contracting party has, however, a Moody's rating of Baa2 (corresponds to a lower investment grade according to Moody's).

Based on the current business plan, the current draft restructuring report for the Rickmers Group pursuant to the Standard S6 of the German Institute of Auditors (IDW), which is almost finalised, the fundamentally reached understanding on a term sheet with HSH and the sole shareholder on 19 April 2017, the constructive talks with further financing banks, the publication of the invitation to vote without holding a meeting ("Aufforderung zur Stimmabgabe") on 21 April 2017 as well as the mostly probable assumed approval of the bond creditors regarding the restructuring concept, as at the preliminary date of preparation the Management Board of *Rickmers Holding AG* assumes a positive forecast of continuation of the company as set out in Section 19 of the German Insolvency Code (InsO), as well as the prerequisites for continuation of the company as a going concern as defined under Section 252 of the German Commercial Code (HGB) respectively IAS 1, will be given. The positive forecast of continuation was validated by opinions from a renowned international law firm and from a professor of a university-institute for international and European insolvency law.

41.2.3 Risks from indebtedness and non-compliance with terms and conditions on loan agreements

The net debt of the Rickmers Group as at 31 December 2016 totalled € 1,515,334 thousand (31 Dec. 2015: € 1,993,752 thousand). It is the sum of the net financial debt plus loan liabilities towards shipyards and a charterer. The Rickmers Group defines its net financial debt as the sum of liabilities towards credit and leasing institutions, plus an issued

corporate bond (*Rickmers Holding AG* corporate bond with a term to June 2018 and amounting to € 275,000 thousand) less cash and cash equivalents. With the sale of shares in *Rickmers Trust Management Pte. Ltd.*, the trustee manager of *Rickmers Maritime*, and the resulting termination of full consolidation of *Rickmers Maritime*, the liabilities to credit institutions and the bond issued under the multi-currency, medium-term note programme (MTN) were principally reduced.

The ability of debt service and other expenses is dependent on the future business and earnings development of the Rickmers Group. Future financing conditions and terms regarding follow-on or refinancing, as well as the extent and conditions of a potential strengthening of equity, will be dependent amongst other factors on the creditworthiness of the Rickmers Group, on shipping sector developments, as well as on the money- and capital-market environments.

The compliance of certain financial performance indicators or terms and conditions on loan agreements also influence continued access to debt and equity, and therefore the future development of the Rickmers Group. There is a risk that creditors might obtain the right to cancel financial debt, and exercise this right. Financial debt creditors could receive such a right, for instance, if the Rickmers Group is unable to comply with terms and conditions on loan agreements, such as loan-to-value ratios, minimum liquidity or minimum equity ratio. This could lead to increased financing costs, early repayments and even premature contract terminations. As at 31 December 2016, terms and conditions of one credit facility would have not been fulfilled, but for which no evaluation was obtained or demanded and in respect of which no covenant breach was claimed. As at the end of the financial year 2016 and as at the preliminary date of preparation all other bank loans did respectively do fulfil all contractual terms and conditions on loan agreements or waiver agreements until 28 February 2017 with the relevant lending banks are in place, which were prolonged until 30 April 2017 respectively 31 May 2017. The interest and principal repayments due were met in 2016; as part of a waiver agreement, some payment deferrals amongst others relating to essential ship-financing loans were agreed affecting the third and fourth quarter of 2016 as well as the first quarter 2017. For developments after the balance sheet date ● see Section 47.

Since 2016, main effects reduce the reported risks from indebtedness and non-compliance with terms and conditions on loan agreements ● see Section 47.

Due to the overall situation in the global shipping market, particularly German banks are reducing or even ending their involvement in ship financing. This could result in the banks financing the Rickmers Group making use of transfer clauses that are typically included in ship-financing contracts. These clauses give the banks the right to syndicate their commitments, or to sell them to third parties. Ship-financing contracts in the Rickmers Group also contain such standard clauses. This gives rise to the risk that the Rickmers Group could be forced to work with financing institutions that the Group would not have decided for as a contracted party; for example, non-core asset banks, private equity funds or public institutions. These financing institutions may not be familiar with the practices of the shipping industry. Thus, conflicts of interest cannot be precluded, particularly if terms and conditions on loan agreements are not met or if expiring financing agreements require prolongation.

To guarantee as much transparency as possible, the Rickmers Group issues regular reports on developments and close cooperation is maintained with the financing banks, amongst others.

41.2.4 Risk from over-indebtedness of *Rickmers Holding AG* as the parent company

The persistently challenging development of the global economy, particularly in the shipping industry, could lead to potential losses in the value of the investments held by the parent company in the forecasting year and thereafter. Such losses could arise in particular from deteriorating revenue and EBITDA development of investments in vessel-owning companies. Furthermore, sales of assets below current carrying amounts, as well as impairments on individual assets could lead to the realisation of book losses. Both of these factors would also have a negative effect on the carrying amount of the parent company's investments.

The above effects would ultimately lead to a charge on the equity of *Rickmers Holding AG* as the parent company. If these effects as well as the current operating losses are not compensated to the required extent by income distributions by subsidiaries that are as tax-neutral as possible, they would lead to a balance-sheet over-indebtedness and thus endanger the continuation of *Rickmers Holding AG*. This in turn could lead to a violation of credit obligations and thus to a risk to the Rickmers Group, or to the dissolution of the Rickmers Group. However, potential balance-sheet over-indebtedness alone would not endanger the continuation of *Rickmers Holding AG* or the Rickmers Group as long as the Management Board assumes a positive forecast of continuation of the company as set out in Section 19 of the German Insolvency Code (InsO), as well as the prerequisites for continuation of the company as a going concern as defined under Section 252 of the German Commercial Code (HGB), respectively IAS 1, will be given, as it does at the preliminary date of preparation. The implementation of the planned capital increase of *Rickmers Holding AG* within the above-mentioned restructuring will strengthen its equity.

42 Other financial obligations

As at 31 December 2016, other financial obligations to third parties amount to € 12,657 thousand (31 Dec. 2015: € 62,326 thousand).

in € thousand	31 Dec. 2016	31 Dec. 2015
Obligations from capital repayments if called	11,266	12,317
Other financial obligations	1,392	804
Purchase obligations	0	49,205
Total	12,657	62,326

Obligations from capital repayments exist in relation to excess cash distributions received from investments in Ship-Owning Fund vessels ● see Section 23, which might require repayment in the event of illiquidity.

Since 1 January 2016, *Rickmers Third Maritime Investment Pte. Ltd.* and its subsidiaries are being accounted for as a joint venture using the equity method and thus are no longer included in the scope of fully consolidated entities. As a consequence, purchase obligations decreased by € 41,489 thousand ● see Section 6.2. The decline in purchase obligations further results from the completion of energy-efficiency measures with regards to container vessels of the Group's existing fleet ● see Section 20.

In May 2015, the Rickmers Group entered into licence agreements with Bertram R.C. Rickmers granting the use of the trademark "Rickmers Group" and "Rickmers flag". These licence agreements may not be terminated without good cause prior to 31 December 2035. The annual licence fee totals 0.6 per cent of the consolidated revenues of the Rickmers Group. Subject to a successful and sustainable refinancing of the Rickmers Group in the period from 2017 to the first quarter 2021, the sole shareholder Bertram R.C. Rickmers waived licence fees for the Rickmers brands, to which he is contractually entitled, from the third quarter of 2016 to the end of the first quarter 2021 ● see Section 45.

Moreover, the Rickmers Group has obligations from acting as lessee in lease agreements. Reference is made to ● Section 43 for further information.

43 Leasing**43.1 Operating lease****43.1.1 Lessor – operating leases**

Future minimum lease payments to be received under operating lease agreements amount to € 1,544,191 thousand as at 31 December 2016 (31 Dec. 2015: € 1,738,950 thousand).

in € thousand	31 Dec. 2016	31 Dec. 2015
Minimum lease payments		
payable within 1 year	206,529	313,202
payable within 2 to 5 years	702,067	921,676
payable in more than 5 years	635,595	504,072
Total	1,544,191	1,738,950

Of the Rickmers Group's 32 own vessels (31 Dec. 2015: 52), 27 are chartered out externally (31 Dec. 2015: 47).

As at 31 December 2016, the carrying amount of vessels chartered out externally amounts to € 1,560,560 thousand (31 Dec. 2015: € 2,537,000 thousand) of which an amount of € 2,309,255 thousand relates to the gross book value (31 Dec. 2015: € 3,357,462 thousand), an amount of € 527,315 thousand relates to accumulated depreciation (31 Dec. 2015: € 629,165 thousand) and an amount of € 221,379 thousand relates to accumulated impairment losses for these vessels (31 Dec. 2015: € 191,297 thousand). Depreciation for the period ending 31 December 2016 for all vessels chartered out externally at this time amounts to € 75,749 thousand (2015: € 114,916 thousand). For the period ending 31 December 2016, an impairment loss of € 148,770 thousand (2015: € 130,336 thousand) and a reversal of impairment losses of € 7,282 thousand (2015: € 2,224 thousand) was recognised.

The leases are based on time-charter agreements and the average minimum term is 4.1 years as at 31 December 2016, taking into account extension options. Two-to-twelve-months extension options after the expiry of the minimum term are included in the time charter contracts at the charterer's discretion.

In 2016, no contingent rents were recognised in profit or loss (2015: none).

The minimum lease payments to be received decreased compared to the previous year due to the change in consolidation method relating to the investments in *Rickmers Maritime* and its subsidiaries in the amount of € 130,391 thousand and in *Rickmers Third Maritime Investment Pte. Ltd.* and its subsidiaries in the amount of € 112,640 thousand. Both investments are accounted for using the equity method for the first time in 2016 ● see Section 6.2.

Minimum lease payments were also affected by investments in energy-efficiency improvements the Rickmers Group has started in June 2015 with regards to eight container vessels of its existing fleet. These measures were carried out in close cooperation with, and with substantial cost participation from, the current charterer holding an option to extend the current charter period until 2025/2026. As at 31 December 2016, the energy-efficiency measures were completed on all eight container vessels.

Concerning three of these container vessels, the Rickmers Group reached a “less-for-longer” agreement with the charterer in August 2016. As a result, the terms of the three associated charter agreements are being extended early by at least five years from 2020/2021 to 2025/2026, with a simultaneous reduction in charter rates. The option to extend the charter period existing within the scope of the energy-efficiency improvements was replaced with the charterer’s option to extend the charter period for three years with respect to these three container vessels.

For all eight of these container vessels, exercising the extension options would benefit the Rickmers Group with additional future charter income. As the Rickmers Group is expecting the option to be exercised in both cases, the volume of additional charter income is included in the future minimum lease payments to be received as at 31 December 2016 in the amount of € 508,967 thousand. In the previous year, the effects from the extension option were included in the minimum lease payments in the amount of € 504,384 thousand in relation to six container vessels for which the energy-efficiency measures had been completed as at 31 December 2015.

43.1.2 Lessee – operating leases

Future minimum lease payments under operating lease agreements amount to € 36,998 thousand as at 31 December 2016 (31 Dec. 2015: € 47,955 thousand).

in € thousand	31 Dec. 2016	31 Dec. 2015
Minimum lease payments		
Payable within 1 year	20,642	21,749
Payable within 2 to 5 years	16,018	23,790
Payable in more than 5 years	338	2,416
Total	36,998	47,955

Lease expenses from operating lease agreements include the following:

in € thousand	2016	2015
Minimum lease payments	15,368	23,637
Contingent lease payments	0	0
Total	15,368	23,637

Obligations arising from operating leases mainly relate to vessels and properties. The charter of vessels is based on short- and long-term time-charter agreements ranging from two months to three years. However, most time-charter agreements are of short-term nature. They typically do not provide for extension options or escalation clauses.

43.2 Finance lease

The following information refer solely to the Rickmers Group as a lessee under finance lease agreements.

The minimum lease payments from finance lease contracts amount to € 374,444 thousand as at 31 December 2016 (31 Dec. 2015: € 0 thousand). The table below shows the timing of future minimum lease payments and the reconciliation to their net present value as at the balance sheet date.

in € thousand	31 Dec. 2016	31 Dec. 2015
Minimum lease payments	374,444	0
Payable within 1 year	32,671	0
Payable within 2 to 5 years	130,772	0
Payable in more than 5 years	211,001	0
Future finance charges	-93,609	0
Net present value	280,835	0
Payable within 1 year	31,160	0
Payable within 2 to 5 years	110,955	0
Payable in more than 5 years	138,721	0

The commitments from finance lease contracts solely relate to three Group-owned container vessels. In August 2016, these were sold to a Chinese leasing institute by concluding a "sale-and-lease-back" transaction, which includes a minimum charter period until 2025/2026 and a fixed final instalment. Corresponding to the charterer's option included in the operating lease contract to extend the charter period until 2025/2026 ● see Section 43.1.1, the Rickmers Group also has an option to prolong the charter contract with the leasing institute by a maximum of three years. As the fixed final instalment would be reduced by further lease payments in case of an extension, the total of minimum payments does not depend on the exercise of the extension option.

The calculation of present values is based on the maximum charter period as the Rickmers Group is expecting the option to be exercised.

As the "sale-and-lease-back" transaction does not lead to a derecognition of the vessel assets, the carrying amount of the vessels chartered in amounts to € 405,597 thousand and is therefore higher than the present value of the minimum lease payments.

In 2016, no contingent rents from finance lease contracts were recognised in profit or loss (2015: none).

44 Contingent liabilities

The Rickmers Group holds guarantees amounting to € 700 thousand as at 31 December 2016 (31 Dec. 2015: € 1,450 thousand), that relate mainly to loan facilities for Ship-Owning Fund vessels.

As at 31 December 2016, the contingent liability regarding the amount in dispute from actions filed by Ship-Owning Fund investors amounts to € 10,802 thousand (31 Dec. 2015: € 16,058 thousand). In addition, out-of-court claims were filed against the Rickmers Group resulting in a contingent liability with an amount of € 190 thousand as at 31 December 2016 (31 Dec. 2015: € 13,348 thousand). The decrease of contingent liabilities is due to the Rickmers Group's sale of the total of its 80 per cent share in the subsidiaries *ATLANTIC Gesellschaft zur Vermittlung internationaler Investitionen mbH & Co. KG* and *EVT Elbe Vermögens Treuhand GmbH*, with economic effect from 1 January 2016.

In addition, a former financial advisor brought an action against the Rickmers Group during 2015. As at 31 December 2016 the total value under dispute amounts to € 10,104 thousand plus interest (31 Dec. 2015: € 9,900 thousand).

In February 2015, the Rickmers Group was served with a third-party notice in a lawsuit between shipowners and hull and machinery insurers of a vessel formerly managed by the Rickmers Group. The shipowners demand compensation for an engine damage suffered by the vessel. *Rickmers Reederei GmbH & Cie. KG* joined as a party to the action on the side of the shipowners. According to the current state of the lawsuit, there are reasonable expectations that coverage under the hull and machinery insurance exists for the shipowners. In case the insurance reimburses the damage, no claims against the Rickmers Group are expected to be raised. However, the risk remains that the claim against the insurance fails. The maximum amount that then might be claimed against the Rickmers Group is approximately € 2,476 thousand (31 Dec. 2015: € 2,458 thousand).

The management of the Rickmers Group estimates the utilisation of guarantees as well as the outflow of economic resources relating to legal disputes as unlikely.

45 Related parties

Besides the subsidiaries included in the consolidated financial statements, the Rickmers Group is also in a direct and indirect relationship with related parties as part of its business activities.

The members of the Supervisory Board and the Management Board of *Rickmers Holding AG* are considered related parties according to IAS 24.

The current members of the Supervisory Board of *Rickmers Holding AG* are:

- Bertram R.C. Rickmers, shipowner and entrepreneur, Hamburg
- Jost Hellmann, managing shareholder of *Hellmann Worldwide Logistics GmbH & Co. KG*, Hamburg
- Anna Sophie Heilemann (née Rickmers), managing director of *ANSORI GmbH*, Berlin (until 7 December 2016)
- Dr Lutz Rüdiger Ristow, property administration, Hamburg (since 24 October 2016)

The current members of the Management Board of *Rickmers Holding AG* are:

- Dr Ignace Van Meenen, lawyer, Hamburg
- Prof. Dr Mark-Ken Erdmann, businessman, Hamburg

The sole shareholder of *Rickmers Holding AG* is Bertram R.C. Rickmers.

In 2015, prior to the change in legal form of the parent company, members of the Executive Board of *Verwaltung Rickmers Holding GmbH* being the personally liable partner of *Rickmers Holding GmbH & Cie. KG* and the Extended Board Committee were considered related parties according to IAS 24.

The members of the Executive Board were:

- Bertram R.C. Rickmers, shipowner and entrepreneur, Hamburg
- Dr Ignace Van Meenen, lawyer, Hamburg
- Prof. Dr Mark-Ken Erdmann, businessman, Hamburg

The members of the Extended Board Committee of the Rickmers Group were:

- Frank Bunte, businessman, Hamburg
- Rüdiger Gerhardt, businessman, Norderstedt
- Björn Sprotte, businessman, Hamburg
- Holger Strack, businessman, Hamburg
- Ulrich Ulrichs, businessman, Hamburg

The table below lists material transactions with related parties (excluding remuneration of management in key positions):

in € thousand	Supplies and services rendered, proceeds from equity contributions and other income		Supplies and services received and other expenses	
	2016	2015	2016	2015
Shareholder/general partner	22,021	11,426	3,903	8,032
Joint ventures	14,564	11,266	279	2,990
Associates	733	483	1,186	8,091
Non-consolidated subsidiaries	421	402	83	705
Management in key positions	0	129	0	1,553
Other related parties	0	0	1,436	0
Total	37,740	23,706	6,887	21,371

The transactions described above are broken down as follows:

in € thousand	Supplies and services rendered, proceeds from equity contributions and other income		Supplies and services received and other expenses	
	2016	2015	2016	2015
Services	20,448	22,192	6,871	20,685
Financing	13,000	403	0	661
Goods	3,871	1,111	16	25
Profit distribution	421	0	0	0
Total	37,740	23,706	6,887	21,371

Material outstanding balances with related parties are disclosed below:

in € thousand	Loans and receivables as at		Liabilities as at	
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
Shareholder	7,523	5,745	1,567	606
Joint ventures	620	1,103	11,714	772
Associates	479	643	47	132
Non-consolidated subsidiaries	63	498	122	163
Management in key positions	0	0	3,516	96
Other related parties	2	0	37	0
Total	8,687	7,989	17,003	1,769

The category "other related parties" relates to transactions with companies that are controlled by management in key positions, provided that they are not assigned to the category "shareholder".

In May 2015, the Rickmers Group entered into licence agreements with Bertram R.C. Rickmers granting the use of the trademark "Rickmers Group" and "Rickmers flag". These licences may not be terminated without good cause prior to 31 December 2035. The licence fee totals 0.6 per cent of the annual consolidated revenues of the Rickmers Group. Subject to a successful and sustainable refinancing of the Rickmers Group in the period from 2017 to the first quarter 2021, the sole shareholder Bertram R.C. Rickmers waived licence fees for the Rickmers brands, to which he is contractually entitled, from the third quarter of 2016 to the end of the first quarter 2021.

In the financial year 2016, a payment of € 13,000 thousand according to Section 272 (2) sentence 4 of the German Commercial Code (HGB) was contributed by Bertram R.C. Rickmers to the capital reserves of *Rickmers Holding AG*.

With effect of 18 May 2016, *Rickmers Reederei GmbH & Cie. KG* sold its container vessel to a company controlled by Bertram R.C. Rickmers. The sales price was € 2,215 thousand (USD 2,500 thousand).

With effect from 17 October 2016 the Rickmers Group has sold its shares in the amount of 100 per cent in its subsidiary *Rickmers Trust Management Pte. Ltd.*, the trustee manager of *Rickmers Maritime*, to *BRICK Holding International Invest GmbH*, a related party in accordance with IAS 24. As at date of deconsolidation, the fair value of the consideration amounts to € 781 thousand. Thereof, an amount of € 281 thousand relates to a contingent consideration in the form

of a result-bound earn-out. According to the result-bound earn-out another payment of € 750 thousand will have to be made should there occur a cumulated annual profit of *Rickmers Trust Management Pte. Ltd.*, that exceeds USD 1,000 thousand in the years 2017 to 2019. The fair value of the earn-out is mainly based on the slightly more likely than not probability of occurrence of the contingent consideration at the time of deconsolidation and is calculated by discounting the future payment using an estimated interest rate appropriate to the term and risk. However, as at 31 December 2016 the carrying amount of the contingent consideration was fully impaired due to the occurrence of the contingent consideration being unlikely. Reference is made to ● Section 6.2 for further information on this transaction. In addition, the Rickmers Group received a dividend distribution in the amount of € 1,041 thousand (USD 1,145 thousand) from *Rickmers Trust Management Pte. Ltd.* in relation to retained earnings existing at the balance sheet date 31 December 2015.

In 2015, the Rickmers Group granted a loan to a related party with a nominal amount of USD 5,000 thousand maturing on 31 December 2019 and bearing interest at a rate of 10.75 per cent annually. In 2015, the loan was impaired in the amount of € 1,642 thousand and in 2016 the outstanding

balance as well as accumulated interest receivable had to be fully impaired by € 4,199 thousand.

Liabilities as at 31 December 2016 include an obligation from a guarantee agreement in the amount of € 11,684 thousand under which *Rickmers Reederei (Singapore) Pte. Ltd.* guarantees a fixed charter income to six vessels for the period from 2017 till 2019. Reference is made to ● Section 38.5.4 for further information.

In March 2015, the Rickmers Group entered into a new strategic partnership with an international financial investor to jointly invest into three container vessel newbuildings. Within this context, Bertram R.C. Rickmers firmly committed to partly finance the exercise price under the call option held by the Rickmers Group with a volume of up to USD 50,700 thousand. The financing commitment expired on 31 December 2015.

The remuneration of management in key positions in accordance with IAS 24 includes remuneration of the Supervisory Board and the Management Board since the second half of 2015. For the first half of 2015, the remuneration of the Extended Board Committee of the Rickmers Group is included. The management is remunerated as follows:

in € thousand	2016	2015
Short-term employee benefits	5,555	5,900
Share-based payments	595	251
Post-employment benefits	0	1,569
Termination benefits	0	0
Total	6,150	7,720

Short-term employee benefits are fully attributable to the current remuneration of the Management Board and Supervisory Board.

Reference is made to ● Section 32 for detailed information on share-based payments.

Post-employment benefits for the period ending 31 December 2015 mainly relate to a pension agreement entered into with Bertram R.C. Rickmers in May 2015 ● see Section 31.

Outstanding balances from the remuneration of management in key positions amount to € 3,516 thousand as at 31 December 2016 (31 Dec. 2015: € 429 thousand) attributable to the Management Board and € 36 thousand (31 Dec 2015: € 1,630 thousand, related to all members of the Supervisory Board) attributable to the shareholder acting as chairman of the Supervisory Board.

In addition, an amount of € 178 thousand (31 Dec. 2015: € 178 thousand) is attributable to former members of management in key positions.

46 Senior Management

The Extended Management Board as well as further members of the Senior Management act in an advisory capacity for the Management Board of *Rickmers Holding AG* without fulfilling the definition criteria of IAS 24.

The current members of the Extended Management Board are:

- Frank Bunte, businessman, Hamburg
- Katharina Eucken, lawyer, Hamburg (until 31 December 2016)
- Rüdiger Gerhardt, businessman, Hamburg
- Ulrik Kriete, businessman, Hamburg (until 31 August 2016)
- C. Jan Scharffetter, businessman, Hamburg (until 30 June 2016)
- Holger Strack, businessman, Hamburg
- Ulrich Ulrichs, businessman, Hamburg

In addition, the following persons are regarded members of the Senior Management:

- Dr Timo Haenelt, businessman, Hamburg (since 15 December 2016)
- Gunnar Holm, businessman, Hamburg
- Anurag Mathur, captain, Singapore
- Thorsten Pulver, businessman, Ratingen

47 Events after the balance sheet date

With effect from 1 January 2017, Kirsten Gronau took over the function as General Counsel and Chief Compliance Officer, as well as the position in the Senior Management, from Katharina Eucken. At the same time, Markus Heischmann assumed the function of Deputy General Counsel and Deputy Chief Compliance Officer.

On 12 January 2017, the Maritime Assets segment sold a 2,200 TEU container vessel, as commissioned by the relevant Ship-Ownning Fund. This vessel is no longer under commercial management.

As at the preliminary date of preparation, the fleet of the Maritime Services segment declined by two vessels; while technical management ended for four third-party vessels, two new bulk carriers from the Samudera Indonesia shipping line were taken under technical and crew management.

On 1 March 2017, Michael Brandhoff took over the position of Managing Director for *Rickmers Shipmanagement GmbH & Cie. KG* and Deputy Chief Operating Officer of Maritime Services. Based on his many years' experience in both technical and management areas, he will be responsible in the Maritime Services segment for the Technical, Newbuilding, and Energy Efficiency Departments at the locations in Hamburg and Singapore.

Based on the current development of the company the *Creditreform Rating AG* has downgraded the corporate rating of *Rickmers Holding AG* from CC to C (watch) on 2 March 2017.

In connection with the further developed bundle of measures, in March 2017 the Rickmers Group sold a container vessel with a capacity of 1,840 TEU. The hand-over is planned for May 2017. In this light the financing bank agreed on a debt waiver of USD 3,500 thousand (equivalent to € 3,325 thousand as at 31 Dec. 2016) amongst others.

Likewise in connection with the further developed bundle of measures, the Rickmers Group has sold its shares in two joint ventures between Rickmers Group and funds affiliated with *Apollo Global Management, LLC* to the joint venture partner, with effect from 4 January 2017. With the disposal of these two participations and against a compensation payment in the amount of USD 2,500 thousand by the Rickmers Group, the charter-guarantee by the *Rickmers Reederei (Singapore) Pte. Ltd.* with regard to fixed charter income with a fair value as at 31 December 2016 of € 11,684 thousand was cancelled. As a result of the transaction and the cancelled charter-guarantee, the Rickmers Group faces no further payment obligations. The former joint-venture vessels remain under commercial and technical shipmanagement of the Rickmers Group.

In connection with the further developed bundle of measures, *Rickmers-Linie GmbH & Cie. KG* and *MCC Marine Consulting & Contracting GmbH & Cie. KG* as sellers reached agreement on 7 February 2017 (including the addendum on 22 March 2017) with *ZEABORN Chartering GmbH & Co. KG* and other entities of the ZEABORN Group as purchaser regarding their respective operating businesses. The transaction was completed on 30 March 2017 with effect from 1 April 2017. The sale involves the entire operating business of *Rickmers-Linie GmbH & Cie. KG* as a liner carrier and the entire operating business of *MCC Marine Consulting & Contracting GmbH & Cie. KG*, which focuses on bunker purchasing and chartering brokerage for the segment. The transaction covers the employees, assets, including subsidiaries and branch offices of *Rickmers-Linie GmbH & Cie. KG* and current commercial contracts. *NPC Projects A/S*, acquired in July 2016 by *Rickmers-Linie GmbH & Cie. KG*, is also included in this transaction. The purchaser is to acquire the right to use the brand names "Rickmers-Linie" and "Rickmers-Line", however only within the scope of activity of the acquired business. On closing on 30 March 2017 the seller paid compensation in the single-digit million-euro range. The parties have agreed to maintain confidentiality regarding details of the acquisition-price calculation. The sale of the Rickmers-Linie business segment has no impact on Rickmers-Linie's employees, routes or long-term chartered tonnage. For the time being, personnel employed in the business segment will continue to be based in the premises used by the Rickmers Group on Neumühlen, Hamburg.

Likewise in connection with the further developed bundle of measures, a waiver agreement with *HSH Nordbank AG* (HSH) was agreed including deferrals amounting to 50,0 per cent of the contractually agreed capital repayments under the majority of ship-financing loans for the third and fourth quarter of 2016 until 28 February 2017. An addendum extended these deferrals until 31 May 2017 and agreed further deferrals amounting to 100,0 per cent of scheduled repayments from first quarter of 2017 onwards as well as for part of the interest payments, likewise until 31 May 2017. These deferrals will bridge the gap until the Restructuring Report (drawn up to the German Institute of Auditors, IDW S6 standard) assigned to an external auditor, is finalised. In addition, HSH and *UniCredit Bank AG* (UniCredit) have waived compliance with certain financial covenants until 31 May 2017. Alongside HSH and UniCredit, *Norddeutsche Landesbank Girozentrale* (NordLB) and *DNB Bank ASA* (DNB Bank) have temporarily waived compliance with relevant financial covenants, currently until 30 April 2017.

A comprehensive concept in particular for the restructuring of the Rickmers Group's main debts has thus become necessary, to complement the bundle of measures already initiated by the Management Board in beginning of March 2016, which was approved by the Supervisory Board on 4 March 2016 and which has subsequently been developed further. Since calling off the IPO on 14 March 2016, up to and including the second quarter of 2017 *Rickmers Holding AG* has been developing such a concept in parallel to the implementation, respectively continuation and expansion of the said bundle of measures. Following measures and events are primarily allocated to the comprehensive restructuring concept:

- On 19 April 2017, *Rickmers Holding AG* reached an understanding on a term sheet with the HSH and the sole shareholder regarding the restructuring of material financial liabilities of the Rickmers Group, that is still subject to corporate approvals of the bank creditors and contingent on restructuring of the corporate bond issued by *Rickmers Holding AG* as set out below. The envisaged restructuring is to enable reorganisation of the Rickmers Group on the basis of contributions of all relevant stakeholders, i.e. in particular the sole shareholder Bertram R.C. Rickmers, the financing banks and the bond creditors.

- As contribution to the restructuring, under the term sheet Bertram R.C. Rickmers undertakes to make a cash contribution of € 10,000 thousand, to relieve the Rickmers Group from a shipyard liability of a further USD 10,000 thousand, to waive licensing fees up to the end of Q1 2021 and to procure a back-up loan facility of up to a further € 10,000 thousand for possible future liquidity requirements of *Rickmers Holding AG*. Bertram R.C. Rickmers is also prepared to reduce his stake in *Rickmers Holding AG* from 100.0 per cent to 24.9 per cent in order to enable key creditors, i.e. HSH, the bond creditors and possibly one further bank, to acquire a total stake of 75.1 per cent in *Rickmers Holding AG* as part of the restructuring concept.
- To this end, a Luxembourg vehicle ("LuxCo") shall assume all liabilities of *Rickmers Holding AG* under the corporate bond, such that the LuxCo shall replace *Rickmers Holding AG* as the debtor of the corporate bond. The LuxCo shall also assume as debtor a partial amount under a loan from HSH. In connection with these assumptions the LuxCo shall acquire a 75.1 per cent stake in *Rickmers Holding AG* by means of a capital increase. A joint representative yet to be appointed by the bond creditors shall be authorised to approve a sale of shares in *Rickmers Holding AG* held by the LuxCo following an investor solicitation process yet to be conducted and to distribute the proceeds to HSH, the bond creditors and possibly to one further bank, according to a defined allocation formula.
- Payment of the interest coupon of 8.875 per cent on 11 June 2017 shall be exempt from the above debt assumption under the corporate bond. The payment is to be made in full by *Rickmers Holding AG* on the condition that a resolution of the bond creditors on the appointment and authorisation of a joint representative has been passed by such time. Therefore, *Rickmers Holding AG* released an invitation to vote without holding a meeting ("Aufforderung zur Stimmabgabe") in the Official Federal Gazette (Bundesanzeiger) on 21 April 2017.
- On 19 April 2017 *Rickmers Holding AG* reached agreement with HSH as the largest creditor on a term sheet with the following restructuring contributions amongst others: (i) agreement to debt assumption by LuxCo ("debt push-up") with regard to parts of the Corporate Revolver; reduction of the interest rate for the part of the Corporate Revolver not taken over by LuxCo from 1 March 2017 to 31 March 2021; maturity extensions for the parts of the Corporate Revolver remaining with *Rickmers Holding AG* from May 2018 to March 2021, (ii) agreement to final repayments on selected ship-financing loans solely from the proceeds of the sale of the vessels serving as security, (iii) reduction of interest margins from the second quarter of 2017 to the end of 2020 as well as continuation of existing deferrals and further repayment deferrals under selected ship-financing loans to March 2021, (iv) deferral of payment obligations under interest rate hedging transactions from the first quarter of 2017 and conversion of six interest rate hedging transactions into loans with fixed interest rates as well as discharging the Rickmers Group from the four remaining interest rate hedging transactions with currently negative fair values each, (v) release of funds pledged to HSH and (vi) "back up deferral" facility to secure minimum liquidity for *Rickmers Holding AG* in the period from 1 January 2018 to 1 January 2021.
- In a Letter of Support dated 2 February 2017, UniCredit has declared its willingness in principle to extend loans which are due to mature in March 2018, on the conditions that all other stakeholder as well as the sole shareholder provide various significant restructuring contributions as specified in the financial restructuring. In addition, *Rickmers Holding AG* is currently negotiating with UniCredit about the provision of further restructuring contributions.
- Deutsche Bank has raised the prospect of not charging the Rickmers Group with the difference between the outstanding loan amounts and sales proceeds from the sale of the vessels against a one-off payment (repayment premium), in the case of a sale of both car carriers that it has financed.
- An agreement with a shipyard (HHI) is currently being finalised which provides in particular for a further reduction of the interest rate for HHI loans to 1.75 per cent p.a., deferral of all repayments for the term of all eight loans, and a further postponement of the maturity of six of the loans to July/August/September 2021, in exchange for further special repayments to HHI in the amount of USD 4,500 thousand.
- Regarding the sale/monetisation of selected (non-) core vessels and shares in companies further measures are planned within the restructuring period until end of 2020: (i) sale of selected vessels currently under short-term charter contracts respectively which predominantly generate negative cash flows, (ii) companies which provide services closely associated with shipping and (iii) sale of shares in joint-venture vessels.

- In addition, extensive cost respectively liquidity saving measures are planned, in particular through: (i) reduction of vessel operating costs ("Opex"), (ii) savings primarily in consultancy and personnel costs of *Rickmers Holding AG*, (iii) realisation of efficiency gains in the area of shipmanagement, among other things through the already initiated consolidation and optimisation of service activities and (iv) additional liquidity easing in the restructuring period to the end of 2020 is planned through contributions by Members of the Management Board of Rickmers Holding AG of 60.0 per cent of their variable remuneration components as well as their Long Term Incentive Program (LTIP) components.
- The Management Board of *Rickmers Holding AG* has tasked a leading international auditing firm with providing an expert report on the possibility of successfully restructuring the Rickmers Group within the meaning of IDW Standard S6. In the current draft restructuring report, which is almost finalised, the auditing firm concludes that the Rickmers Group can be successfully restructured if all proposed restructuring measures are implemented.
- The realisation of the restructuring concept including various measures, partially short-term initiatives, depends on the approval of external parties, amongst others from decision-making bodies of creditor banks and bond creditors and on sufficient liquidity in the market.

Based on the current business plan, the current draft restructuring report for the Rickmers Group pursuant to the Standard S6 of the German Institute of Auditors (IDW), which is almost finalised, the fundamentally reached understanding on a term sheet with HSH and the sole shareholder on 19 April 2017, the constructive talks with further financing banks, the publication of the invitation to vote without holding a meeting ("Aufforderung zur Stimmabgabe") on 21 April 2017 as well as the as mostly probable assumed approval of the bond creditors regarding the restructuring concept, as at the preliminary date of preparation the Management Board of *Rickmers Holding AG* assumes a positive forecast of continuation of the company as set out in Section 19 of the German Insolvency Code (InsO), as well as the prerequisites for continuation of the company as a going concern as defined under Section 252 of the German Commercial Code (HGB) respectively IAS 1, will be given. The positive forecast of continuation was validated by opinions from a renowned international law firm and from a professor of a university-institute for international and European insolvency law.

**48 Group of consolidated companies
according to Section 313 (2) of the German
Commercial Code (HGB)**

No.	Name and location of the company	Holding (in %)	Investment held by No.
	Parent company		
1	Rickmers Holding AG, Hamburg	n/a	n/a
	Subsidiaries		
2	ARCTIC Shipping GmbH, Hamburg	100.0	44
3	Baldrine Navigation Limited, Douglas/Isle of Man	100.0	33
4	Ballachrink Navigation Limited, Douglas/Isle of Man	100.0	33
5	Barroose Navigation Limited, Douglas/Isle of Man	100.0	33
6	Careway Shipping Company Limited, Limassol/Cyprus	100.0	17
7	Chasms Navigation Limited, Douglas/Isle of Man	100.0	33
8	Clan Yachting Pte. Ltd., Singapore	100.0	43
9	Cregneash Navigation Limited, Douglas/Isle of Man	100.0	33
10	Curragh Navigation Limited, Douglas/Isle of Man	100.0	33
11	Dalby Navigation Limited, Douglas/Isle of Man	100.0	33
12	Einundvierzigste Reederei Alsterufer 26 GmbH & Cie. KG, Hamburg	100.0	44
13	Erin Navigation Limited, Douglas/Isle of Man	100.0	33
14	ESSE Expert Shipping Service GmbH & Co. KG, Hamburg	100.0	1
15	Fünfte Reederei NEUMÜHLEN 19 GmbH & Cie. KG, Hamburg	100.0	44
16	Garff Navigation Limited, Douglas/Isle of Man	100.0	33
17	Global Investments Limited, Limassol/Cyprus	99.9	18
18	Global Management Limited, Limassol/Cyprus	100.0	1
19	Greeba Navigation Limited, Douglas/Isle of Man	100.0	33
20	Groudle Navigation Limited, Douglas/Isle of Man	100.0	33
21	Helen Navigation Limited, Douglas/Isle of Man	100.0	33
22	Island Marine Services Company Limited, Douglas/Isle of Man	100.0	1
23	JACOB RICKMERS Schifffahrtsgesellschaft mbH & Cie. KG, Hamburg	100.0	44
24	Lonan Navigation Limited, Douglas/Isle of Man	100.0	33
25	Malew Navigation Limited, Douglas/Isle of Man	100.0	33
26	Maritime Assets Holding GmbH, Hamburg	100.0	1
27	Marown Navigation Limited, Douglas/Isle of Man	100.0	33
28	MCC Marine Consulting & Contracting GmbH & Cie. KG, Hamburg	100.0	1
29	Mooragh Navigation Limited, Douglas/Isle of Man	100.0	33
30	NPC Projects A/S, Hellerup/Denmark	100.0	54
31	Onchan Navigation Limited, Douglas/Isle of Man	100.0	33
32	Peel Navigation Limited, Douglas/Isle of Man	100.0	33
33	Polaris Shipmanagement Company Limited, Douglas/Isle of Man	100.0	45
34	Regaby Navigation Limited, Douglas/Isle of Man	100.0	33
35	Rickmers (Japan) Incorporated, Tokyo/Japan	100.0	54
36	Rickmers (Korea) Inc., Seoul/South Korea	100.0	54
37	Rickmers 1. Terminal Beteiligungs GmbH, Hamburg	100.0	50
38	Rickmers Asia Pte. Ltd., Singapore	100.0	1
39	Rickmers dritte Beteiligungs-Holding GmbH, Hamburg	100.0	1
40	Rickmers First Invest GmbH, Hamburg	100.0	1

No.	Name and location of the company	Holding (in %)	Investment held by No.
41	RICKMERS GENOA Schiffahrtsgesellschaft mbH & Cie. KG, Hamburg	100.0	44
42	Rickmers Marine Agency Romania S.R.L., Constanta/Romania	100.0	18
43	Rickmers Reederei (Singapore) Pte. Ltd., Singapore	100.0	38
44	Rickmers Reederei GmbH & Cie. KG, Hamburg	100.0	1
45	Rickmers Second Invest GmbH, Hamburg	100.0	26
46	Rickmers Shipinvest GmbH & Cie. KG, Hamburg	100.0	44
47	Rickmers Shipmanagement (Singapore) Pte. Ltd., Singapore	100.0	40
48	Rickmers Shipmanagement GmbH & Cie. KG, Hamburg	100.0	1
49	Rickmers Shipping (Shanghai) Co. Ltd., Shanghai/People's Republic of China	94.0	18
50	Rickmers Terminal Holding GmbH, Hamburg	100.0	39
51	Rickmers-Linie (America) Inc., Houston/U.S.A.	100.0	54
52	Rickmers-Linie (Singapore) Pte. Ltd., Singapore	100.0	54
53	Rickmers-Linie Belgium N.V., Antwerp/Belgium	100.0	54
54	Rickmers-Linie GmbH & Cie. KG, Hamburg	100.0	1
55	Sechste Reederei NEUMUEHLEN 19 GmbH & Cie. KG, Hamburg	100.0	44
56	Seven Seas Shipping GmbH & Co. KG, Hamburg	100.0	44
57	Siebte Reederei NEUMUEHLEN 19 GmbH & Cie. KG, Hamburg	100.0	44
58	Soderick Navigation Limited, Douglas/Isle of Man	100.0	33
59	Sulby Navigation Limited, Douglas/Isle of Man	100.0	33
60	Surby Navigation Limited, Douglas/Isle of Man	100.0	33
61	Tynwald Navigation Limited, Douglas/Isle of Man	100.0	33
62	Verwaltung Rickmers-Linie GmbH, Hamburg	100.0	1
63	Wilbert Shipping Company Limited, Limassol/Cyprus	100.0	17
64	Willric Shipping Company Limited, Limassol/Cyprus	100.0	17
65	Wilmore Shipping Company Limited, Limassol/Cyprus	100.0	17
Joint ventures			
66	A. R. Second Maritime Investments Pte. Ltd., Singapore	50.0	43
67	A.R. Maritime Investments Pte. Ltd., Singapore	10.0	43
68	Harper Petersen & Co. (GmbH & Cie. KG), Hamburg	50.0	1
69	NPC Projects Ltd., Bangkok/Thailand	49.0	30
70	Rickmers Third Maritime Investment Pte. Ltd., Singapore	35.0	43
Associates			
71	Colombo International Nautical And Engineering College (Private) Limited, Colombo/Sri Lanka	12.5	18
72	Madryn Holding Inc., Manila/Philippines	40.0	18
73	MS "PATRICIA RICKMERS" Reederei Rickmers GmbH & Cie. KG i.L., Hamburg	40.4	28 + 44
74	Rickmers Marine Agency Philippines Inc., Manila/Philippines	25.0	18
75	Rickmers Maritime, Singapore	34.2	33 + 45
76	Wallmann & Co. (GmbH & Co.), Hamburg	25.1	37
Subsidiaries, not consolidated due to immateriality			
77	Ballagawne Navigation Limited, Douglas/Isle of Man	100.0	33
78	Ballamodha Navigation Limited, Douglas/Isle of Man	100.0	33
79	Bibaloe Navigation Limited, Douglas/Isle of Man	100.0	33
80	Clan Maritime & Yachting Limited, Sliema/Malta	100.0	33
81	EAR Verwaltungsgesellschaft mbH i.L., Hamburg	100.0	44
82	EJR Verwaltungsgesellschaft mbH i.L., Hamburg	100.0	44

No.	Name and location of the company	Holding (in %)	Investment held by No.
83	Hanse Baltic Shipping GmbH i.L., Lübeck	64.0	44
84	MARINE RICKMERS Schifffahrtsgesellschaft mbH & Cie. KG, Hamburg	100.0	44
85	MS Benjamin Rickmers Schifffahrts-Verwaltungsgesellschaft mbH i.L., Hamburg	100.0	44
86	MS FELICITAS RICKMERS Schifffahrts-Verwaltungsgesellschaft mbH i.L., Hamburg	100.0	44
87	MS George Rickmers Schifffahrts-Verwaltungsgesellschaft mbH i.L., Hamburg	100.0	44
88	MS JOHAN RICKMERS Schifffahrts-Verwaltungsgesellschaft mbH i.L., Hamburg	100.0	44
89	MS ROBERT RICKMERS Schifffahrts-Verwaltungsgesellschaft mbH, Hamburg	100.0	44
90	MS SANDY RICKMERS Schifffahrts-Verwaltungs GmbH i.L., Hamburg	100.0	44
91	MS WILLI RICKMERS Schifffahrts-Verwaltungsgesellschaft mbH, Hamburg	100.0	44
92	Rickmers Crewing GmbH, Hamburg	100.0	44
93	Rickmers Neubau GmbH, Hamburg	100.0	44
94	Verwaltung ASTA RICKMERS Schifffahrtsgesellschaft mbH, Hamburg	100.0	44
95	Verwaltung CARLA RICKMERS Schifffahrtsgesellschaft mbH, Hamburg	100.0	44
96	Verwaltung CATHRINE RICKMERS Schifffahrtsgesellschaft mbH, Hamburg	100.0	44
97	Verwaltung ERNST RICKMERS Schifffahrtsgesellschaft mbH i.L., Hamburg	100.0	44
98	Verwaltung ESSE Expert Shipping Service GmbH, Hamburg	100.0	1
99	Verwaltung FIONA RICKMERS Schifffahrtsgesellschaft mbH i.L., Hamburg	100.0	44
100	Verwaltung Fünfte Reederei NEUMÜHLEN 19 Schifffahrtsgesellschaft mbH, Hamburg	100.0	44
101	Verwaltung JACOB RICKMERS Schifffahrtsgesellschaft mbH, Hamburg	100.0	44
102	Verwaltung JOCK RICKMERS Schifffahrtsgesellschaft mbH i.L., Hamburg	100.0	44
103	Verwaltung LAURITA RICKMERS Schifffahrtsgesellschaft mbH i.L., Hamburg	100.0	44
104	Verwaltung LILLY RICKMERS Schifffahrtsgesellschaft mbH i.L., Hamburg	100.0	44
105	Verwaltung MARIE RICKMERS Schifffahrtsgesellschaft mbH i.L., Hamburg	100.0	44
106	Verwaltung MARINE RICKMERS Schifffahrtsgesellschaft mbH, Hamburg	100.0	44
107	Verwaltung MCC Marine Consulting & Contracting GmbH, Hamburg	100.0	28
108	Verwaltung RICKMERS ANTWERP Schifffahrtsgesellschaft mbH, Hamburg	100.0	44
109	Verwaltung RICKMERS GENOA Schifffahrtsgesellschaft mbH, Hamburg	100.0	44
110	Verwaltung RICKMERS SHANGHAI Schifffahrtsgesellschaft mbH, Hamburg	100.0	44
111	Verwaltung Rickmers Shipmanagement GmbH, Hamburg	100.0	48
112	Verwaltung RICKMERS TOKYO Schifffahrtsgesellschaft mbH, Hamburg	100.0	44
113	Verwaltung SEAN RICKMERS Schifffahrtsgesellschaft mbH, Hamburg	100.0	44
114	Verwaltung SOPHIE RICKMERS Schifffahrtsgesellschaft mbH i.L., Hamburg	100.0	44
115	Verwaltung TETE RICKMERS Schifffahrtsgesellschaft mbH i.L., Hamburg	100.0	44
116	Verwaltungsgesellschaft Einundvierzigste Reederei Alsterufer 26 mbH, Hamburg	100.0	44
117	Verwaltungsgesellschaft MS "CLASEN RICKMERS" Rickmers Reederei mbH i.L., Hamburg	100.0	44
118	Verwaltungsgesellschaft MS "PATRICIA RICKMERS" Reederei Rickmers mbH, Hamburg	100.0	44
119	Verwaltungsgesellschaft MS "SEVEN SEAS" Shipping mbH, Hamburg	100.0	44
120	Verwaltungsgesellschaft Rickmers Reederei mbH, Hamburg	100.0	44
121	Verwaltungsgesellschaft Rickmers Shipinvest mbH, Hamburg	100.0	44
122	Verwaltungsgesellschaft Sechste Reederei NEUMUEHLEN 19 mbH, Hamburg	100.0	44
123	Verwaltungsgesellschaft Siebte Reederei NEUMUEHLEN 19 mbH, Hamburg	100.0	44
124	Verwaltungsgesellschaft zweiunddreißigste Reederei Alsterufer 26 mbH, Hamburg	100.0	44
Joint ventures and associates, not included in the scope of consolidation due to immateriality			
125	Elly Suhl Speditionsgesellschaft m.b.H., Hamburg	25.2	37
126	Global Marine Insurance Brokerage Services Limited, Limassol/Cyprus	50.0	18
127	MS "ALTHEA" Schiffsbeteiligungsgesellschaft mbH, Hamburg	50.0	44
128	MS "PREP" Schiffsbeteiligungsgesellschaft mbH i.L., Hamburg	50.0	44
129	Verwaltung CHARLOTTE C. RICKMERS Schifffahrtsgesellschaft mbH, Hamburg	49.0	44

No.	Name and location of the company	Holding (in %)	Investment held by No.
130	Verwaltung Harper Petersen GmbH, Hamburg	50.0	1
131	Verwaltung JENNIFER RICKMERS Schifffahrtsgesellschaft mbH, Hamburg	49.0	44
132	Verwaltung MS "AENNE RICKMERS" Schiffsbeteiligungsgesellschaft mbH, Hamburg	50.0	44
133	Verwaltung MS "ALEXANDRA RICKMERS" Schiffsbeteiligungsgesellschaft mbH, Hamburg	50.0	44
134	Verwaltung MS "ALICE RICKMERS" Schiffsbeteiligungsgesellschaft mbH, Hamburg	50.0	44
135	Verwaltung MS "ANDRE RICKMERS" Schiffsbeteiligungsgesellschaft mbH i.L., Hamburg	50.0	44
136	Verwaltung MS "ANDREAS RICKMERS" Schiffsbeteiligungsgesellschaft mbH, Hamburg	50.0	44
137	Verwaltung MS "ANNA RICKMERS" Schiffsbeteiligungsgesellschaft mbH i.L., Hamburg	50.0	44
138	Verwaltung MS "CAMILLA RICKMERS" Schiffsbeteiligungsgesellschaft mbH i.L., Hamburg	50.0	44
139	Verwaltung MS "CCNI ARAUCO" Schifffahrtsgesellschaft mbH i.L., Hamburg	50.0	2
140	Verwaltung MS "CHRISTA RICKMERS" Schiffsbeteiligungsgesellschaft mbH i.L., Hamburg	50.0	44
141	Verwaltung MS "DEIKE RICKMERS" Schiffsbeteiligungsgesellschaft mbH i.L., Hamburg	50.0	44
142	Verwaltung MS "DENDERAH RICKMERS" Schiffsbeteiligungsgesellschaft mbH i.L., Hamburg	50.0	44
143	Verwaltung MS "ETHA RICKMERS" Schiffsbeteiligungsgesellschaft mbH i.L., Hamburg	50.0	44
144	Verwaltung MS "HELENE RICKMERS" Schiffsbeteiligungsgesellschaft mbH i.L., Hamburg	50.0	44
145	Verwaltung MS "LARA RICKMERS" Schiffsbeteiligungsgesellschaft mbH i.L., Hamburg	50.0	44
146	Verwaltung MS "MABEL RICKMERS" Schiffsbeteiligungsgesellschaft mbH i.L., Hamburg	50.0	44
147	Verwaltung MS "MADELEINE RICKMERS" Schiffsbeteiligungsgesellschaft mbH i.L., Hamburg	50.0	44
148	Verwaltung MS "MAI RICKMERS" Schiffsbeteiligungsgesellschaft mbH i.L., Hamburg	50.0	44
149	Verwaltung MS "URSULA RICKMERS" Schiffsbeteiligungsgesellschaft mbH i.L., Hamburg	50.0	44
150	Verwaltung RICKMERS HAMBURG Schifffahrtsgesellschaft mbH, Hamburg	49.0	44
151	Verwaltung Schifffahrtsgesellschaft MS "CCNI AYSER" mbH i.L., Hamburg	50.0	2
152	Verwaltung Schifffahrtsgesellschaft MS "CCNI CHILOE" mbH i.L., Hamburg	50.0	2
153	Verwaltung Schifffahrtsgesellschaft MS "VALBELLA" mbH, Hamburg	50.0	2
154	Verwaltung Schifffahrtsgesellschaft MS "VALDEMOSA" mbH, Hamburg	50.0	2
155	Verwaltung Schifffahrtsgesellschaft MS "VALDIVIA" mbH, Hamburg	50.0	2
156	Verwaltung Schifffahrtsgesellschaft MS "VALPARAISO" mbH, Hamburg	50.0	2

49 Auditor fees

Auditor fees amount to € 594 thousand (2015: € 1,697 thousand) for the period ending 31 December 2016 and refers to the services rendered in Germany:

in € thousand	2016	2015
Annual audit	415	1,460
Audit-related services	158	0
Tax consultation services	0	3
Other services	21	234
Total	594	1,697

- MCC Marine Consulting & Contracting GmbH & Cie. KG
- Rickmers Shipinvest GmbH & Cie. KG
- Sechste Reederei NEUMUEHLEN 19 GmbH & Cie. KG
- Siebte Reederei NEUMUEHLEN 19 GmbH & Cie. KG

The following companies make use of the exemption option under Section 264b HGB and do not prepare notes to the financial statement or a management report and do not publish their individual financial statements in the Official Gazette:

- Einundvierzigste Reederei Alsterufer 26 GmbH & Cie. KG
- Rickmers GENOA Schifffahrtsgesellschaft mbH & Cie. KG
- Rickmers-Linie GmbH & Cie. KG
- Rickmers Reederei GmbH & Cie. KG
- Rickmers Shipmanagement GmbH & Cie. KG
- Seven Seas Shipping GmbH & Co. KG

50 Exemption in accordance with Section 264b of the German Commercial Code (HGB)

Hamburg, 28 April 2017

The following companies make use of the exemption option under Section 264b of the German Commercial Code (HGB). As such they do not prepare the notes and do not audit or publish their individual financial statements in the Official Gazette:

- ESSE Expert Shipping Service GmbH & Co. KG
- Fünfte Reederei NEUMÜHLEN 19 GmbH & Cie. KG
- JACOB RICKMERS Schifffahrtsgesellschaft mbH & Cie. KG

Dr Ignace Van Meenen

Prof. Dr Mark-Ken Erdmann

Management Board
Rickmers Holding AG

Notes and forward-looking statements

This annual report contains certain future-oriented statements. These are future-oriented statements and information based on the company's assumptions and expectations at the time of publication of the annual report. Future-oriented statements do not describe past facts but rather use terms such as "believe", "assume", "anticipate", "expect", "estimate", "plan", "intend", "could" and similar formulations to discuss future possibilities. These are in turn subject to known and unknown risks, opportunities and uncertainties that lie partly outside the company's sphere of influence. Should any of the mentioned factors occur, or should it become evident that the underlying assumptions were not correct, the actual development of the Rickmers Group may show a positive or negative deviation from the assumptions and information given in the annual report.

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

Further Information

- 228 Rickmers Group vessels
- 234 Contact/Imprint

Rickmers Group vessels¹

CONTAINER VESSELS

CONTAINER VESSEL – 13,600 TEU RETROFIT / ENERGY-EFFICIENT (8 VESSELS)

Description: Container vessel, main engine Hyundai Wäertsilä 68,640 kW



Deadweight: _____	148,604 dwt	Length: _____	366 m
Total TEU: _____	13,568	Breadth: _____	48 m
14 t TEU homogenous: _____	9,144	Scantling draft: _____	16 m
Reefer plugs: _____	800	Speed: _____	24 kn

CONTAINER VESSEL – 9,450 TEU (3 VESSELS)

Description: Container vessel, main engine STX MAN 8S90ME-C9.2 (NOx Tier II) 38,600 kW



Deadweight: _____	114,585 dwt	Length: _____	300 m
Total TEU: _____	9,448	Breadth: _____	48 m
14 t TEU homogenous: _____	7,258	Scantling draft: _____	15 m
Reefer plugs: _____	1,500	Speed: _____	21 kn

CONTAINER VESSEL – 5,400 TEU ENERGY-EFFICIENT (8 VESSELS)

Description: Container vessel, main engine MAN B&W 6G 80ME-C9.2 24,680 kW



Deadweight: _____	65,159 dwt	Length: _____	255 m
Total TEU: _____	5,466	Breadth: _____	37 m
14 t TEU homogenous: _____	3,612	Scantling draft: _____	14 m
Reefer plugs: _____	650	Speed: _____	22 kn

CONTAINER VESSEL – 5,060 TEU PANAMAX (6 VESSELS)

Description: Container vessel, main engine MAN B&W 41,130 kW



Deadweight: _____	68,150 dwt	Length: _____	294 m
Total TEU: _____	5,060	Breadth: _____	32 m
14 t TEU homogenous: _____	3,400	Scantling draft: _____	14 m
Reefer plugs: _____	454	Speed: _____	24 kn

CONTAINER VESSEL – 4,700 TEU PANAMAX (4 VESSELS)

Description: Container vessel, main engine Mitsui MAN B&W 45,680 kW



Deadweight: _____	56,464 dwt	Length: _____	267 m
Total TEU: _____	4,730	Breadth: _____	32 m
14 t TEU homogenous: _____	2,886	Scantling draft: _____	13 m
Reefer plugs: _____	450	Speed: _____	25 kn

¹ Vessels in commercial management at Maritime Assets and/or technical management at Maritime Services; vessel parameters within classifications may vary; as at 31 December 2016.

CONTAINER VESSELS

CONTAINER VESSEL – 4,440 TEU PANAMAX (1 VESSEL)

Description: Container vessel, main engine Sulzer 43,920 kW



Deadweight: _____	58,289 dwt	Length: _____	286 m
Total TEU: _____	4,444	Breadth: _____	32 m
14 t TEU homogenous: _____	3,155	Scantling draft: _____	13 m
Reefer plugs: _____	450	Speed: _____	25 kn

CONTAINER VESSEL – 4,250 TEU PANAMAX (17 VESSELS)

Description: Container vessel, main engine MAN B&W 36,560 kW



Deadweight: _____	50,544 dwt	Length: _____	260 m
Total TEU: _____	4,250	Breadth: _____	32 m
14 t TEU homogenous: _____	2,805	Scantling draft: _____	13 m
Reefer plugs: _____	400	Speed: _____	24 kn

CONTAINER VESSEL – 3,750 TEU SUB-PANAMAX (6 VESSELS)

Description: Container vessel, main engine MAN B&W 26,160 kW



Deadweight: _____	53,161 dwt	Length: _____	254 m
Total TEU: _____	3,750	Breadth: _____	32 m
14 t TEU homogenous: _____	2,794	Scantling draft: _____	12 m
Reefer plugs: _____	844	Speed: _____	22 kn

CONTAINER VESSEL – 3,450 TEU SUB-PANAMAX (3 VESSELS)

Description: Container vessel, main engine Hyundai MAN B&W 31,990 kW



Deadweight: _____	42,806 dwt	Length: _____	239 m
Total TEU: _____	3,450	Breadth: _____	32 m
14 t TEU homogenous: _____	2,370	Scantling draft: _____	12 m
Reefer plugs: _____	550	Speed: _____	24 kn

CONTAINER VESSEL – 2,820 TEU HANDY (2 VESSELS)

Description: Container vessel, main engine Hyundai MAN B&W 25,270 kW



Deadweight: _____	39,462 dwt	Length: _____	222 m
Total TEU: _____	2,824	Breadth: _____	30 m
14 t TEU homogenous: _____	2,131	Scantling draft: _____	12 m
Reefer plugs: _____	460	Speed: _____	22 kn

CONTAINER VESSELS

CONTAINER VESSEL – 2,560 TEU HANDY (1 VESSEL)

Description: Container vessel, geared, main engine Sulzer 21,560 kW



Deadweight: _____	34,641 dwt	Length: _____	210 m
Total TEU: _____	2,556	Breadth: _____	30 m
14 t TEU homogenous: _____	1,836	Scantling draft: _____	12 m
Reefer plugs: _____	600	Speed: _____	22 kn

CONTAINER VESSEL – 2,260 TEU HANDY (1 VESSEL)

Description: Container vessel, geared, main engine Hyundai MAN B&W 22,470 kW



Deadweight: _____	30,546 dwt	Length: _____	196 m
Total TEU: _____	2,262	Breadth: _____	30 m
14 t TEU homogenous: _____	1,630	Scantling draft: _____	11 m
Reefer plugs: _____	435	Speed: _____	20 kn

CONTAINER VESSEL – 2,230 TEU HANDY (5 VESSELS)

Description: Container vessel, geared, main engine MAN B&W 20,874 kW



Deadweight: _____	30,738 dwt	Length: _____	196 m
Total TEU: _____	2,226	Breadth: _____	30 m
14 t TEU homogenous: _____	1,750	Scantling draft: _____	11 m
Reefer plugs: _____	350	Speed: _____	21 kn

CONTAINER VESSEL – 2,000 TEU HANDY (1 VESSEL)

Description: Container vessel, geared, main engine MAN B&W 19,040 kW



Deadweight: _____	27,244 dwt	Length: _____	191 m
Total TEU: _____	2,010	Breadth: _____	29 m
14 t TEU homogenous: _____	1,561	Scantling draft: _____	12 m
Reefer plugs: _____	360	Speed: _____	22 kn

CONTAINER VESSEL – 1,850 TEU HANDY (2 VESSELS)

Description: Container vessel, geared, main engine MAN B&W 21,660 kW



Deadweight: _____	24,084 dwt	Length: _____	197 m
Total TEU: _____	1,854	Breadth: _____	28 m
14 t TEU homogenous: _____	1,300	Scantling draft: _____	11 m
Reefer plugs: _____	300	Speed: _____	23 kn

CONTAINER VESSELS

CONTAINER VESSEL – 1,730 TEU HANDY (5 VESSELS)

Description: Container vessel, geared, main engine Sulzer 13,320 kW



Deadweight: _____	23,067 dwt	Length: _____	184 m
Total TEU: _____	1,728	Breadth: _____	25 m
14 t TEU homogenous: _____	1,125	Scantling draft: _____	10 m
Reefer plugs: _____	200	Speed: _____	20 kn

CONTAINER VESSEL – 1,340 TEU HANDY (1 VESSEL)

Description: Container vessel, geared, main engine Mitsui MAN B&W 12,637 kW



Deadweight: _____	17,350 dwt	Length: _____	161 m
Total TEU: _____	1,338	Breadth: _____	25 m
14 t TEU homogenous: _____	925	Scantling draft: _____	10 m
Reefer plugs: _____	449	Speed: _____	20 kn

CONTAINER VESSEL – 1,220 TEU FAST FEEDER (1 VESSEL)

Description: Container vessel, main engine Hyundai Sulzer 17,760 kW



Deadweight: _____	14,900 dwt	Length: _____	159 m
Total TEU: _____	1,216	Breadth: _____	26 m
14 t TEU homogenous: _____	790	Scantling draft: _____	9 m
Reefer plugs: _____	200	Speed: _____	22 kn

CONTAINER VESSEL – 1,120 TEU FEEDER (4 VESSELS)

Description: Container vessel, gearless, main engine MAN B&W 9,730 kW



Deadweight: _____	13,856 dwt	Length: _____	148 m
Total TEU: _____	1,118	Breadth: _____	23 m
14 t TEU homogenous: _____	700	Scantling draft: _____	9 m
Reefer plugs: _____	220	Speed: _____	17 kn

CONTAINER VESSEL – 820 TEU FEEDER (1 VESSEL)

Description: Container vessel, main engine MAK 8,400 kW



Deadweight: _____	8,627 dwt	Length: _____	138 m
Total TEU: _____	822	Breadth: _____	21 m
14 t TEU homogenous: _____	507	Scantling draft: _____	7 m
Reefer plugs: _____	150	Speed: _____	19 kn

BULK CARRIER

BULK CARRIER SUPRAMAX (3 VESSELS)

Description: Bulk carrier, deadweight 50,000 dwt, open hatch



Deadweight: _____	50,665 dwt	Length: _____	190 m
Total Bale Cubic: _____	56,860 m ³	Breadth: _____	32 m
Holds / Gear: _____	8 / 4x 30 mt jib crane	Scantling draft: _____	12 m
Total TEU: _____	n/a	Speed: _____	14 kn

BULK CARRIER SUPRAMAX (14 VESSELS)

Description: Bulk carrier, deadweight 43,000 dwt – 57,000 dwt, open hatch



Deadweight: _____	54,694 dwt	Length: _____	214 m
Total Bale Cubic: _____	71,885 m ³	Breadth: _____	32 m
Holds / Gear: _____	12 / 2x 70 mt gantry crane	Scantling draft: _____	13 m
Total TEU: _____	2,506	Speed: _____	16 kn

MULTIPURPOSE HEAVYLIFT CARRIER

SUPERFLEX HEAVYLIFT MULTIPURPOSE (30,000 DWT) (13 VESSELS)

Description: Multipurpose heavylift vessel, geared,
main engine MAN B&W 15,820 kW



Deadweight: _____	30,000 dwt	Length: _____	193 m
Total TEU: _____	n/a	Breadth: _____	28 m
14 t TEU homogenous: _____	n/a	Scantling draft: _____	11 m
Reefer plugs: _____	n/a	Speed: _____	17 kn

PX 900 HEAVYLIFT MULTIPURPOSE (20,000 DWT) (2 VESSELS)

Description: Multipurpose heavylift vessel, geared, main engine MAN 6546 8,280 kW



Deadweight: _____	20,000 dwt	Length: _____	171 m
Total TEU: _____	n/a	Breadth: _____	25 m
14 t TEU homogenous: _____	n/a	Scantling draft: _____	10 m
Reefer plugs: _____	n/a	Speed: _____	17 kn

CAR CARRIER

CAR CARRIER (2 VESSELS)

Description: Motor vehicle carrier – stern stamp/door-port ramps,
main engine Hyundai 14,220 kW



Deadweight: _____ 12,890 dwt

Length: _____ 183 m

Capacity: _____ 4,900 cars

Breadth: _____ 32 m

14 t TEU homogenous: _____ n/a

Scantling draft: _____ 9 m

Reefer plugs: _____ n/a

Speed: _____ 20 kn

Contact/Imprint

Contact

Publisher

Rickmers Holding AG
Neumuehlen 19
22763 Hamburg
Germany

Internet

www.rickmers.com

Contact Person

Sabina Pech
Senior Vice President
Corporate Communications & Investor Relations

E-Mail: s.pech@rickmers.com

Tel.: +49 40 38 91 77 - 0

Fax: +49 40 38 91 77 - 500

Imprint

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Alexander Wencelides and
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Tom Paiva
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Sabine Vielmo
Jan Windszus

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Rickmers Holding AG

Neumuehlen 19

22763 Hamburg

Germany

Tel.: +49 (0)40 3891 77-0

Fax: +49 (0)40 3891 77-500

E-mail: info@rickmers.com