

WE MANAGE IT FOR YOU



Aareon Annual Report 2015

Delivering solutions

Aareon at a glance

With its IT solutions, Aareon provides efficient support for property industry processes in the digital age.

2,800

CLIENTS

make use of Aareon's consulting, software and services to simplify and automate their processes. They manage over 10 million units with the help of Aareon's IT solutions.

- private, public and church-run housing companies
 - cooperatives
 - housing management companies
 - real-estate funds
 - insurance companies
 - corporate real estate
 - commercial property operators
 - financial investors
-

29

LOCATIONS

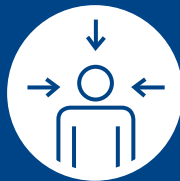


Aareon has its headquarters in Mainz, Germany, and international subsidiaries in France, the UK, the Netherlands, Norway and Sweden.

CORNERSTONES OF STRATEGY

Having a clear customer focus

Top priority is given to customer satisfaction and creating customer benefit.



Offering pioneering solutions

Aareon draws on the latest trends and industry requirements when developing and refining its products and services.



Being a dependable partner

Aareon is a dependable and reliable partner for its customers, employees, investors and stakeholders.

€ **26.9** million

IN EBIT

is what the Aareon Group notched up in 2015 in its Germany and International Business segments.

1,376

EMPLOYEES

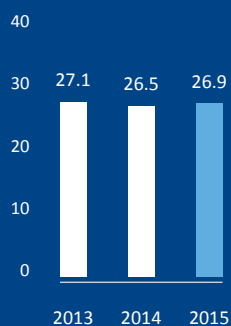
of different nationalities and from different cultures and age groups are the key to our success. They have the necessary IT and property-industry expertise, are dedicated and willing to perform, and always remain focused on the customer.

Key performance indicators

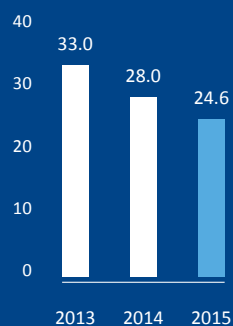
Key performance indicators IFRS (€ m)

	2015	2014	Change
Revenues	186.9	177.7	5.2%
Of which international	66.6	60.2	10.6%
Total expenses	172.8	164.0	5.4%
EBIT	26.9	26.5	1.5%
Consolidated net income after tax	20.7	19.7	5.1%
Consolidated net income after non-controlling interests	19.2	18.4	4.3%
Total assets	219.7	193.4	13.6%
Shareholders' equity	121.0	101.0	19.8%
Cash flow from operating activities	22.0	23.7	-7.2%
Number of employees (as at 31 December)	1.376	1.285	7.1%
Of which international	576	508	13.4%
Return on equity in %	24.6	28.0	

EBIT in € million



Return on equity in %




Only by really understanding your customers and their needs, can you **deliver the right solutions**, implement them effectively and create genuine added value. This is both what Aareon aspires to do every day and the goal the company has set itself. With Aareon Smart World, we have created the benchmark for digitisation in the property industry.



A man in a grey suit is shown from the side, looking out from a wooden door. The background features a white wall and a textured, brownish wall. The text "Live chat" is overlaid in white.

Live chat



Fast information flows form the basis for good service. Premiered in the UK and now also being rolled out in other countries, Aareon's apps for tenants set the pace for change, enabling our customers to deal with their tenants' concerns in an effective manner. And what do they gain? Time for a genuine dialogue.

Flexibility 24/7

**Aareon's solution: tenant self-service app with web portal services
from 1st Touch Ltd., UK**

Customer: Halton Housing Trust, Runcorn, UK

No. of units: 6,700


Aareon customer since 2011





A person wearing blue jeans and brown work boots is sitting on a wooden floor in a room undergoing renovation. The person is holding a long, dark metal strip. In the background, there is a white step ladder with a blue top bar, a white bucket, a cardboard box, and a white tray with rolls of material. A window is visible on the right side of the frame, letting in natural light. The overall scene suggests a home improvement project.

The new normal



The free spirits of the mobile era prize their independence more highly than they do possessions. They don't need to own their own furniture or household appliances; what they want is the option of renting such items online – securely and easily. We already offer this kind of smart service in Sweden as part of a tenants portal.

Rent, don't buy

**Aareon's solution: Xpand tenants portal
from Incit AB, Sweden**

Customer: Uppsalahem, Uppsala, Sweden

No. of units: 15,000

Aareon customer since 2005







Easy handling

**Keep a clear overview of everything,
access documents fast and save
space – you can do all this and more
with Aareon Archiv kompakt, the
digital archiving solution. Now, our
customers in the Netherlands can
benefit from a solution that has al-
ready proven its worth in Germany.**

More time, space and transparency


Aareon's solution: Aareon Archiv kompakt
from Aareon Nederland B.V., Netherlands
Customer: WOONopMAAT, Heemskerk, Netherlands
No. of units: 9,400
Aareon customer since 1985







Easy appointment



Caretakers can now accomplish even more. In France, with the help of our smart technology, they can even become property managers – advising tenants, processing complaints, managing buildings, invoicing operating costs and maintaining an overview of everything while on the go. Plus they can be exactly where they're needed: on the spot.

Enhancing satisfaction


**Aareon's solution: Extranet, a mobile solution for caretakers
from Aareon France SAS, France
Customer: Domnis, Paris, France
No. of units: 11,000
Aareon customer since 1993**







Less is more



Paperless offices are no longer just some future dream. Many housing companies in Germany have already automated the receipt process for some 100,000 invoices and linked up digitally with their invoice issuers. That not only ensures both parties' data security, but enhances customer service and efficiency all round. It's a win-win situation.

Networking expertise

**Aareon's solution: Aareon invoicing service
from Aareon Deutschland GmbH, Germany**

Customer: WBM Wohnungsbaugesellschaft Berlin-Mitte mbH, Berlin, Germany

No. of units: 28,000

Aareon customer since 2013



Fiscal 2015

- Stable fiscal year with EBIT of €26.9 million
- High capital expenditure on research and development at €9.5 million
- Launch of digital ecosystem Aareon Smart World
- Market presence enhanced through two acquisitions: phi-Consulting GmbH, Bochum, Germany, and Square DMS Groep B.V., Grathem, Netherlands
- Certifications confirm high levels of data protection
- Aareon Congress, a prominent annual event for the housing industry, held for the 25th time

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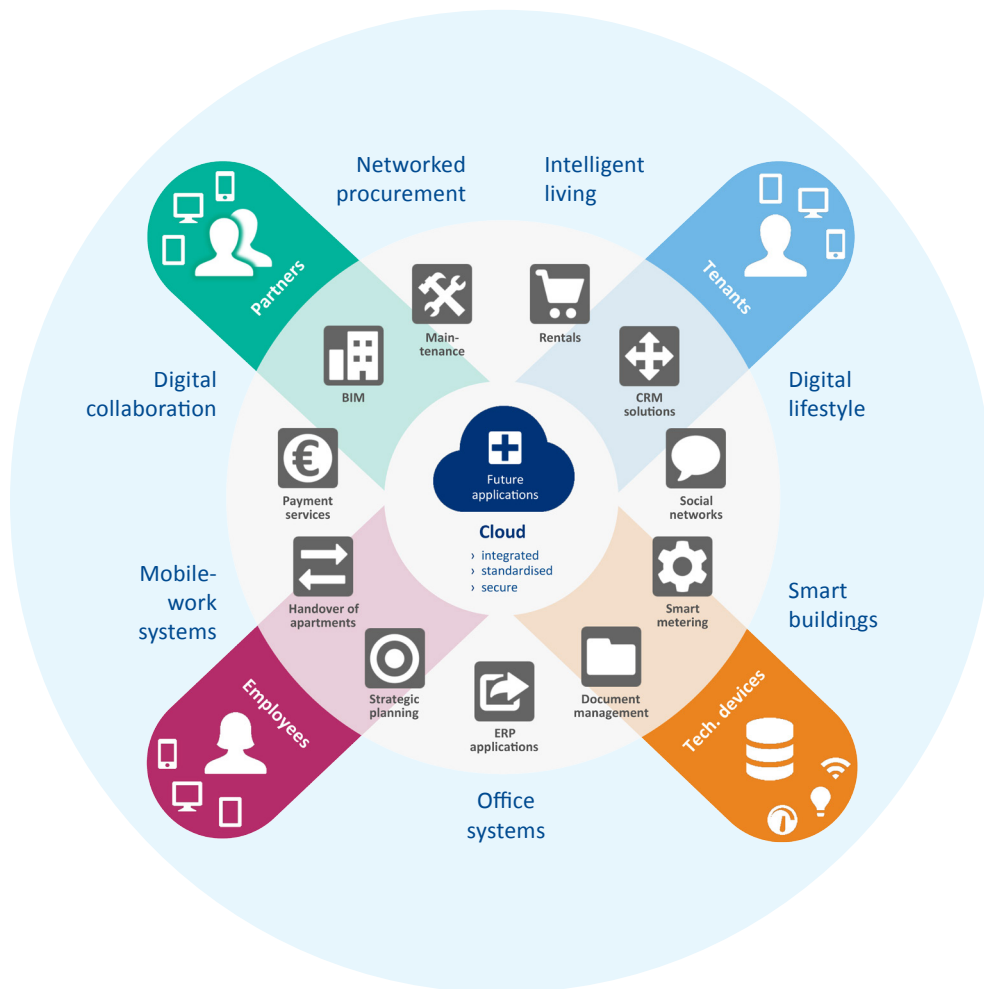
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Aareon Smart World



Harness the opportunities presented by digitisation with Aareon Smart World. This digital ecosystem enables property companies to link up with their customers, employees and business partners and can interconnect technical devices, both in individual apartments and entire buildings. It also allows processes to be redesigned and optimised. Aareon Smart World adds value by lowering costs, enabling new business models and facilitating the dialogue between tenants and housing-industry employees.

Letter of the Management Board

Ladies and Gentlemen,

In fiscal 2015 we continued to focus our attention on digitisation in the property industry. For several years now, this has been a cornerstone of our research and development activities. Our goal is to help our customers make the most of the opportunities presented by digitisation, and to expand our range of digital solutions – always with an eye to the future. At the Aareon Congress, held in Garmisch-Partenkirchen, Germany, in June, we presented our digital ecosystem Aareon Smart World for the first time, and the market response has been positive ever since.

More and more customers have been deploying the Aareon tenants portal. In Sweden, for instance, it is used to provide housing companies with additional services. 1st Touch, our UK subsidiary, has transformed the portal into a 360° solution for field staff, and we intend to roll out this extension gradually in other countries as well. In France, many housing companies offer their caretakers mobile solutions, and Aareon Archiv kompakt, an archiving solution that has already earned its spurs in Germany, is now being used by our customers in the Netherlands, too. By extending and enhancing Aareon Smart World in this way, we are building the foundations for our future success.

Aareon continued to grow organically in fiscal 2015, and strengthened its presence both at home and abroad with key acquisitions. On 1 October 2015, we broadened our business activities in Germany to include the energy sector through the full acquisition of Bochum-based phi-Consulting GmbH. Now, customers in both the property and energy segments are set to benefit from the Aareal Bank Group's integrated portfolio of offerings. Also with effect from 1 October, we acquired the remaining minority holdings in Aareon Immobilien Projekt Gesellschaft mbH. The acquisition of 100 percent of Square DMS Groep B.V., Grathem, a Netherlands-based company, on 1 October 2015 enabled us to enhance Aareon Smart World in the Netherlands and Belgium through the addition of ShareWorX®, a case management solution that includes process consulting. These acquisitions served to strengthen the Aareon Group's position in the market, and set the company on its future course.

Aareon achieved a slight increase in EBIT to €26.9 million (previous year: €26.5 million). Consolidated revenues increased by 5.2% to €186.9 million (previous year: €177.7 million). Capital expenditure on R&D totalled €9.5 million.

In Germany, both business volume and the number of productive migrations to the ERP solution Wodis Sigma grew. As had been expected, customers prefer to use Wodis Sigma as a service from the exclusive Aareon Cloud. We recorded a substantial increase in consulting and maintenance business for SAP® solutions and Blue Eagle, with demand for digital solutions from Aareon Smart World continuing to rise as well.



Dr. Manfred Aiflen
Chairman

International Business Development; Human Resources & Organisation; Legal, Risk Management & Compliance; Data Protection & Data Security; Internal Audit; Marketing & Communication; International Business; Chair of the Supervisory Boards of Aareon Deutschland GmbH and BauSecura GmbH (photo top left)

Sabine Fischer
Chief Operating Officer

Consulting for Wodis Sigma Projects; Consulting for Existing Customers; ERP Products & Quality Assurance; Blue Eagle/SAP® Service Centre & Digital Services; Aareon Immobilien Projekt Gesellschaft mbH & New Digital Solutions; Enterprise Architecture & Portfolio Management; Service Management & Strategic Projects; Central IT Services (photo bottom left)

Christian M. Schmahl
Chief Financial Officer

International Finance; Controlling; Accounting; Contract & Receivables Management; Central Purchasing; Facility Management (photo top right)

Dr. André Rasquin
Chief Sales Officer

Central Sales; Regional Sales; Sales Management; Sales Support; Advisory Board work; BauSecura product (photo bottom right)

As far as international business is concerned, country-specific ERP solutions were in demand. What is more, numerous customers opted for digital solutions, especially Aareon CRM and Mobile Services. A key trend in the Scandinavian market is BIM (Building Information Modelling), which is already offered by the Incit Group.

Digitisation is having an impact on the whole way in which we communicate as well as on our working world. Since our aim is to steer the right course in this area as an employer as well, we have been taking part in the INQA audits offered by the Bertelsmann Foundation (INQA = Initiative Neue Qualität der Arbeit [New Quality of Work Initiative]). Personnel management, equal opportunities and diversity, health, and knowledge and skills are all key aspects that Aareon has integrated into its life-phase-oriented human-resources policy. Our objective is to assist our staff in achieving the right work-life balance so that they are motivated to work for Aareon and for its customers. Another area on which we are concentrating is promoting our innovative strength through a forward-looking human-resources policy. The goal is to better identify and harness the Aareon Group's creative potential and the ideas of its employees. To this end, we launched the "Aareon's got talent" project.

In everything we do, our focus is of course on our customers. In many cases, our relationships with them have grown over many years. The day-to-day dialogue with our clients is instrumental in developing the right solutions for them and helping them to optimise their processes. On top of that, the results of our customer survey will enable us to develop and implement measures designed to continuously enhance the quality of Aareon's consultation, software and services. We thank our customers sincerely for the constructive way in which they communicate and share their ideas with us. It is a form of dialogue that we intend to continue in 2016 as we assist them with the digitisation process.

Kind regards



Dr. Manfred Alflen

Sabine Fischer

Dr. André Rasquin

Christian M. Schmahl

Overview of 2015

01

January

At the start of the year, numerous customers go live with the **Wodis Sigma** ERP solution.

Sabine Fischer joins the Management Board of Aareon AG, taking on responsibility as **Chief Operating Officer** as from 1 January.



02

February

New Aareon Group website launched.

03

March

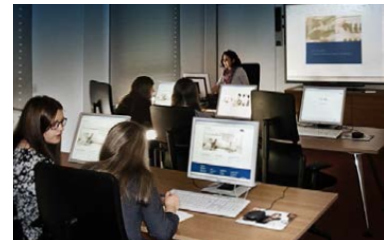
De Alliante, Huizen (63,500 units), a major customer of **Aareon Nederland**, goes live with the Tobias AX ERP solution.

Helse Vest, based in Stavanger, Norway, and a leading company in the health-care sector, decides to deploy the ERP solution **Incit AS** to manage its properties. Helse Vest comprises around 45 public hospitals and other institutions providing medical services to some one million people.

04

April

The “**Callcenter**” consulting solution for **Wodis Sigma** meets with a very positive response from GEWOBAU Wohnungsbaugesellschaft der Stadt Erlangen mbH, a German housing company. Call centre staff of Stadtwerke Erlangen, a utility, use the web application to capture tenants’ claims, which are then automatically integrated in Wodis Sigma.



The motto of the **Girls’ Day 2015** is “Getting down to IT – Girls’ Day at Aareon”. Twenty-one female school students aged between ten and 15 gain insights into interesting IT topics at Aareon. (photo above)

05

May

The first **Aareon CRM Conference** takes place in Mainz, with leading property-market players in attendance. The conference focuses on the opportunities that digitisation offers housing companies for their tenant-, member- and owner-related processes.



Joseph-Stiftung, a church-run housing company based in Bamberg, Germany, rolls out a **mobile handover process for rental units** that is linked to the Wodis Sigma ERP solution. (photo above)

Aareon France's client convention is given over to digitisation and features Aareon Smart World.

06

June



Aareon Smart World, which embodies the company's vision for digitising Europe's property industry, is presented at the **25th Aareon Congress**, a prominent housing-industry event with around 1,000 participants. The congress slogan – **Insights: Living and Working in the World of Tomorrow** – highlights the housing industry's vision of the future.



Aareon and DW Die Wohnungswirtschaft, a German housing-industry journal, honour the winners of the **DW Property Management Future Prize** for their outstanding projects. The winners were: Familienheim Schwarzwald-Baar-Heuberg eG (Villingen-Schwenningen), WIR – Wohnen im Revier e. V. (Bochum) and Wohnungs- und Baugesellschaft Wolfen mbH (Bitterfeld-Wolfen). (photo above)

Once again, Aareon is awarded the highest qualification ranking in the Microsoft Partner Program (**Gold Application Development**). The award means our customers can rely on Aareon's software solutions to comply with Microsoft's applicable international guidelines.

Wohnbau Mainz GmbH (10,600 units) opts to migrate from GES to **Wodis Sigma**.



The **I-stay@home** research and development project, which was funded by the European Union and in which Aareon was lead IT partner, is completed on schedule. (photo above)

DQS GmbH, a German company for certifying/auditing management systems, reconfirms that Aareon provides a high level of data protection. For the sixth time, Aareon and its domestic subsidiaries are given the **DQS data-protection seal of approval**.

07

July

TÜV Saarland re-certifies the **Aareon IT Service Centre** for a further two years (Certified Computer Centre – Level 3tekPlus).

Major French customer Logement Français, Courbevoie (Greater Paris), which manages some 80,000 units, goes live with the **Aareon France** tenant portal.

The Mainz University of Applied Sciences and Aareon agree a practical-experience partnership for students in the facility management field.

In view of the changing requirements in a digital work environment, Aareon is among the first 100 pilot companies to carry out the **INQA audit** (INQA = Initiative Neue Qualität der Arbeit [New Quality of Work Initiative]) and is awarded an entry-level certificate.



Sylvia Clöer and Dr. Manfred Alflen, both of Aareon, receiving the entry-level INQA audit certificate from Notker Oberhäuser (INQA-Audit Zukunftsfähige Unternehmenskultur c/o ddn – Das Demographie Netzwerk e.V.)

08

August

The City of Mainz honours Aareon for its exemplary environmental protection efforts, naming it an **EcoProfit company**. (photo below)



The EBZ Business School appoints Dr. Thomas Königsmann to the **Aareon professorship** in Business IT.

Aareon Nederland is named a member of the 2015 Microsoft Dynamics President's Club, placing it among the top-performing five percent of Microsoft Dynamics partners worldwide.

09

September

Energy provider **ista and Aareon** expand their successful, long-term partnership in Germany to other parts of Europe. The aim is to offer secure, integrated solutions for more consumption transparency, efficient invoicing and innovative services in digital buildings in France, Sweden and Norway.

Aareon launches **Connect**, a digital industry service, to keep the housing industry continually abreast of trends and of the opportunities presented by digitisation. With its practical examples, checklists, proofs of concept and webinars, Connect adds value for housing companies in their day-to-day work.

Aareon France presents the new concept for agile housing, Hagilité, at the largest congress for social housing in the country. The new website provides information and practical examples of digital solutions for the housing industry.

The sixth **North German Property Regatta (NoIR)** takes place in Kiel.

10

October

Aareon Nederland B.V. acquires all of the shares in **Square DMS Groep B.V.**, Grathem, with effect from 1 October. The acquisition enables Aareon to strengthen its leadership position in Europe. Square DMS Groep B.V., a fast-growing provider of case management solutions for the housing industry in the Netherlands, will complement the digital offerings of Aareon Smart World.

Aareon acquires all of the shares in utility specialist **phi-Consulting GmbH**, Bochum, Germany, effective 1 October. The acquisition allows Aareon to expand its SAP® business to include the utility sector.

Incit Group launches its first project in Finland with a major housing company from the Oslo region, and simultaneously opens an office in Helsinki.

GroenWest, Woerden (with around 12,300 units), a customer of Aareon Nederland, goes live with the **Tobias AX** ERP solution.

Launch of the new digital magazine **AareonMAG**, which focuses on topics such as data protection and information security, digitisation and customer relationship management.

11

November



Sixty-six youngsters between the ages of eight to 12 attend the **Aareon Science Camps**, the motto of which is “Moving at the Speed of Light”.



The **Aareon Forum** is held in Hannover for the first time. One of Aareon’s featured presentations at the forum is **Wodis Sigma Release 7**.

12

December

The **Incit Xpand** ERP solution of the Scandinavian Incit Group is localised and adapted for the Danish market.

UK subsidiary 1st Touch launches its digital product 1st Touch **360°**. Based on the French Aareon CRM solution, the product offers customers substantially enhanced tenant service functions.

Before the end of the year, numerous customers in Germany opt for the **Wodis Sigma** ERP solution as a service from the exclusive Aareon Cloud.

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Group business fundamentals

Group business model

Aareon AG is the leading European provider of consulting services and systems for the property industry. Its secure, ground-breaking solutions in the areas of consulting, software and services enable its customers to optimise their IT-based business processes in the digital age. Aareon is an international player. With a presence at 29 locations (ten of which are in its home market of Germany), the company is represented in Europe's major property markets, namely Germany, France, the UK, the Netherlands, Norway and Sweden. International collaboration within the Aareon Group and the associated transfer of knowledge promote the ongoing development and refinement of IT solutions and services.

The company has been in the market for almost 60 years and is a wholly owned subsidiary of the Aareal Bank Group, Wiesbaden, a leading international real estate specialist. With employees from over 30 nations, the Aareal Bank Group has offices on three continents – Europe, North America and Asia. Aareon AG is a wholly owned subsidiary of Aareal Bank AG. Its former parent company, Aareal Finanz und IT Beteiligungen GmbH, was merged into Aareal Bank AG on 1 January 2015. Within the Aareal Bank Group, Aareon AG forms part of the Consulting/Services segment, via which Aareal Bank Group offers services for target groups such as the residential and commercial property industries, and the energy production and waste disposal sectors. The majority of Aareal Bank customers are also customers of Aareon.

Aareon's portfolio

Aareon's products and services are divided into two business segments:

- Germany
- International Business

ERP solutions, integrated digital products and add-on products (previously Integrated Services & Other Products)

are no longer shown separately owing to the changes made to the structural organisation in Germany in 2015 as well as to the additional synergy gains expected in future from the integration of all products in Aareon Smart World. On 1 October 2015, Aareon acquired Bochum-based phi-Consulting GmbH in full, thus broadening its business activities with add-on products in Germany to include the energy sector. The acquisition will be assigned to the Germany segment. Customers in both the property and energy segments are set to benefit from Aareon's integrated portfolio of products and services.

In both its Germany and International Business segments, Aareon offers enterprise resource planning (ERP) systems tailored to the individual markets in question. These systems can be enhanced through additional digital solutions that are designed to optimise processes. This multitude of different systems working together in an integrated way forms the digital ecosystem known as Aareon Smart World. Aareon Smart World enables property companies to link up with their customers, employees and business partners and can interconnect technical devices, both in individual apartments and entire buildings. Aareon Smart World allows processes to be redesigned and optimized. The applications help to reduce costs, create new business models that integrate all participants, and enhance the dialogue between tenants and the housing-industry employees serving them.

Both in Germany and abroad, Aareon provides software solutions that can be accessed in different modes: either via in-house operations, hosting or as software as a service (SaaS) from the exclusive Aareon Cloud. The Aareon Cloud hosts the data in Aareon's certified IT Service Centre in Mainz, ensuring a high level of data security and data protection (see p. 40). After completion of the consultation, implementation and training phases, the customer generally opts for a maintenance model that guarantees support services on a regular basis.

Aareon markets three ERP products in Germany: Wodis Sigma, SAP® solutions/Blue Eagle, and GES. In functional and technological terms, both Wodis Sigma and SAP® solutions/Blue Eagle provide optimum support for the digitisation of the housing industry. Within Aareon Smart World, these ERP products are supplemented by networked digital solutions and services, e.g. Mareon, Aareon invoicing service, Aareon immoblie+, Mobile Services, Aareon CRM and Aareon Archiv kompakt. Over and above this, Aareon offers add-on products and services such as the BauSecura insurance management solution, IT outsourcing and integrated payment transactions.

In the International Business segment, Aareon's subsidiaries offer their own ERP products, which are tailored to the specific requirements of each market. These products, too, are supplemented by the integrated digital solutions and services of Aareon Smart World. For example, Aareon already offers a tenants portal in all the countries in which it operates. As it expands its range of digital solutions, Aareon is benefiting from the knowledge and experience of its subsidiaries, since the state of development and the product portfolio of each subsidiary differ according to the specifics of each market.

In the Netherlands, Aareon Nederland markets the ERP product Tobias AX on the basis of Microsoft Dynamics® AX, and enhances it with digital products. Under the aegis of Aareon Smart World, Aareon Nederland offers the integrated solutions Mareon, Aareon Archiv kompakt and Aareon CRM. The acquisition of Square DMS Groep B.V., Grathem, on 1 October 2015 enhanced Aareon Smart World in the Netherlands and Belgium through the addition of ShareWorX®, a case management solution that includes process consulting. Square DMS Groep B.V.'s share of the case-management-solutions market in the Netherlands stands at around 30% (measured in numbers of rental units). We intend to tap potential synergies in our International Business segment, which comprises 40 employees. The ERP products

Prem'Habitat and Portallmmo Habitat are marketed by Aareon France, which also has a strong presence in the French market with its Aareon CRM solution. In the UK market, Aareon UK and 1st Touch offer the products QL.net and 1st Touch Mobile. 1st Touch's portfolio also includes the digital products 1st Touch 360° and tenants portal. In Scandinavia, Incit markets the ERP product Incit Xpand, and also provides its customers with fact books – reference works containing standard information on operating and maintenance costs. Owing to statutory requirements, the BIM (Building Information Modelling) digital solution is widespread in Scandinavia.

Market position

Aareon AG pursues a strategy of profitable growth, and continued to grow organically in fiscal 2015. The company's market presence was further enhanced by two acquisitions: Square DMS Groep B.V. will augment the International Business segment, while phi-Consulting GmbH will bolster the Germany segment. With effect from 1 October, the company also acquired the remaining minority holdings in Aareon Immobilien Projekt Gesellschaft mbH. In order to remain on its growth trajectory, Aareon continued its Striving for Excellence programme in fiscal 2015. Originally launched in 2014, the programme focuses on achieving efficiency and performance gains and on enhancing quality.

According to the Lünendonk List, an established annual market survey, Aareon is one of the leading IT service providers in the German market¹. In France, the UK, the Netherlands and Sweden, the subsidiaries of the Aareon Group rank among the leading providers of software and services to the property industry. Competitors in this sector include providers of proprietary industry products and SAP® partners.

¹—See Lünendonk Study 2015, Lünendonk GmbH, Kaufbeuren, Germany, 2015

Quality and security standards

Data protection and data security are of central importance to Aareon. It is crucial for customers to know they can rely on Aareon to protect their data. A growing number of clients make use of Aareon solutions as a service from the exclusive Aareon Cloud – meaning that the data is stored solely in the Aareon IT Service Centre and at a backup location (see p. 57). Aareon IT Service Centre operations are regularly examined for compliance with the PS 951 auditing standard of the Institute of Public Auditors in Germany (IDW). In July 2015, the TÜV Saarland technical inspection agency re-certified the Aareon IT Service Centre for a further two years (Certified Computer Centre – Level 3tekPlus). The year prior to that was the first in which Aareon had submitted to the certification process in accordance with the internationally recognised ISO/IEC 27001:2013 standard. That certification was confirmed in 2015 following a re-audit, ahead of which Aareon once again enhanced the already high standard of its information security management system.

Since 2010, Aareon has voluntarily submitted to regular external data-protection audits in accordance with Section 9a of Germany's Federal Data Protection Act (BDSG). For the sixth time, DQS GmbH, a German company for certifying/auditing management systems, awarded Aareon and its German subsidiaries its data protection seal of approval.

In conjunction with software certified to audit standard IDW PS 880 – for instance for the Aareon Archiv kompakt archiving solution, the Aareon service portal, Wodis Sigma and Blue Eagle – certifications of this kind can also mean less work for customers during their annual IT audits.

Research and development

Aareon's ground-breaking portfolio is underpinned by the company's R&D activities, which make use of the latest technologies and trends to help broaden the company's range of products and services. Aareon can benefit here from its international focus, with development work being systematically shared between teams of experts in different countries, thus tapping synergies for the benefit of individual products and services at national level.

What is more, information gained from the day-to-day business dialogue with customers feeds into the company's R&D activities. Aareon gauges the requirements of its customers by talking to them on a regular basis – e. g. by means of institutions such as customer advisory councils as well as through customer surveys. It then takes those requirements – along with trends in the property and IT industries – into account when developing and refining its portfolio.

Digitisation

The digitisation of society and the economy is becoming ever more important and affects all areas of life. Connected living is becoming a given. That is why digitisation remains a key focal point of research and development. Aareon is helping the housing industry in Europe to make the most of the opportunities thrown up by digitisation, such as the potential to reshape and optimise processes, cut costs, enhance revenues and achieve higher levels of comfort and convenience for customers and employees alike. Aareon is following this trend with its Aareon Smart World ecosystem. Embodying the company's vision for digitising Europe's

Economic report

property industry, Aareon Smart World was presented at the 25th Aareon Congress in June 2015. Aareon's R&D activities centre on the gradual expansion of the Aareon Smart World digital offerings in international markets. On the basis of country-specific solutions within the Aareon Group, international groups of experts are developing solutions for other national markets.

The I-stay@home research and development project, which was funded by the European Union and in which Aareon was lead IT partner, was completed in 2015. Launched on the back of the demographic changes taking place, the project aims to make the elderly more independent through the use of generally available information technology. The prototype for an international portal platform was developed on the basis of Aareon France's Flexiciel IT platform, on which the Aareon CRM portal is based as well.

Development and refinement of products and services

As part of its efforts to refine its ERP systems and integrated digital solutions, Aareon invested in particular in the following areas in fiscal 2015: Wodis Sigma Release 7 in Germany, QL.net in the UK, refinement of Tobias AX in the Netherlands, and Release 3.0 of Portallmmo and Prem'Habitat in France.

Capital expenditure on research and development in fiscal 2015 amounted to €9.5 million (previous year: €9.6 million). The capitalisation rate was 46.3%. Amortisation of internally generated software amounted to €2.4 million.

General economic and industry environment

Economic growth

In the year under review, global economic growth amounted to around 2.5%, down slightly on the previous year (2.7%).

Although real GDP increased in the eurozone, the rate of growth was only moderate, at 1.5%. Growth was curbed by negative factors and uncertainties, e. g. widespread high unemployment levels, macroeconomic imbalances and structural problems. However, the eurozone economy was buoyed by several factors: low oil prices, which boosted the purchasing power of private households; improved competitiveness due to the relative low value of the euro against other major currencies; less restrictive fiscal policies in many countries; and extremely expansionary monetary policy. Among the member-states of the eurozone, Belgium, France, Germany and the Netherlands achieved moderate growth, for example. In Finland, where the economy felt the effects of the recession in Russia, economic output stagnated in 2015 after its decline of the previous year.

Economic policy was dominated by developments in Greece and the country's negotiations with its creditors. After the bailout package that officially expired in the spring was extended until the end of June, the parties to the negotiations still failed to reach an agreement when the new deadline lapsed. As Greece was initially unable to repay a loan instalment to the International Monetary Fund (IMF), temporary capital controls were imposed and banks shut down. However, Greece and its creditors subsequently succeeded in agreeing a third bailout programme, funds for which came from the European Stability Mechanism (ESM). Beyond Greece itself, the crisis did not have any negative economic effects on other countries.

In a number of EU countries that are not members of the eurozone – including the UK and Sweden – the upswing that began in the previous year continued in 2015.

The trend toward a slightly lower average eurozone unemployment rate (just under 11%) continued in 2015. Germany's unemployment rate, which was already the lowest in the eurozone, also declined. Some countries nevertheless recorded slight increases. Outside the eurozone, unemployment rates fell in various countries, among them the UK and Sweden.

Annual real growth in GDP in %

	2015	2014
Eurozone	1.5	0.9
Germany	1.5	1.6
France	1.1	0.2
Netherlands	1.9	1.0
United Kingdom	2.2	2.9
Norway	2.1	2.2
Sweden	3.4	2.4

Industry trend

Growth in the residential and commercial property industry in Germany remained steady in 2015. Companies continued to focus their capital expenditures on maintaining and modernising their properties. The residential and commercial property companies organised in the German Federation of Housing and Property Companies (GdW) and its regional associations invested over €12 billion to enhance the quality of their properties in the long-term.

The German housing market remained largely resistant to short-term economic volatility since long-term factors such as population growth and wage growth are the overriding factors determining the market trend.

Trends in the housing market continued to be uneven. Whereas structurally weak regions were marked by a drop in population and consequent rises in vacancy rates, demand for affordable housing increased in flourishing economic regions. The housing market vacancy rate remained stable, amounting to just over 2% in the states of the former West Germany and around 9% in the area comprising the former East Germany.

Given the stability of the housing market and the German economy's solid performance, residential property remained firmly in the eye of institutional investors in 2015. Mergers of major real-estate companies were the main reason for the higher transaction volume year on year.

In Germany and the other countries in which Aareon is active, digitisation of the housing industry is proceeding apace, and connected living is becoming more and more a given. The internet of things and additional service offerings for tenants are making life "smarter". In this context, people view their own four walls as a place of refuge, and their work-life balance is changing in line with the digital and mobility options on offer.

In the Netherlands, a new law for social-housing companies (Woningwet) has come into force. As a result, social-housing companies must prepare and submit more reports to the new social-housing industry authority. This trend could create new market opportunities for Aareon Nederland. Demand for digital solutions continues to grow. Aareon Nederland B.V. is mainly active in the social-housing industry, where it is one of the leading providers of software, consulting and services. What is more, the Aareon Group is also represented in the Netherlands market via its Swedish subsidiary Incit AB.

Political influence remains strong in the social-housing industry in France, where the public sector is interested in raising satisfaction levels among tenants and in reducing portfolio management costs through the merger of public-sector companies. Against this backdrop, French housing companies are banking on internet-based CRM solutions and payment process systems in an effort, for example, to simplify rental payment processes via a tenants portal. That is why demand for digital solutions continues to rise. Aareon France SAS is the market leader in the French social-housing industry alongside one other competitor of note.

The UK government has passed an Efficiency Agenda to make the administration of public-sector property more cost-efficient, and introduced financial incentives for companies to advance the digitisation process. As a result, companies in the social-housing market are increasingly digitising their customer services. The market for providers of IT to the housing industry is extremely fragmented and marked by strong competition. Aareon profits from the strong position in the market of both Aareon UK Ltd. and 1st Touch Ltd., the UK market leader for mobile applications.

In Sweden, internet-based service portals are a matter of course for housing companies and much used by their tenants. The scope of services is even broader here, for instance, with tenants also able to rent household appliances such as washing machines and refrigerators. Incit AB is the leader in the Swedish housing market.

Incit AS occupies a leading position in the Norwegian market. Although it does have one major competitor there, it is the only company that is able to satisfy all the latest trends and market requirements, including the digital BIM (Building Information Modelling) solution that is mandatory for all buildings owned by the public sector.

Key performance indicators

Revenue and EBIT are the key financial performance indicators used by Aareon for the internal control and management of its business segments. EBIT is defined as earnings from operating activities before interest income/expense and taxes.

The main non-financial indicators Aareon monitors are customer satisfaction and employee satisfaction (see p. 55, 49). These indicators are not used for the purposes of internal control and management.

Business performance

Germany segment

In Germany, Aareon markets the ERP solutions Wodis Sigma, SAP® solutions/Blue Eagle and GES. In 2015, business activities focused on ERP migrations for existing customers, from GES to Wodis Sigma or to SAP® solutions/Blue Eagle. Aareon has received gold status as an SAP Channel Partner for its outstanding expertise, quality and sales performance.

Business volumes for the ERP solution GES declined as planned due to migrations, but were made up for by rising volumes for the Wodis Sigma solution. The number of migrations reaching the productive phase increased year on year. A number of major customers opted for migration to Wodis Sigma in the year under review, including Wohnbau Mainz GmbH (10,600 units). As had been expected, customers prefer to use Wodis Sigma as a service from the exclusive Aareon Cloud. As for SAP® solutions/Blue Eagle, Aareon managed two large implementation projects in 2015, leading to a substantial increase in consulting and maintenance business. In addition to its regular Blue Eagle template maintenance, Aareon concluded a maintenance contract for a major client's SAP® infrastructure.

All new releases in 2015 were rolled out as planned. Aareon presented Wodis Sigma Release 7 at the Aareon Forum in November. The GES versioning (05/2015) and maintenance (11/2015) packages went live on schedule. Blue Eagle Release 6.5 replaced Release 6.4 in November.

Among the digital solutions in Aareon Smart World, there was strong demand for the Aareon service portal, Aareon Archiv kompakt, Aareon CRM, Aareon immoblue+ and Mobile Services. Digital products, too, benefited from the increase in migrations to ERP solutions. For instance, Joseph-Stiftung, Bamberg, a Wodis Sigma customer, also opted in 2015 for Aareon immoblue+, Aareon CRM and Mobile Services. Sales of Aareon immoblue+ rose substantially as well following changes to the sales model.

Business volumes increased for both the BauSecura insurance management solution and IT outsourcing. Gesellschaft für Siedlungs- und Wohnungsbau Baden-Württemberg mbH, which manages 7,000 units from its base in Sigmaringen, Germany, decided to outsource its IT operations to Aareon. The entire IT infrastructure, operated in-house up to now, is being transferred to the Aareon IT Service Centre.

In the three months between the company's acquisition by Aareon on 1 October and the end of the fiscal year, phi-Consulting GmbH's consulting business made a positive contribution to Aareon's corresponding business area. Integration of the company into the Aareon Group is proceeding according to plan and is to be concluded in the course of 2016.

International Business segment

Aareon recorded strong organic growth through the addition of new customers, especially in the French, Netherlands and Scandinavian markets. Aareon Nederland, for instance, garnered several new customers for its ERP solution, e.g. Wetland, Vollenhove (around 3,400 units) and GoedeStede,

Almere (around 7,900 units). In addition, the Incit Group was able to strengthen its position in the Netherlands market by winning over a new key customer – Elkien, Heerenveen. The Incit Group scored a success in the Norwegian market by signing a contract with Helse Vest, Stavanger. Helse Vest comprises around 45 public hospitals and other institutions providing medical services to some one million people. Aareon France acquired another customer for the ERP solution Prem'Habitat in Nanterre Habitat, Nanterre (10,000 units). The fierce competition prevailing in the UK market meant that customers delayed their purchasing decisions. Aareon UK nevertheless managed to win over a number of new customers for its ERP product QL.

In addition to the business volume added by new key customers, strong growth with existing customers also boosted Aareon's International Business segment. One of the most important sales successes was the go-live of the Tobias AX ERP solution at Alliantie, Huizen (around 63,500 units). Aareon posted slight gains with ERP business in France. In fiscal 2015, a total of more than 100,000 units (managed by major players such as Colombes Habitat, Les Résidences de l'Orléanais, Néolia and Reims Habitat) went live with solutions from Aareon's French subsidiary.

The company continued to expand its digital offerings under the aegis of Aareon Smart World in the International Business segment in 2015. A new acquisition served to enhance the significance of digital solutions for this segment: with effect from 1 October 2015, Aareon Nederland B.V. acquired Netherlands-based Square DMS Groep B.V., Grathem, in full.

In addition to this acquisition, business volumes for digital products and services in the International Business segment grew organically. For example, Logement Français, Courbevoie (Greater Paris), a major customer with some 80,000 units, went live with Aareon France's tenants portal. As for the UK market, in a major coup for Aareon UK, Together Housing Group, Halifax, a significant market player with 35,000 units under management, signed up for Mobile Services from 1st Touch. Several customers in the Netherlands decided to purchase Aareon Archiv kompakt, the Aareon service portal and Aareon's CRM solution, but existing digital solutions also scored successes in the same market. For example, Aareon Nederland won over Wooncompagnie, Hoorn (around 13,700 units) for its Treasury software solution. The Aareon CRM solution marketed by Aareon France made big gains in the French market. In the course of the year, 1st Touch's digital solution was refined to create 1st Touch 360°. Based on the French CRM solution, the new product offers customers considerably enhanced functionality in the area of tenant services. A key trend in the Scandinavian market is BIM (Building Information Modeling), which is already offered by the Incit Group.

The trend toward internationalisation is also increasing when it comes to partnerships: in September, ista, an energy service provider, and Aareon expanded their successful partnership of many years in Germany to include the rest of Europe. What is more, Aareon Nederland was named a member of the 2015 Microsoft Dynamics President's Club, placing it among the top-performing five percent of Microsoft Dynamics partners worldwide.

Economic situation

Earnings

At €26.9 million, Aareon's EBIT for 2015 was marginally higher than in the prior year (€26.5 million). Aareon grew its consolidated revenues by a slight 5.2% to €186.9 million (previous year: €177.7 million).

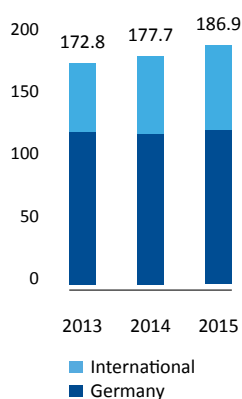
At €4.4 million, internally generated assets were slightly lower than in the previous year (€4.8 million), and mainly comprised refinements of ERP and digital products in France, the UK and the Netherlands. Other operating income amounted to €8.0 million in 2015 (previous year: €8.4 million), and was influenced in both fiscal 2014 and 2015 by non-recurring effects: in 2014 Aareon France SAS posted income following the positive outcome of a lawsuit, while higher derecognitions of contingent purchase price liabilities had an impact on this item in 2015. The Group's total expenses rose by 5.4%, from €164.0 million in the previous year to €172.8 million. The cost of materials rose by 8.1% to €22.7 million (previous year: €21.0 million), mainly as a result of revenue growth. The increase of 4.9% in staff costs to €106.2 million (previous year: €101.2 million) was primarily due to business volume growth – for the most part in the International Business segment – and to acquisitions and non-recurring costs for severance payments in Germany. At €33.4 million, other operating expenses were up 7.7% year on year (previous year: €31.0 million). This increase was attributable to the acquisitions made in 2015 and to costs incurred in connection with the Striving for Excellence project.

As expected, Aareon posted a slight increase of 2.5% in revenues in the Germany segment in 2015, which reached €120.4 million (previous year: €117.5 million). Overall, reve-

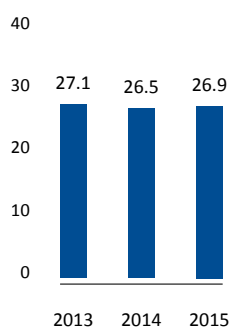
nues from ERP products were stable, with business volumes shifting as expected from GES to Wodis Sigma owing to further migrations. Maintenance revenues for the ERP product SAP® solutions/Blue Eagle grew substantially following the conclusion of projects in 2014, whereas licensing-fee income was lower. Sales of digital products fuelled growth, while the acquisition of phi-Consulting GmbH boosted revenues from add-on products. The Group's total expenses in Germany increased by 3.4%, rising from €105.8 million to €109.4 million, with costs for the Striving for Excellence project and unplanned non-recurring costs for severance packages being the main drivers. As a result, EBIT in Germany (before acquisition costs and the measurement of contingent purchase-price liabilities) came to €15.1 million and was thus lower than in the previous year (€15.9 million).

The International Business segment continued to grow robustly, with revenues rising by 10.6% to €66.6 million (previous year: €60.2 million). In the International Business segment, consulting revenues for ERP products grew substantially in the Netherlands, Sweden, Norway and UK markets owing to strong demand. We were unable to fulfil our expectations for licensing business in the UK because of strong competition in the market. By contrast, license-fee and maintenance revenues in the French market grew considerably thanks to the lasting success of the sales model there. Digital-solutions business expanded strongly in France and the Netherlands. Contrary to expectations, however, this segment stagnated in the UK market. Consequently, we adapted and extended our digital software solutions so as to achieve a competitive edge. The International Business segment accounted for 35.6% of consolidated revenues (previous year: 33.9%).

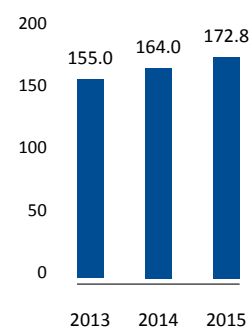
Revenues in € million



EBIT in € million



Expenses in € million



Total expenses in the International Business segment did not grow as fast as revenues, increasing by 8.4% to €63.1 million compared with €58.2 million in the previous year. The main expense drivers were higher staff costs and the acquisition made in the Netherlands. The overall result of these factors was a substantial 8.1% increase in EBIT, which reached €8.0 million (previous year: €7.4 million) – adjusted for non-recurring effects (see following section). Thus, despite the lower volume of business in the UK, we were able to increase EBIT in the International Business segment substantially, in line with our plans.

Non-recurring effects in 2015 amounted to €3.8 million and comprised the cost of acquisitions and the measurement of purchase-price liabilities. In 2014, these effects had amounted to €3.2 million and comprised the positive outcome of a lawsuit in France and the measurement of purchase-price liabilities.

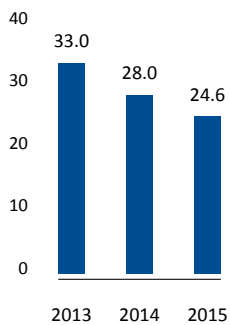
Financial situation

Capital structure

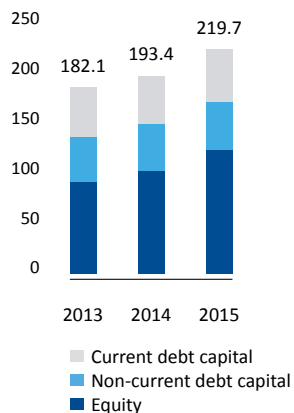
Equity increased by 19.8%, rising from €101.0 million to €121.0 million, mainly due to the addition of comprehensive income. At 24.6%, the return on equity was substantially lower than the prior-year figure of 28.0%, due to the renewed retention of profits. The dividend payment made in 2016 is discussed below under “Events after the reporting period”.

Non-current liabilities were 2.0% higher at €46.6 million (previous year: €45.7 million), mainly due to the increase in deferred tax liabilities following the recognition of previously undisclosed reserves in connection with corporate acquisitions. At €52.1 million, current liabilities were 11.6% higher than in the previous year. In order to make the acquisition in the Netherlands, the company took out a loan that was valued at €1.0 million at the reporting date. In addition, consolidation of the newly acquired companies and higher deferred income led to higher current liabilities.

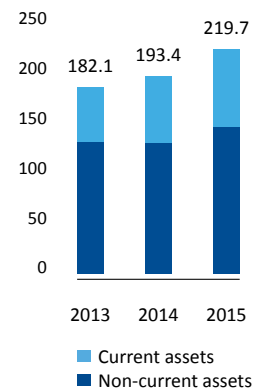
Return on equity in %



Total equity and liabilities in € million (capital structure)



Assets in € million (asset structure)



Liquidity

The statement of cash flows is the key to analysing Group liquidity. At €22.0 million, cash flow from operating activities was on a par with the prior year (€23.7 million). Cash flow from investing activities amounted to €-22.0 million (previous year: €-10.6 million). In addition to capital expenditure of €11.9 million on fixed assets, the company made payments totalling €11.5 million to fully acquire phi-Consulting and Square DMS, to purchase the minority shareholdings in AIPG and to pay the variable purchase price for Incit. Cash flow from financing activities amounted to €0.8 million (previous year: €-1.3 million).

Net assets

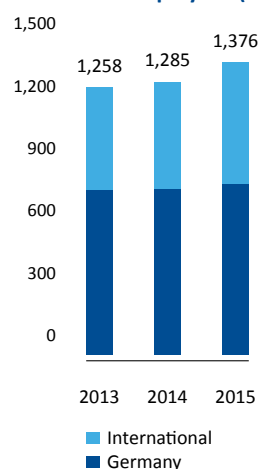
Aareon's total balance sheet amounted to €219.7 million in 2015, up 13.6% compared with the previous year (€193.4 million). Non-current assets rose by 12.5% to €143.6 million (previous year: €127.6 million), primarily as a result of an increase in goodwill and in customer relations due to the acquisitions made. The decrease in acquired intangible assets was due to amortisation. The item internally generated software was higher due to increased development work, mainly in France, the UK and the Netherlands. Current assets increased by 15.7% year on year to €76.1 million, predominantly due to business-volume growth, which made for higher income tax receivables and higher trade receivables in the amount of €39.7 million (previous year: €35.5 million).

Our staff

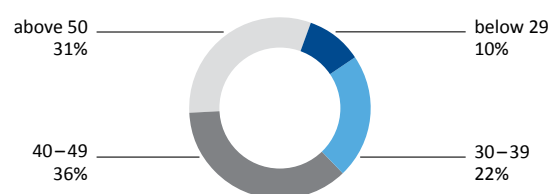
Employees of different nationalities and from different cultures and age groups form the basis for Aareon's business success. They have the necessary IT and property-industry expertise, are dedicated and willing to perform, and always remain focused on the customer. For more than ten years now, Aareon has been carrying out an annual anonymous employee survey across the entire Group. It is a tool for measuring the mood of our workforce and gives an indication of what specific improvements could be made. For Aareon, employee satisfaction and motivation are essential components of a forward-looking corporate culture. The Group-wide response rate of 69% for the employee survey shows that both rank-and-file employees and management consider it important to participate in the future success of the company. General levels of employee satisfaction remain high.

As at 31 December 2015, Aareon had a total of 1,376 employees (previous year: 1,285). The year-on-year increase in employee numbers is due in particular to the two corporate

Number of employees (as at 31 Dec.)



Age structure of workforce



acquisitions made in 2015. The average period of service with the company was 11.5 years (previous year: 11.4 years). At 41.9% of the total workforce, well over one-third of employees work for our international subsidiaries (previous year: 39.5%). Aareon promotes flexible working time models. At the end of 2015, Aareon in Germany had 136 part-time positions (17.0%) (previous year: 132; 17.0%) and 87 teleworking positions (10.9%) (previous year: 88, 11.3%). The proportion of women in the workforce was 32.5% (previous year: 32.4%), while the share of women in management positions was 18.8% (previous year: 19.2%).

Qualification and further training

At Aareon, constant training and development of staff is an integral part of the company's life-phase-oriented personnel policy. One of the aspects on which Aareon focused its attention in fiscal 2015 was the development of its management staff. In the course of the Professional Individual Management Development programme (ProFI), managers were offered training sessions (for instance, in labour law), diagnostics (including a development centre for new managers) and consultation (e.g. personalised coaching sessions and leadership groups). We continued to promote Aareon's international expansion with language courses and seminars designed to enhance intercultural skills. The Certified Housing Manager (HfWU) training course at the Nürtingen-

Geislingen University for Economics and the Environment in Germany was held once again in 2015.

Initial training and the promotion of young talent

Aareon offers entry-level candidates a trainee programme as well as various vocational training courses, e. g. in office management and IT (the latter as either an application development or systems integration specialist). Another option is the work-study degree course in Property Business Administration, offered jointly with the Leipzig University of Cooperative Education. Aareon also works hand in hand with the Baden-Württemberg Cooperative State University (DHBW) in Mannheim to offer work-study courses in Business Administration for Trade Fair, Congress and Event Management as well as in Business IT – Software Engineering. During their vocational training at Aareon, trainees benefit from the option of participating in additional courses as well as from the opportunity to take on responsibility for specific tasks at an early stage in their careers. At the close of 2015, Aareon employed 21 trainees as well as three students (at the University of Cooperative Education). Internships, degree dissertations and collaboration with several universities form an integral part of our efforts to market the Aareon brand at institutions of higher education and make early contact with qualified young talent.

As part of our activities to promote young talent, Aareon organised a Girls' Day in 2015 – for the eighth year in succession. Twenty-one female school students aged between nine and 15 gained insights into the wide variety of professions available in the IT field. On top of that, 66 youngsters between the ages of eight to 12 attended the Aareon Science Camps, the motto of which was "Moving at the Speed of Light". The goal of these camps is to awaken and nurture an interest in technology at an early age. This was the third time that Aareon had organised the Science Camps, and more than 200 young people have participated in these events to date.

In an effort to encourage young talent and promote education, Aareon and the EBZ Business School in Bochum had reached an agreement in November 2014 on the endowment of a professorship in Business IT. Dr. Thomas Königsmann was appointed to the new chair in August 2015, with classes starting as planned in winter semester 2015–2016. Aareon's endowment will run for five years. In addition, the University of Applied Sciences Mainz and Aareon agreed a practical-experience partnership for students in the facility management field in July.

Forward-looking corporate culture

As a future-oriented company with high quality standards, Aareon wants to set a forward-looking course for its corporate culture as well and further strengthen its brand. To this end, the company launched its Forward-looking Corporate Culture project, which includes INQA audits (INQA = New Quality of Work Initiative). In view of the changing requirements in a digital work environment, Aareon was among the first 100 pilot companies to carry out the INQA audit and was awarded the Bertelsmann Foundation's entry-level certificate in July 2015. The certificate confirms that Aareon has worked intensively on the INQA topics of personnel management, equal opportunities and diversity, health, and knowledge and skills, and that the company intends to continue developing these aspects in line with the agreed goals. That also implies the continuation of the life-phase-oriented personnel policy introduced in the previous year. The INQA Audit is an initiative of the Bertelsmann Foundation and is supported by Germany's Federal Office for Employment and Social Affairs.

Aareon was honoured in 2015 as an Attractive Employer in the **Land** of Rhineland Palatinate for its outstanding personnel policy.

Work-life balance

For the last eight years, Aareon has been repeatedly certified as a family-oriented company by *berufundfamilie GmbH*, a non-profit organisation. The company's numerous personnel-related services include, for example, more flexible working hours in the form part-time and teleworking models. Over and above that, Aareon works hand in hand with a family service company, which provides employees with advice on childcare and long-term care for dependants as well as in psychosocial matters. Several Aareon locations have parent-child offices. In Mainz, Aareon collaborates with other companies to offer gratis crèche and nursery-school spots to the children of employees.

Equal opportunities and diversity

Starting in 2012, the company initiated the Aareon 2.n project, the purpose of which was to enhance equal opportunities for men and women in the company. The project work has now been completed, and the findings will be put into practice in the everyday business environment. Women are represented at Aareon in various management roles as well as on the Management Board and Supervisory Board. Many women also exercise responsibility in projects and sub-projects or play a role as specialists. Aareon's goal is to achieve even more balance in this area, and that has involved setting targets for the representation of women at Aareon Deutschland GmbH in accordance with the statutory requirements.

The Diversity project represents an opportunity to consciously recognise diversity and harness it for the company – after all, not only our society is diverse, but Aareon's workforce as well. Diversity is a term used to underscore, in a positive sense, the differences between people – and the divergent qualities and capabilities that they have. The focus is on acknowledging just how diverse people are and how we

can all benefit from interaction with others. Diversity includes, among other things, equal treatment of women and men, work-life balance, ethnic background, religion or world view, age, people with specific restrictions as well as people of different sexual orientation and/or sexual identity. Diversity is already part and parcel of working life at Aareon – indeed, it has become a matter of course.

Health management

In 2015, Aareon's health management activities centred on back health as employee surveys and earlier campaigns had revealed that this was a topic of particular interest. A mix of exercise classes, presentations and check-ups were offered in the interests of a healthy working environment at Aareon.

Compensation principles

With their transparency and sustainability, Aareon's compensation systems are aligned with the company's strategic goals. The objective is to provide employees with compensation that is attractive and motivating, and not only matches the position they occupy, but also is in line with market benchmarks and personal performance. Equal pay for men and women performing the same duties is part of that as well. This is a policy that can help Aareon to attract and retain highly qualified, dedicated employees with high potential. It is up to each individual company within the Group to design its own compensation system in line with these principles, and ultimate responsibility for this rests with local management, who must also take into account the co-determination rights of the bodies representing the employees in each company as well as local statutory regulations. Aareon makes its principles for compensation systems known at every Group company.

Events after the reporting period

Pursuant to the resolution passed by the annual general meeting on 24 February 2016, a dividend of €31.5 million is to be paid from Aareon AG's unappropriated surplus. Further, Aareal Bank AG resolved to make a payment of €15.5 million to the company's share premium on 1 July 2016.

No other events or business transactions have occurred since the close of the fiscal year that could have an effect on Aareon's net assets, financial situation or earnings as presented in this report.

Internal control system

Aareon AG's internal control system (ICS) consists of systematic organisational measures and controls that are designed to ensure compliance with the company's directives and to avert potential losses caused by the company's own staff or third parties. The purpose of the accounting-related internal control systems is to guarantee that the company's operations are properly executed in legal and economic terms. One of the principal aims is to ensure the conformity of internal and external accounting processes and compliance with the relevant legal provisions.

In addition to customers and products, which constitute the company's core processes, the processes in question relate to liquidity, personnel and legal affairs.

The Management Board of Aareon AG is responsible for designing, establishing, applying, refining and reviewing an appropriate system of internal control over financial accounting. At Aareon AG, the processes for (Group) financial accounting are managed by the International Finance unit, which is also responsible for Group reporting. All of the company's subsidiaries are included in its consolidated financial statements. Finance and Internal Services handles financial accounting, including preparation of the annual financial statements, for Aareon AG and its subsidiaries Aareon Deutschland GmbH and Aareon Immobilien Projekt Gesellschaft mbH. The financial accounts of BauSecura Versicherungsmakler GmbH are handled by the Funk Group. Aareon UK Ltd., Aareon France SAS, Aareon Nederland B.V. and Incit AB have independent financial accounting systems, while 1st Touch Ltd. receives support in financial-accounting matters from its sister company Aareon UK. All Group companies – with the exception of Incit AB, Square DMS Groep B.V. and phi-Consulting GmbH – enter their financial data independently in the Group's SAP® software programme. In fiscal 2015, the financial data reported by the three companies in question was entered in the Group's software programme by members of the Aareon Group's International Finance unit. The data is consolidated at Group level.

The group accounting manual is an aid to preparing Aareon's financial statements. It provides internal guidelines for the accounting process that comply with the legal requirements. These guidelines are made available to all Aareon subsidiaries, reviewed on a regular basis and updated as required. During preparation of the financial statements, plausibility checks are carried out in the accounting systems of subsidiaries and key individual items analysed. In addition, a schedule for preparation of the annual financial state-

ments is in place, in accordance with which all the subsidiaries complete their separate financial statements and submit them to the relevant Group department for preparation of the consolidated financial statements. Appropriate control processes are in place to monitor both automated and manual entries. Key accounting procedures are subject to the dual-control principle. An authorisation process is in place to protect the accounting and financial reporting systems against unauthorised access. The Finance unit of Aareon has an adequate number of highly qualified staff, who have the knowledge and experience needed for their areas of responsibility. Aareon also makes use of external service providers, for instance to assist in measuring pension obligations.

Aareon regularly monitors compliance with various guidelines, e. g. in respect of signatory powers, the use of company cars or travel expenses.

The company has summarised its core processes in matrix form. It has analysed the relevant objectives of the control process and devised appropriate control activities. The performance of the control activities, and hence the effectiveness of the controls, is documented in a variety of ways.

The Supervisory Board receives quarterly reports on the Group's performance.

Aareon AG's Internal Audit unit exercises a process-independent supervisory function, reporting directly to the Management Board and providing audit and advisory services that are focused on monitoring the compliance, security and profitability of Aareon's business processes.

Aareon is integrated in the financial processes of its parent company, Aareal Bank AG.

Aareon AG maintains a risk management manual, which describes the main elements of the risk management system. In this context we also refer to the information provided in the risk report.

Risk report

Aareon AG monitors and manages its business risks by means of a Group-wide risk management system that is based on the R2C_risk standard software and includes an early warning function. The risk management system enables those responsible for the relevant divisions, investments and projects to regularly record and analyse their respective risks – but not the associated opportunities – as well as to develop proactive risk management measures. Risks are assessed in two separate dimensions, namely in terms of their impact and their probability of occurrence. Only residual risk is assessed and reported, i.e. any risk minimisation measures in place are taken into account. The resulting risk reports are consolidated by the Group's Legal, Risk Management and Compliance unit and provide the basis for quarterly risk reporting. This topic is dealt with regularly at board meetings and also forms part of the quarterly reports submitted to the Supervisory Board of Aareon AG. By means of its risk reporting system, Aareon sheds light on its risk situation and provides the company's management with a basis for deciding what action to take. For each of the ten risks assessed as being the highest in a given quarter, the corresponding measures specified by the risk owners are documented in the risk reports, to the extent that their expectancy (i.e. the product of impact and probability of occurrence) exceed a defined threshold. The threshold is currently set at €100,000. At the reporting date, ten risks met the criteria for special individual reporting. The same applies to the measures taken against the risks that ranked among the top ten in any of the three preceding quarters. In this way, the effectiveness of action taken can be monitored. Over and above this, the Management Board of Aareon AG and the management of Aareon Deutschland GmbH decide on the measures to be taken against risks whose expectancy exceeds a further defined threshold.

Aareon's Internal Auditing unit carries out reviews of the risk management system. That includes checking for compliance with legal provisions and with the Group-wide guidelines documented in the risk management manual. In addition, a control owner carries out an internal audit to ascertain whether the internal risk management controls in place are effective.

Financial and market risks, management and organisational risks, risks from incidental and ambient conditions as well as production risks are among the categories of risk to which Aareon is exposed. Financial risks cover liquidity, cost and revenue risks. Market risks include customer and competition risks, risks relating to associations' and advisory councils' opinion leadership as well as supplier risks. The management and organisation risk category combines risks relating to personnel, communication, corporate culture and planning, and individual processes. The incidental and ambient conditions category includes legal risks as well as political and regulatory risks. Production risks comprise product and project risks as well as risks relating to information security. Interdependencies exist between individual risks. No overall risk value is calculated at the risk-category level. The planning period at this level is one year.

The introduction of categories and subcategories assists the company in drafting a harmonised risk atlas and achieving a uniform approach to the examination of risks. The risk atlas summarises the risks and indicators monitored by the individual divisions and Group companies.

If any major changes are decided on at meetings of the corporate bodies as regards organisation, strategy or management policy, the central risk management department adjusts the risk atlas accordingly.

Viewed on average across the quarterly risk assessments, the risks faced by the company in 2015 were deemed to be somewhat higher than in the previous year. Overall, Aareon AG was not exposed to any risks in the reporting year that would have threatened its status as a going concern or had a significant impact on its net assets, financial situation or earnings.

Financial risks

Financial risks primarily comprise liquidity risks, the funding risk, exchange rate risks and market price risks.

In order to avoid liquidity risks throughout the entire Aareon Group, risks are monitored and controlled in Germany in weekly liquidity planning rounds. Short-term fluctuations in cash flow are monitored on a daily basis and, where necessary, suitable countermeasures taken. At the company's foreign subsidiaries, this liquidity forecast is prepared on a monthly basis.

As Aareon AG is integrated in the financing processes of the Aareal Bank Group, its funding is judged to be secure and thus the funding risk not taken into account.

Exchange rate risks can be posed by transactions carried out in foreign currencies. Such transactions are monitored constantly and reported to the CFO of Aareon AG. Exchange rate risks are managed centrally. Where necessary, currency risks are hedged Group-wide using hedging instruments, which comprise currency forwards.

Aareon AG counters expense-related risks, which include market price risks, by promoting cost-awareness enforced by tight budgeting.

Financial risks were assessed as being higher relative to the previous year. The increase in financial risks is mainly due to the fact that the Group tax rate was considered to pose a greater risk, the main concern being potential claims arising out of company audits and losses that do not qualify as loss carryforwards.

Market risks

The Aareon Group's multi-product ERP strategy in Germany and country-specific ERP products at international level are the Group's response to the increasingly heterogeneous challenges facing the property industry. Digitisation of the housing industry and the associated implementation of the Aareon Smart World vision are key aspects of Aareon's R&D activities (see p. 40).

Carried out once a year across the Group, the standardised customer survey is a key instrument in measuring customer satisfaction and acceptance of Aareon's products as well as for identifying market requirements at an early stage.

Aareon counteracts the risk of being unable to enforce its list prices in the marketplace by regularly monitoring the agreed terms and conditions. The results of these monitoring activities are presented once a month at a meeting of executive management.

The Aareon Group also deals with general market risks, which include customer churn, greater demands on software systems and the entry of new competitors into the market. Risks of this kind are monitored and the results provided

to the Management Board in a monthly sales report. The report also contains a detailed sales pipeline (i. e. a list of potential customers including an analysis of the probability of their becoming actual customers).

As part of the Striving for Excellence strategy programme, early warning indicators (EWIs) were surveyed on a regular basis, enabling the company to recognise its opportunities and risks even earlier, and address them proactively.

Risks relating to management and organisation

Aareon encounters risks relating to management and organisation in a number of areas. The international subsidiaries are controlled via the International Operations Board (IOB).

The managers of internal projects involving more than one division report to the Internal Projects Steering (IPS) Board. The objective is to manage the resources, content and budgets of internal projects on a cross-divisional basis. The members of the Management Board and the IPS Board are kept abreast of major internal projects by means of a monthly watch list.

Biometric risks were also evaluated in the year under review. These are understood to be those risks directly connected with a person's life, e. g. premature death through accident or illness, occupational disability or permanent incapacity to work, or severe illnesses. In view of the changing requirements in a digital work environment, we carried out an INQA audit (INQA = New Quality of Work Initiative), which comprised topics such as personnel management, equal

opportunities and diversity, health, and knowledge and skills. The audit is one tool we use in providing our employees with holistic support within the framework of our forward-looking corporate culture.

Incidental and ambient conditions

At Aareon AG, the term incidental and ambient conditions covers legal, political and regulatory risks. The challenge consists in integrating possible changes in incidental and ambient conditions (especially those of a legal or technological nature) into existing contractual relationships and procedural processes in such a way as to ensure that the contracts can be fulfilled at all times. Aareon uses standard contracts that are refined and adapted on an ongoing basis to reflect changes in products and laws as well new court rulings. Where necessary, Aareon mutually agrees changes or additions to existing contracts with the relevant contracting parties in order to ensure that the contractually agreed services match those actually delivered to, or required by, the customer. Complaints management is a means of minimising potential claims for damages in connection with software implementation projects. The aim is to restore customer satisfaction as rapidly as possible by processing complaints in a timely and professional manner.

All employees must complete mandatory training in the fundamentals of compliance in order to heighten their awareness of corruption and other breaches of compliance and provide them with the guidance they need to avoid misconduct.

Production risks

The Aareon Group develops future-oriented software solutions. Like any other project, software development harbours the risk that the final product cannot be provided at the targeted cost, in the expected quality, or within the time frame expected by the market. That is why such work is carried out using development and management methods based on internationally recognised standards. A uniform and professional approach is central to product development. Risks are rendered transparent and tracked in the course of development and customer projects with the aid of various methods and tools. A sub-project of the Striving for Excellence strategy programme is focusing on systematically enhancing software quality.

Dealing with information security risks is an integral part of Aareon's risk management activities (see p. 40, Quality and security standards). Realistic, documented countermeasures are taken to minimise the risk of any serious disruptions during the operation of customer software. Thus far, we have not experienced any disruptions leading to a prolonged loss of service. In order to minimise the risk of the application being disrupted as a result of unauthorised access, technical and organisational measures have been taken, and appropriate fire-protection, loss-protection and disaster-prevention measures have been put in place. These include protecting the IT Service Centre premises against fire risks. Nevertheless, the possibility that a disruption or emergency could result in a breach of contractually agreed standards cannot be entirely ruled out. In the event of emergencies, an appropriately equipped backup location is available,

enabling Aareon to temporarily resume its contractual obligations after a specified adjustment period.

The company has also installed comprehensive data backup processes that allow it to reconstruct lost data in whole or in part in due course. Aareon has addressed the issue of liability risk by taking out financial liability insurance for a limited scope and amount. The insurance policy provides cover in the event that Aareon is found liable to a third party for financial losses incurred as a result of its activities as an IT provider. As part of the Striving for Excellence strategy programme, the structure of the key performance indicators (KPIs) was optimised and their number reduced.

Opportunities

Identifying, creating and utilising opportunities is central to Aareon's corporate strategy. Aareon's own research and development activities play a crucial role here, as did its constant observation and analysis of developments in the property and IT industries, the competitive environment and society as a whole during the fiscal year. The diverse opportunities this results in, some of which are correlated with each other, are categorised below. They were largely unchanged compared with the prior year:

- Opportunities from customer focus
- Opportunities from an integrated, ground-breaking product portfolio
- Opportunities from active brand management and quality
- Opportunities from the company's international position
- Opportunities from being a preferred employer
- Opportunities from a sustainable business model

When utilising opportunities, Aareon weighs them up against the risks involved.

Opportunities from customer focus

Customer focus is pivotal at Aareon. In many cases, our relationships with our customers and with the property industry have grown over many years. The company is a member of several property industry associations, including the German Federation of Housing and Property Companies (GdW). Over and above this, Aareon systematically maintains a dialogue with its customers – through the Aareon customer advisory councils, at numerous customer events and in individual discussions with them. This proximity to the industry and customers presents opportunities to identify customer trends, needs and requirements as they arise and to factor them into the ongoing development and expansion of Aareon's portfolio of products and services. These customer-related activities enable the company to main-

tain its high levels of customer satisfaction and customer loyalty in the long term. High levels of customer satisfaction heighten Aareon's chances of growing its business.

Opportunities from an integrated, ground-breaking product portfolio

The importance of digitisation is growing constantly, and Aareon integrates the opportunities thrown up by this trend into its own R&D activities. As a result of this, the company has expanded its range of offerings to create a digital ecosystem, Aareon Smart World, which enables Aareon's customers to use a single database in an easy and process-efficient manner. Depending on the mode of operation they opt for, customers can use the certified Aareon IT Service Centre, for example when utilising software as a service from the exclusive Aareon Cloud. Aareon offers professional consulting services for all its products and services. Aareon consultants assist their customers in selecting the right products and solutions to optimise their business processes and provide them with ongoing support throughout their implementation projects. Ideally, companies want to be able to source their IT services from a single provider owing to the high degree of complexity involved. Compared with its competitors, Aareon has opportunities because of its ability to offer consulting, software and services from a single source. This fits Aareon's corporate strategy of consolidating and building on its leading position in the market. When refining and enhancing existing products and services or developing entirely new ones, the company harnesses the growth potential arising out of the new trends and requirements of both customers and the market. Aareon's R&D plays a central role in this process (see p. 40). In this context, the company has, in recent years, launched cloud computing from the exclusive Aareon Cloud and established digitisation as a topic in the housing industry. Aareon continued developing these ideas in 2015 to create Aareon Smart

World, a product that uses integrated solutions to bring housing companies into a single network with their tenants and business partners as well as with devices and inanimate objects.

Opportunities from active brand management and quality

Aareon actively manages its brand and the associated brand values, honing the company's profile and setting itself off from the competition. This is of central importance to the company's growth strategy as it influences customers' purchasing decisions. Aareon aspires to offer every customer the right solution. By systematically deploying its brand values, Aareon sees an opportunity to grow faster than its competitors. That presupposes high quality standards. In order to make good on its claims, Aareon systematically utilises quality management tools such as customer and employee surveys, and commissions regular audits and certifications in a variety of areas. In addition, the IT solutions the company develops are reviewed and vetted in multiple quality assurance rounds. This is a key component of the corporate strategy and personality, impacting all areas of the organisation.

Opportunities from the company's international position

Aareon's international position is of huge importance to its future growth and to the expansion of Aareon Smart World. The individual national markets offer growth potential the company can tap into. What is more, Aareon continued to grow in 2015 through the acquisition of Netherlands-based Square DMS Groep B.V., Grathem, and supplemented Aareon Smart World with case-management solutions. The com-

pany exploits synergies within the Aareon Group and enables the sharing of technological and cultural know-how (see p. 38, 40) that is important for the further growth of Aareon Smart World.

Opportunities from being a preferred employer

The demographic trend means that, in the years ahead, competition for qualified workers will intensify. What is more, as digitisation progresses, we need to be prepared to meet the next sea change in the working world. That is why it is important to constantly hone our profile as a preferred employer, one that is capable of attracting new employees. Aareon has implemented many measures in this area in recent years and will continue to expand them (see p. 50). In 2015, the company grouped the different initiatives in a single project entitled Forward-looking Corporate Culture. The initiatives include services to enable employees to achieve a healthy work-life balance, a life-phase-oriented personnel policy, equal opportunities, diversity and corporate health management, and are rounded off by binding leadership guidelines as well as a systematic dialogue between managers and employees that is the starting point for further development prospects. This creates opportunities for enhancing employee satisfaction and loyalty, and for facilitating the recruitment of qualified new employees. The anonymous employee survey held across the Group every year is a useful tool for gauging the mood of Aareon's workforce. In the race to recruit qualified new workers, Aareon relies on employer branding activities that help to establish a link with potential employees very early on. These include the Aareon Science Camps, the Girls' Day and partnerships with universities (see p. 50).

Outlook

Opportunities from a sustainable business model

Together with the Aareal Bank Group, Aareon pursues a strategy geared to sustainability and assumes social responsibility. This creates opportunities to ensure the company's viability in the long term and to cultivate a positive image with stakeholders, i.e. of Aareon as a responsible company. Since 2012, the Aareal Bank Group has been accorded "Prime Status" in the sustainability rankings of well-known economic research organisation oekom research AG. On 5 December 2015, Aareon completed the statutory energy audit as part of an initiative encompassing the entire Aareal Bank Group. This energy audit is an important tool for optimising energy efficiency. In addition, the city of Mainz honoured Aareon as an EcoProfit company due to its exemplary environmental performance. Digitisation is another key sustainability topic – also with reference to the working world. The sustainability measures implemented by Aareon are also covered in the Aareal Bank Group's Sustainability Report.

Aareon pursues a growth strategy and expects to post a substantial increase in both consolidated revenues and consolidated EBIT in 2016. The decisive growth drivers are:

- Efficiency and performance gains as part of the Striving for Excellence project carried out in 2015
- Ongoing migrations to state-of-the-art ERP systems
- Group-wide expansion of the Aareon Smart World portfolio of digital solutions
- Growth triggered by the two corporate acquisitions of 2015

Germany segment

We expect both EBIT and revenues in Germany to rise substantially in 2016, to €20.0–21.0 million and €125.0–129.0 million respectively. Despite major efficiency gains in the company's cost and organizational structure, this significant growth in revenues will be accompanied by higher staff costs – stemming from the acquisition of phi-Consulting GmbH, Bochum – also pushing up the cost of materials.

As more GES customers migrate, as planned, to the ERP solution Wodis Sigma, we expect consulting business for the latter to increase. One way in which we will meet this additional demand for consultation will be to deploy more external consultants. Since we anticipate that the majority of new Wodis Sigma customers will use the software as a service from the exclusive Aareon Cloud, SaaS revenues should grow. Revenues from the ERP solution GES should decline as planned.

We expect the share of revenues accounted for by SAP® solutions/Blue Eagle to increase as more personalised consultation is provided, not only to existing customers, but also to new clients – and in new business areas.

In 2016, digital solutions – especially Aareon immoblu+e, Aareon CRM and Mobile Services – will benefit from the growing number of migrations to ERP solutions as well as from the systematic implementation of strategic measures in connection with Aareon Smart World. We therefore expect to see revenues rise in this business area, with costs remaining flat.

International Business segment

In 2016, the International Business segment is expected to post substantial increases in both EBIT (to €12.0–13.0 million) and revenues (to €76.0–79.0 million) despite the high, non-operational factors impacting earnings in 2015. Ongoing penetration of the market with digital solutions and expansion of the Aareon Smart World portfolio will be central factors in this trend.

ERP-product revenues are expected to grow in the Netherlands, buoyed primarily by the high volume of migrations to the ERP solution Tobias AX and by new business. In addition, the planned shift from a licence-fee model to an SaaS model will guarantee revenue flows in the long term. We anticipate that Aareon France SAS will achieve a steady increase in revenues from ERP products. The positive trend for maintenance business should continue. In the UK, we expect consulting business for the ERP solution QL to rise in 2016. Aareon UK is also planning the market launch of QL.net, its new-generation ERP product. In Sweden, we expect the Incit Group to grow its revenues from Incit Xpand, especially through the acquisition of new customers and the associated boost to consulting business that will bring. Expansion into the Finnish market harbours further potential.

In France and the Netherlands, the market penetration of digital solutions – Aareon CRM, Aareon Archiv kompakt and Mareon – is likely to continue, and we also expect digital-solutions revenues in the UK to increase in 2016. Demand for the digital solutions of our subsidiary 1st Touch – which include 1st Touch Mobile, 1st Touch 360° and the tenants portal – should continue to grow. Business in the Netherlands will increase through a mix of organic growth and the new company we acquired there.

Summary

In view of the information above, Aareon expects overall to achieve a significant increase in revenues in 2016 – to €203.0–207.0 million – and, at €32.0–34.0 million, to post a substantially higher EBIT figure than in the previous year.

All statements made in this Group Management Report that do not pertain to past events should be regarded as forward-looking statements. The company does not accept any responsibility for updating or correcting such forward-looking statements. All forward-looking statements are subject to differing risks and levels of uncertainty. As a result, the actual figures may deviate from expectations. The forward-looking statements reflect the prevailing opinion at the time that they were made.

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Consolidated statement of comprehensive income

for the period 1 January to 31 December 2015

€ '000	Note	2015	2014
Revenues	4.1	186,911	177,738
Other own work capitalised	5.1	4,396	4,826
Other operating income	4.2	8,388	7,968
Cost of materials	4.3		
a) Software and hardware costs		2,414	2,698
b) Cost of services bought		20,244	18,272
		22,658	20,970
Staff costs	4.4		
a) Wages and salaries		87,034	83,056
b) Social security contributions and cost of post-retirement benefits and other benefits		19,205	18,181
Of which for post-retirement benefits: €4,457k (previous year: €3,509k)			
		106,239	101,237
Depreciation/amortisation		9,940	10,167
Other operating expenses	4.5	33,409	31,026
Other taxes		592	630
EBIT (earnings before interest and taxes)		26,857	26,502
Other interest and similar income	4.6	165	156
Of which from affiliated companies: €35k (previous year: €27k)			
Interest and similar expenses	4.6	338	497
Of which to affiliated companies: €20k (previous year: €194k)			
Profit/loss from ordinary activities		26,684	26,161
Income taxes	4.7	6,016	6,435
Consolidated net profit		20,668	19,726
Of which attributable to:			
Shareholders of the parent company		19,194	18,389
Non-controlling interests		1,474	1,337
Other comprehensive income (OCI)		- 508	- 4,922
Items not recycled to profit and loss		- 508	- 4,922
Actuarial gains and losses from defined benefit plans		-737	-7,165
Income tax on actuarial gains and losses from defined benefit plans		229	2,243
Comprehensive income		20,160	14,804
Of which attributable to:			
Shareholders of the parent company		18,686	13,467
Non-controlling interests		1,474	1,337

Consolidated balance sheet

as at 31 December 2015

Assets – €'000

	Note	31 Dec. 2015	31 Dec. 2014
Non-current assets			
Intangible assets	5.1	119,018	102,857
Property, plant and equipment	5.2	12,578	13,034
Financial assets	5.3	4,815	4,393
Other non-current assets	5.9	1,120	1,098
Non-current income tax receivables	5.5	321	643
Deferred tax assets	5.6	5,790	5,610
		143,642	127,635
Current assets			
Inventories	5.7	326	299
Trade receivables	5.8	39,670	35,451
Other current assets	5.9	3,787	3,374
Current income tax receivables	5.5	7,015	2,495
Securities	5.10	297	0
Cash and cash equivalents	5.11	24,971	24,132
		76,066	65,751
		219,708	193,386

Equity and liabilities – €'000

	Note	31 Dec. 2015	31 Dec. 2014
Equity			
Equity attributable to shareholders	5.12/5.13/5.14	119,473	99,204
Non-controlling interests	5.15	1,552	1,830
		121,025	101,034
Non-current liabilities			
Provisions for pensions and similar obligations	5.16	33,841	33,398
Other non-current provisions	5.17	1,974	2,011
Deferred tax liabilities	5.6	7,573	6,514
Non-current purchase price liabilities	5.18	3,187	3,213
Other financial liabilities	5.21	51	553
		46,626	45,689
Current liabilities			
Liabilities to banks	5.10	955	0
Other current provisions	5.16	12,093	10,957
Current income tax liabilities	5.19	1,554	2,124
Trade payables	5.20	6,735	5,529
Current purchase price liabilities	5.18	2,167	2,715
Other liabilities	5.21	28,553	25,338
		52,057	46,663
		219,708	193,386

Consolidated statement of changes in equity

for the period 1 January 2014 to 31 December 2015

€ '000

	Equity attributable to shareholders				Total before non-controlling interests	Non-controlling interests		Total
	Subscribed capital	Share premium	Currency translation differences	Accumulated group earnings and profits		Subscribed capital	Accumulated group earnings and profits	
1 January 2014	25,000	26,400	- 829	37,472	88,043	79	2,135	90,257
Dividend	0	0	0	0	0	0	-1,323	-1,323
Consolidated net profit	0	0	0	18,389	18,389	0	1,337	19,726
Other comprehensive income (OCI)	0	0	0	-4,922	-4,922	0	0	-4,922
Acquisition of non-controlling interests	0	0	0	-1,807	-1,807	0	-398	-2,205
Other changes	0	0	-476	-23	-499	0	0	-499
31 December 2014	25,000	26,400	-1,305	49,109	99,204	79	1,751	101,034
1 January 2015	25,000	26,400	-1305	49,109	99,204	79	1,751	101,034
Dividend	0	0	0	0	0	0	-1,399	-1,399
Consolidated net profit	0	0	0	19,194	19,194	0	1,474	20,668
Other comprehensive income (OCI)	0	0	0	-508	-508	0	0	-508
Acquisition of non-controlling interests	0	0	0	-148	-148	-15	-338	-501
Other changes	0	0	1,729	2	1,731	0	0	1,731
31 December 2015	25,000	26,400	424	67,649	119,473	64	1,488	121,025

Consolidated statement of cash flows

for fiscal 2015

€ '000	2015	2014
EBIT (earnings before interest and taxes)	26,857	26,502
Depreciation and amortisation	9,940	10,056
Income taxes paid	-11,499	-9,574
Income tax refunds received	549	1,037
Dividends received	175	140
Interest paid	-55	-464
Interest received	86	139
Increase (-)/decrease in inventories	-27	327
Increase (-)/decrease in receivables and other assets	-2,283	-1,990
Increase (-)/decrease in other assets	-4,697	-2,312
Increase/decrease (-) in provisions	484	5,944
Increase/decrease (-) in liabilities	-1,478	-4,340
Increase/decrease (-) in other liabilities	3,981	-1,767
Cash flow from operating activities	22,033	23,698
Net payments for investments in non-current assets	-11,860	-7,424
Payments for the purchase of consolidated companies and other business units (less cash in hand acquired)	-11,511	-3,857
Exchange-rate-related changes in non-current assets	1,400	660
Cash flow from investing activities	-21,971	-10,621
Payments made/received for working capital loan	955	0
Payments to non-controlling interests	-1,399	-1,323
Other changes in capital	1,221	0
Cash flow from financing activities	777	-1,323
Cash change in cash and cash equivalents	577	11,754
Exchange-rate-related changes in cash and cash equivalents	262	258
Total change in cash and cash equivalents	839	12,012
Cash funds at the beginning of the period	24,132	12,120
Cash funds at the end of the period	24,971	24,132

Notes to the consolidated financial statements

01 General disclosures

01.1 Compliance with legal requirements

The consolidated financial statements of Aareon AG, Isaac-Fulda-Allee 6, 55124 Mainz, Germany, for fiscal 2015 were prepared voluntarily in accordance with International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), the interpretations of the former Standing Interpretations Committee (SIC) as applicable in the EU, as well as with the applicable provisions of Section 315a (1) of the German Commercial Code (Handelsgesetzbuch – “HGB”). All of the International Financial Reporting Standards that must be applied for the consolidated financial statements as at 31 December 2015 were taken into account. The financial statements give a true and fair view of the net assets, financial situation and earnings of the Aareon Group. The consolidated financial statements have been prepared in euros. Unless indicated otherwise, all amounts are shown in thousands of euros (€ '000 or € k).

For the sake of enhanced clarity and transparency, all notes on individual items in the balance sheet/statement of comprehensive income that are provided in accordance with statutory provisions and that may be shown either in the balance sheet/statement of comprehensive income or in the Notes section are given in the Notes. Where individual items are summarised in the balance sheet and the statement of comprehensive income, they are broken down in the Notes.

Aareon AG is a wholly owned subsidiary of Aareal Bank AG, Paulinenstraße 15, 65189 Wiesbaden, Germany. It is included in the consolidated financial statements of Aareal Bank AG pursuant to the provisions for consolidation. Its former parent company, Aareal Finanz und IT Beteiligungen GmbH, was merged into Aareal Bank AG on 1 January 2015.

01.2 Disclosures on operating activities

Aareon AG is a European provider of consulting, software and services for the property industry. The company has a presence at 29 locations, ten of which are in Germany, the rest being spread across France, the UK, the Netherlands, Norway and

Sweden. As at 31 December 2015, the company had 1,376 employees (previous year: 1,285). Its head office is located in Mainz, Germany.

Aareon's customers include private housing companies, co-operatives, municipal and church-run housing organisations, property management companies, home owners' associations, insurance companies, property investment funds, companies with property holdings (corporate real estate), commercial property operators as well as energy providers and providers of heat-metering services.

02 Information on accounting policies and consolidation methods

02.1 Accounting principles

In order to ensure the comparability of the financial statements of different periods, a general continuity is preserved in the methods of presentation used and the accounting policies applied.

The principle of materiality is observed when disclosing information. For arithmetical reasons, rounding differences of up to one unit in either direction may occur in tables. The statement of comprehensive income has been prepared using the total cost method. All assets and liabilities with maturities of less than one year are recognised as current assets.

The presentation of the consolidated financial statements is subject both to the recognition and measurement methods used to prepare those statements and to the uncertainty of the assumptions and estimates made in respect of future events. Where assumptions and estimates are required for accounting and measurement purposes, they are made in accordance with the relevant accounting standards. The estimates and assumptions are based on historical experience and other metrics such as planning figures. The estimates and assessments used, as well as the underlying assessment factors and estimation methods, are regularly reviewed and compared with the events that actually occur. In our opinion, the parameters used are both suitable and reasonable.

The main assumptions concerning the future and other sources of estimation uncertainty giving rise to a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year concern, in particular, the calculation of pension obligations and of provisions, and the measurement of intangible assets and of tax assets and liabilities.

02.2 Consolidation principles

In accordance with IFRS, the separate financial statements of the individual subsidiaries are included in the consolidated financial statements by uniformly applying the accounting policies defined by Aareon AG. The historical cost of the subsidiaries included in consolidation is offset against their proportionate equity on their respective dates of acquisition in accordance with the purchase method. Any goodwill remaining is recognised under intangible assets.

All receivables and liabilities as well as revenues, income or expenses resulting from transactions between the consolidated companies have been eliminated. Balancing items for non-controlling interests were created for any shares in consolidated subsidiaries not held by the parent company. These are affected by any consolidation measures recognised in profit and loss.

02.3 Currency translation

The international companies belonging to the Aareon Group are independent sub-units, whose financial statements are translated into euros using the functional currency method. The items in the statement of comprehensive income are translated using the average exchange rate; all monetary and non-monetary assets and liabilities are translated into euros using the European Central Bank's reference rate on the balance sheet date. Differences affecting equity are disclosed directly in a separate equity item until disposal of the subsidiary. This also applies to any deviations between the unappropriated surplus, which is converted using the closing rate at the balance sheet date, and the results shown in the consolidated statement of comprehensive income, which are based on aver-

age exchange rates. The components of equity to be consolidated as capital are translated using historical exchange rates. The following rates were used for currency translation:

		Balance sheet		Statement of comprehensive income	
		Closing rate		Average exchange rate	
		31 Dec. 2015	31 Dec. 2014	2015	2014
United Kingdom	GBP	0.7340	0.7789	0.7258	0.8061
Sweden	SEK	9.1895	9.3930	9.3535	9.0985
Norway	NOK	9.6030	9.0420	8.9496	8.3544

02.4 Scope of consolidation

The group of consolidated companies includes Aareon AG as well as all subsidiaries in which Aareon AG either directly or indirectly holds the majority of voting rights or the right to appoint the majority of the Supervisory Board members. In addition, one entity – SG2ALL B.V., Huizen, Netherlands – is included as a jointly controlled entity and accounted for using the equity method. Please see Note 5.4 for a list of all subsidiaries included in the consolidated financial statements, along with information on the percentage of shares held, equity and net profit/loss for the year.

As of 1 October 2015, Aareon AG acquired 49% of the shares in Aareon Immobilien Projekt Gesellschaft mbH, Essen, for a cash payment of €500k and is now the company's sole owner. The difference between this amount and the change in the non-controlling interest amounted to €-147k and was recognised directly in equity in accordance with IFRS 10:B96.

Effective 1 October 2015, Aareon Nederland B.V. acquired a 100% stake in Square DMS Groep B.V., Grathem, for €8,699k. Square DMS Groep, which includes two Netherlands-based subsidiaries, is an expanding provider of case-management solutions for the housing industry in the Netherlands.

Pursuant to IFRS 3, all consideration transferred in connection with the business combination (including contingent consideration) must be measured and recognised at fair value as at the acquisition date. The purchase price paid for Square DMS Groep B.V. comprised a fixed amount of €6,800k, which was paid in cash in the period under review, and a contingent purchase price. The contingent purchase price is payable in 2017 and 2018, and will be calculated by comparing actual EBIT with planned EBIT for 2016 and again for 2017. The fair value of the contingent purchase price amounted to €1,899k at the acquisition date and was based on an assumed target achievement value of 100%. The maximum contingent purchase price is €3,500k. The pro rata fair value of the assets and liabilities is €3,904k. The acquired assets and liabilities were recognised in the following amounts:

Square DMS Groep B.V.
in € '000

	Carrying amount prior to takeover	Fair value on initial consolidation
Purchased software and other intangible assets	0	331
Customer relations	0	3,985
Brands	0	394
Property, plant and equipment	331	331
Receivables	532	532
Cash and cash equivalents	849	849
Other assets	313	313
Non-financial liabilities	1,653	1,653
Deferred tax liabilities	0	1,178
Net assets acquired	372	3,904

The takeover resulted in goodwill in the amount of €4,795k, which includes market potential and economic advantages from expansion of the portfolio of solutions in the Netherlands as well as from the enhanced transfer of expertise and know-how to the Aareon Group. In addition, the business combination presents opportunities for expanding the company's business activities into the Belgian market. No goodwill exists that could be expected to qualify as a tax deduction.

Since it was acquired, Square DMS Groep B.V. has contributed revenues of €1,123k and a net profit of €60k to the Aareon Group. It would take substantial effort to calculate the Group's revenue and profit for the entire year if it were assumed that the acquisition had taken place on 1 January 2015. That is why no corresponding disclosures have been made in this annual report.

Also on 1 October 2015, Aareon AG acquired 100% of the shares in phi-Consulting GmbH, Bochum, for €6,481k.

The acquired company offers small and medium-sized energy providers tailored consulting and development solutions for the SAP® environment. The purchase price paid for phi-Consulting GmbH comprised a fixed amount of €5,193k – €4,150k of which was paid in cash in the reporting period – and a contingent purchase price. The contingent purchase price is payable annually in 2017 and 2018, two months after approval of the respective annual financial statements, and will be calculated by comparing actual EBIT with planned EBIT for 2016 and again for 2017. The fair value of the contingent purchase price amounted to €1,288k at the acquisition date and was based on an assumed target achievement value of 100%. The maximum contingent purchase price is €2,363k. The pro rata fair value of the assets and liabilities is €2,203k. The acquired assets and liabilities were recognised in the following amounts:

phi-Consulting GmbH		
in € '000		
	Carrying amount prior to takeover	Fair value on initial consolidation
Customer relations	0	1,453
Property, plant and equipment	39	39
Receivables	1,381	1,381
Cash and cash equivalents	396	396
Other assets	124	124
Non-financial liabilities	733	733
Deferred tax liabilities	0	456
Net assets acquired	1,206	2,203

The takeover resulted in goodwill in the amount of €4,278k, which includes market potential and economic advantages from enhanced collaboration between the property-management and energy sectors within the context of the energy transition and the digitisation of processes. No goodwill exists that could be expected to qualify as a tax deduction. Since it was acquired, phi-Consulting GmbH has contributed revenues of €1,184k and a net profit of €-93k to the Aareon Group. On the assumption that the acquisition had taken place on 1 January 2015, phi-Consulting GmbH's net profit for the year would have amounted to €209k.

02.5 Changes in accounting policies

The following accounting and reporting standards (IAS/IFRS) were applied for the first time in the reporting period:

- Annual Improvements to IFRSs 2011–2013 Cycle – these amend IFRS 1 by clarifying the significance of the effective date as the basis for conclusions in connection with that standard. In IFRS 3, Business Combinations, the existing exception for joint ventures has been reformulated for the scope of application of IFRS 3. It has thus been clarified, first-

ly, that the exception applies to all joint arrangements within the meaning of IFRS 11 and, secondly, that the exception applies only to the financial statements of the joint venture or joint operation itself and not to its accounting by the parties to the joint arrangement. The Annual Improvements also contain clarification as regards IFRS 13, Fair Value Measurement. The Annual Improvements to IFRSs 2011–2013 Cycle contain an additional clarification as regards IAS 40, Investment Property. The amendment states that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3, Business Combinations, and investment property as defined in IAS 40, Investment Property, requires the application of both standards independently of each other.

- IFRIC 21, Levies – this is an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, clarifying that an entity need not recognise a levy imposed by the government until the activity that triggered the levy occurs. The effective date for adoption by companies in the EU has been changed to annual periods beginning on or after 17 June 2014.

Application of these amended accounting and reporting standards has no effect on Aareon AG's consolidated financial statements. Up until 31 December 2015 the following accounting and reporting standards (IAS/IFRS) and interpretations (IFRIC), which are to be applied in future financial years, had been issued by the International Accounting Standards Board (IASB) and endorsed by the European Union:

New standards/interpretations	Issued	Endorsed	Effective date
IFRS 14, Regulatory Deferral Accounts	January 2014	Not proposed for endorsement in the EU	Accounting periods beginning on or after 1 January 2016
IFRS 15, Revenue from Contracts with Customers	May 2014		Accounting periods beginning on or after 1 January 2018
Effective date of IFRS 15	September 2015		
IFRS 9, Financial Instruments	July 2014		Accounting periods beginning on or after 1 January 2018

Revised standards	Issued	Endorsed	Effective date
IAS 19, Defined Benefit Plans: Employee Contributions	November 2013	December 2014	Accounting periods beginning on or after 1 February 2015
Annual Improvements Cycle 2010–2012	December 2013	December 2014	Accounting periods beginning on or after 1 February 2015
IFRS 11, Accounting for Acquisitions of Interests in Joint Operations	May 2014	November 2015	Accounting periods beginning on or after 1 January 2016
IAS 16, IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation	May 2014	December 2015	Accounting periods beginning on or after 1 January 2016
IFRS 16 and IAS 41, Agriculture: Bearer Plants	June 2014	November 2015	Accounting periods beginning on or after 1 January 2016
IAS 27, Equity Method in Separate Financial Statements	August 2014	December 2015	Accounting periods beginning on or after 1 January 2016
IFRS 10 and IAS 28, Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014		Date of first-time application postponed indefinitely
Effective date of amendments to IFRS 10 and IAS 28	December 2015		
Annual Improvements Cycle 2012–2014	September 2014	December 2015	Accounting periods beginning on or after 1 January 2016
IAS 1, Disclosure Initiative	December 2014	December 2015	Accounting periods beginning on or after 1 January 2016
IFRS 10, IFRS 12 and IAS 28, Investment Entities: Applying the Consolidation Exception	December 2014		Accounting periods beginning on or after 1 January 2016

- IFRS 14, Regulatory Deferral Accounts – the provisions of IFRS 14 permit an entity that is a first-time adopter of International Financial Reporting Standards (as defined in IFRS 1, First-time Adoption of International Financial Reporting Standards) to continue to account for “regulatory deferral account balances” in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.
- IFRS 15, Revenue from Contracts with Customers – IFRS 15 provides a single model to be applied to all contracts with customers. It replaces the current provisions on revenue recognition in IAS 11 and IAS 18, and in the associated interpretations. IFRS 15 is to be applied by all companies that conclude contracts with customers for the delivery of goods or the provision of services, unless those contracts fall within the scope of other standards. For instance, financial instruments and other contractual rights or obligations falling within the scope of IAS 39 or IFRS 9 are excluded from IFRS 15. The core principle of the new standard is that an entity will recognise revenue once or as it satisfies the performance obligations it has assumed, i.e. when control of the goods or services has passed to the customer.
- IFRS 9, Financial Instruments – IFRS 9 revises the recognition of financial instruments in the financial statements and completely replaces IAS 39. In its final version, IFRS 9 contains in particular the following thoroughly revised areas: classification and measurement of financial instruments, recognition of impairments of financial assets, and hedge accounting.
- IAS 19, Defined Benefit Plans: Employee Contributions – the amendments to IAS 19 clarify the recognition of contributions made by the employees themselves for units of benefit entitlement under defined benefit plans.
- Annual Improvements Cycle 2010–2012 – the purpose of the IASB’s Annual Improvement Cycle is to provide clarifications of, and make minor amendments to, existing standards.
- IFRS 11, Accounting for Acquisitions of Interests in Joint Operations – the amendments to IFRS 11 clarify the accounting of acquisitions of interests in joint operations in which the activity constitutes a business as defined in IFRS 3, Business Combinations. In such cases the acquirer is required to apply all of the principles of business combinations accounting in IFRS 3.
- IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation – the amendments provide guidance on determining an acceptable depreciation/amortisation method. It is clarified that a depreciation method for property, plant and equipment based on revenue that is generated by an activity that includes the use of an asset is not appropriate.
- IAS 16 and IAS 41, Agriculture: Bearer Plants – following the amendments made to these standards, bearer plants such as grapevines, rubber plants and oil palms, which are expected to bear produce (biological assets) for more than one period without themselves being sold as agricultural produce, must in future be accounted for in accordance with IAS 16 in the same way as property, plant and equipment.
- IAS 27, Equity Method in Separate Financial Statements – this amendment reintroduces the equity method as an option when accounting for investments in subsidiaries, joint ventures and associates in an investor’s separate financial statements. The existing option of accounting either at cost or in accordance with IAS 39/IFRS 9 remains unchanged.
- IFRS 10 and IAS 28, Sales or Contribution of Assets between an Investor and its Associate or Joint Venture – the amendments concern the sale or contribution of assets to an associate or joint venture. In future, the profit or loss arising from the loss of control over a subsidiary when that subsidiary is contributed to a joint venture or associate must be recognised in full by the investor if the assets involved

constitute a business within the meaning of IFRS 3, Business Combinations. If the transaction concerns assets that do not constitute a business, the profit or loss should only be recognised to the extent of unrelated investors' interests in the associate or joint venture. In August 2015, the IASB proposed that the first-time application of these amendments be postponed indefinitely since the matter is to be revised as part of a research project on the equity method.

- Annual Improvements Cycle 2012–2014 – the purpose of the IASB's Annual Improvement Cycle is to provide clarifications of, and make minor amendments to, existing standards.
- IAS 1, Disclosure Initiative – the amendments concern clarifications as regards materiality in the presentation of line items in the balance sheet, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity as well as in the notes to the financial statements. No information should be provided that is considered immaterial. This applies even if other standards explicitly require the provision of such information. Further, the amendments clarify existing requirements in IAS 1, and introduce new requirements, concerning the presentation of subtotals in the financial statements, the structure of the notes, and the information disclosed in the accounting policies. The amendments also clarify presentation of an entity's share of OCI of equity-accounted associates and joint ventures.
- IFRS 10, IFRS 12 and IAS 28, Investment Entities: Applying the Consolidation Exception – the amendments clarify various issues. Firstly, the exemption as per IFRS 10.4(a) from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity. Secondly, a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity. Thirdly, when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

In fiscal 2015, Aareon did not make use of the option of the early application of standards applicable in future accounting periods. The Aareon Group is currently assessing the effects of the implementation of the new and amended accounting and reporting standards on its consolidated financial statements. The composition of the cash generating units to which goodwill was originally allocated changed due to amendments made in 2015 to the organizational structure in Germany and to expected additional future synergies from the integration of all products in Aareon Smart World. The goodwill was reallocated accordingly. For the same reason, the breakdown of revenues by business segment was amended and broken down further by product group.

03 Accounting principles

03.1 Intangible assets

As a rule, goodwill is tested for impairment in the fourth quarter of each year. Its value is measured on the basis of the present value of future cash flows (“value in use”), which are determined using medium-term planning figures. This entails using the projected pre-tax cash flows from the three-year plan adopted by the Management Board of Aareon AG and approved by the Supervisory Board. Thus, the revenue and expense items are planned individually over this three-year period. The values assigned to the main assumptions are based on internal and external factors as well as on past experience. The previous year’s planning figures also play a central role. Revenue planning is based mainly on assumptions regarding migration projects and new business as well as renewals of contracts and additional business with existing customers. These assumptions also represent the main sources of estimation uncertainty. Regular revenues from existing customers, such as fees from licensing and maintenance contracts, are not generally subject to any major estimation uncertainty. The cost of materials is planned on the basis of planned revenues. Personnel numbers and salary growth are the main factors determining the personnel budget. Other costs are generally projected on the basis of prior-year figures, taking into account known non-recurring effects. On the expenses side, estimation uncertainty arises as a result of unplanned price increases and unpredictable non-recurring effects. The more forward-looking the assumptions are, the higher the estimation uncertainty. Cash flows after the three-year time horizon are measured taking the perpetual annuity into account. The present value of future cash flows is determined on the basis of a Group-wide risk-adjusted discount rate of 6.3% before tax. The discount rate is calculated as the sum of a risk-free base interest rate of 1.5% plus a company-specific risk loading of 6% multiplied by a beta factor of 0.8. Owing to the uncertain nature

of planning beyond three years, we take a cautious view of the market environment and assume constant values – i. e. no further growth. As the recoverable amounts are well in excess of the carrying amounts, we do not consider a shortfall to be a possibility, even if there were to be a serious change in the assumptions described above. Consequently, even an increase of 1.0% in the risk-adjusted discount rate or a reduction of 5.0% in the EBIT included in cash flow, both of which are potentially possible, would not lead to an impairment charge. There was no need for any impairment charges in the reporting period.

Purchased intangible assets, primarily software, are capitalised at cost and subject to straight-line amortisation in accordance with their customary useful lives. The amortisation methods and useful lives are reviewed annually. Any adjustments are made in accordance with IAS 8.

Useful lives of intangible assets

Internally generated intangible assets	10 years
Acquired intangible assets	3–10 years
Customer relations	5–20 years
Brands	20 years

Research costs are treated as current expense in accordance with IAS 38. Development costs for internally generated software are capitalised if the prerequisites for capitalisation in accordance with IAS 38 are met.

03.2 Property, plant and equipment

Items of property, plant and equipment are measured at cost, including restoration obligations that are required to be capitalised in accordance with IAS 16 and, insofar as they are

wasting assets, are subject to straight-line depreciation in line with the expected useful lives of the components. The depreciation methods and useful lives are reviewed annually. Any adjustments are made in accordance with IAS 8. The useful lives of the principal components are presented below:

Useful lives of property, plant and equipment

Buildings	40 years
Tenant's improvements	8–15 years
Other equipment, and office furniture/equipment	3–23 years

Impairment within the meaning of IAS 36 is recognised if it is compulsory to carry the asset at a lower value, i. e. if the net realisable value or the value in use of the asset in question is lower than its carrying amount.

03.3 Leases

The finance lease requirements of IAS 17 are fulfilled for the use of leased property, plant or equipment if all of the major opportunities and risks associated with ownership are transferred to the lessee. In this case, the respective assets are capitalised at the present value of the minimum lease payments and depreciated using the straight-line method over the asset's useful life or the duration of the lease, whichever is shorter. The obligations from future lease payments are discounted and carried as a liability. The provisions of IFRIC 4 were observed when applying IAS 17.

After expiry of the lease period, the lessee generally has the option of concluding a subsequent lease or purchasing the asset at its respective residual value or having it transferred to the lessee so that it can be scrapped. The discount factor equals the assumed interest rate underlying the lease.

03.4 Financial assets and financial liabilities

IAS 39 divides financial assets into the following categories:

- Financial assets held for trading
- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets

The financial assets held by the Aareon Group are recognised as loans and receivables. Financial assets are not treated as held-to-maturity investments. Aareon does not acquire financial assets held for trading. The “available-for-sale financial assets” category comprises financial assets that are not assigned to any of the other categories and that are held for an indefinite period or can be sold if liquidity is required or there is a change in market conditions. Insofar as the Group acquires securities, they are generally treated as available-for-sale financial assets. The financial instruments disclosed are not subject to any interest rate risk.

We refer to the risk report, which forms part of the management report, for information regarding the Group-wide system in place at Aareon AG to measure, limit and control risks as well as for information provided in accordance with IFRS 7 concerning the description and scope of the risks arising out of financial instruments.

Loans and receivables are measured at amortised cost or fair value, whichever is lower. This category includes in particular:

- Non-current loans
- Trade payables and trade receivables
- Receivables from unbilled services
- Other current receivables and assets as well as liabilities.

Owing to the predominantly short maturities of these financial instruments, their fair value is assumed to equal their carrying amount.

Impairments of trade receivables are recognised to the extent required – as a rule by means of individual fixed percentages that take account of the maturity structure. Low-interest-bearing receivables are carried at their discounted amount, taking into account appropriate interest.

Foreign-currency receivables are converted into euros using the closing rate at the balance sheet date.

Receivables from service contracts that have not been completed at the balance sheet date are recognised using the percentage-of-completion (PoC) method. The percentage of completion is calculated based on a comparison of the order costs already incurred with the expected total order costs. Other unfinished customer orders are recognised in the amount of the order costs incurred, insofar as it is probable that these will be covered by income.

03.5 Inventories

Inventories are recognised at cost. Financing costs are not taken into account. Inventories are measured at the balance sheet date at cost or net realisable value, whichever is lower.

03.6 Deferred taxes

Deferred taxes are recognised in line with IAS 12 for all temporary differences between the carrying amounts in the tax base and those in the consolidated balance sheet (temporary difference approach). Deferred taxes also have to be recognised for losses carried forward. The liability method is used to calculate deferred taxes. The deferrals are recognised in the amount of the assumed tax burden or relief in future fiscal years based on the applicable tax rate at the time of realisation. Deferred taxes are determined using country-specific tax rates that are either in effect or have been announced at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that taxable income will be available

against which the temporary differences and unused tax loss carryforwards can be offset. The carrying amounts are reviewed at each balance sheet date and adjusted where necessary. They are reduced accordingly if it is no longer probable that sufficient taxable profit will be available for offset.

No deferred taxes are recognised if income from subsidiaries is tax-free due to specific local tax regulations, and it is unclear what tax effects will result from removal of the temporary tax exemption.

03.7 Provisions for pensions and similar obligations

Provisions for pension obligations are primarily recognised for commitments arising out of pension plans, i. e. retirement pensions, disability pensions and benefits for surviving dependants. The actuarial measurement of pension provisions is based on the projected unit credit method prescribed for pension commitments in IAS 19. As a rule, these are defined benefit commitments, i.e. the pension promised to the respective employees depends on the development of their salaries and the number of years of service they achieve (defined benefit obligation). This method takes future increases in salaries and pensions into account as well as the pensions and commitments known at the balance sheet date. The amount recognised as the provision is the present value of the entitlement to pension benefits that the eligible employees have earned. Any plan assets offset against the provision are recognised at fair value.

03.8 Income tax liabilities

Provisions for taxes include obligations in connection with current income taxes. Deferred taxes are disclosed under a separate balance sheet item and in the tax reconciliation statement.

03.9 Other provisions

Other provisions are recognised if the Aareon Group has a present obligation arising from a past event, the settlement of which is expected to result in an outflow of resources. The amount of the provision corresponds to the best possible estimate at the balance sheet date of the amount required to settle the present obligation. Provisions that will not already lead to an outflow of resources in the following year are recognised at their settlement value if no material impact on interest would result. The settlement value also comprises any cost increases to be taken into account at the balance sheet date. Provisions in foreign currencies are translated using the closing rate at the balance sheet date.

03.10 Liabilities

Liabilities are recognised at their repayment or settlement amount. Liabilities from finance leases and purchase price liabilities are recognised at their present value.

03.11 Recognition of income and expenses

Revenues and other operating income are not recognised until the service has been performed or the goods or products have been delivered, i.e. the risk has been transferred to the customer.

The company generates its revenues mainly through

- Licensing and maintenance contracts
- Consulting and training projects
- Hosting solutions (SaaS and ASP) from the exclusive Aareon Cloud
- Digital solutions and services such as Mareon, Aareon invoicing service, Aareon immoblue+, Mobile Services, Aareon CRM, Aareon Archiv kompakt

- Add-on products and services such as the BauSecura insurance management solution, IT outsourcing and integrated payment transactions

Software licence revenue is recognised if a contract has been signed by both parties with no rights of withdrawal, the product has been delivered in full, the licence fee has been determined and payment is probable.

Maintenance services are realised proportionately over the contractual performance period.

Consulting and training services are recognised in profit and loss when the service has been performed. The Group also provides implementation services as part of its project work. In such cases, revenue is recognised according to the percentage-of-completion method. The percentage of completion of a project is calculated based on a comparison of the order costs already incurred with the total order costs expected. Provisions are recognised for impending losses from this type of service in the period in which the losses were caused, insofar as no asset item exists.

Hosting solutions (SaaS and ASP) are billed monthly and recognised as revenues.

Operating expenses are recognised in profit and loss when the service is utilised or when the expenses are incurred in economic terms. Interest income and expense are recognised on an accrual basis.

04 Notes to the statement of comprehensive income of the Aareon Group

04.1 Revenues

Revenues by business segment in € '000

	2015	2014
Germany	120,354	117,521
International Business	66,557	60,217
Total	186,911	177,738

Revenues by product group in € '000

	2015	2014
ERP products	135,676	131,989
Digital solutions and services	25,320	22,218
Add-on products and services	25,915	23,531
Total	186,911	177,738

Revenues from the **Germany** segment increased compared with the previous year, rising by €2,833k. Overall, revenues from ERP products were stable, with business volumes shifting as expected from GES to Wodis Sigma owing to further migrations. Maintenance revenues for the ERP product SAP® solutions/Blue Eagle grew substantially following the conclusion of projects in the previous year, whereas licensing-fee income was lower. Sales of digital products fuelled growth, while the acquisition of phi-Consulting GmbH boosted revenues from add-on products.

Revenues from the **International Business** segment rose as well, up €6,339k on the previous year. In this segment, consulting revenues for ERP products grew substantially in the Netherlands, Sweden, Norway and UK markets owing to strong demand. We were unable to fulfil our expectations for licensing business in the UK because of strong competition in the market. By contrast, license-fee and maintenance revenues in the

French market grew considerably thanks to the lasting success of the sales model there. Digital-solutions business grew strongly in France and the Netherlands whereas, contrary to expectations, this segment stagnated in the UK market as well. We consequently adapted and extended our digital software solutions so as to achieve a competitive edge. The International Business segment accounted for 35.6% of consolidated revenues (previous year: 33.9%).

04.2 Other operating income

Other operating income in € '000

	2015	2014
Measurement of purchase price liabilities	4,300	2,066
Non-cash income	1,389	1,317
Income from trade fairs	1,174	1,046
Services for affiliated companies outside the Aareon Group	842	846
Other income	587	923
Income from the reversal or reduction of individual fixed-percentage impairments	96	1,770
Total	8,388	7,968

The decrease in income from the reversal or reduction of individual fixed-percentage impairments was mainly due to the positive outcome of a lawsuit for Aareon France in the previous year. The measurement of purchase price liabilities includes income from currency translation in the amount of €160k (previous year: €226k). The increase in income from adjustment of purchase price liabilities is explained in Note 5.17.

04.3 Cost of materials

Cost of materials in € '000		
	2015	2014
Software and hardware costs	2,414	2,698
Cost of services purchased	20,244	18,272
Total	22,658	20,970

04.4 Staff costs/employees

Staff costs in € '000		
	2015	2014
Salaries	87,034	83,056
Social security costs	19,205	18,181
of which for post-employment benefits	4,457	3,509
Total	106,239	101,237

Staff costs increased by €5,002k compared with the previous year due to the first-time consolidation of the new subsidiaries Square DMS Groep B.V. and phi-Consulting GmbH.

The number of employees of Aareon AG as of 31 December – excluding temporary staff, trainees and interns – was as follows:

Employees (year-end figures)		
	2015	2014
Employees	1,268	1,179
Executive managers	76	74
Total	1,344	1,253
of which: part-time employees	225	217

Employees (annual average figures)		
	2015	2014
Employees	1,209	1,167
Executive managers	74	74
Total	1,283	1,241
of which: part-time employees	208	218

Employees – annual average by business segment

	2015	2014
Germany	753	749
International	530	492
Total	1,283	1,241

04.5 Other operating expenses

Other operating expenses in € '000		
	2015	2014
Occupancy expenses	8,464	8,269
Motor vehicle expenses	4,739	4,370
Travel expenses	4,057	3,787
Legal and consultation expenses/auditing costs	4,046	3,004
Advertising/marketing/entertainment	3,961	3,894
Software maintenance	1,989	1,862
Other staff costs	1,549	1,688
Communication costs	905	930
Further training	746	831
Impairments of receivables	442	148
Insurance costs	429	413
Credits for invoices from prior years	389	272
Compensation for Supervisory Board and Advisory Board	327	389
Office material	245	276
Leasing/technology	210	195
Miscellaneous other operating expenses	911	698
Total	33,409	31,026

Other operating expenses increased by €2,383k year on year, primarily as a result of due diligence costs incurred in connection with the acquisitions made and with the first-time consolidation of the new subsidiaries.

04.6 Net financial income/expense

Net financial income/expense in € '000		
	2015	2014
Other interest and similar income	65	90
Net income from equity-method accounting	100	66
Interest and similar expenses	338	497
Total	-173	-341

04.7 Income taxes

Income taxes in € '000		
	2015	2014
German income taxes	3,704	5,337
Foreign income taxes	2,613	2,920
Actual tax expense	6,317	8,257
Deferred tax expense/income	-301	-1,822
Total	6,016	6,435

The following table shows the reconciliation statement for the differences between income taxes based on the net income before taxes and the actual income tax reported. In order to calculate the expected tax expense, the Group tax rate of 31.4% valid in fiscal 2015 (previous year: 31.4%) was multiplied by earnings before taxes.

Reconciliation of tax expenses in € '000		
	2015	2014
Earnings before income taxes	26,684	26,161
Trade tax	4,155	4,075
Corporation tax	4,003	3,924
Solidarity surcharge	220	216
Expected tax expense/income	8,377	8,215
Reconciliation:		
Non-deductible expenses	269	176
Taxes for prior years	227	-677
Differences in tax rates of international subsidiaries	-424	-392
Other differences	-2,434	-886
Tax expense reported	6,016	6,435

The other differences mainly concern a tax-free contribution made by Aareal Bank and the derecognition of earn-out liabilities.

05 Notes to the consolidated balance sheet of the Aareon Group

05.1 Intangible assets

Goodwill mainly results from the acquisition of companies in the software industry. It is allocated to the cash generating units that derive benefit from the synergies created through the acquisition and on the basis of which management monitors goodwill for internal control purposes. The cash generating units are grouped together in the business segments.

The amortised goodwill by business segment is as follows:

Carrying amounts in € '000				
	2014	Additions	Exchange-rate effects	2015
Germany	24,048	4,278	0	28,326
International Business	41,643	4,795	623	47,061
Total	65,691	9,073	623	75,387

The item "Internally generated intangible assets" relates to internal and external development costs capitalised in accordance with IAS 38. The development costs in each country were capitalised using a standard per-diem rate. The capitalised carrying amounts are as follows:

Carrying amounts in € '000		
	2015	2014
Aareon France (mainly Portallmmo, Prem'Habitat)	2,136	2,282
Aareon UK (QL.net)	5,126	3,678
Aareon Nederland (various software products)	3,337	2,801
Wodis Sigma	2,394	2,368
Aareon CRM	2,592	1,887
Blue Eagle	573	1,309
Miscellaneous	1,401	892
Total	17,559	15,217

Internally generated software in the amount of €9,826k has already been completed, while internally generated software worth €7,733k is still under development. Development costs for research and development in the reporting period totalled €9,527k. Internally generated assets amounted to €4,396k in the year under review. In the course of an impairment test,

Aareon Nederland B.V. recognised an impairment charge for internally generated software in the amount of €136k in 2014.

05.2 Property, plant and equipment

In accordance with IAS 17, €467k was recognised in the reporting year under property, plant and equipment for mainframe computers and associated peripheral devices acquired under finance leases. The payments in connection with finance leases were as follows:

Finance leases in € '000			
	2016	2017–2020	After 2020
Lease payments	477	40	0
Discount amounts	-47	-5	
Present values	430	35	0

Operating leases primarily concern rent, motor vehicles, office furniture and equipment, and telecommunications equipment. In 2015, €9,356k in lease payments was recognised through profit and loss. The minimum lease payments due to operating leases are as follows:

Operating leases in € '000			
	2016	2017–2020	After 2020
Lease payments as lessee	9,025	26,662	18,705
Lease receivables as lessor	577	2,269	0

05.3 Financial assets

Other loans include time deposits in the amount of €3,260k with Landesbank Baden-Württemberg. These deposits relate to the guarantee issued to cover existing and future obligations in connection with membership in two supplementary pension funds. This item also includes rent deposits. An amount of €53k is shown under **equity investments** for shares in SG2ALL B.V., which is accounted for using the equity method. Under the equity method, the shares are initially carried at cost and subsequently adjusted to reflect the investor's share of the profit or loss of SG2ALL B.V. The overview presented below shows the key items of the balance sheet of SG2ALL B.V.:

SG2ALL B.V. in € '000		
	2015	2014
Current assets	596	368
Current liabilities	402	81

05.4 Shareholdings

Name and registered office of company	Interest held
Aareon AG, Mainz	
Aareon Deutschland GmbH, Mainz, Germany	100
Aareon Immobilien Projekt Gesellschaft mbH, Essen, Germany	100
BauSecura Versicherungsmakler GmbH, Hamburg, Germany	51
phi-Consulting GmbH, Bochum, Germany	100
Aareon France SAS, Meudon-la-Forêt, France	100
Aareon Nederland B.V., Emmen, Netherlands	100
Aareon UK Ltd., Coventry, UK	100
1st Touch Ltd., Southampton, UK	100
Facilitor B.V., Enschede, Netherlands	100
Incit AB, Mölndal, Sweden	100
Incit AS, Oslo, Norway	100
Incit Nederland B.V., Gorinchem, Netherlands	100
SG2ALL B.V., Huizen, Netherlands	50
Square DMS Groep B.V., Grathem, Netherlands	100
Square Document Management Systems B.V., Grathem, Netherlands	100
Square Document Management Systems Research B.V., Grathem, Netherlands	100

05.5 Income tax receivables

Income tax receivables in € '000	2015	2,014
Current income tax receivables	7,015	2,495
Non-current income tax receivables	321	643
Total	7,336	3,138

The non-current income tax receivables in the amount of €321k relate solely to capitalised tax claims from corporation tax credits following amendments to Section 37 the German Corporation Tax Act (KStG) in the wake of the Law on Tax Support Measures for Implementation of the European Company and for Changing Further Tax Requirements (SEStEG) (as at 31 December 2006).

05.6 Deferred taxes

Deferred taxes in € '000	2015	2,014
Pension provisions	5,125	5,029
Liabilities	177	270
Other provisions	295	124
Loss carryforwards	110	175
Miscellaneous	83	11
Total deferred income tax assets	5,790	5,610
Measurement of assets under construction	205	290
Miscellaneous	0	0
Current deferred income tax liabilities	205	290
Intangible assets	6,902	5,811
Miscellaneous	466	413
Non-current deferred income tax liabilities	7,368	6,224
Total deferred income tax liabilities	7,573	6,514

Unused tax loss carryforwards for which no deferred tax assets were recognised amounted to €4,199k in Germany.

05.7 Inventories

Inventories mainly comprise advance payments made. There are no restrictions on ownership or disposal of the disclosed inventories.

Inventories in € '000		
	2015	2014
Raw materials and supplies	4	9
Finished products and goods	76	66
Advance payments made for inventories	246	224
Total inventories	326	299

05.8 Trade receivables

Trade receivables in € '000		
	2015	2014
Receivables from unbilled services	11,401	9,847
Trade receivables	27,759	25,517
Receivables from affiliated companies	510	87
Total	39,670	35,451

Receivables from unbilled services comprise €3,389k in advance payments received, contract revenues from the reporting period in the amount of €4,560k, profits (less recognised losses) of €532k as well as total expenses incurred in the amount of €4,772k.

There are no restrictions on ownership or disposal of the disclosed receivables.

Impairments are made to account for the risk of default. Trade receivables were impaired as follows:

Impairments of trade receivables in € '000		
	2015	2014
Impaired trade receivables	2,051	1,672
Impairments as at 1 January	1,276	1,463
Additions	765	210
Reversals	399	270
Utilisation	343	127
Total as at 31 December	1,299	1,276

Overdue but not impaired receivables relate solely to receivables that are overdue by up to 90 days.

05.9 Other assets

Other assets in € '000		
	2015	2014
Other current financial assets	706	276
Other current non-financial assets	3,081	3,098
Total other current assets	3,787	3,374
Non-current financial assets	1,120	1,098
Total	4,907	4,472

Other non-financial assets mainly comprise deferred advance payments of €3,062k for subsequent periods.

Other non-current financial assets in the amount of €1,120k (previous year: €1,098k) primarily comprise a fixed-term deposit with Aareal Bank serving as a guarantee for a lawsuit.

05.10 Securities

Securities comprise the fixed-income securities and units in exchange-traded funds belonging to Square DMS Groep B.V., which Aareon acquired in 2015. The securities in question are classified as available for sale. As the trading volumes for these securities on or shortly before the balance sheet date enable reliable inputs to be determined, the securities are assigned to Level 1 of the fair value hierarchy.

05.11 Cash and cash equivalents

As in the previous year, this balance sheet item includes cash in hand and balances held with banks.

Cash and cash equivalents in € '000		
	2015	2014
Cash in hand	14	9
Balances held with banks	24,957	24,123
of which with affiliated companies	12,729	12,911
Funds with maturities of up to three months	24,971	24,132

In the course of acquiring Square DMS Groep B.V., Aareon Nederland B.V. took out a line credit for €5,000k with Coöperatieve Rabobank Emmen-Coevorden U.A. on 22 December 2015 at an interest rate of EURIBOR + 1.45%. As of the balance sheet date, €955k of the total amount had been utilised. On 31 March 2017, the line of credit will be reduced to €2,500k and on 30 September 2018 to €0. An interest rate of 0.4% p. a. applies to the unused portion of the line of credit.

05.12 Subscribed capital

The subscribed capital of Aareon AG is fully paid up and, as at 31 December 2015, was as follows:

Number and class of shares, and value in € '000	
25,000,000 no-par value ordinary shares	25,000

Each share has a theoretical par value of €1.00.

05.13 Share premium

In fiscal 2002, €26,400k was added to the share premium by way of the capital increase by Aareal Bank AG, Wiesbaden.

05.14 Accumulated group earnings and profits

Accumulated group earnings and profits comprise other retained earnings within the meaning of the disclosures required under German commercial law. Retained earnings include additions from the net profit of the year under review or of previous years as well as currency translation differences from the financial statements of subsidiaries recognised directly in equity. Aareon AG's Memorandum and Articles of Association contain no provisions regarding the formation of reserves.

05.15 Non-controlling interests

Non-controlling interests are reported as a separate item in the consolidated statement of changes in equity. They are held solely by BauSecura Versicherungsmakler GmbH, Hamburg.

05.16 Provisions for pensions and similar obligations

Pension obligation trend:

Pension obligation in € '000		
	2015	2014
1. Pension provisions as at 1 January (accrued pension cost)	33,398	26,391
2. Net expense for the period		
a) Service cost	382	295
b) Interest cost	669	919
3. Experience-based adjustments recognised under OCI	1,940	1,183
4. Actuarial adjustments recognised under OCI	-1,192	5,969
5. Actual utilisation	1,356	1,359
Pension provisions as at 31 December	33,841	33,398

These obligations have been calculated on the basis of the following assumptions:

Assumptions in %		
	2015	2014
Interest rate	2.28	2.05
Expected inflation rate	2.00	2.00
Income trend	2.25	2.25
Pension trend	2.00	2.00
Fluctuation rate	3.00	3.00
Calculation based on	Mortality Tables 2005 G, Prof. Klaus Heubeck	Mortality Tables 2005 G, Prof. Klaus Heubeck

Changes in these assumptions would have the following consequences:

Sensitivity analysis 2015

	Sensitivity	Obligation adjusted due to sensitivities, in € '000
Interest rate (2.28%)	+1.00%	29,544
Interest rate (2.28%)	-1.00%	39,133
Pension trend (2.00%)	+0.25%	35,726
Pension trend (2.00%)	-0.25%	32,026
Income trend (2.25%)	+0.50%	35,383
Income trend (2.25%)	-0.50%	32,414
Life expectancy (Heubeck 2005G)	+1 year	35,669
Life expectancy (Heubeck 2005G)	-1 year	31,903

Sensitivity analysis 2014

	Sensitivity	Obligation adjusted due to sensitivities, in € '000
Interest rate (2.05%)	+1.00%	29,416
Interest rate (2.05%)	-1.00%	38,334
Pension trend (2.00%)	+0.25%	34,255
Pension trend (2.00%)	-0.25%	32,546
Income trend (2.25%)	+0.50%	34,852
Income trend (2.25%)	-0.50%	32,747

The sensitivity analysis is based on changes in a single assumption, with all other assumptions remaining constant. It is unlikely that this would occur in reality, and there could indeed be a correlation between changes in certain assumptions. For this reason, the same method was employed to calculate the sensitivity of the defined benefit obligation to changes in actuarial assumptions as is used to determine the pension provisions in the balance sheet (see Note 3.7). The types and methods of the assumptions used when preparing sensitivity analyses did not change compared with the previous period. No sensitivity analysis was carried out that factored in changes in the fluctuation rate or expected inflation rate as these rates do not represent material actuarial assumptions. The defined benefit obligation can be broken down by plan participant into the following categories:

Plan participants by category in € '000

	2015
Active employees	256
Former employees with vested benefits	28
Pensioners	131
Total	415

The effects on cash flow in subsequent years are as follows:

Maturities of the defined benefit obligation (DBO) in € '000	
2016	1,454
2017	1,547
2018	1,588
2019	1,596
2020	1,687
2021- 2025	8,320

Service and interest costs are recognised under staff costs. The expense recognised for defined contribution pension plans amounted to €7,370k. These plans mainly comprise employer contributions to the statutory pension scheme. For reasons of materiality, pension provisions are not presented by maturity. Aareon has pension plans in place in Germany and France. The pension plans in Germany have been closed and no further employees are now able to join. All of these plans are defined benefit plans within the meaning of IAS 19. This means that, subject to certain conditions, Aareon guarantees that the beneficiaries will receive a particular benefit amount. Depending on the plan type, the amount of employee benefits varies according to different factors such as eligible salary, period of service, amount of the statutory pension, and benefits paid under individual direct insurance plans.

Aareon is a voluntary member of the Baden-Württemberg and Bavarian supplementary pension funds and has indirectly promised pensions to active and former employees under a multi-employer plan. The supplementary pension funds amass fund assets for investment and establish actuarial provisions and contingency reserves. If a shortfall in funds arises, the beneficiaries' benefits are reduced if their entitlements are based on contracts concluded before 31 December 2008. In the case of entitlements based on contracts concluded after that date, the members can cover any shortfall in funds through the payment of additional contributions. Financing of the fund is on a pay-as-you-go basis. If a member company leaves the supplementary fund, it must pay a compensatory contribution in the amount of the present value of the obligations it bears towards the statutory pension insurance scheme on the date its membership ends. In the event that the plan is wound up, liabilities towards third parties must be met before the benefits of current pensioners are secured. No provisions are in place concerning reimbursement of the fund assets to the members or utilisation of these assets in the event of winding up. Aareon has no knowledge of any shortfalls or surpluses or of how its own contributions compare with those of the other members of the supplementary pension funds. The contribution for fiscal 2016 is likely to amount to €117k.

The problem inherent in the pay-as-you-go system is that of proportionately allocating the obligations and the costs among the individual beneficiaries of the plan in a sensible manner. This difficulty arises from the fact that the contributions of the members are based on their respective shares in the compensation of the beneficiaries covered by the supplementary plan. For this reason, the defined benefit plan is recognised as a defined contribution plan in accordance with IAS 19:34.

05.17 Other provisions

Other provisions in € '000						
	Amount at 1 Jan. 2015	Additions	Reclassifications	Utilisation	Reversals	Amount at 31 Dec. 2015
Variable salary components (previous year)	9,131 (7,868)	8,933 (8,314)	0 (0)	7,761 (6,907)	697 (144)	9,606 (9,131)
Other provisions (previous year)	3,836 (4,380)	2,914 (2,070)	0 (0)	2,277 (2,589)	13 (25)	4,460 (3,836)
Total (previous year)	12,967 (12,248)	11,847 (10,384)	0 (0)	10,038 (9,496)	710 (169)	14,066 (12,967)

Development in 2015 (prior-year figures in parentheses)

Aareon AG makes payments to the members of its Management Board that qualify as cash-settled **share-based payments** within the meaning of IFRS 2. The obligations arising out of these share-based payments are recognised as staff costs and via corresponding provisions. Claims to the phantom stocks of Aareal Bank AG are paid in cash. The payments are distributed over three or four calendar years from the grant date. Provisions for share-based payment are recognised in full from the commitment date. The provisions are recognised in the amount of the fair value of the obligation in question at the balance sheet date, and adjusted if the share price changes. Provisions for share-based payment (SAR) amounted to €610k. At the end of the year under review, 14,934 shares were outstanding at an average price per share of €27.69 (previous year: 19,798 shares; €20.76). Of these outstanding shares, 10,804 (previous year: 12,501) were exercisable and 3,779 (previous year: 6,057) were granted. The exercise prices of the outstanding shares range between €14.50 and €39.58.

Other provisions are also recognised in accordance with IAS 37 for all identifiable risks and uncertain obligations in the amount of their probable occurrence.

Other provisions by maturity:

Other provisions in € '000				
	1 Jan.	31 Dec.	1 Jan.	31 Dec.
	< 1 year		> 1 year	
Variable salary components (previous year)	8,499 (7,167)	9,122 (8,499)	633 (701)	485 (633)
Other provisions (previous year)	2,458 (3,020)	2,971 (2,458)	1,378 (1,360)	1,489 (1,378)
Total (previous year)	10,957 (10,187)	12,093 (10,957)	2,011 (2,061)	1,974 (2,011)

The interest cost for non-current provisions amounted to €94k in the reporting year.

05.18 Purchase price liabilities

Purchase price liabilities in € '000		
	2015	2014
Non-current purchase price liabilities		
Incit AB	0	3,213
Square DMS Groep B.V.	1,899	0
phi-Consulting GmbH	1,288	0
Total	3,187	3,213
Current purchase price liabilities		
Incit AB	574	2,715
Square DMS Groep B.V.	550	0
phi-Consulting GmbH	1,043	0
Total	2,167	2,715
Grand total	5,354	5,928

The non-current purchase price liabilities from the previous year arising out of the acquisition of Incit AB were reclassified as current purchase price liabilities (€3,213k) in accordance with their maturities. The interest cost on the current purchase price liabilities arising out of the acquisition of Incit AB was then calculated, and amounted to €143k. These liabilities were then increased by €108k as a result of currency translation. The current purchase price liabilities from the acquisition of Incit AB were then settled (€1,306k) and the amount of €4,300k was derecognised due to the fact the company had failed to reach the target EBIT figure fixed in the purchase agreement. The additional purchase price liabilities concern the acquisitions made in 2015.

05.19 Current income tax liabilities

The current income tax liabilities amounted to €1,554k (previous year: €2,124k).

05.20 Trade payables

All trade payables are classified as current. With the exception of customary retention of title and similar rights, liabilities are not collateralised.

05.21 Other liabilities

Other liabilities in € '000		
	2015	2014
Non-current other financial liabilities		
Lease liabilities	40	545
Miscellaneous non-current other financial liabilities	11	8
	51	553
Current other financial liabilities		
Paid-leave liabilities	3,067	2,692
Miscellaneous current other financial liabilities	4,140	3,690
	7,207	6,382
Current other non-financial liabilities		
Advance payments received from customers	13,903	10,925
Other tax liabilities	7,141	7,621
Miscellaneous	302	410
	21,346	18,956
Total	28,604	25,891

The miscellaneous other financial liabilities mainly comprise liabilities in connection with wages and salaries. The other tax liabilities consist solely of transaction taxes such as value-added tax and income tax liabilities.

Consolidated statement of changes in fixed assets 2015
as at 31 December 2015

€ '000	Historical cost						31 Dec. 2015
	1 Jan. 2015	Currency translation differences	Changes in scope of consolidation	Additions	Disposals	Reclassifications	
I. Intangible assets							
1. Goodwill	99,509	714	9,073	0	0	0	109,296
2. Acquired intangible assets	49,063	721	331	1,735	3,985	69	47,934
3. Internally generated intangible assets	32,900	240	0	4,538	-23	0	37,701
4. Customer relations	4,280	95	5,438	0	0	0	9,813
5. Brands	943	21	394	0	0	0	1,358
6. Advance payments made	69	0	0	0	0	-69	0
	186,764	1,791	15,236	6,273	3,962	0	206,102
II. Property, plant and equipment							
1. Land, leasehold rights and buildings	8,465	27	77	254	0	0	8,823
2. Plant and machinery	9,390	33	0	1,405	807	0	10,021
3. Other equipment, and office furniture/equipment	8,821	1	293	878	794	0	9,199
4. Advance payments made and assets under construction	13	0	0	1	13	0	1
	26,689	61	370	2,538	1,614	0	28,044
III. Financial assets							
1. Equity investments	139	0	0	100	175	0	64
2. Other loans	4,746	0	0	497	0	0	5,243
	4,885	0	0	597	175	0	5,307
	218,338	1,852	15,606	9,408	5,751	0	239,453

1 Jan. 2015	Accumulated depreciation and amortisation				Carrying amounts		
	Currency translation differences	Additions	Disposals	Reclassifications	31 Dec. 2015	31 Dec. 2015	31 Dec. 2014
33,818	91	0	0	0	33,909	75,387	65,691
32,015	257	3,927	3,956	0	32,243	15,691	17,048
17,683	47	2,412	0	0	20,142	17,559	15,217
321	11	333	0	0	665	9,148	3,959
70	3	52	0	0	125	1,233	873
0	0	0	0	0	0	0	69
83,907	409	6,724	3,956	0	87,084	119,018	102,857
2,708	20	473	0	0	3,201	5,622	5,757
5,846	23	1,216	807	0	6,278	3,743	3,544
5,101	0	1,635	749	0	5,987	3,212	3,720
0	0	0	0	0	0	1	13
13,655	43	3,324	1,556	0	15,466	12,578	13,034
11	0	0	0	0	11	53	128
481	0	0	0	0	481	4,762	4,265
492	0	0	0	0	492	4,815	4,393
98,054	452	10,048	5,512	0	103,042	136,411	120,284

06 Other explanatory notes

06.1 Other financial obligations

The nominal amounts of the other financial obligations can be broken down by maturity as follows:

Other financial liabilities in €			
	2016	2017-2020	After 2020
Lease agreements	9,649,227	27,282,046	18,847,079
Purchase commitments	5,984,944	1,191,957	61,821
Total	15,634,171	28,474,003	18,908,899

06.2 Related-party transactions

In addition to the subsidiaries included in its consolidated financial statements, Aareon AG has, in the course of its ordinary activities, direct or indirect relations with subsidiaries of the Aareal Bank Group that are included in the consolidated financial statements of Aareal Bank AG. The majority of Aareon AG's business relationships are with Aareal Bank AG.

These primarily relate to the following services rendered:

- Collaboration with Aareal Bank AG with regard to the fully automated and integrated accounting and payment services for property companies in Germany as implemented in the Wodis Sigma, Blue Eagle and GES software systems
- Provision of computer centre services and related implementation consultancy services
- Co-financing of the Aareon Congress

The business transactions with Aareal Bank AG comprised revenues and other operating income in the amount of €13,657k as well as cost of materials and other operating expenses in the amount of €481k.

Related parties controlled by Aareon AG, or over which Aareon AG can exert a controlling influence, are included in the consolidated financial statements. They also appear in the list of

shareholdings in Note 5.4, with information on the equity interest held and the net profit/loss for the year.

One Group company – SG2ALL B.V., Huizen, Netherlands – is jointly controlled with de Alliantie, Hilversum, Netherlands. Business transactions with SG2ALL B.V., which mainly comprise computer centre services, amounted to €172k for the cost of materials, while business transactions with de Alliantie, Hilversum, comprised revenue of €1,899k. In the current fiscal year, Aareon Nederland B.V. received dividend payments from SG2ALL B.V. in the amount of €175k.

All transactions with related parties were conducted on the basis of international price comparison methods as per IAS 24, on the same conditions that are customary with non-Group third parties (arm's-length transactions).

In the Aareon Group, members of management in key positions are defined as members of the Management Board and the Supervisory Board as well as members of first- and second-tier management (directors, division managers), regional directors (sales) and members of strategic purchasing.

In the year under review, the total compensation paid to members of management in key positions amounted to €15,589k, of which €15,544k comprised benefits falling due in the short term, €33k concerned compensation paid after termination of employment, and €12k concerned benefits paid on termination of employment. The total compensation paid to members of the Management Board amounted to €2,319k, and included contributions to defined contribution plans in the amount of €104k. The total expenses for share-based payment amounted to €238k.

06.3 Auditors' fees

In the reporting period, €415k was recognised for auditing of the financial statements, €51k for other attestation services, €20k for tax consultancy services and €17k for other services.

06.4 Exemption for domestic group companies as per Section 264 (3) of the German Commercial Code (HGB)

Aareon Deutschland GmbH, Mainz, which is included in the consolidated financial statements of Aareon AG, has, with the approval of the General Meeting of Shareholders granted in accordance with Section 264 (3) of the German Commercial Code (HGB), been exempted from the obligation of preparing annual financial statements and a management report in compliance with the corresponding provisions for corporations.

06.5 Events after the balance-sheet date

Square DMS Groep B.V., Grathem, which was acquired with retroactive effect on 1 October 2015, was renamed Square DMS B.V. as of 1 January 2016. At the same time, that company's two subsidiaries – Square Document Management Systems B.V. and Square Document Management Systems Research B.V. – were merged into Square DMS B.V.

Pursuant to the resolution passed by the annual general meeting on 24 February 2016, a dividend of €31,500k is to be paid from Aareon AG's unappropriated surplus. Further, Aareal Bank AG resolved to make a payment of €15,500k to the company's share premium on 1 July 2016.

07 Consolidated statement of cash flows

All funds with maturities of up to three months are deemed to be cash and cash equivalents. The consolidated statement of cash flows shows how the Aareon Group's cash and cash equivalents changed in the year under review. To this end, the cash flows are annotated for fiscal 2015 and for the previous fiscal year in accordance with IAS 7, with a distinction being made between cash inflows and outflows from operating, investing and financing activities. The effects on cash and cash equivalents of changes in the group of consolidated companies, changes in exchange rates and other changes are disclosed separately.

Investing activities comprise additions to and disposals of fixed assets and financial assets as well as the effects of changes to the group of consolidated companies.

Financing activities include the outflow of cash and cash equivalents from dividend disbursements and profits or losses from the disposal of non-current assets, payments and contributions from shareholders as well as changes in other financial liabilities.

The cash flow from operating activities totalled €22,033k. The cash flow from investing activities amounted to €-21,971k and concerned, among other things, the purchase of non-controlling interests and new acquisitions. The cash flow from financing activities amounted to €777k and mainly concerned utilisation of the loan from Rabobank.

08 Corporate bodies

08.1 Supervisory Board

Thomas Ortmanns, Chairman

Management Board

Aareal Bank AG, Wiesbaden

Dr. Peter Lammerskitten, Deputy Chairman

(until 26 March 2015)

Consultant

Königstein

Hermann J. Merkens, Deputy Chairman

(since 27 March 2015)

Chairman of Management Board

(since 18 September 2015)

Aareal Bank AG, Wiesbaden

Lutz Freitag

Consultant

Hamburg

Dagmar Knopek

Member of the Management Board

Aareal Bank AG, Wiesbaden

Dr. Wolf Schumacher (until 17 September 2015)
Chairman (until 17 September 2015)
Aareal Bank AG, Wiesbaden

The compensation paid to members of the Supervisory Board in the reporting year amounted to €13k.

08.2 Management Board

Dr. Manfred Alflen
Chairman

International Business Development; Human Resources & Organisation; Legal, Risk Management & Compliance; Data Protection & Data Security; Internal Audit; Marketing & Communication; International Business; Chair of the Supervisory Boards of Aareon Deutschland GmbH and BauSecura GmbH

Sabine Fischer

Member of the Management Board

Consulting for Wodis Sigma Projects; Consulting for Existing Customers; ERP Products & Quality Assurance; Blue Eagle/SAP® Service Centre & Digital Services; Aareon Immobilien Projekt Gesellschaft mbH & New Digital Solutions; Enterprise Architecture & Portfolio Management; Service Management & Strategic Projects; Central IT Services

Dr. André Rasquin

Member of the Management Board

Central Sales; Regional Sales; Sales Management; Sales Support; Advisory Board work; BauSecura product

Christian M. Schmahl

Member of the Management Board

International Finance; Controlling; Accounting; Contract & Receivables Management; Central Purchasing; Facility Management

09 Concluding remarks

As a rule, Aareon AG is obliged to prepare consolidated financial statements and a group management report. However, as Aareon AG and its subsidiaries are included in the consolidated financial statements and in the group management report of Aareal Bank AG, Wiesbaden, the requirements for the company's exemption from this obligation pursuant to Section 291 (2) of the German Commercial Code (HGB) have been fulfilled. Thus, Aareon AG's preparation of consolidated financial statements and a group management report is entirely voluntary.

Aareal Bank AG also prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). These consolidated financial statements have been deposited with the Local Court (Amtsgericht) of Wiesbaden.

Mainz, 2 March 2016

The Management Board



Dr. Manfred Alflen



Sabine Fischer



Dr. André Rasquin



Christian M. Schmahl

Auditors' report

We have audited the consolidated financial statements of Aareon AG, Mainz – comprising the balance sheet, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes – as well as the Group management report for the fiscal year 1 January to 31 December 2015. It is the responsibility of the company's Management Board to prepare the consolidated financial statements and the Group management report in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU, and the additional accounting provisions pursuant to Section 315a (1) of the German Commercial Code (HGB). Our responsibility is to express an opinion on the consolidated financial statements and the Group management report on the basis of our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB), taking into account the accounting principles for the audit of financial statements formulated by the Institute of Public Auditors in Germany (IDW). These require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial situation and earnings in the consolidated financial statements in accordance with the applicable financial reporting principles and in the Group management report are detected with reasonable assurance. Knowledge of the Group's business activities and of its economic and legal environment as well as expectations as to possible misstatements are taken into account when determining the content of the audit. During the audit, the effectiveness of the accounting-related internal control system and the evidence supporting the disclosures made in the consolidated financial statements and Group management report are examined primarily on the basis of random samples. The audit entails assessing the separate financial statements of the companies included in the consolidated financial statements, the scope of consolidation, the accounting and consolidation principles applied and significant estimates made by the

Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, which is based on the findings of our audit, the consolidated financial statements comply with IFRS as applicable in the EU and with the supplementary applicable provisions of Section 315a (1) of the German Commercial Code and, in accordance with these provisions, give a true and fair view of the net assets, financial situation and earnings of the Group. The Group management report is consistent with the consolidated financial statements, provides a true picture of the Group's situation and correctly portrays the opportunities and risks associated with its future development.

Frankfurt am Main, 4 March 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Marc Billeb
German Public Accountant

ppa. Thomas Körner
German Public Accountant

Report of the Supervisory Board

During the year under review, the Supervisory Board continually monitored the management of Aareon AG and the Aareon Group. It was kept informed by the Management Board, both verbally and in writing, especially through written quarterly reports, regarding progress of the company's business, its overall situation, the business policies planned by the Management Board, corporate planning issues, significant transactions and Aareon's internal control system. The Supervisory Board also dealt with issues that required its approval pursuant to applicable statutes or the company's Articles of Association.

The Supervisory Board met on five occasions during 2015, three times in the first half of the year and twice in the second, with resolutions also being adopted by circular memorandum in some cases. One of the meetings in the first half of the year took place following the company's ordinary general meeting, its purpose being to elect the chair of the Supervisory Board. At all of the other meetings, the Management Board informed the Supervisory Board in detail of the business policies, economic progress, strategic orientation and sales activities of both Aareon AG and the Aareon Group. The content and findings of the audits carried out of the Group companies were explained to the Supervisory Board. The risk reporting and internal control systems were also presented to it on a regular basis. In 2015, the Supervisory Board devoted special attention to reviewing and honing the company's compliance organisation. Aareon Bank AG's Audit department carried out a review of the internal control system (ICS) of Aareon's compliance organisation as part of its efforts to prevent miscellaneous criminal acts, and reported its findings to the Supervisory Board.

The Supervisory Board was kept informed by the Management Board of the Group companies' products and their customer-side implementation and launch, with emphasis being placed on major customer and acquisition projects. In this context, particular attention was paid to the Wodis Sigma product, to the Integrated Services portfolio, and to boosting business in relation to SAP® solutions / Blue Eagle and consulting. The

Supervisory Board was kept apprised of the progress of migration from GES to Aareon's other ERP solutions.

The Management Board explained to the Supervisory Board its international strategy as well as the measures taken to optimise the organisation. The market environment, competitive situation, products, expected developments and growth potential of the Group companies were also discussed. The Management Board provided the Supervisory Board with detailed explanations of its strategic initiatives as well as of the nature and objectives of the Striving for Excellence programme. The Management Board reported to the Supervisory Board more intensively on development of the International Business segment and the activities of Aareon AG's international subsidiaries. The acquisitions of phi-Consulting GmbH in Germany and Square DMS Groep B.V. in the Netherlands were discussed in advance with the Supervisory Board.

The Supervisory Board discussed and approved the business plan. The Management Board regularly informed the Supervisory Board of the company's actual business performance compared with what had been forecast in the business plan. The Supervisory Board has a Human Resources Committee and an Auditing Committee. The Human Resources Committee met once, and the Auditing Committee twice, during 2015.

The Supervisory Board appointed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as the company's auditors. PricewaterhouseCoopers examined the annual financial statements and management report of Aareon AG as of 31 December 2015 (prepared in accordance with the German Commercial Code – HGB) as well as the consolidated financial statements and group management report as of 31 December 2015 (prepared in accordance with IFRS). Based on the results of its audit, PricewaterhouseCoopers issued an unqualified auditor's report for both the annual and consolidated financial statements. On the basis of the annual financial statements prepared in accordance with the German Commercial Code, Aareon closed the fiscal year with an unappropriated surplus of € 41,785,526.14, of which

€ 31,500,000.00 will be distributed to shareholders and € 10,285,526.14 will be carried forward. No allocations will be made to retained earnings.

On 22 February and 21 March 2016, the Supervisory Board examined and discussed the company's annual financial statements and management report, the consolidated financial statements compiled in accordance with IFRS and the Group management report for fiscal 2015 – all of which received an unqualified auditor's report – as well as the Management Board's proposal for the appropriation of profit. In preparation for their deliberations, the members of the Supervisory Board were provided in advance with comprehensive documentation, which they dealt with in depth. The Supervisory Board resolved on 22 February 2016 to assume, and carry out itself, those preparatory tasks for auditing of the annual financial statements that the Rules of Procedure assign to the Auditing Committee.

Representatives of PricewaterhouseCoopers were available to the Supervisory Board to answer questions and provide information. On the basis of the final results of its own review, the Supervisory Board agreed with the findings of the auditors. The Supervisory Board confirmed that it had no objections to raise and endorsed the respective financial statements and management reports of Aareon AG and the Aareon Group as prepared by the Management Board. The 2015 annual financial statements of Aareon AG were thus adopted and the consolidated financial statements of the Aareon Group approved.

The Supervisory Board examined and, on the basis of its examination, accepted the Management Board's proposal for the appropriation of profit.

In addition, the Supervisory Board assessed the Management Board's report on the company's relations with affiliated enterprises, which was prepared in accordance with Section 312 of the German Stock Corporation Act (AktG). No objections were raised. The auditors issued the following unqualified audit opinion with respect to this report:

"After carrying out our audit in compliance with our obligations, we hereby confirm that

1. the actual disclosures made in the report are accurate,
2. the consideration paid by the company for the transactions mentioned in the report was not inappropriately high or any disadvantages were compensated."

Having completed its examination, the Supervisory Board has no objections to raise to the report of the Management Board on the company's relations with affiliated enterprises.

Dr. Peter Lammerskitten's term of office on the Supervisory Board ended with the close of the annual general meeting of Aareon AG on 26 March 2015. The Supervisory Board wishes to thank Dr. Lammerskitten for his many successful years of service on the Supervisory Board of Aareon AG, also in his position as Deputy Chair. Dr. Wolf Schumacher stepped down from the Supervisory Board of Aareon AG with effect from 17 September 2015. The Supervisory Board wishes to thank Dr. Schumacher, too, for his many successful years of service on the Supervisory Board of Aareon AG.

The Supervisory Board would also like to express its gratitude to the company's employees for the dedication they have shown.

Mainz, March 2016

The Supervisory Board



Thomas Ortmanns
(Chair)

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In 2012, the German Federal Ministry of Family Affairs recognised Aareon as the most family-friendly company in Germany in the “Medium-sized Companies” category of the Success Factor Family 2012 competition.



In 2008, Aareon AG was certified by berufundfamilie gGmbH for its family-friendly personnel policy. The company was re-certified in 2011 and 2014.

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Title, p. 6–17, 20–25: Getty Images
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p. 33: May: Kai Heddergott, Münster; June: Christian Klant, Berlin, Felix Kindermann, Brussels, Belgium
p. 34: July: Aareon; August: Kristina Schäfer Fotografie, Mainz
p. 35: November: Christian Klant, Berlin

Aareon customers

More than 2,800 customers have opted for consulting, software and services from Aareon.

Germany (selection)

- Aachener Siedlungs- und Wohnungsgesellschaft mbH, Cologne
- ABG Frankfurt Holding GmbH, Frankfurt am Main
- Altonaer Spar- und Bauverein eG, Hamburg
- Baugesellschaft dhu eG, Hamburg
- Baugesellschaft München-Land GmbH, Haar
- degewo AG, Berlin
- DERAG Deutsche Realbesitz AG & Co. KG, Munich
- eG Wohnen 1902, Cottbus
- Eisenhüttenstädter Wohnungsbaugenossenschaft eG, Eisenhüttenstadt
- FLÜWO Bauen Wohnen eG, Stuttgart
- FONCIA DEUTSCHLAND GmbH & Co. KG, Frankfurt am Main
- FORTUNA Wohnungsunternehmen e.G., Berlin
- GAG Immobilien AG, Cologne
- Grundstücks- und Gebäudewirtschafts-Gesellschaft mbH (GGG), Chemnitz
- GSW Gemeinnütziges Siedlungswerk GmbH, Frankfurt am Main
- GSW Gesellschaft für Siedlungs- und Wohnungsbau Baden-Württemberg mbH, Sigmaringen
- JOSEPH-STIFTUNG Kirchliches Wohnungsunternehmen, Bamberg
- NEULAND Wohnungsgesellschaft mbH, Wolfsburg
- Rheinwohnungsbau GmbH, Düsseldorf
- Sächsische Wohnungsgenossenschaft Chemnitz eG, Chemnitz
- SAGA Siedlungsaktiengesellschaft, Hamburg
- Sedlmayr Grund und Immobilien KGaA, Munich
- Stendaler Wohnungsbaugesellschaft mbH, Stendal
- TREUREAL GmbH, Leipzig
- WBM Wohnungsbaugesellschaft Mitte mbH, Berlin
- WGS Wohnungsgesellschaft Sömmerda mbH, Sömmerda
- WIELANT HOFFMANN GmbH, Hamburg
- WIRO Wohnen in Rostock Wohnungsgesellschaft mbH, Rostock
- Wohnungsbaugenossenschaft Gablonzer Siedlungswerk, Kaufbeuren
- Wohnungsgenossenschaft "Glückauf" Süd Dresden e.G., Dresden
- Wohnungsgenossenschaft WARNOW Rostock-Warnemünde e.G., Rostock

International (selection)

France

- Adoma, Paris
- Batigère, Metz
- Cus Habitat, Strasbourg
- Dyar Al Madina, Casablanca/Morocco
- Erilia, Marseilles
- Foyer Rémois, Reims
- Groupe Hainaut Immobilier, Valenciennes
- Groupe Opievoy, Versailles
- Groupe Valophis, Créteil
- Logement Français, Paris
- Mairie de Paris, Paris
- Monoprix, Clichy
- Neolia, Monbéliard
- Pas de Calais Habitat, Lille

United Kingdom

- Almond HA, Livingston, Scotland
- Andium Homes, St Helier, Jersey
- Bromsgrove DHT, Bromsgrove
- Halton Housing Trust, Runcorn
- Hillcrest HA, Dundee
- Knowes HA, Failfey, Scotland
- Link Group, Edinburgh
- Luminous Group, Huntingdon
- NPT Homes, Neath, Port Talbot, Wales
- Peabody Group, London
- Richmond Housing Partnership, London
- Together Housing Group, Halifax

The Netherlands

- de Alliantie, Hilversum
- de Woonplaats, Enschede
- GroenWest, Woerden
- Parteon, Wormerveer
- Stadlander, Bergen op Zoom
- Trudo, Eindhoven
- WoonFriesland, Grou
- Woonmensen, Apeldoorn
- Woonstede, Ede
- Woningstichting Den Helder, Den Helder

Norway

- Forsvarets forskningsinstitutt, Oslo
- Forvaltningspartner, Kristiansand
- Forsvarsbygg, Oslo
- Kongsberg kommunale eindom KF, Kongsberg
- Maya Eindom, Oslo
- NorgesGruppen, Oslo
- Olav Thon Gruppen, Oslo
- Oslo kommune, Oslo
- Universitetet i Oslo, Oslo

Sweden

- AB Gavlegårdarna, Gävle
- Akelius Lägenheter AB, Stockholm
- Bostads AB Mimer, Västerås
- Göteborgs Stad, Gothenburg
- Malmö Stad, Malmö
- Riksbbyggen, Stockholm
- SBC, Stockholm
- Stockholms Stad, Stockholm
- Uppsalahem AB, Uppsala
- Willhem AB, Gothenburg



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