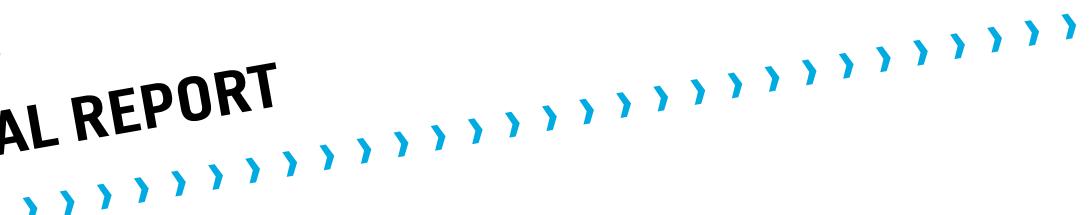


>>16



Solid take off!

**ANNUAL REPORT
2016**



AT A GLANCE

5-year overview

| | Unit | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|--------------|-------------------------|------------------------|------------------------|------------------------|-------------------------|
| Traffic volume | | | | | | |
| Flight movements Index (2012 = 100) | Number % | 75,711 94.5 | 75,695 94.5 | 76,031 94.9 | 76,060 94.9 | 80,139 100.0 |
| Local passengers Index (2012 = 100) | Tsd. Pers. % | 5,409 102.3 | 5,453 103.1 | 5,292 100.1 | 5,235 99.0 | 5,289 100.0 |
| Air cargo Index (2012 = 100) | t % | 9,559 214.5 | 7,975 178.9 | 4,276 95.9 | 3,741 83.9 | 4,457 100.0 |
| Airmail Index (2012 = 100) | t % | 10,650 93.3 | 10,328 90.5 | 11,018 96.5 | 11,039 96.7 | 11,412 100.0 |
| Sales | | | | | | |
| Landing, hangar and security fees | T€ | 54,310 | 53,030 | 51,138 | 49,944 | 50,682 |
| Ground handling and special services | T€ | 34,980 | 34,360 | 34,351 | 35,611 | 35,007 |
| Sales reliant on traffic | T€ | 89,290 | 87,390 | 85,489 | 85,555 | 85,689 |
| Rentals and similar income | T€ | 35,854 | 36,358 | 35,303 | 34,518 | 34,482 |
| Fringe benefits * | T€ | 8,985 | 9,894 | 9,634 | 9,852 | 9,620 |
| Internal revenues / others * | T€ | 7,792 | 7,556 | 7,769 | 7,935 | 8,028 |
| Other income | T€ | 52,631 | 53,808 | 52,706 | 52,305 | 52,130 |
| Total sales * Index (2012 = 100) | T€ % | 141,921 103.0 | 141,198 102.5 | 138,195 100.3 | 137,860 100.0 | 137,819 100.0 |
| Cost of materials * Index (2012 = 100) | T€ % | 64,986 119.8 | 50,432 93.0 | 52,000 95.9 | 52,662 97.1 | 54,248 100.0 |
| Personnel expenses Index (2012 = 100) | T€ % | 45,912 115.0 | 43,772 109.6 | 41,901 105.0 | 42,346 106.1 | 39,923 100.0 |
| Fixed assets | | | | | | |
| Investments | T€ | 19,712 | 16,039 | 13,194 | 10,771 | 16,564 |
| Depreciation | T€ | 16,672 | 17,023 | 17,787 | 21,281 | 22,124 |
| Total gain and losses | | | | | | |
| Result of earnings before income tax | T€ | 27,311 | 27,279 | 26,384 | 23,856 | 27,285 |
| Net profit/ loss | T€ | 5,038 | 3,403 | 2,136 | -3,472 | -2,333 |
| Cash flow from operating activities | T€ | 4,689 | 3,255 | 1,945 | -3,610 | -2,513 |
| Assets and capital structure | | | | | | |
| Total assets | T€ | 285,710 | 286,106 | 287,818 | 293,040 | 303,638 |
| thereof fixed assets | T€ | 267,512 | 265,120 | 266,140 | 270,809 | 281,510 |
| Equity | T€ | 101,396 | 96,708 | 93,452 | 91,507 | 95,117 |
| Equity ratio | % | 35.5 | 33.8 | 32.5 | 31.2 | 31.3 |
| longt. borrowed funds | T€ | 40,336 | 39,094 | 57,287 | 72,254 | 68,230 |

* Previous year's figures not comparable due to first-time application of BilRUG (German Accounting Directive Implementation Act) in the fiscal year 2016

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FOREWORD

The fiscal year 2016



DEAR LADIES, DEAR GENTLEMEN,

Hannover Airport is steering on a reliable course through turbulent times:

With a slight decrease by 0.8 percent compared with the previous year, passenger numbers amounted to 5.4 million. Despite the hesitant demand for popular tourist destinations, particularly to Turkey and North Africa. The reasons were particularly the ongoing geopolitical crises.

Particularly TUIfly, flybe and Swiss distinguished themselves with a clear growth in passenger numbers.

The development in the low cost range is also pleasing: WIZZ Air, Europe's third largest low-cost carrier, commenced its flight operations from Hannover as of end 2016. With, among others, Kiev, Skopje, Bucharest, it paves the way to new destinations in the Eastern European area. We were able to gain a further, dynamically growing airline with Airline Norwegian.

Thanks to numerous special cargo charters and higher volumes of additional cargo we can record a noteworthy increase by 8.24 percent to 18,935 tons.

The economic situation looks positive for 2016. The company's earnings exceeded expectations: Earnings before income tax (EBT) increased compared to the previous year by € 1.6 M to around € 5.0 M.

And we invest in the future. We successfully completed the first phase of the apron renewal work in 2016.

We pursue the objectives of a sustainability policy which pays off. Our environmental management has been EMAS certified for ten years already.

We believe in long-term excellent service quality. Successfully. In 2016 we were able to credit ourselves with the highest level of customer satisfaction of all German airports handling up to 8 million passengers for the 3rd year in succession.

By our economic, social and environmentally responsible actions we are also paving the way to good perspectives for the future. For us as Hannover Airport - and for the entire region.

Sincerely

Dr. Raoul Hille

Managing Director Hannover Airport

MANAGEMENT REPORT

of Flughafen Hannover-Langenhagen GmbH
for the fiscal year 2016

OVERALL ECONOMIC AND BASIC SPECIFIC CONDITIONS IN INDUSTRY

After a sharper growth in the first quarter the economic growth in Germany, influenced by a sluggish global development, slackened over the year. However, the gross domestic product at a low level continued on its growth course. The positive development on the labour market with increasing employment rates and a good income development continued. Particularly government and consumer demand and not least building investors were key factors of the positive development in Germany.

Curbing effects for the German air traffic industry were still experienced from the financial and Euro-zone crisis which had not been overcome yet. In addition numerous strikes, the escalation of the political situation in Turkey and terrorist activities gave rise to uncertainty among airline passengers. This led to great hesitancy towards holiday trips, particularly to Turkey and North African destinations.

The airlines and tour operators reacted with a reorientation of the traffic to the tourist destinations perceived as safer by the travellers, particularly to the Mediterranean and partly also by offering leaner services. With the still high number of seats and favourable all-inclusive trips a growth in passenger numbers was registered which concentrated particularly at airport locations with strong primary markets.

The intensive consolidation activities of the German airlines defined themselves more clearly by the end of the year. Air Berlin, in the scope of its redevelopment activities, intends to separate itself from the tourist business and to participate with part of its air fleet, jointly with Niki and TU-

Ifly, in an Austrian public law foundation which should then operate as the largest holiday airline operator of Central Europe. A further part of the Air Berlin fleet is to work with the Eurowings group in future and to support the low cost offensive and further growth. The final clarification, particularly of the antitrust compliance issues will continue into 2017. The air cargo market remained tense due to political uncertainties, however recorded quite positive growth rates in the second half of the year.

BUSINESS PERFORMANCE

The considerable restraint in the case of trips to Turkey affected one of the most popular tourist destinations at the location Hannover. However, the volume of traffic among passengers was able to almost reach the previous year's level.

Under continued tough competition among the North German airports it was possible to achieve a positive company performance which was clearly above expectations and above the previous year's figure.

At the end of the year WIZZ Air, Europe's third largest low cost carrier, started flight operations from Hannover which additionally taps new destinations for Hannover Airport in the Eastern European Region.

In the passenger traffic sector particularly TUIfly, flybe, Turkish Airlines and Swiss with clear passenger growth and Lufthansa with a high basic volume contributed towards the stabilisation in the traffic development. Eurowings, SunExpress and Air Berlin suffered declines.

The Boeing 777 used by Swiss for training on the Zurich route and also the larger aircraft used



to some extent by other airlines had a favourable effect on the development in air traffic at Hanover Airport.

The Air Gateway added by TNT in the West zone in November 2014 over and above the existing road hub ensured a stable basic air cargo volume flow in 2016. Due to numerous special cargo charters and higher additional cargo volumes in the passenger aircraft an overall significant increase of cargo flown was recorded.

The economic situation of the company may continue to be rated as being extremely sound in the fiscal year 2016. Thus, despite slightly declining passenger numbers, slightly increased sales and stagnating movements, clearly improved earnings before taxes could be achieved. Based thereupon the ongoing aim is to ensure a sustained profitable growth in future.

EARNINGS AND PERFORMANCE

In the fiscal year 2016 the sales of the company at € 141.9 M were 0.5% over the level of the previous year. Thereby essentially a price increase of landing fees and the increased number of permissible maximum take-off weights (MTOW) and a better aircraft de-icing season led to higher aviation proceeds. The visit of the American President to the Hannover Industrial Fair also contributed to an increase in sales.

Significantly lower earnings from rentals and leases result mainly from an aircraft hangar that has not been re-let yet and less income from supply services.

Other operating income essentially includes income from the sale of a plot of land in the Airport Business Park South and the sale of shares

in Aviation Handling Services GmbH, Hamburg and the reversal of no longer required accruals.

Positive operating results continue to be recorded by the low loan liabilities, higher capitalised building interest and lower expenses for compounding provisions.

Opposing effects on the positive development of income result particularly from the increased personnel expenses, increased expenses for maintenance and higher costs for de-icing caused by the weather.

Earnings before income tax (EBT) increased compared to the previous year by € 1.6 M to nearly € 5.0 M. After considering taxes on income the annual surplus for the period was € 4.7 M (2015: € 3.8 M)

With 5,394,922 local flight passengers and 13,892 singly counted transit passengers the total volume amounted to 5,408,814. Thus the figures of the previous year were cut short of by 43,855 passengers or 0.8 %.

The total local volume of the air cargo flown in 2016 amounted to 8,285 t and is thus 15.6 % above the previous year's volume, the total volume at 9,559 increased by 19.9%.

The local airmail volume increased by 3.1% to 10,650 t in the course of the year.

Compared with the previous year the number of starts and landings of scheduled and charter traffic relevant for accounting decreased slightly, whereas the maximum take-off weights (MTOW) increased by 3.7%.

The number of passengers per movement stag-

nated at the same time MTOW per movement increased significantly (+4.2%) which generally speaking reflected poorer utilisation (-1-1%) of the aircraft and the ongoing trend towards using larger aircraft.

FINANCIAL AND ASSET SITUATION

The equity increased from € 96.7 M to € 101.42 M. Including the deficit carried forward from 2015 amounting to € 0.3 M, considering annual profit, balance sheet surplus amounted to € 4.3 M.

The equity profitability related to earnings before taxes (EBT) amounted to +5.0% (previous year: +3.5%).

The investments fixed assets of Flughafen Hannover-Langenhagen GmbH (FHG) amount to € 20.2 M and essentially deal with the first construction phase of the systematic renewal of the apron areas including the external drainage of these surfaces, the modernisation of Car Park 3, the acquisition of the plot of land of the Deutsche Wetterdienst (German Meteorological Service) in the central area of the airport, the renewal of the CHP plant 2 and the planning costs for the reconstruction of the Terminals B and C scheduled for 2018 to 2020.

These total investments are set off against depreciation on property, plant and equipment and on intangible assets amounting to € 17.0 M.

The long-term assets amounting to € 267.5 M are covered by 37.9% equity (€ 101.4 M). The debt ratio declined compared with the previous year due to investments and earnings-related adjustments.

RISK REPORT

The basics of the risk management system are documented in the form of a „Group Risk Management“ manual. Risk catalogues and risk portfolios are updated and communicated every quarter on the basis of software for corporate divisions / subsidiaries / shareholdings. For this purpose risk management software was introduced at FHG and its group companies.

At FHG net-risks over and above € 15 M are qualified as "life threatening", between € 5 M and € 15.0 M as "serious", between € 0.5 and € 5 M as "fairly serious" and lower risks downward of € 0.01 M as "slight" and weighted at probability of occurrence (low, possible, probable and highly probable).

In close connection quarterly risk reporting is carried out in the FHG group. It includes early information of management, board of directors and supervisory board of FHG with regard to the potential existence of threatening risks within the FHG group. Potential existence threatening risks are individual risks defined with a probability of occurrence greater than 25% and critical individual risks with a probability of occurrence above 75 %. If potential existence threatening risks are detected between the reporting dates, ad hoc information is communicated to the management of FHG.

In the scope of the risk management system no potential risks were identified which may be of significant importance for the future development of the company and the group. Six individual risks bearing a possible "serious" net loss were identified. The probability of occurrence for these risks is, however, in two cases only "slight" and in one case "possible". Furthermore, ade-



quate measures were introduced to counter these risks. The total of the risks reported and the resulting risk capital have decreased compared to the previous year particularly due to the closure of three risks classified as serious.

The geopolitical situation, continued consolidations and reorganisations in the airline industry as well as the further toughening of regulative requirements with an unbalanced load to be borne by airports and the required investment expenses may have a depressive impact on the further development of air traffic.

Receivables default risks are largely covered by advance payments of the customers, by customers depositing securities respectively. Liquidity risks and fluctuations of cash flows are covered by corresponding credit lines with the banks.

Flughafen deals with the risk of a change in interest when concluding loans with variable interest (underlying transactions) by concluding congruent interest swaps (hedging instruments) which transform the variable interest into a fixed interest.

FORECAST REPORT

After achieving the positive earnings of the past two years, the company is planning to continue sustainable growth, although limits are set by the repercussions of the financial and Euro debt crisis, the geopolitical situation, continued consolidations and reorganisations in the German airline industry and the consciously continued investment policy of the future aimed at a long-term competitiveness.

The financial performance indicator relevant for the group is similar to the previous year's result according to the income statement consistent with German law. The passenger volume is still the important is still the non-financial performance indicator for the company.

For 2016 earnings of € 2.32 M and a passenger volume of 5.684 K were budgeted. Particularly due to the hesitant tourist demand for Turkish and North African destinations and due to reorganisation activities in the airline industry, the passenger volume was cut short of by 4.8%. Despite the resulting negative effects on the annual profit, it could be exceeded. Due, among others, to the contribution of the reversal of no longer required provisions, a better de-icing season, the one-time income from the visit of the American President and various cost reductions.

For 2017 slightly positive earnings, which are clearly below those of the last year-end result are expected and a passenger volume of some 5,600 is planned. The passenger volume growth is thereby based on the market entry of new airlines such as WIZZ and Norwegian, to the growth of existing carriers and an increased tourist demand. Although the growth in traffic volumes leads to increased sales, clearly lower annual earnings are expected for 2017. This is primarily due to the one-time effects in 2016, such as, for example, the sale of a plot of land and of shares in a holding and increasing personnel expenses due to collective agreements.

The equity ratio of the company will still remain within acceptable limits at over 30 % despite further investments in securing operational processes, maintaining the infrastructure and meeting statutory regulations. Favoured by increases

expected on the medium term in traffic, and in such connection in income, and a cost base which does not increase at the same rate due to rigorous cost control, the equity ratio is expected to increase further on the long-term.

Net debts should improve on the long-term, too and remain within acceptable limits even at higher annual investment volumes.

OPPORTUNITIES REPORT

Particularly the central geographical position within the EU, with a well-developed aviation infrastructure and best road connections, is an opportunity for Hannover Airport on the medium term. Accordingly opportunities may arise from the expansion of the air cargo volume handled at the location and flown from Hannover as well as the growth impulses generated by the establishment of additional airlines, the extension of flight operations of existing airlines respectively.

Furthermore, there are sufficient development possibilities for additions or expansions on the existing site, both of the Aviation segment and also of the Non-Aviation segment.

Considering estimation uncertainties, the opportunities described may contribute to positive earnings in the single-digit million range. Substantial changes of the opportunities compared with the previous year have not taken place.

INFORMATION ON CORPORATE GOVERNANCE

Based on the "Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions" (FührposGleich-

berG) enforced on 01 May 2015 a 30% participation of women was specified for the Supervisory Board of Hannover Airport.

No commitment for management at top management level was specified as only one managing director has been appointed.

Furthermore, a participation of 30% of women was specified for middle level management and for low level management 20%.

All the target criteria had already been fulfilled, to be precise exceeded, by 31.12.2016. The share of women on the Supervisory Board was 41.7 % at middle management level 40% and at low management level 20.8%.

Hannover, 13th January 2017

Dr. Raoul Hille

Managing Director

AUDITOR'S REPORT

for Flughafen Hannover-Langenhangen GmbH
for the fiscal year 2016

We have audited the annual financial statement of Flughafen Hannover Langenhagen GmbH, Hannover – consisting of balance sheet, income statement as well as the Appendix – including the accounting records and the management report for the financial year from 1st January to 31st December 2016.

According to Article 6b Section 5 EnWG (German Energy Industry Act) the audit also included compliance with the obligations of accounting according to Article 6b Section 3 EnWG (German Energy Industry Act) according to which separate accounts are to be kept and activity reports are to be drawn up. The accounting and preparation of the annual financial statement and the management report in accordance with the provisions of German commercial law and the observance of the obligations according to Article 6b Section 3 EnWG (German Energy Industry Act) are the responsibility of the Managing Director of the company. It is our responsibility, and based on our audit, to issue an opinion on the annual financial statement including accounting and on the management report as well as on the compliance with the obligation governing accounting according to Article 6b Section 3 EnWG (German Energy Industry Act).

We have conducted the audit of the annual financial statement in compliance with Article 317 HGB (German Commercial Code) the German Principles for Proper Audit Procedures as specified by the Institut der Wirtschaftsprüfer (IDW) (German Institute of Auditors). These standards require us to plan and perform the audit to ensure that misstatements and violations materially affecting the presentation of the net assets, financial position and results of operations are detected with reasonable certainty and that an assessment can be made with sufficient certainty

as to whether the obligations according to Article 6b Section 3 EnWG (German Energy Industry Act) have been complied with in all material respects. During the audit, knowledge concerning the business activities and the economic and legal background of the company as well as the expectations regarding possible inaccuracies are taken into account.

In the scope of the audit, the effectiveness of the accounting-related internal control system and the evidence supporting disclosures in accounting, annual statement and the management reports as well as the compliance with the accounting obligations in compliance with Article 6b Section 3 EnWG (German Energy Industry Act) are audited primarily on a random example basis. The audit includes the evaluation of the applied accounting principles and the significant estimates of the managing directors, the appraisal of the overall presentation of the financial statement and of the management report of the company as well as assessing whether the carrying amounts and account allocation in accordance with Article 6B Section 3 EnWG have been determined in an appropriate and transparent manner and the consistency principle has been observed.

We believe that our audit provides a reasonable basis for our opinion.

... Our audit of the annual statement, including accounting and the management report, did not give rise to any objections.

In our opinion, based on the results gained in the audit, the annual statement complies with the legal provisions and gives a true and fair view of

the assets, financial and income situation of the company. The management report is consistent with the financial statement and as a whole provides an accurate picture of the position of the company and accurately conveys the opportunities and risks of future development.

The audit of the observance of obligations of accounting according to Article 6b Section 3 EnWG (German Energy Industry Act), according to which separate accounts have to be kept and activity reports have to be prepared according to Article 6b Section 3 EnWG (German Energy Industry Act), has not led to any reservations.

Hannover, 3rd March 2017

PricewaterhouseCoopers
Aktiengesellschaft
Auditing Company

| | |
|--------------------------|------------------------------|
| Moritz Meyer, Auditor | pp Hanno Karlheim Auditor |
|--------------------------|------------------------------|



BALANCE SHEET

of Flughafen Hannover-Langenhagen GmbH as at 31. December 2016

| ASSETS | 2016 / Euro | 2015 / Euro |
|---|-----------------------|-----------------------|
| A. FIXED ASSETS | | |
| I. Intangible assets | | |
| 1. Purchased software | 1,080,666.00 | 881,089.00 |
| | | |
| II. Fixed assets | | |
| 1. Land and buildings | 253,840,836.04 | 248,458,355.47 |
| 2. Technical machinery and equipment | 2,013,724.00 | 2,083,708.00 |
| 3. Other equipment, plant and office equipment | 6,049,570.00 | 6,667,578.00 |
| 4. Payments on account and construction in progress | 5,607,405.82 | 7,910,118.60 |
| | 267,511,535.86 | 265,119,760.07 |
| III. Financial assets | | |
| 1. Shares in affiliated companies | 956,398.77 | 956,398.77 |
| 2. Loans to affiliated companies | 2,457,000.00 | 2,457,000.00 |
| 3. Investments | 3,367,904.82 | 3,715,979.29 |
| 4. Loans to companies with whom a participating interest exists | 1,387,826.03 | 2,121,103.89 |
| 5. Other loans and other financial assets | 14,431.09 | 14,777.56 |
| | 8,183,560.71 | 9,265,259.51 |
| | 276,775,762.57 | 275,266,108.58 |
| B. CURRENT ASSETS | | |
| I. Inventories | | |
| 1. Raw materials and supplies | 798,723.35 | 802,456.45 |
| II. Receivables and other current assets | | |
| 1. Trade receivables | 5,307,482.15 | 6,430,382.57 |
| 2. Receivables from affiliated companies | 1,237,174.07 | 1,675,800.98 |
| 3. Receivables from affiliated companies with whom a participating interest exists | 127,677.23 | 145,212.50 |
| 4. Other assets | 292,602.70 | 355,252.04 |
| | 6,964,936.15 | 8,606,648.09 |
| III. Cash on hand, cash in banks | | |
| | 600,757.26 | 530,895.36 |
| | 8,364,416.76 | 9,939,999.90 |
| C. ACCRUALS AND DEFERRALS | | |
| | 570,204.59 | 900,180.29 |
| | 285,710,383.92 | 286,106,288.77 |

| LIABILITIES | 2016 / Euro | 2015 / Euro |
|---|-----------------------|-----------------------|
| A. EQUITY | | |
| I. Subscribed capital | | |
| | 30,700,000.00 | 30,700,000.00 |
| II. Capital reserve | | |
| | 58,127,335.30 | 58,127,335.30 |
| III. Other revenue reserves | | |
| | 8,219,793.97 | 8,219,793.97 |
| IV. Retained earnings / Deficit carried forward (-) | | |
| | -339,458.94 | -3,594,942.07 |
| V. Net loss (-) / Net income | | |
| | 4,688,721.56 | 3,255,483.13 |
| | 101,396,391.89 | 96,707,670.33 |
| B. PROVISIONS | | |
| 1. Provisions for pensions and similar liabilities | | |
| | 4,471,450.32 | 4,492,559.00 |
| 2. Tax provisions | | |
| | 483,585.50 | 415,325.00 |
| 3. Other provisions | | |
| | 32,531,530.63 | 30,760,364.72 |
| | | 37,486,566.45 |
| | | 35,668,248.72 |
| C. LIABILITIES | | |
| 1. Liabilities to banks | | |
| | 139,393,288.69 | 147,568,736.35 |
| 2. Trade payables | | |
| | 2,625,135.25 | 1,197,247.36 |
| 3. Account payable to affiliates | | |
| | 96,767.26 | 143,486.97 |
| 4. Liabilities to companies with whom a participating interest exists | | |
| | 941,869.92 | 1,127,823.15 |
| Other liabilities | | |
| - of these from taxes: € 421,511.63 (previous year: € 370,242.18) | | |
| - of these in the framework of social security: € 0,00 (previous year: € 2,333.37) | | |
| | 2,990,037.50 | 2,803,190.66 |
| | 146,047,089.62 | 152,840,484.49 |
| D. DEFERRED CHARGES | | |
| | 780,326.96 | 889,885.23 |
| | 285,710,383.92 | 286,106,288.77 |

PROFIT AND LOSS ACCOUNT

of Flughafen Hannover-Langenhagen GmbH as at 31. December 2016

(* = Previous year's figures not comparable due to first-time application of BilRUG (German Accounting Directive Implementation Act) in the fiscal year 2016)

| | 2016 / Euro | 2015 / Euro |
|---|-----------------------|-----------------------|
| 1. Sales revenue | 141,921,391.37 | 141,198,191.26* |
| 2. Other capitalized services | 888,539.98 | 754,531.03 |
| 3. Other operating income | 5,635,426.89 | 3,552,771.23* |
| | 148,445,358.24 | 145,505,493.52 |
| 4. Material costs | | |
| a) Cost of materials and supplies and for purchased goods | 4,183,914.67 | 3,365,620.56 |
| b) Expenses for purchased services | 60,801,925.53 | 47,066,758.30* |
| | 64,985,840.20 | 50,432,378.86 |
| 5. Gross profit | 83,459,518.04 | 95,073,114.66 |
| 6. Personnel costs | | |
| a) Wages and salaries | 36,144,605.69 | 34,508,196.21 |
| b) Social security contributions and expenses for retirement benefits and aid - of which for retirement benefits: € 3,151,396.24 (previous year: 2,939,782.29) | 9,767,392.08 | 9,263,702.94 |
| | 45,911,997.77 | 43,771,899.15 |
| 7. Depreciation of intangible assets and tangible assets | 16,990,099.76 | 17,513,424.92 |
| 8. Other operating expenses | 10,236,656.34 | 24,022,124.08* |
| 9. Earnings from shareholding - thereof from affiliated companies: € 43,327.78 (previous year: € 0.00) | 727,655.06 | 170,000.00 |
| 10. Income from profit transfer agreements | 513,113.21 | 402,936.08 |
| 11. Expenses from loss transfers | 592,210.52 | 109,843.16 |
| 12. Income from loans of financial assets - thereof from affiliated companies: € 135,135.00 (previous year: € 135,135.00) | 199,959.02 | 224,742.07 |
| 13. Other interest and similar income | 617.26 | 353.68 |
| 14. Write-offs of financial assets | 6,132,358.20 | 7,050,940.62 |
| 15. Profit / loss from ordinary operations / Earnings before tax (EBT) | 5,037,540.00 | 3,402,914.56 |
| 16. Earnings (-) from taxes from income and yield/ Taxes on income and profit | 348,818.44 | 147,431.43 |
| 17. Annual surplus / Annual deficit (-) | 4,688,721.56 | 3,255,483.13 |
| 18. Deficit carried forward (-) / Profit carried forward | -339,458.94 | -3,594,942.07 |
| 19. Net loss (-) / Net profit | 4,349,262.62 | -339,458.94 |



DEVELOPMENT OF FIXED ASSETS

of Flughafen Hannover-Langenhagen GmbH in the business year 2016

| | ACQUISITION AND PRODUCTION COSTS | | | | VALUE ADJUSTMENTS | | | | NET BOOK VALUES | | | |
|--|----------------------------------|----------------------|-------------------|---------------------|-----------------------|-----------------------|----------------------|---------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | As on 1. 1. 2016 | Additions Euro | Transfers Euro | Disposals Euro | As on 31.12.2016 | As on 01.01.2016 | Additions Euro | Disposals Euro | Appreciation Euro | As on 31.12.2016 | As on 31.12.2016 | Previous year Euro |
| I. Intangible assets | | | | | | | | | | | | |
| 1. Software | 3,043,513.55 | 507,141.03 | 4,650.00 | 95,157.51 | 3,460,147.07 | 2,162,424.55 | 317,922.03 | 95,157.51 | 0,00 | 2,385,259.07 | 1,074,888.00 | 881,089.00 |
| 2. Advance payments made for non tangible assets | 0.00 | 5,778.00 | 0.00 | 0.00 | 5,778.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,778.00 | 0.00 |
| | 3,043,513.55 | 512,919.03 | 4,650.00 | 95,157.51 | 3,465,925.07 | 2,162,424.55 | 317,922.03 | 95,157.51 | 0.00 | 2,385,259.07 | 1,080,666.00 | 881,089.00 |
| II. Tangible assets | | | | | | | | | | | | |
| 1. Land and buildings | 687,573,878.10 | 14,821,219.43 | 5,688,435.08 | 4,596,095.92 | 703,487,436.69 | 439,115,522.63 | 14,548,847.94 | 4,017,769.92 | 0,00 | 449,646,600.65 | 253,840,836.04 | 248,458,355.47 |
| 2. Technical plants and machinery | 8,566,072.61 | 486,012.52 | 0.00 | 5,688.20 | 9,046,396.93 | 6,482,364.61 | 555,996.52 | 5,688.20 | 0.00 | 7,032,672.93 | 2,013,724.00 | 2,083,708.00 |
| 3. Other equipment, fixtures, fittings and equipment | 28,140,602.09 | 933,073.20 | 33,693.07 | 1,116,494.39 | 27,990,873.97 | 21,473,024.09 | 1,567,263.27 | 1,098,983.39 | 0.00 | 21,941,303.97 | 6,049,570.00 | 6,667,578.00 |
| 4. Advance payments made and plants in construction | 7,910,118.60 | 3,471,413.64 | -5,726,778.15 | 47,348.27 | 5,607,405.82 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,607,405.82 | 7,910,118.60 |
| | 732,190,671.40 | 19,711,718.79 | -4,650.00 | 5,765,626.78 | 746,132,113.41 | 467,070,911.33 | 16,672,107.73 | 5,122,441.51 | 0.00 | 478,620,577.55 | 267,511,535.86 | 265,119,760.07 |
| III. Financial assets | | | | | | | | | | | | |
| 1. Shares in affiliated companies | 1,452,298.77 | 0.00 | 0.00 | 0.00 | 1,452,298.77 | 495,900.00 | 0.00 | 0.00 | 0.00 | 495,900.00 | 956,398.77 | 956,398.77 |
| 2. Loans to affiliated companies | 2,457,000.00 | 0.00 | 0.00 | 0.00 | 2,457,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2,457,000.00 | 2,457,000.00 |
| 3. Investments | 3,715,979.29 | 0.00 | 0.00 | 348,074.47 | 3,367,904.82 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,367,904.82 | 3,715,979.29 |
| 4. Loans to companies, with whom a participating interest exists | 2,121,103.89 | 0.00 | 0.00 | 733,277.86 | 1,387,826.03 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,387,826.03 | 2,121,103.89 |
| 5. Other loans and financial assets | 14,777.56 | 0.00 | 0.00 | 346.47 | 14,431.09 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14,431.09 | 14,777.56 |
| | 9,761,159.51 | 0.00 | 0.00 | 1,081,698.80 | 8,679,460.71 | 495,900.00 | 0.00 | 0.00 | 0.00 | 495,900.00 | 8,183,560.71 | 9,265,259.51 |
| | 744,995,344.46 | 20,224,637.82 | 0.00 | 6,942,483.09 | 758,277,499.19 | 469,729,235.88 | 16,990,099.76 | 5,217,599.02 | 0.00 | 481,501,736.62 | 276,775,762.57 | 275,266,108.58 |

ANNEX

of Flughafen Hannover-Langenhagen GmbH
for the Business year 2016



A. GENERAL INFORMATION

Flughafen Hannover-Langenhagen GmbH (FHG) is a major corporation in the terms of Article 267 Section 3 HGB (German Commercial Code).

The company applies the expense method according to Article 275 Section 2 HGB (German Commercial Code) in connection with the income statement.

1. Accounting and valuation principles

Fixed assets

Intangible assets acquired for cash are valued at acquisition costs and are subject to straight-line depreciation over three to five years.

The **property, plant and equipment** assets are valued at acquisition or manufacturing costs less scheduled and, if applicable, non-scheduled depreciation. Costs in the terms of Article 255 Section 2 Clause 3 German Commercial Code were not considered. The depreciations are carried out on principle according to the straight-line method, whereby the useful life is determined on the basis of the directive drawn up by the Arbeitsgemeinschaft Deutscher Verkehrsflughäfen (German Airports Association). Individual buildings are depreciated on a declining balance basis. Low value assets are fully depreciated in the year of acquisition according to Article 6 Section 2 Income Tax Act (Acquisition costs or manufacturing costs up € 150.00) and disclosed as expense. Furthermore there is a collective depreciation over five years for low-value items corresponding to Article 6 2 a Income Tax Act (acquisition and manufacturing costs of € 150.01 to € 1,000.00). Since 1 January 2009

interest for borrowed capital (building period interest) in line with Article 255 Section 3 German Commercial Code is considered and capitalised for substantial investments as manufacturing costs within the asset. In the fiscal year 2016 building period interest amounting to € 138 K (previous year: € 22 K accrued. The interest solely concerns the item land and buildings.

Financial assets are entered at cost, reduced by non-scheduled depreciation to the lower fair value.

Current assets

The **inventories** are recorded at cost, at the lower market prices on balance sheet date respectively. For raw materials and supplies on stock for longer periods devaluations at an appropriate level are made for inventory risks based on the duration of storage.

The **accounts receivable and other assets** are revealed in the balance sheet at nominal value and are exclusively in local currency. Long-term non-interest bearing receivables were recorded at cash value. Recognisable singular risks are considered by singular value decomposition. The general credit risk is sufficiently considered by a general bad debt allowance on receivables which are not considered by singular value decompositions for accounts receivable from trading. **Liquid assets** consist exclusively of local currency and are recorded at their nominal value.

Deferred charges and prepaid expenses are reported in line with the rules of Article 250 HGB/German Commercial Code.

The shares in the **share capital** of the parent company were distributed as follows:

| | 31.12.16 | | 31.12.15 | |
|--|---------------|------------|---------------|------------|
| | (K) € | % | (K) € | % |
| Regional capital Hannover | 10,745 | 35 | 10,745 | 35 |
| Hannoversche Beteiligungsgesellschaft mbH, Hannover | 10,745 | 35 | 10,745 | 35 |
| Fraport AG Frankfurt Service Worldwide Frankfurt/Main | 9,210 | 30 | 9,210 | 30 |
| | 30,700 | 100 | 30,700 | 100 |

tion probability of 0.0 %. The „reference tables 2005G“ of Prof. Dr. Klaus Heubeck were used as biometric basis for the calculation. The securities deposited (market money funds) on an escrow account as insolvency insurance of partial-retirement contracts in the form of a two-tier trust arrangement (Article 8a German Partial Retirement Act) are recorded at fair value and are offset against the respective provisions in line with offsetting rules of Article 246 Section 2 Clause 2 German Commercial Code.

The other provisions are formed for uncertain liabilities and for deferred maintenance expenses. They are recorded at the necessary fulfilment sum according to prudent commercial assessment. Provisions with a remaining term of over one year are discounted in line with their remaining term at the average market interest rate of the past seven fiscal years.

Liabilities are entered at fulfilment amount. Liabilities in foreign currencies are valued at the mean exchange spot rate on balance sheet date. There have been no substantial conversion rate differences.

B. SPECIAL INFORMATION AND EXPLANATIONS ON THE ANNUAL FINANCIAL STATEMENT

1. Balance sheet

1.1 Assets

Fixed assets

The break-down and development of the fixed assets are disclosed in the asset table (Attachment to this annex).

The provisions for pensions and similar obligations take all the claims and current pension benefits into account and were calculated in line with the „Projected-Unit-Credit-Method“ (PUC method) according to recognised actuarial principles. The reserve amount was evaluated at the underlying interest rate of the past 10 years, i.e. 3.99% (previous year 3.89 % on the average rate of the past 7 years) and taking a trend assumption into account with regard to future claims, to be precise pension developments (each +2.0% p.a.) and a fluctuation probability of 0.0 %. The „reference tables 2005G“ of Prof. Dr. Klaus Heubeck were used as biometric basis for the calculation. The accounting difference barred from distribution according to Article 253 Section 6 HGB from appropriating the average interest rate of the past 10 years (instead of 7 years) amounts to € 547 K.

The evaluation of the provisions for partial-retirement obligations was carried out in line with the IDW (German Auditing Regulations) statement of 19 June 2013. The reserve amount was evaluated at the underlying interest rate of 3.20 % (previous year 3.89 %) and taking a trend assumption into account with regard to future wage developments (+2.0 % p.a.) and a fluctua-



Financial assets

The loans to affiliated companies include a shareholder loan granted and approved by the Supervisory Board in 2010 and 2011 to AHS Aviation Handling Services GmbH, Hamburg, amounting to € 1,388 K (previous year € 2,121 K). FHG declared a qualified subordination in 2010 for this loan including interest. It thereby ranks behind all accounts due of all current and future subordinate creditors of AHS with its repayment claims including interest; in relation to other shareholder loans AHS will guarantee that the loan granted by FHG will be of equal subordination.

Current assets

Accounts receivable and other assets

The accounts receivable do not include any item, as in the previous year, with a remaining term of over one year.

The accounts due from associated companies amount to € 1,237 K (previous year: € 1,676 K). They amount to € 385 K (previous year € 72 K) due from Hannover Aviation Ground Services GmbH (AGS) and € 852 K (previous year € 904 K) due from Aircargo Services Hannover GmbH (ASH). The receivables due from AGS result from balances of receivables from the transfer of profits amounting to € 513 K (including € 90 K trade tax apportionment) and receivables from transactions of trade accounts amounting to € 128 K; the receivables due from ASH are composed of trade receivables amounting to € 1,444 K set off against liabilities from the transfer of loss amounting to € 592 K.

Accounts due from affiliated companies deal, on the one hand, with the transactions of trade ac-

counts payable of Gastronomie Flughafen Hannover GmbH € 63 K (previous year € 59 K). Furthermore, the receivables due from AHS Handling Services GmbH, Hamburg amounting to € 65 K (previous year: € 86 K) are still included. These are exclusively interest receivables for a shareholder loan for which (including the interest) a qualified subordination was declared.

The other assets at € K 208 K (previous year: € 73 K) disclose the income tax refund claims. Thereof € 16 K (previous year: € 32 K) refer to the cash value of the corporation tax credit from the former corporation tax credit method (Article 37 Section 5 Corporate Income Tax Law). Furthermore, they contain current income tax refund claims amounting to € 25 K (previous year: € 57 K).

Of the other assets the term is longer than one year for € 2 K (previous year: € 16 K).

Deferred charges

The prepaid expenses include values in the terms of Article 250 Section 3 HGB (Commercial Code) amounting to € 36 K (previous year: € 52 K).

1.2 Liabilities and shareholders' equity

Equity

The share capital of Flughafen Hannover-Langenhangen GmbH Hannover amounts to € 30,700 K, capital reserves € 58,127 K and retained earnings € 8,220 K. After considering the loss carried forward amounting to € 340 K and the annual surplus for the year 2016 amounting to € 4,689 K the equity totals € 101,396 K.

Tax provisions

The tax provisions are provisions for trade tax (€ 144 K), corporate tax (€ 8 K) each for the years 2015 and 2016, electricity tax for the fiscal year 2016 (€ 39 K) and for subsequent due resulting from the audits for 2010 - 2013 and their implications (€ 293). Other provisions

The other provisions primarily include provisions for outstanding invoices (€ 19,775 K), early retirement regulations (€ 2,767 K), noise protection measures (€ 4,803 K), partial retirement regulations (€ 4,092 K), provisions for holiday and overtime commitments (€ 993 K) as well as for deferred maintenance (€ 1,158) which will be caught up with in the first three months of the following fiscal year.

The amount required for partial retirement provisions amounting to € 4,214 K was balanced according to Article 246 Section 2 HGB with the fair value amounting to € 122 K (purchase cost: € 109 K) of the securities deposited (market money funds) on an escrow account as insolvency insurance of partial-retirement contracts in the form of the two-tier trust arrangement (Article 8a German Partial Retirement Act). The fair value was evaluated at the exchange quotation applicable on balance sheet date. The difference between the fair value and the purchase costs, considering deferred taxes is subject to the distribution ban as set out Article 268 Section 8 HGB.

Liabilities

The remaining terms in the annual statement of the company are disclosed as follows:

| | 31.12.2016 | total | Thereof with a remaining term | | |
|---------------------------------------|------------|--------|-------------------------------|-------------------|-------------------|
| | | | up to 1 year | between 1 and 5 y | more than 5 years |
| | (k) € | (k) € | (k) € | (k) € | (k) € |
| Liabilities | | | | | |
| to banks | 139,393 | 20,432 | 118,961 | 35,865 | |
| for goods and services | 2,625 | 2,625 | 0 | 0 | |
| to affiliated companies | 97 | 97 | 0 | 0 | |
| accounts due to other group companies | 942 | 942 | 0 | 0 | |
| Others | 2,990 | 2,990 | 0 | 0 | |
| | 146,047 | 27,086 | 118,961 | 35,865 | |

| | 31.12.2015 | total | Thereof with a remaining term | | |
|---------------------------------------|------------|--------|-------------------------------|-------------------|-------------------|
| | | | up to 1 year | between 1 and 5 y | more than 5 years |
| | (k) € | (k) € | (k) € | (k) € | (k) € |
| Liabilities | | | | | |
| to banks | 147,569 | 21,017 | 126,552 | 34,601 | |
| for goods and services | 1,197 | 1,197 | 0 | 0 | |
| to affiliated companies | 143 | 143 | 0 | 0 | |
| accounts due to other group companies | 1,128 | 1,128 | 0 | 0 | |
| Others | 2,803 | 2,803 | 0 | 0 | |
| | 152,840 | 28,288 | 126,552 | 34,601 | |

The liabilities due to banks of the company as on 31 December 2016 include, apart from the current account liabilities, overnight liabilities and fixed interest rate loans including an interest rate swap concluded on 30 June 2009 for € 10.0 M with a 15 year term. The underlying transaction of equal amount and term and redemption structure (on 30 June each year) consists of a variable on the 3-month EURIBOR plus a fixed margin loan for the entire term.



The negative market value (from FHG point of view) of the interest rate swap as on 31 December 2016 amounts to € -1,329 K (previous year: € -1,409 K). With the interest rate swap the transaction was compiled to a single valuation unit according to the hedging method.

For a further loan (underlying transaction), with variable interest on the basis of the 3-month EURIBOR for 10 years, a forward swap agreement with another bank partner amounting to the corresponding remaining liability of the underlying transaction as was already concluded in the fiscal year 2012, was concluded on 15 August 2015 with an identical redemption structure and term. The prerequisites for anticipatory hedging were thus given. The (from the point of view of FHG) negative market value of the forward interest swap as on 31 December 2016, amounts to € -1,184 K (previous year € -1,136 K). The underlying transaction was compiled to one valuation unit with the interest swap according to the hedging (freezing) method.

As further derivative an interest rate swap concluded on 17 December 2013 for € 8.0 M with a term of 10 years is included. The underlying transaction to be hedged of identical amount and term as well as same redemption structure (as per 16 December every year) consists of a variable loan on the 6-month EURIBOR plus interest on a loan with a fixed margin for the entire term. The (from FHG point of view) negative market value of the interest rate swap as on 31 December 2016 amounts to € -631 K (previous year € -571 K). With the interest rate swap the underlying transaction was compiled to one valuation unit according to the hedging (freezing) method.

As further derivative an interest rate swap has

been concluded on 21st July 2014 for € 10.0 K with a term from 1st July 2016 to 1st July 2026 at a fixed interest rate and quarterly redemption. The underlying transaction concluded in the fiscal year 2016 of identical amount and term and of equal quarterly redemption structure consists of variable on the 3-month EURIBOR plus a fixed margin loan for the entire term. The market value (from FHG point of view negative) of the interest rate swap as on 31 December 2016 amounts to € -955 K (previous year: € -605 K). With the interest rate swap the transaction was compiled to a single valuation unit according to the hedging (freezing) method.

For further financial requirements in the medium-term fiscal planning of clearly foreseeable fiscal requirements of at least € K 10.0 M in 2017 was concluded as interest rate hedge on 21st July 2014 a further forward swap agreement amounting to € 10 M was concluded for the term 3rd July 2017 to 1st July 2027 at fixed interest rate and quarterly redemption structure. A corresponding underlying transaction of identical amount and term and of equal redemption structure is included in the budget as so-called highly probable transaction. The negative market value (from the FHG point of view) of this forward interest swap agreement as on 31 December 2016 amounts to € -1,052 K (previous year: € -609 K).

The determination of the individual market values was made by the respective issuing bank on the basis of the prevailing indicative market interest rates (market mean) and indicative volatility figures on close of trading on balance sheet date.

The total portfolio of loan liabilities contains a promissory note loan unchanged amounting to €

K 20.0 M, which, apart from fixed rate tranches with 5 and 10-year terms, also contains a variable tranche of € 1.0 M with variable interest on a 3-month EURIBOR basis.

The liabilities due to associated companies amounting to € 98 K (previous year: € 143 K) are due to AHS Hannover Aviation Holdings Services GmbH (AHS) and are exclusively for supplies and service transactions.

On close of trading on balance sheet date Liabilities due to affiliated companies amounting to € 942 (Previous year: € 1,128) deal exclusively with the supply and services transactions with AirITSystems GmbH)

Deferred taxes

| Balance sheet items in € K | | As per 31.12.2016 | As per 31.12.2015 | Changes |
|---|--------------|----------------------|----------------------|---------|
| Deferred tax assets | | | | |
| Assets | | | | |
| Financial assets | | 155 | 155 | 0 |
| Provisions | | | | |
| Provisions for pensions | 594 | 599 | -5 | |
| Other provisions | 2,362 | 1,347 | 1,015 | |
| | 2,956 | 1,946 | 1,010 | |
| Deferred tax assets from loss carried forward | | 739 | 1,288 | -549 |
| Total deferred tax assets | 3,850 | 3,389 | 461 | |

| Balance sheet items in € K | | As per 31.12.2016 | As per 31.12.2015 | Changes |
|---------------------------------------|---------------|----------------------|----------------------|---------|
| Deferred tax liabilities | | | | |
| Assets | | | | |
| Property, plant and equipment | | -3,620 | -1,189 | -2,431 |
| Current assets | | -1 | -2 | 1 |
| Other assets | | | | |
| Total deferred tax liabilities | -3,621 | -1,191 | -2,430 | |
| Net deferred tax assets | 229 | 2,198 | -1,969 | |

In the fiscal year 2016 net deferred tax assets amounting to € 229 K (previous year: € 2,198 K) were disclosed. The option rights to capitalize net deferred tax assets according to Article 274 Section 1 Clause 2 HGB new versions was not utilised in the fiscal year 2016 either.

To calculate the deferred taxes a tax rate amounting to 31.225 % was used as basis. Apart from the corporation tax of 15.0% and the solidarity surcharge of 5.5% the individual company trade tax rate of 15.4% was considered.

2. Statement of income

As a result of statutory changes resulting from the first application of the Accounting Directive Implementation Act (BilRUG – German Accounting Law) as per 1st January 2016, compared to the former disclosures in the statement of income, individual reclassifications in the sales revenue, other operating income and cost of materials and the other operating income were presented. As the previous year's values were not adjusted a direct comparison is not possible for this item.



2.1 Sales revenue according to activities

100 % of the sales are generated nationally.

| | 2016 | 2015 |
|--|----------------|----------------|
| | (K) € | (K) € |
| Airport charges and proceeds from ground handling services | 89,290 | 87,390 |
| Rents and leases, permit fees | 35,854 | 36,358 |
| Utilities, supplies | 8,985 | 9,894 |
| Internal revenues with 100 % subsidiaries | 7,450 | 7,232 |
| Non-period sales income | 46 | 16 |
| Others | 296 | 308 |
| | 141,921 | 141,198 |

For an early application of the BilRUG directives in the fiscal year 2015 in the fiscal year 2015 the sales revenue for the said fiscal year would amount to € 140,973 K. This difference of € 225 K compared to the disclosed prior year value results from balancing the sales revenue with other directly related other taxes (€ -536 K) which had been disclosed in the other operating expenses in the prior year and the reclassifications of non-period and other revenue side-lines from the other operating income amounting to € 311 K.

2.2 Other operating income

The other operating income of the company includes particularly revenue from the reversal of accruals amounting to € 2,472 K (previous year: € 2,290 K), income from the disposal of fixed assets amounting to € 2,535 K (previous year: € 42 K), income from payments received for depreciated receivables amounting to € 50 K (previous year: € 36 K) and other non-period related income amounting to € 86 K (previous

year: 121) which is essentially accounted for bonus credits and by the write-offs of liabilities.

For the early application of the directives of the BilRUG (German Accounting Law) already in the fiscal year 2015 other operational income would amount to € 3,242 K in the fiscal year 2015. This difference amounting to € -311 K compared to the disclosed prior year value results from the reclassifications of non-period and other revenue from side-lines from in the Sales revenue.

2.3 Cost of materials

The statutory changes BilRUG – German Accounting Law as per 1st January 2016, resulted in reclassifications of expenses in direct connection with the expenses from the other operational expenses for the cost of materials in percent amounting to € 12,565 K in the fiscal year.

For the early application of the directives of the BilRUG – German Accounting Law already in the fiscal year 2015 material costs would amount to € 63,409 K in the fiscal year 2015. This difference amounting to € 12,977 K compared to the disclosed prior year value results from the reclassifications of expenses in direct connection with expenses from other operational expenses.

2.4 Personnel expenses

A supplementary pension fund has been concluded with the city of Hannover for the employees of the company. The levy rate invariably amounts to 5.07 % of the remuneration. In addition a reorganisation charge in the form of an additional levy has had to be paid on the remu-

neration subject to supplementary pension since 1st January 2003. Since 2014 the reorganisation charge the form of an additional levy has been unchanged at 3.00 %. The total of the remunerations subject to a company levy in 2016 amounted to € 33,078,182.96. The amounts due from these direct pension obligations cannot be quantified by us.

2.5 Amortization and depreciation of intangible assets and property, plant and equipment

The item does not include any unscheduled depreciation in the fiscal year 2016 (previous year: € 134 K).

2.6 Other operating expenses

The statutory changes (BilRUG – German Accounting Law) as per 1st January 2016, resulted in reclassifications of expenses in direct connection with the expenses from the other operational expenses for the cost of materials in percent amounting to € 12,565 K in the fiscal year.

The other operating expenses of the company are non-periodic additions of value adjustments to receivables amounting to € 16 K (previous year: € 12 K) and accounting losses from asset disposals of € 90 K (previous year: € 52 K). Furthermore, the item particularly includes accruals for sound protection fees amounting to € 120 K (previous year: € 288 K) and other taxes amounting to € 924 K (previous year: € 1,436 K).

For the early application of the directives of the BilRUG already in the fiscal year 2015 other operating expenses would amount to € 10,509 K in the fiscal year 2015. This difference amounting to € -13,513 K compared to the disclosed prior year value results from the balancing of expenses in

direct connection with other taxes (€ -536 K) with the sales and reclassification of expenses in direct connection with operating expenses amounting to € -12,977 K.

2.7 Income from loans of financial assets

€ 135 K (previous year € 135 K) result from the income from loans of financial assets from affiliated companies.

2.8 Interest and similar income

There is no income from discounting provisions under interest and similar income. As in the previous year, this item contains no income received from affiliated companies.

2.9 Interest and similar expenses

The interest and similar expenses contain no income from discounting provisions. As in the previous year, the item does not reveal any interest and similar expenses of affiliated companies.

In the fiscal year expenses from the discounting of provisions amounting to € 538 K (previous year: € 942 K) were incurred. As in the previous year, the item contains no amounts due to affiliated companies.

2.10 Taxes on income and earnings

In the year under review the item for actual tax on income includes, on the one hand amounts relating to the year under review amounting to € 24 K (previous year: € 182) and income relating to other periods for the completed audits for 2010 to 2013 and their implications amounting to € 325 K (previous year income: € 35 K). In the year under review, as in the previous year,



deferred taxes disclosed a calculated surplus for deferred tax assets amounting to € 229 K (previous year € 2,198 K). The option rights to capitalize a surplus of deferred tax assets according to Article 274 Section 1 Clause 2 HGB (German Commercial Law), new version, was not utilised in the year under review either.

| | 2016 | 2015 |
|--|------|------|
| Full-time employees | 627 | 622 |
| Part-time employees and those in marginal employment | 59 | 59 |
| Trainees | 30 | 28 |
| On the payroll | 716 | 709 |

4. Disposition of earnings

To the annual surplus in the year under review of € 4,689 K and after offsetting the loss carried forward of € 340 K – as provided for in the budget for the fiscal year 2016 - a sum of € 1,500 K is to be distributed to the shareholders and the remaining sum of € 2,849 is to be allocated to the other retained earnings.

5. Boards of the Company

Management

Dr. Raoul Hille, Hannover

The provisions formed for former members of management and their surviving dependents amounts to € 1,548 K (previous year: € 1,452 K).

Payments to former managing directors and their dependents amounted to € 176 K (previous year: € 172 K).

Payments to former managing directors and their dependents amounted to € 172 K (previous year: € 167 K).

C. FURTHER INFORMATION

1. Contingent liabilities

There are no contingent liabilities according to Article 251 HGB-German Commercial Code in connection with Article 268 Section 7 HGB-German Commercial Code

2. Other financial obligations

In 2016 the company has other financial obligations from rental and leasing contracts to the associated company AirIT amounting to € 8,888 K (previous year: € 8,543 K). Obligations due to third parties amount to € 376 K (previous year: € 450 K). As a rule the contract terms amount to 1 to 4 years.

The order commitment as on 31 December 2016 amounts to € 3,793 K, thereof € 176 K to associated companies (previous year: total liabilities € 635 K, thereof to associated companies € 109 K).

3. Average number of employees

The average number of employees on the company payroll was:

Doris Nordmann, Head of Section
Ministry of Finance of Lower Saxony
Chairwoman

Mr Klaus Dieter Scholz, Mayor
State Capital Hannover
Vice Chairman

Mr Martin Adam
Staff member Flughafen Hannover-Langenhagen GmbH

Mr Angelo Alter (as from 14.12.2016)
State Capital Hannover

State Secretary Daniela Behrens
Ministry of Economic Affairs, Employment and Traffic in Lower Saxony

Ministerialrätin (Councillor) Ms Corinna Gottschalk
Ministry of Finance State of Lower Saxony

Ms Britta Jansohn
Staff member AHS Aviation Handling Services

Mr Michael Koch
Vice Chairman Works Council Flughafen Hannover-Langenhagen GmbH

Mr Torsten Krups
Works Council Chairman Flughafen Hannover-Langenhagen GmbH

Mr Christoph Nanke
Senior Executive Manager, Acquisition and Shareholdings Fraport AG

First Councillor, Ms Sabine Tegtmeyer-Dette
Councillor for Economic Affairs and Environment, State Capital Hannover

Dr. Matthias Zieschang
Member of the Board Fraport AG

Total emoluments in the year under review for the Board of Directors of Flughafen Hannover-Langenhagen GmbH, Hannover, (expense allowances and attendance fees) amounted to € 36 K (previous year: € 38 K).

The following were on the Advisory Board of the parent company in the year under review:

Doris Nordmann, Head of Section
Ministry of Finance State of Lower Saxony
Chairwoman

Ms Jasmin Arbabian-Vogel (as from 14.12.2016)
State Chairwoman VdU

Mr Horst Baier (until 21.03.2016)
Member of the Board TUI AG

Ms Marina Barth
Member of the Board Sparkasse Hannover

Mr Ulrich Bischoping
Authorised Representative for the Federal States Bremen and Lower Saxony, Deutsche Bahn AG

Mr Hans-Jürgen Duensing
Continental AG/ Conti Tech AG
Member of the Board

Mr Michael G. Feist (until 14.12.2016)
Chairman of the Board Stadtwerke Hannover AG

Mr Alexander Ferrier
Director Operations & Engineering Germany
TNT Express GmbH

The following were on the **Supervisory Board** of the company in the year under review:



Mr Uwe Garbe
Managing Director Fachvereinigung Spedition und Logistik im Gesamtverband Verkehrsgewerbe Niedersachsen e.V. (GVN)

Prof. Dr. Klaus E. Goehrmann
Chairman Internationale Stiftung Neurobionik

Dr. Christian Grah
Mayor of the town Garbsen

Dr. Christiane Hackerodt
Executive Partner Albert Hackerodt
Maschinen- und Werkzeugbau GmbH & Co.KG

Sepp D. Heckmann
Former Chairman of the Board Deutsche Messe AG

Mr Mirko Heuer
Mayor of the town Langenhagen

Regional President Hauke Jagau
Region Hannover

Mr Winfried Krause (as from 14.12.2016)
Member of the Board Finance and IT Volkswagen Commercial Vehicles

Mr Carsten Kröger
Managing Director International Carrier Consult GmbH

Dr. Volker Müller, esq.
Managing Director of the Institut der Unternehmensverbände Niedersachsen e.V.

Mr André Neiß
Chairman of the Board of üstra Hannoversche Verkehrsbetriebe AG

Dr. Horst Schrage
Managing Director of the Chamber of Commerce and Industry Hannover-Hildesheim

Klaus-Dieter Schürmann (until 14.12.2016)
Member of the Brand Board Volkswagen Commercial Vehicles Finance and Integration Technology

Mr Holger Sindemann
Managing Director MTU Maintenance Hannover GmbH

Mr Hartmut Tölle
District Chairman of the Landesbezirkes Niedersachsen des Deutschen Gewerkschaftsbundes (German Federation of Trade Unions for Lower Saxony)

Ms Tina Voß
Managing Director Tina Voß GmbH

Mr Oliver Wagner
Member of the Management Board Eurowings GmbH

Dr. Susanna Zapreva-Hennerbichler (as from 14.12.2016)
Chairwoman Stadtwerke Hannover AG

Mr Thomas Zernechel
Management Spokesman Volkswagen AG Logistics GmbH & Co.OHG

Total emoluments (attendance fees) of the Advisory Board of Flughafen Hannover-Langenhagen GmbH, Hannover, amounted to € 1 K (previous year: € 1 K).

6. Total auditor fees

Hannover, 3rd January 2017

The total fee invoiced by the auditor for the fiscal year 2016 amounts to € 92 K. Thereof € 58 K for the audit services due for financial statements, € 9 K for other audit-related services and € 25 K for tax advisory services.

Dr. Raoul Hille

Managing Director

7. Shareholdings structure

FHG is the parent company in the terms of Article 290 HGB (German Commercial Code). The consolidated financial statement is published in the electronic government gazette.

(see next page)

8. Operations accounting according to Article 6b Section 3 EnWG (German Energy Industry Act)

Flughafen Hannover-Langenhagen GmbH operates the airport grid for the power supply of Hannover Airport. On principle the applicable regulations of the energy industry act applies to the operation of the airport grid; therefore also the specifications governing accounting break-ups according to Article 6 b Section 3 EnWG (German Energy Industry Act).

9. Report on events after Balance Sheet date

No noteworthy events with an impact on the asset position of the company have occurred after balance sheet date.

- 1) There is a control and profit transfer agreement with FHG.
 2) Annual result prior to profit/loss transfer
 3) Equity after profit/loss transfer
 4) Equity on 31.12.2015
 5) Financial statement of the fiscal year ending 31.12.2016 not available yet
 6) Indirect shareholding via Hannover Aviation Ground Services GmbH

| | Share | Nominal-capital | Equity 31.12.2016 | Result 2016 | Result 2015 |
|--|----------------------|-----------------|-------------------|-----------------------|-----------------------|
| | % | € (k) | € (k) | € (k) | € (k) |
| Fully consolidated subsidiaries acc. to Article 271 II HGB (German Commercial Code) | | | | | |
| Aircargo Services Hannover GmbH, Hannover | 100.00 | 26 | 26 ³⁾ | -592 ^{1),2)} | -110 ^{1),2)} |
| Hannover Aviation Ground Services GmbH, Langenhagen | 100.00 | 26 | 26 ³⁾ | 423 ^{1),2)} | 327 ^{1),2)} |
| AHS Hannover Aviation Handling Services GmbH, Langenhagen | 51.00 | 100 | 545 | 74 | 166 |
| RB Air Services GmbH, Langenhagen | 100.00 ⁶⁾ | 25 | 24 | 0 | 1 |
| Associated companies valued at equity acc. to Articles 311, 312 HGB | | | | | |
| AHS Aviation Handling Services GmbH, Hamburg | 29.75 | 500 | 3,362 | 3,665 | 899 |
| AirITSystems GmbH, Hannover | 50.00 | 2,000 | 3,517 | 714 | 808 |
| Gastronomie Flughafen Hannover GmbH, Langenhagen | 50.00 | 194 | 1,158 | 419 | 338 |
| Companies not included in consolidation | | | | | |
| Wirtschaftsförderungs-Gesellschaft Langenhagen Flughafen mbH, Langenhagen | 50.00 | 26 | 77 ⁴⁾ | - ⁵⁾ | 15 |
| HMTG Hannover Marketing und Tourismus GmbH, Hannover | 0.74 | 216 | 577 ⁴⁾ | - ⁵⁾ | 8 |



THE GROUP

in the fiscal year 2016



AIRCARGO SERVICES HANNOVER GMBH (ASH)

Aircargo Services Hannover GmbH (ASH) is a fully owned subsidiary of Flughafen Hannover-Langenhangen GmbH. It was founded in 1984 as Air Service Hannover GmbH. The name change to Aircargo Services Hannover GmbH ensued in 2011. There is a control and profit and transfer agreement with Flughafen Hannover-Langenhangen GmbH. The business operations involve air cargo handling as agent for airlines and the operating of a warehouse. In addition ASH offers the transportation of air cargo on land, arranging and transporting freight by air and further air cargo-related services.

services for airports and other providers of services. These include planning, consulting, realisation, commissioning, operating, maintenance and service of information and communication equipment and systems. A further focus is on the development and support for application systems (SAP) and comprehensive training programmes and the development of solutions in the fields of Building, IT and organisational Security



HANNOVER AVIATION GROUND SERVICES GMBH (AGS)

Hannover Aviation Ground Services GmbH (AGS) is a fully-owned subsidiary of Flughafen Hannover-Langenhangen GmbH. It was founded as Verkehrs-dienste Flughafen Hannover GmbH (VFH) in 1996. The change of name to Hannover Aviation Ground Services GmbH took place in 2001. A controlling and profit-and-loss transfer agreement was concluded with Flughafen Hannover-Langenhangen GmbH. The business activities of the company cover the provision of ground traffic services to aircraft and all the secondary operations in such connection, not least the implementation of all necessary preparatory measures. AGS operates as sub-contractor for the airport operating company.



AIRITSYSTEMS GMBH (AIRIT)

AirITSystems GmbH (AirIT) was founded in 2001. The shareholders are Flughafen Hannover-Langenhangen GmbH and Fraport AG holding 50 % each. The company is headquartered in Hannover. The business operations of the company involve the provision of information and communication



AHS HANNOVER AVIATION HANDLING SERVICES GMBH (AHS HANNOVER)

AHS Hannover Aviation Handling Services GmbH was founded in 1996. The shareholders are Flughafen Hannover-Langenhangen GmbH (51.0 %) and AHS Aviation Handling Services GmbH, Hamburg (49.0 %). The purpose of AHS Hannover, is to provide services in connection with aircraft handling at the Hannover Airport, particularly passenger check-ins, ramp and cargo handling and the marketing of such services and the procurement of travel and transportation services.



AHS AVIATION HANDLING SERVICES GMBH (AHS HOLDING)

AHS Aviation Handling Services GmbH was founded in 1990. The shareholders are Flughafen Hannover-Langenhangen GmbH (34.75 %), Flughafen Hamburg GmbH (32.25 %), Flughafen Bremen GmbH (12 %), Flughafen Münster Osnabrück GmbH (10 %), AirPart GmbH, Nurnberg (1 %) and Flughafen Stuttgart GmbH (10 %). The AHS Group provides services in

connection with passenger, ramp and cargo handling and not least arranges travel and transport services. The holding function for investments in companies, which for their part provide services in the aircraft handling sector, is also a purpose of the company.



GASTRONOMIE FLUGHAFEN HANNOVER GMBH (GFH)

Gastronomie Flughafen Hannover GmbH was founded in 1979. The shareholders are Flughafen Hannover-Langenhangen GmbH and Marché Restaurants Deutschland GmbH, Leinfelden-Echterdingen holding 50 % each. The business operations of the company include the maintenance and operation of catering facilities, restaurants at Flughafen Hannover-Langenhangen including all the ancillary business in such connection.

CONSOLIDATED FINANCIAL REPORT

of Flughafen Hannover-Langenhagen GmbH
for the fiscal year 2016



OVERALL ECONOMIC AND BASIC SPECIFIC CONDITIONS IN INDUSTRY

After a sharper growth in the first quarter the economic growth in Germany, influenced by a sluggish global development, slackened over the year. However, the gross domestic product at a low level continued on its growth course. The positive development on the labour market with increasing employment rates and a good income development continued. Particularly government and consumer demand and not least building investors were key factors of the positive development in Germany.

Curbing effects for the German air traffic industry were still experienced from the financial and Euro-zone crisis which had not been overcome yet. In addition numerous strikes, the escalation of the political situation in Turkey and terrorist activities gave rise to uncertainty among airline passengers. This led to great hesitancy towards holiday trips, particularly to Turkey and North African destinations.

The airlines and tour operators reacted with a re-orientation of the traffic to the tourist destinations perceived as safer by the travellers, particularly to the Mediterranean and partly also by offering leaner services. With the still high number of seats and favourable all-inclusive trips a growth in passenger numbers was registered which concentrated particularly at airport locations with strong primary markets.

The intensive consolidation activities of the German airlines defined themselves more clearly by the end of the year. Air Berlin, in the scope of its redevelopment activities, intends to separate itself from the tourist business and to participate with part of its air fleet, jointly with Niki and TUIfly,

in an Austrian public law foundation which should then operate as the largest holiday air-line operator of Central Europe. A further part of the Air Berlin fleet is to work with the Eurowings group in future and to support the low cost offensive and further growth. The final clarification, particularly of the antitrust compliance issues, will continue into 2017. The air cargo market remained tense due to political uncertainties, however recorded quite positive growth rates in the second half of the year.

BUSINESS PERFORMANCE

The considerable restraint in the case of trips to Turkey affected one of the most popular tourist destinations at the location Hannover. However, the volume of traffic among passengers was able to almost reach the previous year's level.

Under continued tough competition among the North German airports it was possible to achieve a positive corporate performance which was clearly above expectations and above the previous year's figure.

At the end of the year WIZZ Air, Europe's third largest low cost carrier, started flight operations from Hannover which additionally taps new destinations for Hannover Airport in the Eastern European Region.

In the passenger traffic sector particularly TUIfly, flybe, Turkish Airlines and Swiss with clear passenger growth and Lufthansa with a high basic volume contributed towards the stabilisation in the traffic development. Eurowings, SunExpress and Air Berlin suffered declines.

The Boeing 777 used by Swiss for training on the Zurich route and also the larger aircraft used to some extent by other airlines had a favourable effect on the development in air traffic at Hannover Airport.

The Air Gateway added by TNT in the West zone in November 2014 over and above the existing road hub ensured a stable basic air cargo volume flow in 2016. Due to numerous special cargo charters and higher additional cargo volumes in the passenger aircraft an overall significant increase of cargo flown was recorded.

The economic situation of the group may continue to be rated as being extremely sound in the fiscal year 2016. Thus, despite slightly declining passenger numbers, slightly increased sales and stagnating movements, clearly improved earnings before taxes could be achieved. Based thereupon the ongoing aim is to ensure a sustained profitable growth in future.

INFORMATION ON THE GROUP

The 100% subsidiary Hannover Aviation Ground Services GmbH (AGS) managed the ground traffic services and the services of „Central Infrastructure“ on behalf of the parent company FHG whereby AHS Hannover Aviation Handling Services GmbH, of which FHG holds 51%, dealt with passenger handling. The subsidiary Aircargo Services Hannover GmbH (ASH) mainly operated the air cargo import/export warehouse. To carry out a joint marketing organisation for ground traffic services there is a holding of 29.75% in AHS Aviation Handling Services GmbH, Hamburg, in which other German airports also have a share. The three companies with majority participation,

together with the traffic segment of the parent company FHG, form the segment "Aviation".

The gastronomic supplies for passengers and visitors in the passenger terminals were, to a great extent, handled by Gastronomie Flughafen Hannover GmbH jointly with Marché Restaurants Deutschland GmbH. The sector „Information and Communications Services“ has been outsourced to AirlTSystems GmbH since 1 September 2001. Both Flughafen Hannover and Fraport AG each hold 50%. Both companies have no longer been included in the consolidation (now equity valuation) since 2014 due to a change of IFRS 11, consequently the segment "Non-Aviation" is exclusively composed of the sectors Property and Technology of the group parent company FHG.

EARNINGS AND PERFORMANCE

In the fiscal year 2016 the sales of the corporation at € 147.6 M were 1.0% over the level of the previous year. Thereby essentially a price increase of landing fees and the increased number of permissible maximum take-off weights (MTOW) and a better aircraft de-icing season led to higher aviation proceeds. The visit of the American President to the Hannover Industrial Fair also contributed to an increase in sales.

Significantly lower earnings from rentals and leases result mainly from an aircraft hangar that has not been re-let yet and less income from supply services.

Other operating income essentially includes income from the sale of a plot of land in the Airport Business Park South and the sale of shares in Aviation Handling Services GmbH, Hamburg and



the reversal of no longer required accruals.

Positive operating results continue to be recorded by the low loan liabilities, higher capitalised building interest and lower expenses for compounding provisions.

Opposing effects on the positive development of income result particularly from the increased personnel expenses, increased expenses for maintenance and higher costs for de-icing caused by the weather.

Earnings before income tax (EBT) increased compared to the previous year by € 1.9 M to nearly € 4.7 M. After considering taxes on income the group's result for the period was € 2.8 M (2015: € 3.8 M)

With 5,394,922 local flight passengers and 13,892 singly counted transit passengers the total volume amounted to 5,408,814. Thus the figures of the previous year were cut short of by 43,855 passengers or 0.8 %.

The total local volume of the air cargo flown in 2016 amounted to 8,285 t and is thus 15.6 % above the previous year's volume, the total volume at 9,559 increased by 19.9%.

The local airmail volume increased by 3.1% to 10,650 t in the course of the year.

Compared with the previous year the number of starts and landings of scheduled and charter traffic relevant for accounting decreased slightly, whereas the maximum take-off weights (MTOW) increased by 3.7%.

The number of passengers per movement stagnated at the same time MTOW per movement in-

creased significantly (+4.2%) which generally speaking reflected poorer utilisation (-1-1%) of the aircraft and the ongoing trend towards using larger aircraft.

FINANCIAL AND ASSET SITUATION

The group equity increased from €135.5 M to € 137.2 M. Including the deficit carried forward from 2015 amounting to € 0.9 M, considering the corporate net income, the group balance sheet surplus amounted to group retained earnings of € 2.8 M and a group retained profit of € 3.66 M with the income of non-group entities of € 0.4 M.

The group equity profitability related to earnings before taxes (EBT) amounted to +3.4% (previous year: +2.1%).

The investments in group fixed assets (intangible assets and the property) of Flughafen Hannover-Langenhagen GmbH (FHG) amount to € 20.7 M and essentially deal with the first construction phase of the systematic renewal of the apron areas including the external drainage of these surfaces, the modernisation of Car Park 3, the acquisition of the plot of land of the Deutsche Wetterdienst (German Meteorological Service) in the central area of the airport, the renewal of the CHP plant 2 and the planning costs for the reconstruction of the Terminals B and C scheduled for 2018 to 2020.

These total investments are set off against depreciation on property, plant and equipment and on intangible assets amounting to € 20.1 M.

The long-term assets amounting to € 336.1 M are covered by 40.8% equity (€ 137.2 M). The

debt ratio declined compared with the previous year due to investments and earnings-related adjustments.

RISK REPORT

The basics of the risk management system are documented in the form of a „Group Risk Management“ manual. Risk catalogues and risk portfolios are updated and communicated every quarter on the basis of software for corporate divisions / subsidiaries / shareholdings. For this purpose risk management software was introduced at FHG and its group companies.

At FHG net-risks over and above € 15 M are qualified as "life threatening", between € 5 M and € 15.0 M as "serious", between € 0.5 and € 5 M as "fairly serious" and lower risks downward of € 0.01 M as "slight" and weighted at probability of occurrence (low, possible, probable and highly probable).

In close connection quarterly risk reporting is carried out in the FHG group. It includes early information of management, board of directors and supervisory board of FHG with regard to the potential existence of threatening risks within the FHG group. Potential existence threatening risks are individual risks defined with a probability of occurrence greater than 25% and critical individual risks with a probability of occurrence above 75 %. If potential existence threatening risks are detected between the reporting dates, ad hoc information is communicated to the management of FHG.

Receivables default risks are largely covered by advance payments of the customers, by cus-

mers depositing securities respectively. Liquidity risks and fluctuations of cash flows are covered by corresponding credit lines with the banks.

Flughafen deals with the risk of a change in interest when concluding loans with variable interest (underlying transactions) by concluding congruent interest swaps (hedging instruments) which transform the variable interest into a fixed interest.

In the scope of the risk management system no potential risks were identified which may be of significant importance for the future development of the company and the group. Six individual risks bearing a possible "serious" net loss were identified. The probability of occurrence for these risks is, however, in two cases only "slight" and in one case "possible". Furthermore, adequate measures were introduced to counter these risks. The total of the risks reported and the resulting risk capital have decreased compared to the previous year particularly due to the closure of three risks classified as serious.

The geopolitical situation, continued consolidations and reorganisations in the airline industry as well as the further toughening of regulative requirements with an unbalanced load to be borne by airports and the required investment expenses may have a depressive impact on the further development of air traffic.

FORECAST REPORT

After achieving the positive earnings of the past two years, the corporation is planning to continue sustainable profitable growth, although limits to the development of the results are set by the repercussions of the financial and Euro debt



crisis, the geo-political unrests, consolidation in the German aviation market and by the intentionally ongoing investment policy aimed at long-term competitiveness.

The financial performance indicator relevant for the Flughafen is similar to the previous year's result according to the income statement consistent with German Commercial Law. Likewise the passenger volume continues to be the important non-financial performance indicator.

A passenger volume of 5,684 K was budgeted for 2016. Particularly due to the hesitant tourist demand for Turkish and North African destinations and due to the reorganisation activities in the airline industry the passenger volume fell short of expectations by 4.8 %. Despite the resulting negative effects on the annual profit the latter could be exceeded. Due, among others, to the contribution of the reversal of no longer required provisions, a better de-icing season, the one-time income from the visit of the American President and various cost reductions.

For 2017 slightly positive earnings, which are clearly below those of the last year-end result are expected and a passenger volume of some 5,600 is planned. The passenger volume growth is thereby based on the market entry of new airlines such as WIZZ and Norwegian, to the growth of existing carriers and an increased tourist demand. Although the growth in traffic volumes leads to increased sales, clearly lower annual earnings are expected for 2017. This is primarily due to the one-time effects in 2016, such as, for example, the sale of a plot of land and of shares in a holding and increasing personnel expenses due to collective agreements.

The equity ratio of the group will still remain within acceptable limits at over 30 % despite further investments in securing operational processes, maintaining the infrastructure and meeting statutory regulations. Favoured by increases expected on the medium term in traffic, and in such connection in income, and a cost base which does not increase at the same rate due to rigorous cost control, the equity ratio is expected to increase further on the long-term.

Net debts should improve on the long-term, too and remain within acceptable limits even at higher annual investment volumes.

OPPORTUNITIES REPORT

Particularly the central geographical position within the EU, with a well-developed aviation infrastructure and best road connections, is an opportunity for the group on the medium term. Accordingly opportunities may arise from the expansion of the air cargo volume handled at the location and flown from Hannover as well as the growth impulses generated by the establishment of additional airlines, the extension of flight operations of existing airlines respectively.

Furthermore, there are sufficient development possibilities for additions or expansions on the existing site, both of the Aviation segment and also of the Non-Aviation segment.

Considering estimation uncertainties, the opportunities described may contribute to positive earnings in the single-digit million range.

Substantial changes of the opportunities compared with the previous year have not taken place.

INFORMATION ON CORPORATE GOVERNANCE

Based on the "Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions" (FührposGleichberG) enforced on 01 May 2015 a 30% participation of women was specified for the Supervisory Board of Hannover Airport.

No commitment for management at top management level was specified as only one managing director has been appointed.

Furthermore, a participation of 30% of women was specified for middle level management and for low level management 20%.

All the target criteria had already been fulfilled, to be precise exceeded, by 31.12.2016. The share of women on the Supervisory Board was 41.7 % at middle management level 40% and at low management level 20.8%.

Hannover, 8th February 2017

Dr. Raoul Hille

Managing Director



IFRS-CONSOLIDATED BALANCE SHEET

of Flughafen Hannover-Langenhagen GmbH on 31. December 2016

| ASSETS | Tz. | 31.12.2016 Euro | 31.12.2015 Euro |
|--|------|---------------------------|---------------------------|
| A. LONG-TERM ASSETS | | | |
| I. Intangible assets | C.1. | | |
| 1. Software / Licences | | 1,078,503.00 | 887,440.08 |
| 2. Goodwill | | 622,000.00 | 622,000.00 |
| 3. Advance payments made | | 5,778.00 | 0.00 |
| | | 1,706,281.00 | 1,509,440.08 |
| II. Tangible assets | C.2. | | |
| 1. Land and buildings | | 302,429,693.55 | 298,592,582.33 |
| 2. Technical equipment, plant and machinery | | 4,778,855.00 | 5,016,368.00 |
| 3. Other equipment, plant and office equipment | | 9,159,555.27 | 10,015,403.37 |
| 4. Payments on account and construction in progress | | 5,938,154.83 | 8,201,380.57 |
| | | 322,306,258.65 | 321,825,734.27 |
| III. Investment Property | C.3. | | |
| | | 6,337,901.74 | 6,565,401.39 |
| IV. Financial assets | | | |
| 1. Participating interest | | 32,782.30 | 32,782.30 |
| 2. Shares in group undertakings | C.4. | 4,005,080.70 | 3,040,426.96 |
| 3. Loans to undertakings in which the company has a participating interest | | 1,387,826.03 | 2,121,103.89 |
| 4. Other loans | | 14,431.09 | 14,777.56 |
| | | 5,440,120.12 | 5,209,090.71 |
| V. Other long-term assets | C.7. | | |
| | | 302,203.68 | 474,524.83 |
| | | 336,092,765.19 | 335,584,191.28 |
| B. CurrANT ASSETS | | | |
| I. Inventories | C.6. | | |
| 1. Material and supplies | | 798,723.35 | 802,456.45 |
| | | 798,723.35 | 802,456.45 |
| II. Receivables and other current assets | C.7. | | |
| 1. Accounts receivable | | 7,853,048.14 | 8,893,878.41 |
| 2. Receivables from companies in which a participating | | 127,677.23 | 145,212.50 |
| 3. Other current assets | | 665,731.75 | 757,296.22 |
| 4. Current tax assets | | 149.47 | 40,549.38 |
| | | 8,646,606.59 | 9,836,936.51 |
| III. Cash balance, Cash at banks | | | |
| | | 1,125,025.28 | 971,134.15 |
| IV. Long-term assets held for sale | C.8. | | |
| | | 0.00 | 655,763.54 |
| | | 10,570,355.22 | 12,266,290.65 |
| | | 346,663,120.41 | 347,850,481.93 |

| LIABILITIES | Tz. | 31.12.2016 Euro | 31.12.2015 Euro |
|--|-------|---------------------------|---------------------------|
| A. EQUITY | | | |
| I. Subscribed capital | C.8. | 30,700,000.00 | 30,700,000.00 |
| II. Capital reserves | | 58,127,335.30 | 58,127,335.30 |
| III. Other revenue reserves | | 44,435,443.22 | 45,470,556.75 |
| IV. Adjustment items for shares of other shareholders | | 267,219.13 | 272,540.62 |
| V. Consolidated balance sheet profit / loss | | 3,664,133.68 | 882,448.15 |
| | | 137,194,131.33 | 135,452,880.82 |
| B. LONG-TERM LIABILITIES | | | |
| 1. Provisions for pensions and similar obligations | C.9. | 6,389,413.32 | 5,735,094.00 |
| 2. Other provisions | C.10. | 8,337,000.03 | 7,435,620.22 |
| 3. Deferred tax liabilities | C.12. | 15,636,107.11 | 14,587,376.36 |
| 4. Financial liabilities | C.13. | 118,939,386.05 | 126,515,787.76 |
| 5. Derivative financial instruments | C.14. | 5,150,776.44 | 4,330,173.50 |
| 6. Other liabilities | C.15. | 538,067.23 | 609,785.29 |
| | | 154,990,750.18 | 159,213,837.13 |
| C. SHORT-TERM LIABILITIES | | | |
| 1. Other provisions | C.10. | 4,946,639.91 | 5,044,952.36 |
| 2. Current tax liabilities | C.11. | 151,555.35 | 321,152.56 |
| 3. Financial liabilities | C.13. | 20,417,461.64 | 21,001,407.59 |
| 4. Trade liabilities | C.15. | 20,024,047.10 | 19,421,823.83 |
| 5. Other liabilities | C.15. | 8,938,534.10 | 7,394,427.64 |
| | | 54,478,238.90 | 53,183,763.98 |
| | | 209,468,989.08 | 212,397,601.11 |
| | | 346,663,120.41 | 347,850,481.93 |

IFRS-CONSOLIDATED PROFIT AND LOSS ACCOUNT

of Flughafen Hannover-Langenhagen GmbH for the business year 2016

| | | 1.1.-31.12.2016 € | 1.1.-31.12.2015 € |
|-----|--|-----------------------|-----------------------|
| 1. | Sales revenue | B.1. 147,644,627.87 | 146,121,515.50 |
| 2. | Stock increase/reduction (-) of finished products and work in progress | B.2. 0.00 | 0.00 |
| 3. | Own work capitalised | B.2. 888,539.98 | 754,531.03 |
| 4. | Other operating income | B.3. 6,505,993.96 | 3,886,101.69 |
| 5. | Total operating result | 155,039,161.81 | 150,762,148.22 |
| 6. | Material costs | | |
| a) | Costs for materials and supplies | B.4. 4,638,349.69 | 3,850,848.47 |
| b) | Costs for purchased services | B.4. 29,822,385.86 | 29,192,129.54 |
| | | 34,460,735.55 | 33,042,978.01 |
| 7. | Gross profit | 120,578,426.26 | 117,719,170.21 |
| 8. | Personnel costs | | |
| a) | Wages and salaries | B.5. 53,975,253.63 | 51,511,333.98 |
| b) | Social security | B.5. 13,098,524.91 | 12,519,958.67 |
| | | 67,073,778.54 | 64,031,292.65 |
| 9. | Depreciations on intangible assets and tangible assets | B.6. 20,114,244.41 | 20,199,999.85 |
| 10. | Other operating expenses | B.7. 24,569,834.51 | 25,350,936.06 |
| 11. | Results of business operations | 8,820,568.80 | 8,136,941.65 |
| 12. | Income from loans from financial assets | B.9. 64,824.02 | 89,607.07 |
| 13. | Other interest and similar income | B.8. 742.56 | 412.30 |
| 14. | Interest and similar expenses | B.8. 5,819,820.20 | 6,246,078.97 |
| 15. | Financial result | -5,754,253.62 | -6,156,059.60 |
| 16. | Income from investments | B.10. 684,327.28 | 170,000.00 |
| 17. | Income from associated companies | B.11. 964,653.74 | 713,488.80 |
| 18. | Profit before tax | 4,715,296.20 | 2,864,370.85 |
| 19. | Taxes on income and profit | B.12. 386,202.48 | 191,484.17 |
| 20. | Deferred taxes | B.12. 1,511,101.16 | -1,147,252.58 |
| 21. | Consolidated financial results for the period | 2,817,992.56 | 3,820,139.26 |
| 22. | Profit attributable to minority interests | -36,307.03 | -81,237.33 |
| 23. | Profit carried forward | 882,448.15 | -2,856,453.78 |
| 24. | Distribution to shareholders | 0.00 | 0.00 |
| 25. | Net loss/income for the year | 3,664,133.68 | 882,448.15 |

Details to IFRS overall group earnings statement on page 49

IFRS-GROUP CASH FLOW STATEMENT

of Flughafen Hannover-Langenhagen GmbH for the business year 2016

| | | 2016 / T€ | 2015 / T€ |
|---|--|----------------|----------------|
| Group annual result before income taxes | | 4,715 | 2,864 |
| Depreciation on fixed assets | | 20,114 | 20,200 |
| Financial income | | -1,715 | -973 |
| Interest payable | | 5,820 | 6,246 |
| Increase/decrease in long-term provisions (incl. pension obligations) | | 1,555 | 468 |
| Increase/decrease in other provisions | | -98 | 228 |
| Net figure from other non-cash income and expenses | | -442 | -301 |
| Loss/profit from the disposal of fixed assets (net figure) | | -2,717 | 13 |
| Change in inventories | | 3 | 78 |
| Change in receivables and other assets | | 1,322 | 625 |
| Change in liabilities not allocated to investment or financial activities | | 2,075 | 2,068 |
| Income tax payments/reimbursements | | -514 | 104 |
| Cash from ongoing business activities | | 30,118 | 31,620 |
| Interest paid | | -6,096 | -6,720 |
| Interest and dividends received | | 750 | 973 |
| Cashflow from operating activities | | 24,772 | 25,873 |
| Proceeds from the disposal of property, plant and equipment/intangible assets | | 2,189 | 159 |
| Cash outflow for investments in property, plant and equipment/ intangible assets/ property held as financial investments (without additions with financial leasing) | | -20,666 | -17,258 |
| Proceeds from the disposal of shares of associated companies | | 1,285 | 0 |
| Proceeds from the disposal of financial assets | | 734 | 75 |
| Cashflow from investment activities | | -16,458 | -17,024 |
| Payments from the repayment of long-term loans | | -16,399 | -17,242 |
| Proceeds from issuing long-term loans | | 10,000 | 9,926 |
| Cashflow from financial activities | | -6,399 | -7,316 |
| Change in cash funds from cash and cash equivalents | | 1,915 | 1,533 |
| Cash and cash equivalents at the beginning of the financial year | | -3,756 | -5,289 |
| Cash and cash equivalents at the end of the financial year | | -1,841 | -3,756 |
| Composition of cash and cash equivalents at the end of the financial year | | | |
| Cash and cash equivalents | | 1,125 | 971 |
| Liabilities to banks due at any time | | -2,966 | -4,727 |
| | | -1,841 | -3,756 |

IFRS-DEVELOPMENT OF CONSOLIDATED FIXED ASSETS

of Flughafen Hannover-Langenhagen GmbH in the business year 2015

| | ACQUISITION AND PRODUCTION COSTS | | | | | VALUE ADJUSTMENTS | | | | | NET BOOK VALUES | | | | | |
|---|----------------------------------|----------------|-------------|-------------------------|----------------|-------------------|----------------------|----------------------|----------------|----------------|-----------------|----------------|--------------------------|------------------------|------------------------|--------------------|
| | As per 1.1.2015 € | Additions € | Transfers € | Reclassifi- cation € | Disposals € | Write-ups € | As per 31.12.2015 | As per 1.1.2015 € | Additions € | Disposals € | Write-ups € | Transfers € | Reclassifi- cations € | As per 31.12.2015 € | As per 31.12.2015 € | Previous year € |
| I. Intangible assets | | | | | | | | | | | | | | | | |
| 1. Internally generated intangible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Software / licences | 2,742 | 398 | 1 | 0 | 1 | 0 | 3,140 | 1,791 | 494 | 0 | 32 | 0 | 0 | 2,253 | 887 | 951 |
| 3. Goodwill | 1,065 | 0 | 0 | 0 | 0 | 0 | 1,065 | 443 | 0 | 0 | 0 | 0 | 0 | 443 | 622 | 622 |
| 4. Advance payments made | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 3,807 | 398 | 1 | 0 | 1 | 0 | 4,205 | 2,234 | 494 | 0 | 32 | 0 | 0 | 2,696 | 1,509 | 1,573 |
| II. Tangible assets | | | | | | | | | | | | | | | | |
| 1. Land and buildings | 665,729 | 7,176 | -325 | 1,301 | 296 | 0 | 673,585 | 357,802 | 16,534 | 191 | 40 | 0 | 887 | 374,992 | 298,593 | 307,927 |
| 2. Technical machinery and equipment | 13,934 | 488 | 0 | 0 | 383 | 0 | 14,039 | 8,673 | 720 | 370 | 0 | 0 | 0 | 9,023 | 5,016 | 5,261 |
| 3. Other equipment, plant and office equipment | 34,335 | 2,677 | 411 | 0 | 1,156 | 0 | 36,267 | 25,281 | 2,117 | 1,147 | 0 | 0 | 0 | 26,251 | 10,016 | 9,054 |
| 4. Payments on account and construction in progress | 3,654 | 5,340 | -751 | 0 | 42 | 0 | 8,201 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,201 | 3,654 |
| | 717,652 | 15,681 | -665 | 1,301 | 1,877 | 0 | 732,092 | 391,756 | 19,371 | 1,708 | 40 | 0 | 887 | 410,266 | 321,826 | 325,896 |
| III. Investment Property | | | | | | | | | | | | | | | | |
| 1. Property held as financial investment | 13,169 | 1,178 | 113 | -1,301 | 0 | 0 | 13,159 | 7,146 | 335 | 0 | 0 | 0 | -887 | 6,594 | 6,565 | 6,023 |
| IV. Financial assets | | | | | | | | | | | | | | | | |
| 1. Shares evaluated at equity | 2,433 | 713 | -105 | 0 | 0 | 0 | 3,040 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,040 | 2,433 |
| 2. Other investments | 33 | 0 | 0 | 0 | 0 | 0 | 33 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 33 | 33 |
| 3. Loans due from affiliated companies | 2,196 | 0 | 0 | 0 | 75 | 0 | 2,121 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,121 | 2,196 |
| 4. Other loans | 15 | 0 | 0 | 0 | 0 | 0 | 15 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 | 15 |
| | 4,677 | 713 | -105 | 0 | 75 | 0 | 5,210 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,210 | 4,677 |
| V. Long-term assets held for sale | | | | | | | | | | | | | | | | |
| | 739,305 | 17,970 | 0 | 0 | 1,953 | 0 | 755,322 | 401,136 | 20,200 | 1,708 | 72 | 0 | 0 | 419,556 | 335,766 | 338,169 |

IFRS-DEVELOPMENT OF CONSOLIDATED FIXED ASSETS

of Flughafen Hannover-Langenhagen GmbH in the business year 2010

| | ACQUISITION AND PRODUCTION COSTS | | | | | VALUE ADJUSTMENTS | | | | | NET BOOK VALUES | | |
|---|----------------------------------|----------------|-------------|-------------------------|----------------|----------------------|----------------------|----------------|----------------|-------------------------|------------------------|------------------------|--------------------|
| | As per 1.1.2016 € | Additions € | Transfers € | Reclassifi- cation € | Disposals € | As per 31.12.2016 | As per 1.1.2016 € | Additions € | Disposals € | Reclassifi- cation € | As per 31.12.2016 € | As per 31.12.2016 € | Previous year € |
| I. Intangible assets | | | | | | | | | | | | | |
| 1. Internally generated intangible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Software / licences | 3,140 | 507 | 5 | 0 | 95 | 3,557 | 2,253 | 321 | 95 | 0 | 2,253 | 887 | 951 |
| 3. Goodwill | 1,065 | 0 | 0 | 0 | 0 | 1,065 | 443 | 0 | 0 | 0 | 443 | 622 | 622 |
| 4. Advance payments made | 0 | 6 | 0 | 0 | 0 | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 4,205 | 513 | 5 | 0 | 95 | 4,628 | 2,696 | 321 | 95 | 0 | 2,922 | 1,706 | 1,509 |
| II. Tangible assets | | | | | | | | | | | | | |
| 1. Land and buildings | 673,585 | 14,854 | 5,688 | -259 | 4,046 | 689,822 | 374,922 | 16,502 | 4,013 | -89 | 387,392 | 302,430 | 298,593 |
| 2. Technical machinery and equipment | 14,039 | 486 | 0 | 0 | 193 | 14,332 | 9,023 | 724 | 193 | 0 | 9,554 | 4,778 | 5,016 |
| 3. Other equipment, plant and office equipment | 36,267 | 1,320 | 48 | 0 | 1,334 | 36,301 | 26,251 | 2,202 | 1,313 | 0 | 27,140 | 9,161 | 10,016 |
| 4. Payments on account and construction in progress | 8,201 | 3,525 | -5,741 | 0 | 47 | 5,938 | 0 | 0 | 0 | 0 | 0 | 5,938 | 8,201 |
| | 732,092 | 20,185 | -5 | -259 | 5,620 | 746,393 | 410,266 | 19,428 | 5,519 | -89 | 424,086 | 322,307 | 321,826 |
| III. Investment Property | | | | | | | | | | | | | |
| 1. Property held as financial investment | 13,159 | 0 | 0 | 259 | 32 | 13,386 | 6,594 | 366 | 0 | 89 | 7,049 | 6,337 | 6,565 |
| IV. Financial assets | | | | | | | | | | | | | |
| 1. Shares evaluated at equity | 33 | 0 | 0 | 0 | 0 | 33 | 0 | 0 | 0 | 0 | 0 | 33 | 33 |
| 2. Other investments | 3,040 | 1,059 | 0 | 0 | 94 | 4,005 | 0 | 0 | 0 | 0 | 0 | 4,005 | 3,040 |
| 3. Loans due from affiliated companies | | | | | | | | | | | | | |
| | 2,121 | 0 | 0 | 0 | 733 | 1,388 | 0 | 0 | 0 | 0 | 0 | 1,388 | 2,121 |
| 4. Other loans | 15 | 0 | 0 | 0 | 0 | 15 | 0 | 0 | 0 | 0 | 0 | 15 | 15 |
| | 5,209 | 1,059 | 0 | 0 | 827 | 5,441 | 0 | 0 | 0 | 0 | 0 | 5,441 | 5,209 |
| V. Long-term assets held for sale | | | | | | | | | | | | | |
| | 656 | 0 | 0 | 0 | 656 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 656 |
| | 755,321 | 21,757 | 0 | 0 | 7,230 | 769,848 | 419,556 | 20,115 | 5,614 | 0 | 434,057 | 335,791 | 335,765 |

IFRS-CONSOLIDATED EQUITY SUMMARY

of Flughafen Hannover-Langenhagen GmbH for the fiscal year 2015

| | Parent Company | | | | | | Minority Shareholders | | | Equity T€ | Consolidated capital T€ |
|---|-----------------------|--------------------|---------------------|---------------------------|------------------------|-------------------------------|-----------------------|---------------------|------------|----------------|-------------------------|
| | Capital Subscribed T€ | Capital reserve T€ | Earnings reserve T€ | Cashflow-Hedge reserve T€ | Revaluation-reserve T€ | Consolidated-Balance Sheet T€ | Equity T€ | Minority-capital T€ | | | |
| As per 1.1.2015 | 30,700 | 58,127 | 50,913 | -3,286 | -2,470 | -2,856 | 131,128 | 191 | 191 | 131,319 | |
| Changes from evaluation Cashflow-Hedge | | | | 448 | | | 448 | | | | 448 |
| Revaluations (part. actuarial gains and losses) | | | | | 8 | | 8 | | | | 8 |
| Deferred taxes on changes not effecting income | | | | -140 | -2 | | -142 | | | | -142 |
| Consolidated annual net profit | | | | | | 3,739 | 3,739 | 81 | 81 | | 3,820 |
| Total consolidated income/loss | 0 | 0 | 0 | 308 | 6 | 3,739 | 4,053 | 81 | 81 | | 4,134 |
| As per 31.12.2015 | 30,700 | 58,127 | 50,913 | -2,978 | -2,464 | 883 | 135,181 | 272 | 272 | | 135,453 |
| As per 1.1.2016 | 30,700 | 58,127 | 50,913 | -2,978 | -2,464 | 883 | 135,181 | 272 | 272 | | 135,453 |
| Changes from evaluation Cashflow-Hedge | | | | -821 | | | -821 | | | | -821 |
| Revaluations (part. actuarial gains and losses) | | | | | -676 | | -676 | | | | -676 |
| Deferred taxes on changes not effecting income | | | | 256 | 206 | | 462 | | | | 462 |
| Dividends paid | | | | | | | 0 | -41 | -41 | -41 | -41 |
| Consolidated annual net profit | | | | | | 2,781 | 2,781 | 36 | 36 | | 2,817 |
| Total consolidated income/loss | 0 | 0 | 0 | -565 | -470 | 2,781 | 1,746 | -5 | -5 | | 1,741 |
| As per 31.12.2016 | 30,700 | 58,127 | 50,913 | -3,543 | -2,934 | 3,664 | 136,927 | 267 | 267 | | 137,194 |

ANNEX

of the FHG Group for the Business year 2016

LIST OF AFFILIATES OF THE FHG GROUP

for the Business year 2016

> > You will find the detailed IFRS-Annex
in a separate PDF-Document.

IFRS-OVERALL GROUP EARNINGS STATEMENT

of Flughafen Hannover-Langenhagen GmbH for the fiscal year 2016

| | 2016 / Euro | 2015 / Euro |
|--|---------------|--------------|
| Other income after taxes | 2,817,922.56 | 3,820,139.26 |
| Items which under certain conditions will, in future, be reclassified in profit and loss account | | |
| Cashflow Hedges | -820,602.94 | 448,338.80 |
| Income tax effects | 256,233.26 | -139,993.79 |
| | -564,369.68 | 308,345.01 |
| Items which will not be reclassified in profit and loss account in future | | |
| Remeasurements | -676,881.00 | 8,171.00 |
| Income tax effects | 206,137.15 | -2,551.39 |
| | -470,743.85 | 5,619.61 |
| Other income after taxes | -1,035,113.53 | 313,964.62 |
| Total after taxes | 1,782,879.03 | 4,134,103.88 |
| Share of the consolidated profit/loss for the period: | | |
| Shareholders of the parent company | 2,781,685.53 | 3,738,901.93 |
| Shares of non-controlling interest | 36,307.03 | 81,237.33 |
| Of the total consolidated result | | |
| Shareholders of the parent company | 1,746,572.00 | 4,052,866.55 |
| Shares of non-controlling interest | 36,307.03 | 81,237.33 |

- 1) There is a control and profit transfer agreement with FHG.
- 2) Annual result before appropriation of earnings
- 3) Equity after appropriation of earnings
- 4) Equity as per 31.12.2015
- 5) Financial statement of the fiscal year ending 31.12.2016 not available yet

| | share | Nominal-capital | Equity 31.12.2016 | Result 2016 | Result 2015 |
|--|--------|-----------------|-------------------|-----------------------|-----------------------|
| | % | € (k) | € (k) | € (k) | € (k) |
| Fully consolidated subsidiaries according Article 271 II HGB (German Commercial Code) | | | | | |
| Aircargo Services Hannover GmbH, Hannover | 100.00 | 26 | 69 ³⁾ | -592 ^{1),2)} | -110 ^{1),2)} |
| Hannover Aviation Ground Services GmbH, Langenhagen | 100.00 | 26 | 411 ³⁾ | 423 ^{1),2)} | 327 ^{1),2)} |
| AHS Hannover Aviation Handling Services GmbH, Langenhagen | 51.00 | 100 | 545 | 74 | 166 |
| RB Air Services GmbH Langenhagen ⁷⁾ | 100.00 | 25 | 24 | 0 | 1 |
| Associated companies evaluated at equity according Articles 311, 312 HGB (German Commercial Code) | | | | | |
| AHS Aviation Handling Services GmbH, Hamburg | 29,75 | 500 | 3,362 | 3,665 | 899 |
| AirITSystems GmbH, Hannover | 50.00 | 2,000 | 3,517 | 714 | 808 |
| Gastronomie Flughafen Hannover GmbH, Langenhagen | 50.00 | 194 | 1,158 | 419 | 338 |
| Non-consolidated companies | | | | | |
| Wirtschaftsförderungs-Gesellschaft Langenhagen Flughafen mbH, Langenhagen | 50.00 | 26 | 77 ⁴⁾ | - ⁵⁾ | 15 |
| HMTG Hannover Marketing und Tourismus GmbH, Hannover | 0.74 | 216 | 577 ⁴⁾ | - ⁵⁾ | 8 |

AUDITOR'S REPORT

for the consolidated accounts of Flughafen Hannover-Langenhangen GmbH in the Financial Year 2016

We have audited the consolidated annual financial statement of FHG – consisting of balance sheet, income statement, statement of earnings, shareholders' equity statement, cash flows Appendix - and the group management report for the fiscal year from 1 January to 31 December 2016. The preparation of the consolidated financial statements and the group management report in accordance with the IFRS as to be implemented within the EU and, furthermore according to Article 315a Section 1 HGB (German Commercial Code) they are the responsibility of the Managing Director of the company. It is our responsibility, and based on our audit, to issue an opinion on the consolidated annual financial statement and the management report based on our audit.

We have conducted the audit of the consolidated financial statement in accordance with the specifications of Article 317 HGB(German Commercial Code) under observation of the German Principles for Proper Audit Procedures as specified by the Institut der Wirtschaftsprüfer (IDW) (German Institute of Auditors). According to these standards the audit has to be planned and performed in such a manner, that misstatements and violations, considering the accounting rules to be applied, which materially affect the presentation of the net assets, financial position and results of operations in the consolidated financial statement are detected with reasonable certainty. During the audit, knowledge concerning the business activities and the legal background of the group as well as the expectations regarding possible errors are taken into account. In the scope of the audit, the effectiveness of the accounting-related internal control system and the evidence supporting disclosures are audited primarily on a random sample basis. The audit includes the assessment of the financial state-

ments of the companies included in the consolidated financial statements, the accounting and consolidation principles applied and the significant assessments of the managing director as well as evaluating the overall presentation of the financial statement and of the management report. We believe that our audit provides a sufficiently sound basis for our opinion

» Our audit did not give rise to any objections.

In our opinion based on the results gained in the audit, the consolidated financial statement complies with the IFRS as to be applied in the EU and additionally with the commercial-law regulations to be applied according to Article 315a Section 1 HGB (German Commercial Code) and considering these principles provides a fair view of the actual assets, financial position and profit or loss of the group. The group management report is consistent with the consolidated financial statement, and as a whole provides a correct view of the position of the group and suitably reveals the opportunities and risks of further development.

Hannover 3rd March 2017

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Moritz Meyer, pp Hanno Karlheim
Auditor Auditor

REPORT OF THE SUPERVISORY BOARD

of Flughafen Hannover-Langenhangen GmbH

The Supervisory Board regularly collected information about the situation and development of the company in the course of the fiscal year in three meetings of the Supervisory Board in two meetings of the Human Resources Committee and, in addition, in oral and written reports of management - and deliberated important issues concerning the strategic orientation of the company. Furthermore, the Chairman and the Members of the Supervisory Board kept themselves informed at all times about important issues.

The annual statement as per 31 December 2016 and the consolidated financial statement as per 31 December 2016 were audited considering the accounting by the auditing company, PricewaterhouseCoopers AG, Hannover, elected and appointed as auditors by the Shareholders' Meeting. The auditors issued an unqualified auditors' opinion. The audit was also carried out in accordance with Article 53 Section 1 Nos. 1 and 2 HGrG (Budgetary Principles Act) and did not give rise to any objections.

The Supervisory Board also audited the annual statement as per 31 December 2016 and the consolidated financial statement as per 31 December 2016 and dealt with the audit result consistent with Article 53 HGrG (Budgetary Principles Act). Considering the result of the audit, the Supervisory Board sees no reason to raise any objections.

The Supervisory Board proposes that the General Meeting adopts the annual statement in the version presented, to decide on the appropriation of the profit/loss and to discharge the Managing Director, Dr. Hille, for the fiscal year.

The Supervisory Board proposes that the General Meeting adopts the consolidated financial statement in the version presented.

Hannover, 20st March 2017

The Supervisory Board

Chairman

INFORMATION

on the balance sheet and the statement of income
of the sector electricity distribution



1. General information

The activity report for electricity distribution was drawn up according to the Third Book of the German Commercial Code (HGB) for major corporations and according to the supplementary provisions of the GmbH law (German Limited Liability Companies Act).

The Statement of income was drawn up in line with the total cost method.

The classification of the Balance Sheet and the Statement of income and Asset Integrity complies with the provisions of Articles 266 et seq. HGB (German Commercial Code).

To enhance the clarity of the balance sheet we have provided data in the Annex on the appurtenance to other items in the balance sheet.

2. Balancing and Valuation Methods

The balancing and valuation methods of the items of the balance sheet and the Statement of Income for the sector electricity distribution comply with the methods applied to the annual financial statement. Reference is therefore made to our disclosures in the Annex to the annual financial statement.

3. Information on the Balance Sheet

3.1 Fixed Assets

The development of the individual fixed assets items is disclosed in the attached Assets Analysis

3.2 Receivables and other Fixed Assets

The item concerns subsidies granted to grid connection points as construction and building connection costs which were booked as deductions from acquisition costs in the annual accounts of Flughafen Hannover-Langenhangen GmbH. In deviation thereof they are disclosed in the performance report on the liabilities side unbalanced as special item. The reversal of the subsidies granted for this special item by 2002 is by straight-line depreciation over a period of 20 years at 5 % p.a. Subsidies received as of 2003 are depreciated in compliance with the average useful life of the subsidised assets concerned.

3.3 Liabilities

The residual terms of liabilities as on 31 December 2016 (previous year in brackets) are disclosed in the following table:

| | up to 1 year | over 1 up to 5 years | more than 5 years | Total |
|------------------------|----------------------|--------------------------|--------------------------|--------------------------|
| | €K | €K | €K | €K |
| LIABILITIES | | | | |
| due to banks | 579 (602) | 3,607 (4,185) | 1,087 (1,114) | 4,186 (4,787) |
| Trade accounts payable | 90 (19) | 0 (0) | 0 (0) | 90 (19) |
| Other liabilities | 5 (3) | 0 (0) | 0 (0) | 5 (3) |
| Total | 674 (624) | 3,607 (4,185) | 1,087 (1,114) | 4,281 (4,809) |

4. Information on Statement of income

4.1 Other operating income

The other income includes income relating to other periods, this is income from non-period income: this is income from the reversal of subsidies received (€ 6 K; previous year € 6 K) and from the reversal of provisions (€ 28 K; previous year € 28 K).

4.2 Other operating expenses

No expenses relating to other periods are included in the other operating expenses.

4.3 Taxes on income and earnings

The item concerns the share of actual expenses for trade and corporation tax for the fiscal year.

5. Information on the allocation rules according to Article 6b para. 3 clause 7 EnWG (German Law on Energy Management)

We have separate accounts each for the following activities in our internal accounting system:

- Electricity distribution
- Other activities within the electricity sector
- Other activities beyond the electricity sector.

The transactions, in as far as they concern the Statement of income, are booked to the individual activity sectors progressively in the scope of the Profit Center, to be precise in cost center accounting. At the end of the respective fiscal year the

individual activities not assigned to a cost center are allocated to the activity sectors.

The asset items of capital assets are also recorded in their master record of the Profit Center, to be precise they are directly allocated to the individual activities in the respective cost center accounting.

When preparing the balance sheet and the Statement of income for the activity sector electricity distribution, the asset items and the liabilities and also expenses and income were, in as far as possible, directly allocated.

The account balances for which the direct allocation to the individual activities is not possible, or only at in connection with an unreasonable effort, the activity sectors are allocated the following keys:

(see chart on following page)

PROFIT AND LOSS ACCOUNT

for the period from January to 31 December 2016 of the electricity distribution grid

6. Other Information

6.1 Other financial liabilities and contingent liabilities:

The contingent liabilities and other financial liabilities deal with the other activities beyond electricity distribution. We refer to the explanations in the Annex.

*Share of the allocations of the profit center "Grid" in the prior period in the total of the P & L item concerned of overall FHG in the prior period.

| BALANCE SHEET ITEM | ALLOCATION KEY |
|---|--|
| Assets in the general administration sector | General key (mix key made up of number of employees and expense key of the grid) |
| Inventories | Allocation key share of material costs(t-1)* |
| Trade receivables | Electric meter key, grid utilisation allocation key |
| Other assets | Personnel key / General key |
| Cash and cash equivalents | Balance sheet total allocation key |
| Deferred income | General key |
| Provisions for pensions and similar liabilities | Personnel key |
| Provisions for taxes and other provisions | General allocation key and Personnel key |
| Liabilities due to banks | Asset key on the basis of residual book value |
| Other liabilities | General allocation key and Personnel key |
| P&L ITEM | ALLOCATION KEY |
| Expenses for raw materials and supplies | Allocation key share of material costs (t-1)* |
| Personnel expenses | Allocation key share of personnel expenses (t-1)* |
| Other operating expenses | Allocation key share of other operating expenses (t-1)* |
| Expenses for interest | Average interest rate for allocated liabilities due to banks |
| Taxes on income and earnings | General allocation key for income tax of the current period |

The performance relations between the activity sectors were valued on the bases of costs incurred.

| | 2016 / Euro | 2015 / Euro |
|--|---------------------|---------------------|
| 1. Sales | 2,928,407.70 | 2,927,147.78 |
| 2. Other own work capitalized | 8,347.72 | 0,00 |
| 3. Other operating income | 5,779.20 | 34,541.23 |
| | 2,942,534.71 | 2,961,689.01 |
| 4. Cost of materials | | |
| a) Cost of raw materials and supplies and for purchased goods | 2,343.32 | 1,741.85 |
| b) Cost of purchased services | 1,146,737.85 | 1,015,100.60 |
| 5. Gross profit | 1,793,453.54 | 1,944,846.55 |
| 6. Personnel expenses | | |
| a) Wages and salaries | 159,501.54 | 150,131.60 |
| b) Social security and pension costs and for other benefits thereof for pensions: € 9,547.28 Previous year € 12,789.84 | 39,590.71 | 40,302.73 |
| | 199,092.24 | 190,434.33 |
| 7. Depreciation on intangible assets property, plant and equipment | 856,167.50 | 820,255.28 |
| 8. Other operating expenses | 705,940.69 | 516,845.65 |
| 9. Interest and similar expenses | 164,362.05 | 196,458.37 |
| 10. Result of ordinary business activities Earnings before taxes (EBT) | -132,108.95 | 220,852.92 |
| 11. Taxes on income and profit | 1,123.27 | 4,617.99 |
| 12. Earnings after taxes / Year-end result | -133,232.22 | 216,234.93 |

BALANCE SHEET OF THE POWER DISTRIBUTION GRID

of Flughafen Hannover-Langenhagen GmbH for the Business year 2016

| ASSETS | 2016 / Euro | 2015 / Euro |
|---|---------------------|---------------------|
| A. INTANGIBLE ASSETS | | |
| I. Intangible assets | | |
| 1. Concessions, industrial property rights | 113,644.17 | 20,732.31 |
| | 113,644.17 | 20,732.31 |
| II. Tangible assets | | |
| 1. Building, operating and open facilities | 7,601,463.00 | 8,137,056.00 |
| 2. Other plants, operating and business equipment | 283,240.86 | 169,089.78 |
| 3. Plants under construction | 10,751.75 | 0.00 |
| | 7,895,455.61 | 8,306,145.78 |
| | 8,009,099.78 | 8,326,878.09 |
| B. CURRENT ASSETS | | |
| I. Inventories | | |
| 1. Raw materials and supplies | 445.23 | 239.88 |
| | 445.23 | 239.88 |
| II. Accounts receivable and other assets | | |
| 1. Other assets | 12,483.31 | 8,630.55 |
| | 12,483.31 | 8,630.55 |
| III. Cash on hand, cash in banks | | |
| | 1,263.20 | 985.12 |
| | 1,136.67 | 2,879.88 |
| C. ACCRUALS | | |
| | 8,024,428.19 | 8,339,613.52 |

| LIABILITIES | 2016 / Euro | 2015 / Euro |
|---|---------------------|---------------------|
| A. EQUITY CAPITAL | | |
| 1. Allocated equity | 3,420,644.92 | 3,342,920.58 |
| | 3,420,644.92 | 3,342,920.58 |
| B. SPECIAL ITEM WITH RESERVE COMPONENT | | |
| 1. Income subsidies | 12,922.71 | 18,960.89 |
| | 12,922.71 | 18,960.89 |
| C. PROVISIONS | | |
| 1. Provisions for pensions | 6,986.64 | 11,329.09 |
| 2. Tax provisions | 6,719.78 | 7,219.57 |
| 3. ,Other provisions | 296,507.13 | 150,205.88 |
| | 310,213.55 | 168,754.54 |
| D. LIABILITIES | | |
| 1. Liabilities due to banks | 4,185,818.91 | 4,787,281.90 |
| 2. Trade liabilities | 90,163.76 | 18,431.86 |
| Other liabilities | | |
| - thereof for taxes € 658.61 (previous year: € 933.66) | | |
| - thereof in the scope of social security: € 2.49 (previous year: € 5.88) | | |
| | 4,664.34 | 3,263.74 |
| | 4,280,647.01 | 4,808,977.50 |
| | 8,024,428.19 | 8,339,613.52 |

DEVELOPMENT ASSETS „POWER GRID“

of Flughafen Hannover-Langenhagen GmbH for the Business year 2016

| | ACQUISITION AND MANUFACTURING COSTS | | | | | VALUE ADJUSTMENTS | | | | | NET BOOK VALUES | | | |
|--|-------------------------------------|---|-------------------|-----------------|------------------|----------------------|----------------------|---|-------------------|----------------|------------------|-----------------------|-----------------------|---------------------|
| | 1.1.2016 € | Adjustment carried forward 1.1.16 € | Additions € | Transfers € | Disposals € | As at 31.12.2016 | As at 1.1.2016 € | Adjustment carried forward 1.1.16 € | Additions € | Write-ups € | Disposals € | As at 31.12.2016 € | As at 31.12.2016 € | Previous year € |
| I. Intangible assets | | | | | | | | | | | | | | |
| 1. Software | 77,183.50 | 65,313.80 | 88,237.01 | 217.71 | 4,455.27 | 226,496.75 | 56,451.19 | 44,793.53 | 16,063.13 | 0.00 | 4,455.27 | 112,852.58 | 113,644.17 | 20,732.31 |
| | 77,183.50 | 65,313.80 | 88,237.01 | 217.71 | 4,455.27 | 226,496.75 | 56,451.19 | 44,793.53 | 16,063.13 | 0.00 | 4,455.27 | 112,852.58 | 113,644.17 | 20,732.31 |
| II. Property, plant and equipment | | | | | | | | | | | | | | |
| 1. Buildings, operating plants and settings | 24,168,101.86 | 0.00 | 231,132.10 | 0.00 | 0.00 | 24,399,233.96 | 16,031,045.86 | 0.00 | 766,725.10 | 0.00 | 0.00 | 16,797,770.96 | 7,601,463.00 | 8,137,056.00 |
| 2. Technical plants and machines | 192,563.01 | 0.00 | 0.00 | 0.00 | 0.00 | 192,563.01 | 192,563.01 | 0.00 | 0.00 | 0.00 | 0.00 | 192,563.01 | 0.00 | 0.00 |
| 3. Other plants, operating and business equipment | 713,645.68 | 603,897.31 | 43,686.49 | 1,577.51 | 52,274.27 | 1,310,532.72 | 544,555.90 | 460,811.09 | 73,379.27 | 0.00 | 51,454.40 | 1,027,291.86 | 283,240.86 | 169,089.78 |
| 4. Advance payments made and buildings in construction | 0.00 | 0.00 | 10,751.75 | 0.00 | 0.00 | 10,751.75 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10,751.75 | 0.00 |
| | 25,074,310.55 | 603,897.31 | 285,570.34 | 1,577.51 | 52,274.27 | 25,913,081.44 | 16,768,164.77 | 460,811.09 | 840,104.37 | 0.00 | 51,454.40 | 18,017,625.83 | 7,895,455.61 | 8,306,145.78 |
| | 25,151,494.05 | 669,211.11 | 373,807.35 | 1,795.22 | 56,729.54 | 26,139,578.19 | 16,824,615.96 | 505,604.62 | 856,167.50 | 0.00 | 55,909.67 | 18,130,478.41 | 8,009,099.78 | 8,326,878.09 |

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