



Aareon
WE MANAGE IT FOR YOU

Annual Report 2011

FOCUS ON THE FUTURE



Facts and figures

FACTS AND FIGURES	
Business	Aareon AG is Europe's leading consultancy and systems house to the property sector. Aareon's systems are employed by more than 50,000 users in Germany and abroad to manage over 9.5 million rental units.
ERP systems	Wodis Sigma, SAP®-based solutions such as Blue Eagle, GES, solutions of the international subsidiaries
Consulting	ERP, SAP®, process consulting and Integrated Services consulting
Integrated Services	Aareon invoicing service, Aareon DMS document management system, integrated banking, Mareon service portal, BauSecura insurance services etc.
Modes of operation	ASP (Application Service Providing), hosting, inhouse, Software as a Service (SaaS) from the exclusive Aareon Cloud
Customer structure	Private-sector housing companies, cooperative housing societies, municipal and church-owned housing societies, property management companies and home owners' associations, insurance companies, property investment funds, companies managing large owner-occupied property portfolios (Corporate Real Estate), commercial property operators, financial investors
Number of customers	More than 2,500
Group affiliation	Wholly owned by the Aareal Bank Group, Wiesbaden. Aareon AG is part of the Consulting/Services business segment of Aareal Bank AG.
International presence	France, the Netherlands, United Kingdom
History	<ul style="list-style-type: none"> • 1957: Start of development from the computer centre of Deutsche Bau- und Bodenbank AG to an IT services group • 1996: Spin-off of IT services into a newly-established, independent subsidiary, BauBoden Systemhaus GmbH • 1999: Incorporation of a Group, establishing a holding structure; followed by a company name change to DePfa IT Services AG. International business expansion • 2001: Market launch of the Mareon service portal • 2002: Development and sales cooperation with SAP AG, change of company name to Aareon AG • 2004: Market launch of the Blue Eagle ERP solution based on SAP® • 2006: Conclusion of a strategic partnership with energy services provider Techem, introduction of an ERP multi-product strategy • 2007: 50th company anniversary • 2008: Market launch of the Aareon DMS document management system, enhancement of the market position in France by acquiring Sylogis.com • 2009: Start of marketing Wodis Sigma, merger of Sylogis.com and Aareon France to form the 'new' Aareon France, move into the new Aareon head office in Mainz • 2010: 20th Aareon Congress, acquisition of all shares in Dutch company SG automatisering bv • 2011: Market launch of Wodis Sigma 3.0 from the exclusive Aareon Cloud, new Aareon IT Service Centre becomes operational

Overview of the Aareon Group



Updated: January 2012

GERMANY

- **Aareon AG**, Mainz
- **Aareon Deutschland GmbH**, Mainz (100%)
Other offices: Berlin, Dortmund, Erfurt, Hamburg, Leipzig, Munich, Stuttgart
- **Aareon Immobilien Projekt Gesellschaft mbH (AIPG)**, Oberhausen (51%)
Offices: Essen, Hückelhoven
- **Aareon Software Handelsgesellschaft mbH**, Mainz (100%)
- **Aareon Wodis GmbH**, Dortmund (100%)
- **BauSecura Versicherungsmakler GmbH**, Hamburg (51%)

INTERNATIONAL

- **Aareon France SAS**, Meudon-la-Forêt/France (100%)
Other offices: Nantes, Orléans, Toulouse
- **Aareon UK Ltd.**, Coventry/United Kingdom (100%)
Other office: Swansea
- **SG|automatisering bv**, Emmen/the Netherlands (100%)
Other offices: Enschede, Leusden, Son en Breugel

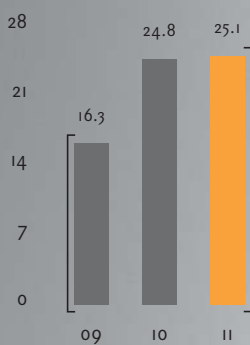
Indicators

Indicators IFRS (€ m)	2011	2010	CHANGE
Revenues	159.5	150.2	6.2%
of which international	43.7	27.2	60.7%
Operating expenses	141.8	131.5	7.8%
Profits from ordinary activities	25.6	25.1	1.6%
Consolidated net income	16.6	16.9	-1.8%
Consolidated net income after minority interest	15.2	15.6	-2.6%
EBIT	25.1	24.8	1.2%
Total assets	155.8	151.1	3.1%
Shareholder's equity	81.4	75.4	8.0%
Cashflow	25.2	25.3	-0.4%
Number of staff* (average)	1,126	994	13.3%
of which international	378	240	57.5%
Key ratios in %			
Return on Equity	32.6	37.3	
Cost / income Ratio	85.0	84.1	

* including Management Board/managing directors, vocational trainees, temporary staff, parental leave

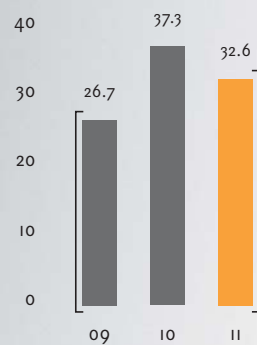
EBIT

(in € million)



Return on Equity

(in %)



Corporate mission

“Aareon AG focuses its activities on the property industry and related sectors. We set the standards for managing complex business processes in the property industry – today and in the future. Aareon provides first-class and forward-looking solutions comprising consultancy, software and services to its customers and manages their outsourced business processes. We want to create tangible **added value** for our customers and shareholders and be the preferred employer to our staff. In so doing, we will enhance our market position as a leading consultancy and systems house in the European property industry.”

Contents

Focus on the future

Aareon is focused squarely on the future and aligns its products and services accordingly. Ever more complex IT infrastructures need to be managed by property companies too. Cloud Computing is becoming increasingly important in this context. Elaborate processes require integrated and flexible solutions. Aareon uses international knowledge management to support targeted enhancements of these solutions.



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The company

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The Management Board



Dr. Manfred Alflen
(Chairman of the Management Board) Shared Services, International Product Management, International Business, Corporate Strategy

Eberhard Villmow
Wodis Sigma, SAP® solutions and Blue Eagle, Integrated Services and Consulting Integrated Services Product Lines, IT Service Centre, Service Management, Aareon Immobilien Projekt Gesellschaft mbH and Aareon Software Handelsgesellschaft mbH

Dr. André Rasquin
Regional and centralised sales

Jürgen Pfeiffer
GES and WohnData Product Lines, Software Services, BauSecura Versicherungsmakler GmbH shareholdings, associations and advisory boards

— Aareon IT Service Centre Mainz

Letter from the Management Board

Ladies and Gentlemen,

Aareon's overall business performance in the 2011 financial year was solid. We were able to increase consolidated revenues by 6.2% to € 159.5 million. More than one quarter of revenues is now being generated by our international subsidiaries. After the significant gains made in the 2010 financial year, our EBIT in 2011 was € 25.1 million, representing a slight increase of 1.2%.

The ERP system Wodis Sigma, which Aareon launched on the German market in 2009, continued its success story during the financial year just ended. By the end of 2011, no less than 377 property companies had signed up for Wodis Sigma, with 305 businesses already working with a live system. Aareon achieved a further milestone at the Wodis Sigma Forum in November, when we presented Release 3.0 as a service from the exclusive Aareon Cloud. In so doing, Aareon was quick to implement one of the most important IT trends, cloud computing, for its customers. The benefits for our customers are numerous, ranging from efficient IT investments to lower administration costs. Customers also simultaneously enjoy the very highest levels of data security, as provided by our Mainz-based Aareon IT Service Centre.

In terms of our SAP® solutions and Blue Eagle product line, the market for SAP® projects remained subdued, however, as had been expected. Demand focused on Aareon's SAP® consulting solutions. In November, we delivered Blue Eagle Release 6.2 on schedule.

A further milestone in Integrated Services was the ten-year anniversary of Mareon, which was accompanied by a number of activities. In 2001, Mareon was launched as one of the first online service portals for the property industry. Another innovation came in 2011, when we launched Mareon's first iPhone app, which lets registered tradesmen view and process their orders while on the move. This accelerates order processing by enabling it to be carried out on location.

Successes were also recorded by our subsidiaries in France, the United Kingdom and the Netherlands. The Prem'Habitat 2.0 and PortalImmo Habitat 2.0 ERP product generations launched by Aareon France in 2010 received positive market feedback. In June, our French subsidiary signed a partnership agreement with SAP. In September, the leading French supermarket chain Monoprix S.A. (Clichy) decided to implement SAP® Real Estate Management with Aareon. Aareon UK also contributed its own sales success stories, for example, by signing a contract for the ERP solution QL with London-based Peabody, one of the capital's oldest housing associations and also one of its largest, with 19,000 rental units. Following Aareon's entry into the key Dutch property market with the acquisition of SG|automatisering bv in 2010, the company's integration into the Aareon Group has now been completed successfully. Customers in the Netherlands have also reacted positively to the takeover. Many clients have already opted for the next-generation product SG|tobias^{AX}, which was introduced in 2010.

Following our move into the first section of our new head office in Mainz in 2009, the second section of the building was completed on schedule in 2011. Mainz is also the site of the new Aareon IT Service Centre, which became operational in August and offers the highest levels of data protection and security. For our IT Service Centre, we made a point of further improving the building's energy efficiency. By using the latest technology, for example, we have managed to reduce the number of servers by one-third. Since November, all of our Mainz staff have been working under one roof again at the Mainz head office, joined by colleagues from our fellow subsidiary Aareal First Financial Solutions AG.

IT trend: Cloud computing

International sales successes



To the film on the Aareon IT Service Centre

In 2011, we also continued to pursue our family-friendly personnel policy, which supports efforts to balance family and career. Following Aareon's first certification in 2008 for our family-conscious approach, we were recertified in 2011 by berufundfamilie gGmbH as a result of our successful implementation of the policy.

We pursue the goal of continuously improving Aareon along with its product and service portfolio. This is possible only if we engage in an open and constructive dialogue with the various stakeholder groups. And so we would like to thank our customers, employees and the Supervisory Body for their constructive cooperation.

In the coming financial year, we assume that the key IT trend of cloud computing will continue to make its presence felt in the property industry software market. In this context, there will be an increased focus on the topic of data protection/security. With our ultra-modern IT Service Centre and Wodis Sigma now a service from the exclusive Aareon Cloud, Aareon is well-placed to benefit from this development. The presentation of the new Wodis Sigma release is scheduled for November 2012. We will continue to enhance our consulting and support capacities in relation to Wodis Sigma.

We will increasingly utilise the advantages resulting from our international operations. Through international collaboration, we will continue to leverage synergies in product development and marketing for the benefit of our customers.

International knowledge transfer

Yours sincerely,

Dr. Manfred Alflen

Jürgen Pfeiffer

Dr. André Rasquin

Eberhard Villmow

Aareon – consulting, software, services



Left: The Aareon Congress takes place under the heading of “Status. Trends. Visions.”
Right: Expert discussion at the Aareon Congress.

Aareon AG is Europe’s leading consultancy and systems house to the property sector. Our business activities focus on optimising the IT-supported business processes of property companies including their market environment. The company’s portfolio comprises consulting, software and services. Aareon has 50 years of market experience, specific sector expertise, IT competence and enjoys an excellent relationship with customers, associations and partners. More than 50,000 users throughout Europe use Aareon systems to manage over 9.5 million rental units. In addition to its core market of Germany, the Aareon Group has subsidiaries in France, the UK and the Netherlands.

Leading consultancy and systems house to the property sector

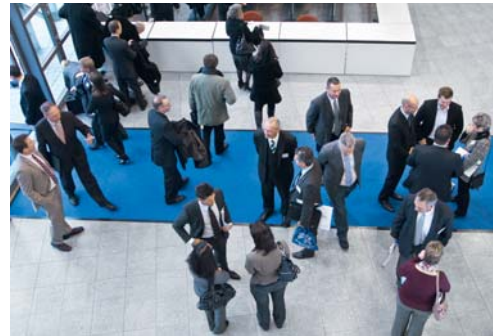
Aareon product portfolio

The country-specific ERP products form the core of the Aareon Group product portfolio. These products offer property companies many advantages, including more efficient process design, a wide range of evaluation options for supporting management decision-making and rapid, comprehensive access to data for improving services provided to tenants. Above all, companies are given the means by which they can further reduce their costs and improve tenant loyalty. As we continue to enhance our systems, we incorporate current trends as well as industry and customer requirements. First, Aareon focuses on dialogue with customers – by organising regular meetings of the customer advisory boards, for example. Second, Aareon exploits its position as an international Group to engage in the global in-house transfer of information and knowledge to refine its products and services in line with customer needs. In addition, combining ERP systems with Aareon’s Integrated Services delivers a significant added benefit. Once networked with their business partners, customers can also receive support as they proceed to optimise their workflows. Here, Aareon’s pioneering role as an IT service provider is underscored by the Mareon service portal, which celebrated its tenth anniversary in 2011.

Consulting, software and services from a single source



To the film on the Aareon Congress 2011



Left: Customer advisory board members talking at the Aareon Congress. Left to right: Jürgen Pfeiffer, Aareon Management Board member / Lutz Basse, CEO, SAGA GWG, Hamburg / Uwe Eichner, CEO, GAG Immobilien AG, Köln / Dr. Wolfgang Pfeuffer, Spokesman of the Management of JOSEPH-

STIFTUNG Kirchliches Wohnungsunternehmen, Bamberg / Ralf Zimlich, CEO, WIRO Wohnen in Rostock Wohnungsgesellschaft mbH / Michael Pfalzgraf, Aareon
Right: Talking at the Wodis Sigma Forum.

2001

Aareon starts development of its tradesmen collaboration platform on 1 May. The first release is available in November.

2003

Mareon introduces the Heating Oil Management module. MSE Software AG develops the first direct link to a tradesmen software solution for its TAIFUN® application.

Job counter

1.000.000

2005

1 million jobs processed via Mareon. Launch of the digital signature and the electronic business file (Mareon Documents).



2002

Wankendorfer Baugenossenschaft für Schleswig-Holstein eG is the first user to go live on 1 February. Aareon expands its service portal by adding the Tender module.

2004

The scope of applications continues to grow with the addition of portfolio management and the insurance link for BauSecura customers.



2006

Mobile purchase order entry outside the ERP system becomes possible.

Aareon customer dialogue

Aareon's portfolio of products and services is tailored to match the needs of our customers. Accordingly, constructive customer dialogue and customer proximity play a key role. Aareon caters to both aspects via an extensive sales and consulting network, complemented by numerous events held in Germany and abroad. Indeed, the Aareon Congress in Garmisch-Partenkirchen has developed over two decades into "the" event in the property industry calendar, attracting some 1,000 attendees. In 2011, the Congress with its topic "Status. Trends. Visions" featured high-profile experts from business and politics. The annual Wodis Sigma Forum in Bochum is also attracting growing numbers of delegates every year. These two flagship events are supplemented by a large number of national and regional meetings, including customer advisory board events, working groups, open days, the PC Club and product workshops. Aareon also exhibits at key industry trade shows. Thanks to this continuous customer dialogue, some partnerships have now flourished for years if not decades.

The principle of customer proximity is also observed on an international scale. As one example, Aareon France hosts an annual customer conference that is one of the most important events for the French property sector. The 2011 conference was held in Bois de Boulogne, Paris. The international subsidiaries also exhibit at many trade shows with relevance for the industry, such as the trend-setting Housing Technology Conference in Nottingham (UK), for example.

Staying close to the customer

2007
The first Wodis users implement Mareon.



2009
98 out of 100 users are either "satisfied" or "very satisfied" with Mareon. Relaunch of the Mareon website. The introduction of bautecPlus enables customers to directly commission the heating service provider Techem.

2011
The number of processed jobs cracks the ten million mark. The service portal is used by 250 companies and more than 8,500 tradesmen.

10 years of the Mareon service portal

2008
The first scanning solution for the billing service goes live.



2010
Mareon becomes available for ERP systems outside the Aareon world.



SECURE COMPUTING



“IT departments must meet ever more complex requirements, and technological developments are driven by constant innovation. With the new Aareon IT Service Centre, we guarantee a high level of data security and performance. This enables our customers to simplify their IT architecture.”

WOLFGANG SCHEK | DIRECTOR OF THE
IT SERVICE CENTRE, AAREON

Group management report

Aareon's head office in Mainz



Business and general conditions

Business activities and corporate structure

Aareon AG – a European consultancy and systems house to the property sector – offers consulting, software and services. The company has a presence in key European housing markets: besides Germany, Aareon is represented in France with Aareon France SAS, in the United Kingdom with Aareon UK Ltd. and in the Netherlands with SG|automatisering bv. Ten of its 20 locations are outside Germany.

Aareon AG is part of the Aareal Bank Group, Wiesbaden, one of the leading international companies in the property sector. It is a wholly-owned subsidiary of Aareal IT Beteiligungen GmbH, Wiesbaden, which in turn is wholly owned by Aareal Bank AG, Wiesbaden. Within the Aareal Bank Group, Aareon AG is part of the Consulting/Services operating segment.

The country-specific ERP products form the core of the Aareon Group product portfolio. These enable property companies to design efficient processes and offer a range of evaluation options to support management decision-making. With its ERP multiproduct strategy in Germany, Aareon addresses the different needs of the property market. The company offers the ERP products Wodis Sigma, SAP®-based solutions such as Blue Eagle and the GES system (see p. 22). Aareon's international subsidiaries offer ERP systems that are tailored to the conditions prevailing in each market. These are Prem'Habitat and PortalImmo Habitat in France, QL in the United Kingdom and SG|tobias in the Netherlands, plus the new product generation SG|tobias^{AX}. When used in conjunction with industry-specific consulting services (ERP, SAP®, process and IT consulting), these systems offer outstanding benefits. Integrated Services and industry-specific add-on solutions round off the product portfolio, facilitating among other things process-efficient cooperation between property companies and their business partners. These include Internet-based solutions, service portals and document management systems. In Germany, Aareon also offers computer centre services at its certified IT Service Centre in Mainz, including software as a service from the Aareon Cloud¹. The Aareon Cloud is an exclusive cloud that is available only to customers of the Aareon Group.

¹ Cloud computing: IT services can be purchased as a platform-independent service over a network, e.g. the Internet.

ERP systems, consulting and services

According to the Lünendonk List – a well-established annual market survey – Aareon has been ranked among Germany's leading IT service companies for many years². Other players in the market are providers of proprietary industry products and SAP® partners. Aareon's unique selling proposition is its ERP multiproduct strategy combined with its Integrated Services.

Economic environment

The Annual Report 2011/2012 of the German Council of Economic Experts predicted GDP growth of 1.9% in the European Union for 2011 (previous year: 1.9%)³. The forecast for Germany was 3.0% (previous year: 3.7%), for France 1.8% (previous year: 1.5%), for the United Kingdom 0.9% (previous year: 1.8%) and for the Netherlands 1.7% (previous year: 1.7%). Against the backdrop of the necessary consolidation of the national budgets in many countries and the sovereign debt crisis in the European Monetary Union, the German economy in particular has proven robust, especially on the back of the domestic economy. An economic slowdown in the European Union is predicted for 2012 (1.1% growth), the uncertainty generated by the sovereign debt crisis being a major contributory factor.

The employment situation in the European Union varied from country to country. On average, a slight drop in unemployment of 0.2 percentage points to 9.5% had been predicted for 2011. In Germany the positive employment trend continued, with unemployment standing at the forecast 6.2% (previous year: 7.1%). At 9.8% in France, the jobless rate hovered around the prior-year level, as projected. Unemployment in the United Kingdom rose slightly to 8.1% (previous year: 7.8%) but recorded a marginal improvement in the Netherlands to 4.3% (previous year: 4.5%).

The institutional housing industry in Germany remained stable. This was principally due to a more or less constant stream of rental income and long-term financing structures.

While regions with high levels of unemployment and low productivity saw vacancy rates rise, many economic centres in Germany witnessed increased demand for flats.

Due to the robust development of the German economy and the stability of the housing market, demand for German residential property portfolios remained steady in densely populated regions in particular. Both German and foreign institutional buyers were among the investors. The focus of investment was on smaller residential property portfolios in economic growth centres where demand for housing is high. Larger packages of units were also bought and sold once again, however.

The residential property markets in Europe demonstrated highly disparate patterns of development in 2010⁴. In France, prices for residential properties soared. Particularly in large urban areas such as Paris, demand for residential properties exceeded supply. By contrast, residential property prices receded slightly on the Dutch market, where the number of transactions decreased considerably.

² See Lünendonk List 2011, Lünendonk GmbH, Kaufbeuren 2011, as of 26.05.2011

³ See Annual Report 2011/2012 "Assuming Responsibility for Europe", German Council of Economic Experts' analysis of macroeconomic developments, November 2011

⁴ See European Housing Report 2011, RICS Research, January 2011

 IT becomes increasingly complex

Key issues in the property sector still include long-term portfolio maintenance and development, optimisation of business processes, as well as acquisition of tenants and their loyalty. Deploying user-friendly software tailored to the needs of the property sector can be a decisive benefit in this context. Companies do not necessarily need to have a broad spectrum of proprietary hardware, however. With cloud computing, one of the principal trends in IT, companies can procure IT solutions through a network of IT service providers. This enables efficient investments in IT to be made and administrative expenses to be minimised.

Corporate strategy

 Aareon pursues growth strategy

Aareon AG is pursuing a growth strategy with which it hopes to further expand its market position in Germany as well as internationally. The “growIT” growth programme was launched for this purpose. The main objectives of this programme are to identify new areas of growth and to continue to enhance the Group-wide international organisational structure so as to derive even better leverage from knowledge transfer and the resulting synergy effects. Further growth potential is provided, for example, by the Wodis Sigma ERP product generation that is based on the state-of-the-art technology platform Microsoft®.NET™ and was successfully rolled out in 2009. This solution is being continuously refined and has also been available as a service from the Aareon Cloud since December 2011 with Release 3.0 (see p. 23). Aareon has thus already implemented one of the most important trends in IT. Demand is also growing for the integrated services provided by Aareon AG (see p. 24). Since 2010, Aareon has offered invoicing as an additional service in this segment. The International Business now enjoys a higher weighting in the Aareon Group, due in part to the acquisition of the Dutch subsidiary SG|automatisering bv in 2010. The subsidiaries Aareon France SAS and Aareon UK Ltd. also won important tenders in the course of the year (see p. 26). We have further systemised and intensified the continuous exchange of experience internationally. This will enable us to benefit from synergies within the Aareon Group in the future, for example in the areas of business models, technologies and collaboration with cooperation partners (see p. 26).

The Aareon brand is an important factor in the relationships with the different groups of stakeholders. It is being continuously strengthened through specific internal and external communication measures. The corporate culture – including a family-conscious personnel policy – as part of the brand is also pivotal in this context.

Aareon’s strategy rests on four cornerstones:

- **A clear focus on markets and customers:** Ensuring customer benefit and customer satisfaction are Aareon’s top priority. The company’s goal is to be a reliable partner for its customers, helping them to achieve their corporate goals. Aareon measures customer satisfaction by means of an annual, anonymous survey, which helps it to improve its performance in a structured way. The customer satisfaction figures recorded by the 2011 survey remained at the previous years’ high level.

 High customer satisfaction



New Aareon IT Service Centre in Mainz

- **Customer-focused solutions:** Dialogue with customers plays a key role in ensuring that Aareon's solutions offer added value. We therefore examine customer needs in committees such as our customer advisory boards as well as in regular dialogue with our customers. The company monitors the trends that influence the property and IT sectors and integrates them into the ongoing development of its portfolio of products and services. In so doing, Aareon focuses on quality and innovation and assists property companies in their efforts to master their challenges.

Partnerships and collaborations help Aareon to combine its various core competencies for the benefit of the customer. Aareon's strategic partners are:

- EASY SOFTWARE AG, Mülheim (product partnership in the development of an integrated document management system)
- ista Deutschland GmbH, Essen (collaboration on the development of an integrated settlement accounting system for service and maintenance charges)
- Microsoft Deutschland GmbH, Unterschleißheim (Aareon is a Microsoft Gold Certified Partner)
- SAP AG, Walldorf (sales partnership)
- talonec business solutions GmbH, Krailling near Munich (fund management sales partner)
- Techem AG, Eschborn (collaboration on the development of an integrated settlement accounting system for service and maintenance charges, strategic premium partnership)

Further partnerships exist in the areas of systems and hardware, among others.

- **Motivated and achievement-oriented employees.** A company's workforce plays a key role in its success. Aareon sets great store by the hard work and enthusiasm of its workforce, its professionalism and motivation and, especially, its commitment to customer service. In view of this, it is of strategic importance to Aareon to have a corporate culture that encourages these qualities and, together with a performance-based remuneration system, positively influences employee motivation and satisfaction. The capacity for open dialogue, fairness and the balancing of work and family are critical aspects of Aareon's corporate culture. Aareon employees combine in-depth expertise in the property market with excellent IT skills and constantly enhance their training.
- **Customer-focused internal processes:** Aareon's products and services are customer-focused, as are its internal processes. They comply with quality management standards and are subject to continual improvement. As a project-oriented company, Aareon's work is based on setting goals and achieving results, as well as on ensuring transparency in carrying out its tasks.

Bundling core competencies through strategic partnerships

Employees are the key to success

Continual process improvements

Changes in the corporate structure

Aareon AG regularly puts its own corporate processes to the test. It launched the “moveIT” programme in financial year 2010 in order to realise improvement potentials by boosting the efficiency of its processes. Several internal processes were already reviewed and streamlined in 2011. The programme will be continued in the next financial year.

New head office in Mainz

The second stage of construction of the new head office in Mainz was completed on schedule in 2011. The new Aareon IT Service Centre started operations here in August following a two-year planning and construction phase. In building the new IT Service Centre, Aareon also makes another contribution to protecting the environment (see p. 19). Data privacy and data security continue to be ensured at a high level (see p. 22).

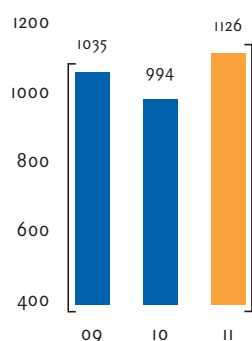
New Aareon IT Service Centre becomes operational

Our staff

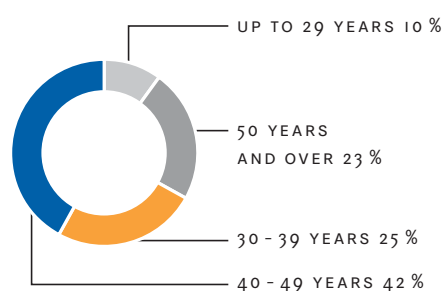
Aareon AG's average headcount (including managing directors, trainees, temporary staff and staff on parental leave working part-time) was 1,126 in the reporting period (previous year: 994). This increase is attributable to the acquisition of the Dutch subsidiary SG|automatisering bv in 2010, which was reflected in the annual average headcount for the first time in 2011.

At the reporting date 31 December 2011, ERP Products had the largest share of employees (39.5%; previous year: 41.8%), followed by the International Business segment (33.1%; previous year: 34.0%).

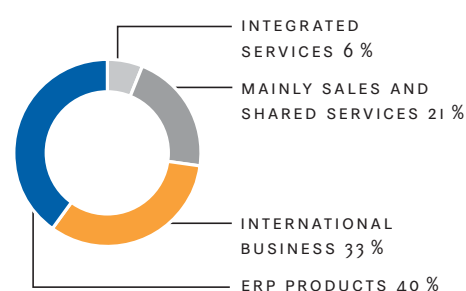
Number of employees (average)



Employees by age structure



Employees by product group



Satisfied employees are an important element in a company's success, which is why Aareon conducts a Group-wide, anonymous employee survey each year. This serves as a tool for measuring the mood among employees and provides insights into how concrete improvement measures can be implemented. Employee satisfaction in the Aareon Group remained high in 2011.



Left: The Aareon trainees during the trainees' 2011 day out.
Right: The employees' children have plenty of fun during the Aareon holiday programme.

Balancing work and the family as well as work and eldercare are key cornerstones of Aareon's human resources strategy. For one improving this balance leads to greater employee satisfaction, motivation and loyalty to the company. For another this aspect is becoming ever more central to Aareon's ability to recruit staff. A German non-profit organisation, berufundfamilie gemeinnützige GmbH has once again certified Aareon as a family-conscious company in 2011. The first certification dates back to 2008. Aareon's personnel policy services include flexible working hours in the form of part-time work and teleworking. At the close of 2011, Aareon had 127 (16.8%) part-time positions (previous year: 124, 16.2%) and 76 (10.1%) teleworking positions (previous year: 92, 12.3%) in Germany. Aareon also works with a family service company, has set up parent-child offices at various sites and offers child-care slots at its location in Mainz in cooperation with another company. Project activities in 2011 again focused on the topic of eldercare.

Aareon re-certified as a family-conscious company

Aareon values qualified staff. Developing perspectives and further employee training are integral to employees' annual performance appraisal by a supervisor. Aside from offering individual training and seminars, Aareon in 2011 focused in particular on enhancing trainers' qualifications and offering training related to the Wodis Sigma product line. Aareon continued the "Certified Housing Manager (HfWU)" series of training courses at the Nürtingen-Geislingen University for Economics and the Environment. Since its introduction in 2009, a total of 25 employees of the Aareon Group have already acquired this additional qualification.

Aareon provides school leavers with a choice of vocational training options such as office manager, IT applications development specialist/systems integration specialist as well as a property management degree course leading to a Bachelor of Arts. The company's trainees benefit from training courses and from taking on responsibility for handling project-oriented tasks at an early stage. At the close of 2011, Aareon had 23 trainees and one student from a university of cooperative education.

Trainees take on responsibility at an early stage

University graduates can either start right away in their new jobs or take part in junior consultant training. Aareon's university marketing activities also include internships and degree dissertations. The company cooperates closely with the following universities and universities of applied sciences in Germany: Johannes Gutenberg University of Mainz, University of Applied Sciences Mainz, University of Applied Sciences Dortmund, Nürtingen-Geislingen University, Baden-Wuerttemberg Cooperative State University (DHBW) Mannheim, University of Cooperative Education Leipzig, EBZ - European Training Centre of the Housing and Property Sector Bochum.

Left: The winners and the jury members of the DW Innovation Award for the Property Sector at the Aareon Congress.
Right: Dr. Manfred Alflen (left), Aareon, hands over a cheque to Georg Potschka from DESWOS – the German Development Aid Agency for Social Residential and Settlement Projects – in Cologne.



Social responsibility

Aareon AG takes both its business and its social responsibilities seriously. The organisations and initiatives that Aareon supports are clustered in three areas: competitions in the property sector, promoting young talent and social commitment. Making environmentally sustainable decisions is very important to Aareon.

As a property sector specialist, Aareon supports the “DW Innovation Award for the Property Sector” and the “Property Manager of the Year” competitions. The DW Innovation Award for the Property Sector was awarded for the eighth time at the Aareon Congress in Garmisch-Partenkirchen in May. Twenty-three entries had been submitted on the topic, “Towards new profitability”, from which four outstanding examples were chosen that serve as models for the property sector.

Promoting young talent in the property sector is also very important to Aareon. The “Lerninsel” (islands of learning) programme – a joint initiative of Aareon and the Association of Housing Companies in Northern Germany – has been fostering trainees in the property industry for years. Intensive summer training programmes serve to groom them as future high achievers in the property industry. Aareon supports the “Institute for Information Technology Related to the Property Market” at Nürtingen-Geislingen University. This institute was conceived as an independent platform for research activities in information technology. Nürtingen-Geislingen University also awards the Aareon IT Sponsorship Award in Information Technology twice a year.

In the social arena, Aareon supports a number of organisations and initiatives especially at its Mainz headquarters – for instance the Christophorus hospice and the Pfarrer-Landvogt-Hilfe organisation for the homeless. For years Aareon has also been making donations to DESWOS – the German Development Aid Agency for Social Residential and Settlement Projects – in Cologne. By registering for the Aareon Congress, participants support this donation because a portion of the fees for the Congress are donated to DESWOS each year. In 2011, a €10,000 donation was made to a construction project of a women’s cooperative in El Salvador.

Aareon supports the “DW Innovation Award for the Property Sector”

Aareon integrates sustainable action into its entrepreneurial activities. Aareon uses geothermal energy to heat the head office building in Mainz. Thirty-seven probes go 140 metres underground to exploit the earth's constant temperature by transferring heat to or from the earth via heat pumps – providing heating in winter and cooling in summer. In August 2011, Aareon put its new IT Service Centre into operation, becoming more energy efficient in the process. By using the latest technology, Aareon managed to reduce the number of servers by one-third, and the systems used are also highly efficient. This includes using the IT Service Centre's waste heat to support the building's heating system and replenish the store of geothermal energy in the summer.

Aareon is committed to promoting environmentally friendly, energy-conscious behaviour among its staff in their everyday work. This is partly achieved through the use of teleconferences and videoconferences as well as webinars to reduce travel expenses. Employees' IT workplaces are equipped in accordance with ecological guidelines. The systems used can generally be recycled, consume very little electricity and are low pollutant.

Even Aareon's product range serves to promote ecological and sustainable activity on the whole. Both ERP Systems and Integrated Services boost process efficiency, among other things by digitising both the data and the interfaces to the service systems. This promotes transparency in the company and lays the groundwork for sustainable decision making. It also helps to reduce the consumption of paper and necessary archiving space considerably.

Aareon also takes social responsibility in the balancing of work and family. In 2011, Aareon was again certified as a family-friendly company (see p. 16).

New IT Service Centre more environmentally friendly



EFFECTIVE CLOUD



“Cloud computing becomes an ever more important service for IT users. With Wodis Sigma Release 3.0, we offer the ERP system’s comprehensive features and functionalities directly from the exclusive Aareon Cloud. Customers use the solution without having to bother about the underlying IT system.

CLAUDIA MENGE | REGIONAL SALES SOUTH,
AAREON

Aareon products and services

Aareon's products and services are combined into the following operating segments, which are also the basis for its reporting:

- ERP Products
- Integrated Services
- International Business
- Other Products

Aareon manages its segments largely based on their contribution to net profit. Revenues and contribution margins are the key performance indicators to determine a product's contribution to net profit. The consulting services (ERP, SAP® consulting and integrated services consulting) are provided as part of each operating segment by specialised consulting teams.

Aareon offers ERP solutions in a variety of operating modes, depending on the product: ASP (Application Service Provider), software as a service from the Aareon Cloud (s. S. 23), hosting and in-house.

Quality and security standards

Aareon guarantees data security, reliability and maximum availability for its IT Service Centre. Key IT processes in the IT Service Centre underwent certification for compliance with the auditing standard PS 951 of the Institut der Wirtschaftsprüfer e.V. (IDW). Aareon's IT Service Centre is certified as a level 3 high-availability computer centre in accordance with the TÜV auditing standard. The entire infrastructure has a redundant design. Access control is provided through a combination of an ID card and biometric identification.

Aareon AG and its German subsidiaries were once again awarded the DQS Data Protection Certificate in 2011. This is based on the findings of a voluntary data protection audit carried out by the DQS-UL Group in accordance with Section 9a of the German Federal Data Protection Act. It confirms that Aareon has designed data protection policies that comply with the law pursuant to the requirements of the German Data Protection Act. In so doing, Aareon focused not just on high quality standards in the IT Service Centre. The auditor was able to verify that Aareon AG implements data protection requirements at its head office as well as several of its branch offices. This certification also serves to manage and continuously develop data protection measures within the Aareon Group. In conjunction with software certified to audit standard IDW PS 880 – for instance for the Mareon service portal as well as Wodis Sigma and Blue Eagle – these certifications can also mean less work for customers during their annual IT audits. Aareon's quality assurance system has also been certified under DIN ISO 9001:2008. The certification was confirmed for another three years in the 2010 financial year.

ERP Products

The ERP Products operating segment comprises the product lines offered by Aareon in Germany: Wodis Sigma, SAP® solutions and Blue Eagle as well as GES and WohnData. The results of the other country-specific ERP products are recognised in the International Business operating segment. The company places great value on ensuring that the ongoing development of its ERP systems considers current trends as well as industry and customer requirements and that the operating concepts are improved on a continuous basis. Integrated support for Census 2011 is one example of this approach.

IT Service Centre and data protection certified



Left: Panel discussing at the Aareon Congress (from left to right): Sascha Lobo, Internet expert, author and strategy consultant / Prof. Dr. Eckard Minx, Chairman of the Board of Management of the Daimler und Benz Foundation / Axel Gedaschko, President of the Federal Association of German Housing Companies and patron of the DW Innovation Award for the Property Sector / Hans-Dietrich Genscher, former Minister of the Exterior of the Federal Republic of Germany
Right: Martin Habib, Aareon's Head of Wodis Sigma Development, at the Wodis Sigma Forum.

Wodis Sigma

The Wodis Sigma product generation that Aareon launched in 2009 continued its positive development in 2011. Wodis Sigma is based on Microsoft® .NET™, one of the world's leading development platforms. A total of 377 customers have opted for Wodis Sigma, 56 of which in 2011, including Freiburger Stadtbau GmbH, the largest housing association in South Baden. The system was already in service at 305 customers at the end of 2011. Wodis Sigma is being continuously advanced and tailored to customers' wishes. At the Wodis Sigma Forum in Bochum, its customer event in November of each year, Aareon presented the new Release 3.0 of Wodis Sigma, among other things. This release makes it easier for Aareon customers, in addition to the licensing model, to subscribe for the software as a service from the Aareon Cloud and to benefit from the advantages of cloud computing customised for the housing industry. Customers can also subscribe for other applications from the Aareon Cloud in parallel to Wodis Sigma Release 3.0. In 2011, 43 customers decided to use the software from the Aareon Cloud, including SWW Oberallgäu Wohnungsbau GmbH, Sonthofen.

SAP® solutions and Blue Eagle

Under this product line Aareon offers the SAP®-based Blue Eagle solution, which was developed using the company's property expertise, as well as consulting and management services surrounding the SAP® Real Estate Management ERP system. Alternatively customers can commission Aareon separately to expand their own SAP® system and tailor it to their company's needs. The market for SAP® projects remained slow in 2011, as expected. Demand focused on Aareon's SAP® consulting solutions. Essen-based Allbau AG was one of the companies that decided to invest in an SAP® consulting project. STADT UND LAND Wohnbautengesellschaft mbH, Berlin, also went live on schedule in 2011 with Blue Eagle Individual. Preparation of the go-live for LEG Landesentwicklungsgesellschaft NRW GmbH, Düsseldorf, with over 90,000 rental apartments at the beginning of 2012, likewise went according to plan. Release 6.2 of Blue Eagle was shipped on time in November. This provides customers with additional functions and new features such as the link to Aareon's invoicing service, the account statement splitter and improvements in the area of evaluations.

The established GES and WohnData systems

The business volume with GES remained stable. In the two GES versions in 2011, a number of major new features were integrated into the system, such as GES customer contact management, GES contract management and the optimisation of the invoicing process by Aareon's invoicing service. The product continues to enjoy a high level of customer acceptance, as evidenced by the large number of contract extensions up to 2017.

Many WohnData customers have already switched to another Aareon ERP product, and further conversions are either underway or in the planning stage.

Integrated Services

Aareon's Integrated Services product group comprises integrated services, integrated payment transaction services and IT outsourcing.

Integrated services

Integrated services continued to develop along a positive trajectory. Demand was focused mainly on the Mareon service portal, the Aareon document management system (DMS), insurance management with BauSecura and the Aareon invoicing service for automating the invoicing process. Aareon's integrated services support day-to-day work processes and link them to intragroup and external business partners via the ERP system – enhancing transparency, accelerating processes and reducing costs. Integrated services consulting is also offered through this product line.

Ten-year anniversary of the
Mareon service portal

Mareon: The Mareon service portal, which links property companies, meter reading services and tradesmen, celebrated its tenth anniversary in 2011. Around 250 property companies and 8,500 tradesmen use Mareon to simplify their processes. In 2011, for example, one of Aareon's largest customers, Mannheim-based TREUREAL GmbH, decided to go with Mareon. The new releases were rolled out as planned in May and November. Aareon also introduced the first iPhone app for Mareon with which registered tradesmen can view and process their orders on their mobile handsets. This accelerates order processing by enabling it to be carried out on location. Thirty-nine interfaces to trade software programmes are operational. In 2011, the number of orders processed using Mareon topped the 10 million mark. Aareon's invoicing service is paving the way for a systematic digital invoicing process. All supplier invoices are transferred to the ERP system in digital format and filed in an auditable manner. Mainova AG, Frankfurt, one of the largest power companies in the Rhine-Main region, has already signed a contract for the implementation of Aareon's invoicing service.

Aareon DMS: Aareon's DMS document management system links all of a property company's correspondence, as well as lists, memos, notes and even e-mails and their attachments, in a dynamic knowledge repository. The system conforms to the legal requirements for archiving and data traceability (compliance regulations). It helps customers achieve lower costs, improved quality and a better service to tenants. A total of 138 customers have opted for Aareon DMS, 37 of which in 2011.

BauSecura: Aareon AG holds a 51 % stake in BauSecura Versicherungsmakler GmbH, Hamburg. The remaining 49% are held by the Funk Group, an international Hamburg-based insurance service provider. BauSecura offers customers an integrated risk and insurance management system, which integrates into Aareon ERP systems and lowers the cost of risk, increases value and improves efficiency. BauSecura's services include consulting on any insurance-related issues, the analysis and assessment of individual risk situations, and the development of insurance concepts.

Aareon NetOffice product portfolio: Aareon's NetOffice products link data from other applications with the ERP system. The product portfolio includes Aareon Business Document Administration, Aareon Datapool and Aareon Reporting. Aareon Business Document Administration enables local text processing and the data from the GES and Blue Eagle ERP systems to be combined for correspondence purposes. Aareon Datapool and Aareon Reporting make the ERP data from Blue Eagle and GES available in a local SQL database. The annual Aareon NetOffice update was shipped as planned in the fourth quarter.

Integrated payment transaction services

The integrated payment transaction services which Aareon offers in partnership with its parent company, Aareal Bank, integrate seamlessly within Aareon ERP systems. Aareon offers the BK01® payment system for the Wodis Sigma, GES and WohnData systems as well as the BKXL® system with integrated digital signature technology for SAP®-based Blue Eagle.

IT outsourcing

Aareon operates a primary computer centre at its Mainz site as well as a back-up computer centre on the premises of its parent company, Aareal Bank AG in Wiesbaden. The new IT Service Centre at the headquarters in Mainz was put into operation in 2011. With its IT outsourcing service, Aareon offers customers powerful IT systems supported by experienced specialists. Aareon IT experts install and maintain hardware and software, create backups, keep systems up-to-date and ensure the availability of applications. This allows cost savings to be made, and customers obtain planning reliability.

International Business

Aareon's international operations are focused on key strategic markets. The Group has subsidiaries in France, the United Kingdom and the Netherlands. The International Business continued to perform well in the period under review, accounting for over a quarter of the Aareon Group's revenues. In its product and business development, the Aareon Group benefits from the continuous exchange of experience internationally, in which synergy areas (business models, technologies, cooperation partners) are systematically identified and leveraged. For instance, since 2011 Aareon France has also been working with SAP, and a back-up server developed by the Dutch subsidiary SG|automatisering bv has been installed in Aareon's IT Service Centre in Mainz.

France: More than two million social housing units in France are managed with the systems of Aareon France SAS, Meudon-la-Forêt. Other market segments include property asset management, private housing companies and corporates. Business continued to develop at a satisfactory level in 2011. The Prem'Habitat 2.0 and PortalImmo Habitat 2.0 ERP product generations were well received by the market. Aareon managed to acquire the prestigious Reims-based French housing association Le Foyer Remois (17,000 rental units) as a customer for PortalImmo Habitat 2.0. Apart from these activities, two major projects for setting up Internet portals with Aareon's customers Batigère (Metz) and Groupe Valophis (Saint-Maur-des-Fossés) were also completed. The Aareon France customer conference was held in the Pavillon Royal in Bois de Boulogne, Paris, in June 2011. With some 200 participants and wide-ranging exhibits from partners, it is now one of France's largest events in the property industry calendar. In June, Aareon France signed a partnership agreement with SAP and since the third quarter has been able to buy SAP® licences in the market segment specified in the agreement. In this context, Aareon France can also draw on the experience of Aareon Deutschland GmbH. The first sales success story was recorded in September when the large French supermarket chain Monoprix S.A., Clichy, decided to implement SAP® Real Estate Management with Aareon. Aareon France has around 250 customers, more than 25,000 users and about 140 employees at four offices in France.

United Kingdom: Aareon UK Ltd. has about 50 employees at its offices in Coventry and Swansea (Wales). The 95 customers in the UK are mainly registered social landlords and local authorities. The company offers the ERP solution QL, for which another eight customers signed up in 2011. These include Peabody, one of London's oldest housing companies – and with 19,000 rental units also one of its largest – as well as NPT Homes Ltd., Neath Port Talbot, with 9,000 rental units. The Somer Housing Group, Bath, from the Southwest of England also opted for the QL Housing system. This new customer has also decided to adopt the integrated "1st Touch Mobile Solution" partner solution. Aareon UK entered a partnership with Sutton Coldfield-based Documotive in the 2011 financial year in order to offer document management solutions for the social housing sector.



Left: Headquarters of the Dutch Aareon subsidiary SG|automatisering bv in Emmen.
Right: Dr. ir. René Wolfsen, Managing Director SG|automatisering bv

The Netherlands: Aareon AG took over SG|automatisering bv, Emmen, effective in the 2010 financial year. SG|automatisering bv in turn owns 51 % of SG|Facilitor B.V., 70 % of SG|stravis B.V., 100 % of SG|Professional Services B.V. and 50 % of SG2ALL B.V. SG|automatisering bv is the second-largest provider of property market software in the Netherlands. Alongside the SG|tobias ERP solution with the next-generation SG|tobias^{AX} product based on Microsoft® Dynamics® AX, the company offers additional products such as SG|treasury and SG|vastgoed. SG|automatisering bv also offers services related to consulting, implementation and training. All computer centre services are offered by SG2ALL B.V. Software that supports facility management and is sold under either a licence or the software-as-a-service (SAAS) model is the main product of SG|Facilitor B.V. The business of SG|stravis B.V. consists of a software package for supporting maintenance planning. SG|Professional Services B.V. offers consulting services mainly in connection with the SG|treasury module. SG|automatisering bv has entered into an important partnership with Microsoft, becoming a Microsoft® Gold Certified Partner. SG|automatisering bv performed strongly in 2011, when the Netherlands' three leading property companies, Stadlander (over 14,000 rental units), Bergen op Zoom, Groenwest (over 13,000 rental units), Woerden, and Viverion (around 6,000 rental units), Lochem, decided to install the ERP system SG|tobias^{AX}. Rolled out in 2010, this new product generation is already well established. De Alliantie, our major Hilversum-based client with around 65,000 rental units, signed a five-year extension to its SG|tobias contract. The province of Noord Brabant decided to introduce the Facilitor 5i facility management system following a call for tenders at European level. Once rollout is complete, around 2,000 employees will use Facilitor 5i in their daily work.

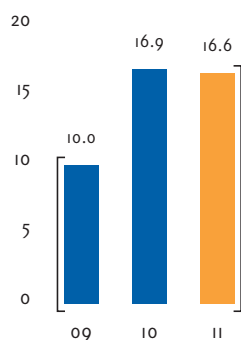
Business developments

Earnings

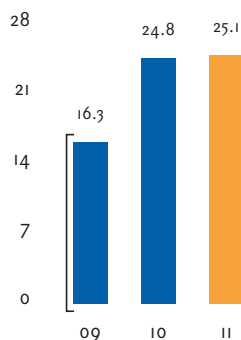
Consolidated EBIT of
€ 25.1 million

After giving EBIT a substantial boost in the 2010 financial year, the Company succeeded in slightly improving on this level in 2011 by 1.2%. EBIT in 2011 stood at €25.1 million. Consolidated net income after taxes amounted to €16.6 million (previous year: €16.9 million). Aareon lifted its consolidated revenues by 6.2% to €159.5 million (previous year: €150.2 million). The cost/income ratio increased to 85.0% (previous year: 84.1%). The return on equity slipped to 32.6% compared with the previous year (37.3%).

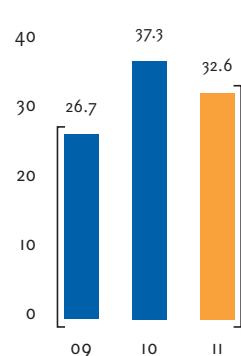
Consolidated net income after taxes in € million



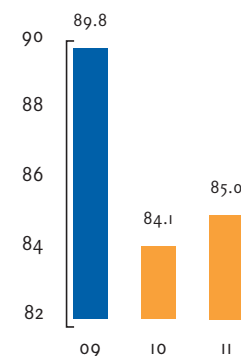
EBIT in € million



Return on Equity in %

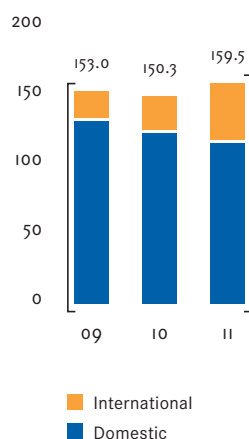


Cost Income Ratio in %

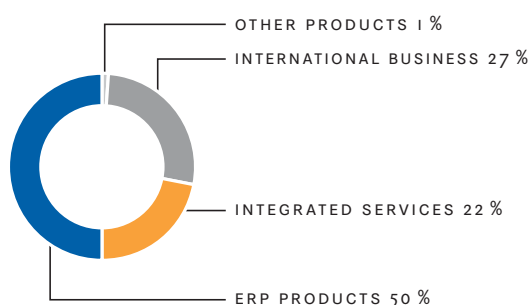


The higher consolidated revenues are attributable to the 60.7% increase in revenues from the International Business to €43.7 million (previous year: €27.2 million). One of the factors contributing to this increase was that the Dutch subsidiary SG|automatisering bv, which Aareon had acquired in the fourth quarter of 2010, had only been proportionately consolidated in the previous year. In addition, the British and French subsidiaries, Aareon UK Ltd. and Aareon France SAS, both augmented their revenues. This means that the Aareon Group now generates 27.4% of its revenues internationally. Revenues in Germany decreased, however. While the revenues of the ERP Products operating segment edged down 1.1% to €79.4 million, the Integrated Services operating segment saw a much more substantial drop in revenues of 15.1% to €35.3 million. This deterioration is principally due to the loss of a major customer in the IT Outsourcing segment.

Revenue in € million

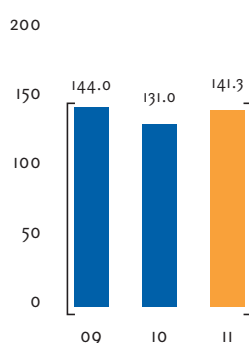


Revenue by product group

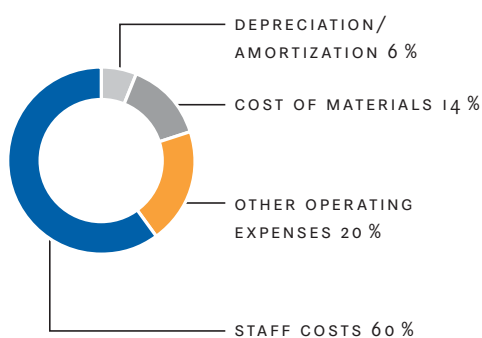


The cost of materials was reduced further (€19.2 million; previous year: €20.6 million), mainly as a result of lower software and hardware costs. Total operating expenses rose by 7.8% to €141.3 million, however. Owing to the acquisition of the Dutch subsidiary SG|automatisering bv in the fourth quarter of 2010, staff costs were much higher than in the previous year, amounting to €84.3 million (previous year: €74.5 million). Other operating expenses were up on the previous year (€28.9 million; previous year: €27.5 million), primarily due to the consolidation of SG|automatisering bv from 1 November 2010.

Expenditure in € million



Expenditure by cost group



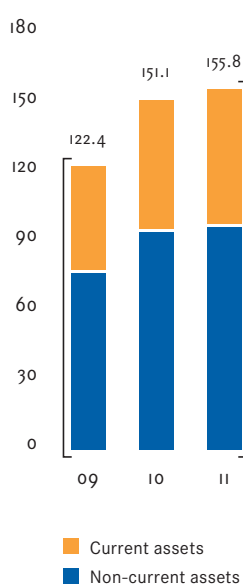
The Aareon Group spent €4.9 million on research and development in the financial year (previous year: €4.6 million), corresponding to 3.5% of total operating expenses. Research and development activities were focused on Wodis Sigma, Release 6.2 for Blue Eagle, Flexiciel in France and SG|vastgoed in the Netherlands.

€ 4.9 million
for research and development

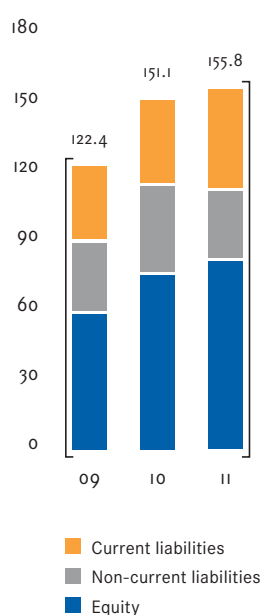
Assets, liabilities and cash flows

Total assets of the Aareon Group stood at €155.8 million, an increase of 3.1% on the previous year (€151.1 million). Non-current assets decreased by 0.4% to €96.2 million. While property, plant and equipment rose year-on-year due to the start of operations at the new Aareon IT Service Centre in August 2011 (€14.9 million; previous year: €12.8 million), intangible assets (€71.6 million; previous year: €72.3 million), financial assets (€4.6 million; previous year: €5.3 million) and non-current tax assets (€5.1 million; previous year: €6.2 million) all decreased. Current assets were 9.4% higher than in the previous year (€59.6 million; previous year: €54.5 million). At €25.2 million, cash and cash equivalents remained almost flat on the previous year (€25.3 million). The cash flow from operating activities was down 14.2% to €20.6 million (previous year: €24.0 million), mainly due to income tax paid, an increase in receivables and other assets, as well as a decrease in liabilities. While the negative cash flow from investing activities declined (€-10.1 million; previous year: €-14.6 million), the cash flow from financing activities changed due to a dividend distribution to the shareholders (€-10.6 million; previous year: €-1.0 million).

Assets in € million
(asset structure)



Equity and liabilities in € million
(capital structure)



Aareon's equity climbed by 8.0% year-on-year to €81.4 million (previous year: €75.4 million) due to the transfer from consolidated net income and taking into account the dividend distribution of €9.4 million for the 2009 financial year. Non-current liabilities fell year-on-year year to €30.3 million (previous year: €38.4 million), due in particular to the decrease in other liabilities. At €44.1 million, current liabilities, on the other hand, are higher than in the previous year (€37.3 million) due to the increase in trade payables and other liabilities.

Events after the reporting period

There were no events or business transactions which occurred after the close of the financial year and which could have an effect on its assets, liabilities, cash flows and profit or loss presented in this report.

Internal control system

Aareon AG's internal control system (ICS) consists of systematic organisational measures and controls for compliance with the company's directives and to avert potential losses caused by the Company's own staff or third parties. Accounting-related internal control systems are designed to ensure that a company's operations are duly executed and efficient. One of the principal aims is to ensure the conformity of internal and external accounting processes and compliance with the relevant legal provisions. Aareon's main core processes include the areas of liquidity, human resources, legal affairs, customers and products.

The Management Board of Aareon AG is responsible for designing, setting up, implementing, refining and reviewing an appropriate system of internal control over financial reporting. At Aareon AG, the processes for financial reporting in the Group are managed by the Corporate Accounting and Holdings department in the Group's Finance and Internal Services unit. Corporate Accounting and Holdings also takes charge of Group reporting. All subsidiaries are included in the consolidated financial statements. Finance and Internal Services performs the financial accounting for Aareon AG including the preparation of the annual financial statements of Aareon Deutschland GmbH, Aareon Wodis GmbH, Aareon Software Handelsgesellschaft mbH and Aareon Immobilien Projekt Gesellschaft mbH. The Funk Group does the financial accounting for BauSecura Versicherungsmakler GmbH. The international subsidiaries each have their own financial accounting department. The data supplied by the subsidiaries is recorded, processed, condensed and consolidated at Group level using a consolidation package.

For the preparation of Aareon's financial statements, a group accounting manual sets out the internal accounting guidance for the accounting process that is in compliance with the legal requirements. This guidance is made available to all Aareon subsidiaries, reviewed on a regular basis and updated as required. When the financial statements are being prepared, plausibility checks are carried out in the accounting systems of subsidiaries primarily involving the analysis of individual items. In addition, a schedule governing the preparation of the annual financial statements provides a framework for the given process once all subsidiaries have completed their separate financial statements and submitted them to the corporate department for preparation of the consolidated financial statements. Appropriate control processes are implemented for automated and manual entries. The principal accounting procedures are double checked. An authorisation concept for the accounting and financial reporting systems is in place to protect against unauthorised access. The Finance and Internal Services department of Aareon AG has a sufficient number of high-quality staff. The employees have the knowledge and experience required for their areas of responsibility. Aareon also uses the services of external providers, for instance in connection with the measurement of pension obligations.

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

Aareon AG has presented its main core processes in the form of a matrix, identified the relevant risks in each case and assigned control objectives and suitable control activities. The performance of the control activities and hence the effectiveness of the controls is documented using different forms of evidence.

Consolidated net income is reported once a quarter to the Supervisory Board and is coordinated at Aareon by the Marketing and Communication department.

Aareon AG's internal auditing department has a process-independent supervisory function. This department reports directly to the Management Board and provides audit and advisory services that are focused on monitoring the compliance, security and profitability of Aareon's business processes.

Aareon's risk management manual also has another function. It includes the main elements of the risk management system. In this context we also refer to our statements in the risk report.

Risk report

Aareon AG monitors and manages its business risks with a groupwide risk management system based on a standard software that includes an early warning function. The risk management system enables those responsible for the relevant product line, investments and projects to record and analyse risks on a regular basis as well as to develop measures aimed at proactive risk management. Risk assessment is carried out separately in terms of a risk's impact and probability of occurring. The resulting risk reports are consolidated by Legal & Risk Management and provide the basis for quarterly risk reporting. Quarterly risk reports are discussed in Management Board meetings and are also included in the quarterly reports to the Supervisory Board of Aareon AG. The risk reporting system sheds light on the company's risk situation, providing management with the tools it needs to make decisions with respect to actions to be taken in view of managing risks. The Legal & Risk Management function documents all of the risk officers' suggested actions regarding the ten most serious risks. In addition the Management Board of Aareon AG resolves measures in regards to risks that exceed a given threshold (in function of their impact and probability of occurring).

When working on its audit areas, Aareon's internal auditing department reviews the company's risk management activities, verifying compliance with statutory requirements and uniform groupwide guidelines that are documented in the risk management manual.

Financial and market risks, management and organisational risks, risks from environmental and ambient conditions as well as production risks are among the risk types to which Aareon is exposed. Liquidity, cost and revenue risks are analysed as part of the financial risks. Market risks include customer risks, competition risks and risks relating to associations' and advisory boards' opinion leadership. The management and organisation category combines risks relating to personnel, communication, the corporate culture and corporate planning and individual processes. The environmental and ambient conditions category includes legal risks as well as political and regulatory risks. Production risks comprise product risks, project risks and risks relating to information security. There are interdependencies between the individual risk types.

Overall, Aareon AG was not exposed to any risks in the reporting year that would have threatened it as a going concern or had a significant impact on its assets, liabilities, cash flows and earnings.

Financial risks

Suitable measures are taken where necessary to control and monitor liquidity in all Aareon companies. To manage existing earnings risks, the strategy projects “growIT”, “brandIT” and “moveIT” are implemented in which measures are developed and then put into practice. An internal project risk management system is used for this. The strategy projects may give rise to follow-on topics which are then implemented in subsequent projects.

Aareon AG deals with the risk that earnings may be lower than planned by monitoring the costs, deadlines and quality of its customer projects as part of project management. Additional actions are taken in cooperation with the product line’s consulting services in order to achieve the project targets if contractual agreements on milestones for critical projects have not yet been fulfilled. The subsidiary Aareon Wodis GmbH recorded a sharp increase in its consulting business. A special task force has been set up to meet the related staffing and resource management requirements.

Aareon AG deals with cost-related risks by implementing cost-conscious strategies supported by tight budget planning.

Market risks

Aareon AG’s multiproduct strategy, which includes Integrated Services, is the Group’s response to the property industry’s increasingly heterogeneous challenges.

Issues relevant to the future are deliberated, assessed and prioritised according to their strategic significance in order to meet market requirements. Aareon has been counteracting the risk of being unable to enforce its list prices in the marketplace by analysing competitors’ pricing. Using a competitor analysis prepared by Group Marketing and Communications, which is supported by the activities of its regional sales departments, Aareon ensures that it knows competitors’ products well enough to use that knowledge for its own marketing activities.

Aareon AG also addresses general market risks, which include potential customer churn, greater demands for the software systems and the market entry of new competitors. At Aareon AG, these risks are monitored by means of a monthly Management Board report on management of the customer base. 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). We integrate the knowledge gained from our active participation in property associations at the national and regional levels as well as from competitor analysis into the identification of customer requirements.

Aareon’s annual, anonymous and standardised customer survey is a key barometer of customer satisfaction with its products and the Aareon brand. It enables Aareon to recognise market requirements early on and take them into account in the development of products and in service management.

Risks relating to management and organisation

Aareon uses integration projects to implement major organisational changes, such as the integration of its Dutch subsidiary SG|automatisering bv, Emmen. The integration and briefing of all participants, professional and transparent project planning as well as active labelling and management of the risks is of prime importance in such activities.

Networking the individuals involved in the project with the goal of promoting the concept of “One Company” is achieved, for example, by establishing overarching meeting structures, processing orders jointly and exchanging detailed information. Aareon’s targeted project management activities are rounded off by integrating staff from different divisions as well as its domestic and international subsidiaries, supporting integration projects with the aid of experts from the field of change management and using knowledge and procedures from past organisation projects.

The international subsidiaries are monitored regularly by a separate committee responsible for Aareon’s International Business.

Following the launch of a project to build up resources in the area of Wodis Sigma Consulting, the staff needed to implement the customer projects were hired.

The “growIT” strategy project involves strategically focusing the Aareon business (both in and outside Germany) on potentially important markets and their development. This includes identifying growth areas outside the ERP business, improving market launch processes from development to making products ready for the market, optimising the consulting business, expanding the organisational structure of the international business and improving cost efficiency.

The “brandIT” strategy project is designed to sharpen the brand focus of the Aareon Group. Through the refinement and strict management of the Aareon brand, the Company secures itself a competitive edge that will help make future market launches of new products and services profitable more rapidly. The focus is also on the following goals: increasing customer and employee satisfaction, delivering products and services in line with market conditions, building a brand commitment and brand-compliant behaviour among staff, as well as increasing perceived employer attractiveness.

Aareon launched its strategic moveIT project to optimise internal processes and support systems. Its main goals entail reducing the complexity of the systems for users, eliminating redundancies between systems as well as simplifying processes and making them more transparent.

Environmental and ambient conditions

Environmental and ambient conditions represent legal risks for Aareon AG as well as political and regulatory risks. When making modifications to the products that may affect contracts, Aareon AG is faced with the challenge of implementing such modifications in existing contracts as well. The same applies to changes in legislation and case law. Aareon uses standardised sample contracts that are continuously refined and tailored to changes in the products, the law and established practice of the courts. Changes to existing contractual relations are made in agreement with the parties to the contract.

Complaints management is a measure intended to minimise potential claims for damages arising from software implementation projects. The aim is to appease customers as rapidly as possible by processing their complaints in a timely and professional manner. Rapid responses to customer complaints help to remedy developments gone awry and avert any resulting damage.

Production risks

Aareon AG consistently refines its ERP solutions and Integrated Services with an eye toward the future. The company focuses first and foremost on creating customer benefits. The risk inherent in software development is that the relevant activities can not be provided at the targeted costs, in the expected quality, and within the timeframe expected by the market. Hence software is always developed within the parameters of project management methods based on international standards with a focus on uniform and professional approaches to project work. The application of Aareon's project management thus reduces software development risks. Before starting work on custom projects, Aareon prepares a requirements specification with the customer. Product enhancements to standard software that have been introduced to meet customer requirements are deployed initially with pilot customers. The Management Board regularly checks the list of software development projects and their risk assessment.

The internal control system of Aareon's IT Service Centre has been audited and certified to IDW PS 951 Type B. The adequacy and efficacy of the service-related internal control system was certified for the period from 01 January 2010 through 31 December 2010. The audit mainly covers the IT security processes and controls (physical safety, network, database and system security, data security and job processing).

Aareon minimises the risk of serious disruption when operating customer software by implementing sensible, documented measures that are subject to regular tests to ensure that any periods of disruption that should occur are tolerable and do not cause appreciable damage to the customer or the supplier's business. We have so far experienced no disruptions that have led to an extended period of loss of output. Generally speaking, the possibility of disruption or emergencies that could result in the breaching of contractual agreed standards (SLA) cannot be completely ruled out. In the event of this kind of outage, a contractually protected backup location is available to enable Aareon to temporarily resume its contractual obligations after a specified, short adjustment period.

The company has also installed comprehensive data security processes which allow it to reconstruct lost data in part or in whole in due time. Aareon has addressed the issue of liability risk by taking out property damage/liability insurance with limited scope and cover provided. This policy provides cover in the event that Aareon is judged liable to a third party for damage incurred as a result of its activities as an IT provider.

Aareon project management
reduces risks

Anticipated developments

Revenue from the Wodis Sigma product line is expected to increase substantially in the next two years and beyond. With the roll-out of Wodis Sigma Release 3.0 in December 2011, this ERP solution is also available as software as a service (SaaS) from the Aareon Cloud. Aareon is therefore forecasting a sharp rise in SaaS revenues in the Wodis Sigma product line over the coming years. Due to the strong demand for Wodis Sigma, Aareon already invested in consulting and support capacity in the past financial year. A high number of new and migration customers is also anticipated in the years to come. For this reason, there are plans to build up additional consulting and support capacity, which will give a further boost to consulting revenues.

Owing to the very small number of tenders, Aareon expects demand for the SAP® Solutions and Blue Eagle product line to remain subdued. A low but stable level of consulting revenues in the long term is therefore anticipated.

In the GES product line we expect further migrations to newer Aareon ERP solutions in spite of a sustained high level of customer satisfaction. A dip in revenues from the GES ERP solution is hence anticipated for the coming years.

In the Integrated Services operating segment, a slight increase in revenues is forecast for the coming years, driven in particular by the Mareon service portal as well as the Aareon invoicing service. The increase in revenues from the Aareon DMS document management system forecast up to now has been delayed. Here, a moderate increase is assumed for the coming years. It is expected that new outsourcing customers will be secured in the future and that it will also be possible to grow business with existing customers.

In the International Business operating segment, Aareon is predicting a marginal increase in revenues. Following the conclusion of an SAP cooperation agreement by Aareon France in 2011, the SAP® business will be expanded further. With the expected successful go-live of the pilot projects with the Flexiciel module, a further milestone will be reached in France and more customer projects will follow. The roll-out of Release 3.0 for the PortalImmo ERP solution is planned for 2013.

In the Netherlands, progress will be made in penetrating the market with the new product generation SG|tobias^{AX}. Enhancements of the solutions SG|vastgoed, SG|treasury and StraVIS are planned. The Facility Management Information System (FMIS) solution developed by the subsidiary SG|Facilitor is gaining a stronger foothold in the market and is expected to generate slightly higher revenues.

Further new customer revenue is anticipated for the subsidiary Aareon UK in spite of the price war still raging between competitors on the UK market.

In view of the expected performance of the individual operating segments, the Aareon Group is forecasting a slight, yet steady rise in revenues for the next two years and beyond. Costs for the Aareon Group are projected to remain stable over the coming years. While staff costs will rise marginally, mainly due to the hiring of more consultants for the Wodis Sigma product line and new employees for integrated services, positive effects may be generated through cost optimisation. On the whole, the Aareon Group believes it is fit for the future.

Mainz, 15 February 2012



Dr. Manfred Alflen

Jürgen Pfeiffer

Dr. André Rasquin

Eberhard Villmow

All statements made in this Group Management Report which 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. The photos and captions in the management report are not part of the audited report.

LIMITLESS IDEAS



“Systematic international knowledge management is key for a learning organisation such as Aareon. We use the International Operations Board and international working groups to consolidate the creativity of our individual members of staff and develop central ideas.”

JEROEN KUIPER | MANAGING DIRECTOR,
AAREON SUBSIDIARY IN THE NETHERLANDS



Consolidated financial statements

Consolidated statement of comprehensive income

for the period from 1 January to 31 December 2011

(€ 000's)	NOTES	2011	2010
Revenues	4.1	159,507	150,249
Other own work capitalised		2,404	1,810
Other operating income	4.2	4,976	4,211
Cost of materials	4.3	19,189	20,564
a) Expenses for raw materials and consumables		2,104	4,192
b) Cost of purchased services		17,085	16,372
Staff costs	4.4	84,253	74,526
a) Wages and salaries		70,319	61,914
b) Social security costs and expenses for pensions and support		13,934	12,612
Including for pensions: € 2,142k (previous year: € 2,415k)			
Depreciation and amortisation			
on intangible assets and on property, plant and equipment		8,903	8,444
Other operating expenses	4.5	28,934	27,475
Other interest and similar income	4.6	203	59
Including from affiliated companies: € 25k (previous year: € 0k)			
Write-downs on financial assets		0	11
Interest and similar expenses	4.6	254	176
Including from affiliated companies: € 0k (previous year: € 0k)			
Result from ordinary activities		25,557	25,133
Income taxes	4.7	8,455	7,782
Other taxes		540	482
Consolidated net income/loss		16,562	16,869
Of which attributable to:			
Shareholders of the parent company		15,207	15,616
Minority shareholders		1,355	1,253
Comprehensive income		16,562	16,869

Consolidated balance sheet

as at 31 December 2011

(€ 000's)	NOTES	2011	2010
Non-current assets			
Intangible assets	5.1	71,636	72,280
Property, plant and equipment	5.2	14,861	12,791
Financial assets	5.3	4,600	5,325
Non-current tax assets	5.9	5,134	6,181
		96,231	96,577
Current assets			
Inventories	5.5	1,194	602
Trade receivables and other assets	5.6	31,816	27,763
Current tax assets	5.7	1,366	851
Cash on hand and balances held with banks	5.8	25,201	25,259
		59,577	54,475
		155,808	151,052

(€ 000's)	NOTES	2011	2010
Equity			
Equity attributable to shareholders	5.10/5.11/ 5.12	79,388	73,443
Minority interest	5.13	2,020	1,953
		81,408	75,396
Non-current liabilities			
Provisions for pensions and similar obligations	5.14.1	20,130	20,156
Other non-current provisions	5.14.2	1,153	5,148
Deferred tax liabilities	5.9	4,099	3,925
Other liabilities	5.16	4,946	9,145
		30,328	38,374
Current liabilities			
Other current provisions	5.14.2	13,489	8,622
Current tax liabilities	5.15	11,156	11,760
Trade payables and other liabilities	5.16	19,427	16,900
		44,072	37,282
		155,808	151,052

Consolidated statement of changes in equity

for the period from 1 January to 31 December 2011

(€ 000's)	SUBSCRIBED CAPITAL	CAPITAL RESERVES	TRANSLATION DIFFERENCES	ACCUMULATED GROUP INCOME	TOTAL
Of which attributable to shareholders of the parent company					
01 January 2011	25,000	26,400	-575	22,618	73,443
Addition to reserves	0	0	0	0	0
Distribution	0	0	0	-9,361	-9,361
Group income	0	0	0	15,207	15,207
Other changes	0	0	97	2	99
31 December 2011	25,000	26,400	-478	28,466	79,388
Of which attributable to minority interest					
01 January 2011	79	0	0	1,874	1,953
Addition to reserves	0	0	0	0	0
Distribution	0	0	0	-1,282	-1,282
Group income	0	0	0	1,355	1,355
Other changes	0	0	0	-6	-6
31 December 2011	79	0	0	1,941	2,020

vom 1. Januar bis zum 31. Dezember 2010

(€ 000's)	SUBSCRIBED CAPITAL	CAPITAL RESERVES	TRANSLATION DIFFERENCES	ACCUMULATED GROUP INCOME	TOTAL
Of which attributable to shareholders of the parent company					
01 January 2010	25,000	26,400	-639	7,217	57,978
Addition to reserves	0	0	0	0	0
Distribution	0	0	0	0	0
Group income	0	0	0	15,616	15,616
Other changes	0	0	64	-215	-151
31 December 2010	25,000	26,400	-575	22,618	73,443
Of which attributable to minority interest					
01 January 2010	79	0	0	1,233	1,312
Addition to reserves	0	0	0	0	0
Distribution	0	0	0	-773	-773
Group income	0	0	0	1,253	1,253
Other changes	0	0	0	161	161
31 December 2010	79	0	0	1,874	1,953

Consolidated statement of cash flows (IFRS)

(€ 000's)	2011	2010
Net income for the period (including income/loss portion attributable to minority interest) before financial result and tax expense	25,068	24,780
Amortisation/depreciation of fixed assets	8,903	8,420
Income taxes paid	-5,775	-6,343
Interest paid	-254	-176
Interest received	203	59
Increase/decrease (-) in provisions	-1,336	-1,464
Increase (-)/decrease in inventories	-593	555
Increase (-)/decrease in receivables and other assets	-3,811	157
Increase (-)/decrease in other assets	-169	374
Increase/decrease (-) in liabilities	-1,186	-2,231
Increase/decrease (-) in other liabilities	-455	334
Income (-) /loss from the sale/purchase of consolidated companies and other business units	0	-492
Cash flow from operating activities	20,595	23,973
Payments for investments in fixed assets	-9,564	-4,597
Cash receipts from the sale of consolidated companies and other business units (less cash surrendered)	0	-24
Cash payments for the purchase of consolidated companies and other business units (less cash acquired)	-500	-9,973
Exchange rate-related changes in fixed assets	-39	-40
Cash flow from investing activities	-10,103	-14,634
Payments to minority shareholders	-1,282	-773
Payment to shareholders	-9,361	0
Other changes in capital	-4	-215
Cash flow from financing activities	-10,647	-988
Net change in cash and cash equivalents	-155	8,351
Exchange rate-related change in cash and cash equivalents	97	64
Total change in cash and cash equivalents	-58	8,415
Cash funds at the beginning of the year	25,259	16,844
Cash funds at the end of the year	25,201	25,259

Notes to the consolidated financial statements

[1]

General notes

[1.1]

Compliance with legal requirements

The consolidated financial statements of Aareon AG, Isaac-Fulda-Allee 6, 55124 Mainz, Germany, for the 2011 financial year were prepared voluntarily according to 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 the applicable provisions of section 315a para 1 of the German Commercial Code (Handelsgesetzbuch - "HGB"). All of the compulsory International Financial Reporting Standards required for the consolidated financial statements as of 31 December 2011 were taken into account. The financial statements give a true and fair view of the assets, liabilities, cash flows and profit or loss 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's). Rounding differences of up to one unit in each direction may occur in tables for technical reasons. The statement of comprehensive income has been prepared using the total cost (nature of expense) method.

For the sake of enhanced clarity and transparency, all notes added to individual items in the balance sheet and the statement of comprehensive income in accordance with statutory provisions, which may optionally be shown either in the balance sheet/the statement of comprehensive income or in the Notes, are listed in the Notes. Where individual items are summarised in the balance sheet and the statement of comprehensive income, these are broken down in the Notes.

Aareon AG is a wholly-owned subsidiary of Aareal IT Beteiligungen GmbH, Paulinenstraße 15, 65189 Wiesbaden, Germany. It is included in the consolidated financial statements of its ultimate parent company, Aareal Bank AG, according to the provisions for full consolidation.

[1.2]

Operating activities

Aareon AG - consultancy and systems house to the property sector - offers consulting, software and services. Besides Germany, Aareon is represented in France with Aareon France SAS, in the United Kingdom with Aareon UK Ltd. and in the Netherlands with SG|automatisering bv. Ten of its 20 locations are outside Germany. The company currently has around 1,100 employees. Its head office is located in Mainz, Germany.

Aareon's customers include private-sector housing companies, cooperative housing societies, church-owned housing societies, property management companies, home owners' associations, insurance companies, property investment funds, companies managing property portfolios (Corporate Real Estate) as well as commercial property operators.

[2]

Information on accounting policies and consolidation methods

[2.1]

Basis of consolidation

The group of fully 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 subsidiary, SG2ALL B.V., is accounted for using the equity method. Please see section 5 for a list of all subsidiaries included in the consolidated financial statements.

ments including information on the percentage of shares held, equity and net profit/loss for the year. In the 2011 financial year, SG|webbsolutions B.V., Enschede, the Netherlands, was deconsolidated, and SG|Detachering B.V., Emmen, the Netherlands, was merged into SG|Facilitor B.V., Enschede, the Netherlands.

In accordance with IFRS, the financial statements of the individual subsidiaries are included in the consolidated financial statements by uniformly applying the accounting policies defined by Aareon AG. The acquisition value of the subsidiaries included in consolidation is offset against their proportionate equity on their respective dates of acquisition using the purchase method. Any goodwill remaining is recognised under intangible assets. According to IFRS 3, amortisation of goodwill has been discontinued since 2004.

All receivables and liabilities as well as revenues, income or expenses resulting from transactions between the consolidated companies have been eliminated. A reconciliation item for minority interest was created for any shares in fully consolidated subsidiaries which are not held by the parent company. As a rule, these are affected by any consolidation measures recognised in profit or loss.

The international companies which belong to the Aareon Group are independent sub-units, whose financial statements are translated into euros using the functional currency concept. 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 using the European Central Bank's reference rate on the balance sheet date. The differences which impact equity are disclosed directly in a separate equity item until the subsidiary is disposed of. This also applies to any deviations between the accumulated profit translated using the closing rate on the balance sheet date and the results shown in the consolidated statement of comprehensive income based on average exchange rates. The components of equity to be included in acquisition accounting are translated using historical exchange rates.

The following exchange rates were used for translation:

1 € =		BALANCE SHEET CLOSING RATE		INCOME STATEMENT AVERAGE EXCHANGE RATE	
		31.12.2011	31.12.2010	2011	2010
United Kingdom	GBP	0.8353	0.8608	0.84405	0.8562

The following accounting and reporting standards (IAS/IFRS) and interpretations (IFRIC) had to be applied for the first time in the reporting period:

- Improvements to IFRS (issued by the IASB in May 2010)
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Amendment to IAS 32 Financial Instruments: Presentation: Classification of Rights Issues
- Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters IFRS 7
- Revised IAS 24 Related Party Disclosures

The new and amended accounting and reporting standards and interpretations do not have significant effects on the Aareon Group's consolidated financial statements.

**[2.2]
Principles of consolidation**

**[2.3]
Currency translation**

**[2.4]
Changes in accounting policies**

[3]**Accounting policies****[3.1]****Intangible assets**

Purchased intangible assets, primarily software, are capitalised at cost and subject to amortisation in line with their useful life. Goodwill essentially arises from the acquisition of software companies and is attributed mostly to the ERP Products and Integrated Services product groups and to the Group's international business. IFRS 3 offers a choice of measuring the goodwill using either the full goodwill or the partial goodwill method. The Aareon Group applies the partial goodwill method.

Goodwill is subject to an annual impairment test. Its value is determined based on the present value of future cash flows ("value in use") which are determined by using mid-term planning figures. This entails using the planned after-tax cash flows taken from the five-year planning approved by the Management Board of Aareon AG. The cash flows applicable beyond the planning period correspond to the figures for the fifth year of planning. The determination of the present value of future cash flows is based on a discount factor of 7.58% after tax which is adequate to the risks concerned.

Research costs are treated as ongoing expense in line with IAS 38. Development costs for software produced in-house were capitalised if the requirements for capitalisation according to IAS 38 are met. They are amortised in accordance with their useful life, which for property software is ten years and for other application software is three years on average.

[3.2]**Property, plant and equipment**

Property, plant and equipment are measured at cost according to IAS 16 and, insofar as these are wasting assets, subject to straight-line depreciation in line with their expected useful life. All assets costing between € 150 and € 1,000 (net) are recognised as low-value assets. These are presented in the omnibus account for a given year and written down over five years using the straight-line method. 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 selling price or the value in use of the affected asset is lower than its carrying amount.

[3.3]**Leases**

The requirements of IAS 17 are fulfilled for the use of leased assets 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 payment obligations from future lease payments are discounted and carried as a liability. The provisions of IFRIC 4 are observed in connection with the application of IAS 17.

After the lease period expires, as a rule the lessee has the opportunity to conclude a subsequent lease or purchase the asset at its respective residual value or transfer the asset to the lessee to have it scrapped. The discount factor equals the interest rate underlying the lease.

Financial instruments are agreements that result in a financial asset at one company and a financial liability or an equity instrument at another company.

[3.4]

Financial instruments

IAS 39 breaks down financial assets into the following categories:

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

Financial assets held by the Aareon Group are loans and receivables. As a rule, financial instruments are not treated as “held-to-maturity investments”. No “financial assets held for trading” are acquired. Insofar as the Group acquires securities, these are generally treated as “available-for-sale financial assets”. The financial instruments disclosed are not subject to any interest rate risk.

“Loans and receivables” and liabilities are measured at the lower of amortised cost and fair value. This category includes in particular:

- Long-term loans
- Trade payables and trade receivables
- Receivables from unbilled services
- Current other receivables and assets as well as liabilities

Valuation allowances for trade receivables are recognised to the extent required – as a rule using global allowances. Low-interest bearing receivables are carried at their discounted amount taking into account appropriate interest.

Foreign currency receivables are translated at the exchange rate on the balance sheet date.

Receivables from production or service contracts that have not been completed on the balance sheet date are recognised at cost as well as a profit mark-up in line with their degree of completion to the extent that the result of the contract can be reliably estimated. Other unfinished customer orders are recognised in the amount of the production costs incurred, insofar as it is probable that these will be covered by income.

Production costs are calculated based on standard hourly rates. These include a reasonable amount of material and production overheads in addition to unit costs. Administrative costs are taken into account to the extent that these are attributable to production.

As a rule, “available-for-sale assets” are recognised at fair value. The fair value always is the stock market or market value. If this cannot be calculated, these assets are measured according to actuarial principles by discounting future cash flows using a risk-adjusted discount factor.

- [3.5]**
Inventories
- Inventories are recognised at cost. Financing costs are not included. Measurement on the balance sheet date is the lower of cost and the net selling price that can be realised. In so doing, this is generally based on the net selling price of the finished product.
- [3.6]**
Deferred taxes
- Deferred taxes are recognised in line with IAS 12 for all temporary differences between the carrying amounts in the tax base and the consolidated balance sheet (temporary concept). Deferred taxes must also be recognised for losses carried forward. The so-called liability method is used to calculate deferred taxes. Deferrals are recognised in the amount of the assumed tax burden or relief in future financial years based on the tax rate which applies at the time of realisation. Deferred tax assets or liabilities were determined using country-specific tax rates that are in effect or have been announced as at the balance sheet date. The carrying amounts are reviewed at each balance sheet date and adjusted if necessary. The carrying amount should be reduced accordingly to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit or part or all of that deferred tax asset to be realised (discount).
- No deferred taxes are recognised if income from subsidiaries is tax-free due to specific local tax regulations, and if tax effects from the removal of the temporary tax exemption cannot be foreseen.
- [3.7]**
Pension provisions and similar obligations
- Provisions for pension obligations are primarily recognised for commitments arising from 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 by IAS 19 for pension commitments. As a rule, these are performance-oriented commitments, i.e. the company's pension commitment to the respective employees depends on the development of their salary and the number of years of service (defined benefit plan). During this process, future increases in salaries and pensions are taken into account as well as the pensions and commitments known on the balance sheet date.
- The so-called 10% corridor rule is used in measuring pension provisions and calculating pension costs. Actuarial gains or losses are not taken into account if these do not exceed 10% of the scope of the obligation. The amount in excess of the corridor is recognised in income and distributed over the average remaining service periods of the active workforce.
- [3.8]**
Tax provisions
- Provisions for taxes include obligations from current income taxes. Deferred taxes are disclosed under a separate balance sheet item and in the tax reconciliation statement.

The other provisions account for all identifiable risks and uncertain liabilities at the reporting date. Provisions which do 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 the cost increases to be taken into account on the balance sheet date. Provisions in foreign currencies were translated using the closing rate on the balance sheet date.

[3.9]
Other provisions

Aareon AG has cash-settled share-based payment plans as defined by IFRS 2. The obligations arising from these payment plans are recognised under staff costs and the 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 provision is recognised in the amount of the fair value of the obligation in question at the balance sheet date. The provisions are adjusted if the price changes.

Liabilities are recognised at their repayment or settlement value. Liabilities from finance leases are carried at the present value of the lease payments.

[3.10]
Liabilities

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

[3.11]
Recognition of income and expense

The company essentially generates its sales through

- consulting projects and training
- Licensing and maintenance contracts
- hosting/outsourcing services
- Integrated payment services
- the Mareon service portal
- Insurance brokerage services for the property industry (BauSecura)

Consulting and training services are recognised in profit or loss when the service has been performed. Furthermore, the Group provides implementation services as part of its project work. In these cases, revenue is recognised according to the percentage of completion method. The percentage of completion of the projects is calculated based on a comparison of the costs already incurred with the planned total project costs. Provisions are recognised for contingent losses from this type of service in the period in which they are caused, insofar as there is no assets item.

Software revenue is recognised if there is a contract signed by both parties with no right to withdraw from the contract, the product has been delivered in full, the licence fee has been determined and collectibility is probable.

Maintenance services are realised proportionately over the contractual performance period. Hosting/outsourcing services are billed and recorded as revenues on a monthly basis.

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

[4]

Notes to the statement of comprehensive income of the Aareon Group

[4.1]

Revenues

(€ 000's)	REVENUES BY PRODUCT GROUP	
	2011	2010
ERP Products	79,438	80,314
Integrated Services	35,314	41,577
International Business	43,678	27,190
Other products	1,077	1,168
Total	159,507	150,249

Revenues in the Integrated Services product group decreased by €6,263k. This can be attributed in particular to the decrease in revenues posted by the Outsourcing product, which is principally due to the termination of a contract with a major customer. In contrast, the Mareon service portal generated higher revenues year on year. Revenues from the International Business product group rose €16,488k compared with the previous year basically due to the acquisition of SG|automatisering bv, which was only proportionately consolidated in 2010 but fully consolidated in 2011. The revenues of the other foreign subsidiaries also rose compared with the previous year.

[4.2]

Other operating income

(€ 000's)	2011	2010
Income from the reversal of liabilities	1,009	439
Non-cash income	961	941
Income from the reversal of provisions	808	817
Income from deconsolidation	0	586
Income from the reversal and reduction of specific and global valuation allowances	97	344
Other income	2,101	1,084
Total	4,976	4,211

The other income contains €1,378k for the reduction through profit or loss in the fair-value purchase price for SG|automatisering bv acquired in 2010 that is recognised at fair value.

(€ 000's)	2011	2010
Software and hardware costs	2,104	4,192
Cost of purchased services	17,085	16,372
Total	19,189	20,564

[4.3]
Cost of materials

The decrease in the cost of materials can be attributed in particular to the Outsourcing product and is principally due to the termination of a contract with a major customer. By contrast, the cost of materials for SG|automatisering bv, which has been consolidated since 1 November 2010, is higher than in the previous year, when the company was only consolidated proportionately.

(€ 000's)	2011	2010
Salaries	70,319	61,914
Social security costs	13,934	12,612
of which retirement benefits	2,142	2,415
Total	84,253	74,526

[4.4]
Staff costs / employees

Staff costs increased by €9,727k compared with the previous year. This is mainly due to the full inclusion of the Dutch subsidiaries in the basis of consolidation in November 2010 for the first time, as well as to other personnel measures implemented. This item includes termination payments of €2,011k.

Average number of staff excluding Managing Directors, temporary staff and vocational trainees (quarterly average):

Employees	2011	2010
Germany	745	731
International	369	247
Total	1,114	978

[4.5]

Other operating expenses

(€ 000's)	2011	2010
Occupancy expenses	7,366	7,719
Motor vehicle expenses	3,881	2,723
Travel expenses	3,233	3,172
Advertising/marketing	2,921	2,904
Legal, audit and consultancy expenses	2,608	2,368
Costs for repairs and maintenance	1,695	1,396
Other staff expenses	1,271	863
Costs of communication	914	1,003
Further training	750	873
Insurance premiums	496	555
Emoluments for Supervisory Board and Advisory Council	418	279
Valuation allowances and write-downs on receivables	322	876
Other leasing expenses	309	350
Office supplies, printed matters, newspapers and magazines	263	212
Other operating expenses	2,487	2,182
Total	28,934	27,475

The increase in other operating expenses is mainly due to the full consolidation of the Dutch subsidiaries in November 2010 for the first time.

[4.6]

Net interest income

(€ 000's)	2011	2010
Other interest and similar income	106	59
Result from measurement using the equity method	97	-11
Interest and similar expenses	255	176
Total	-52	-128

(€ 000's)	2011	2010	
German income taxes	4,823	7,021	[4.7] Income taxes
Foreign income taxes	2,205	1,282	
Current tax expense	7,028	8,303	
Deferred tax expense/income	1,427	-521	
Income taxes	8,455	7,782	

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. To determine the expected tax expense, the Group tax rate of 31.2% in effect in the 2011 financial year (previous year: 31.2%) is multiplied by the pre-tax earnings.

(€ 000's)	2011	2010
Earnings before taxes	25,017	24,651
Trade tax	3,853	3,796
Corporation tax	3,753	3,698
Solidarity surcharge	206	203
Anticipated tax expense/tax income	7,812	7,697
Reconciliation:		
Non-deductible expenses	175	166
Taxes for previous years	16	-152
Change in tax rate for deferred taxes (Germany)	0	0
Other differences	452	71
Disclosed tax expense	8,455	7,782

The other differences take into account the change in the recoverability of deferred tax assets.

[5] Notes to the consolidated balance sheet of the Aareon Group

Changes in fixed assets 2011 (Group)

(€ 000's)						COST	
	01.01.2011	CURRENCY TRANSLATION DIFFERENCE	ADDITIONS	DISPOSALS	RECLASSI- FICATIONS	31.12.2011	
I. Intangible assets							
1. Goodwill	83,035	75	431	0	0	83,541	
2. Acquired intangible assets	35,568	0	1,448	4,055	-2	32,959	
3. Internally generated intangible assets	18,813	0	2,404	0	0	21,217	
	137,416	75	4,283	4,055	-2	137,717	
II. Property, plant and equipment							
1. Land, equivalent rights and buildings	8,631	-2	808	2,054	0	7,383	
2. Plant and machinery	1,911	0	2,441	1,078	37	3,311	
3. Other equipment, and office furniture and equipment	23,092	0	3,066	10,386	40	15,812	
4. Advances paid and construction in progress	75	0	217		-75	217	
	33,709	-2	6,532	13,518	2	26,723	
III. Financial assets							
1. Shareholdings	81	0	97	0	0	178	
2. Other loans	5,999	0	1,284	2,106	0	5,177	
	6,080	0	1,381	2,106	0	5,355	
	177,205	73	12,196	19,679	0	169,795	

	ACCUMULATED DEPRECIATION AND AMORTISATION				CARRYING AMOUNTS		
	01.01.2011	CURRENCY TRANSLATION DIFFERENCE	ADDITIONS	DISPOSALS	31.12.2011	31.12.2010	PREVIOUS YEAR
	33,648	35	0	0	33,719	49,822	49,351
	22,396	1	3,166	4,052	21,511	11,448	13,172
	9,056	0	1,795	0	10,851	10,366	9,757
	65,136	36	4,961	4,052	66,081	71,636	72,280
	2,949	0	439	1,824	1,564	5,819	5,682
	1,433	0	434	950	917	2,394	478
	16,536	0	3,069	10,224	9,381	6,431	6,556
	0	0	0	0	0	217	75
	20,918	0	3,942	12,998	11,862	14,861	12,791
	11	0	0	0	11	167	70
	744	0	0	0	744	4,433	5,255
	755	0	0	0	755	4,600	5,325
	86,809	36	8,903	17,050	78,698	91,097	90,396

[5.1]
Intangible assets

The additions to “Industrial rights and similar rights and assets” essentially relate to the capitalisation of internal and external costs for the development of the Wodis Sigma software in accordance with IAS 38. The internal costs were capitalised in the amount reflecting development services rendered based on a standard per-diem rate and pro-rated project management costs.

The capitalised carrying amount for Blue Eagle as at 31 December 2011 reporting date totalled €4,994k, with an average residual useful life of four years. The carrying amount of the internally generated Habitat software and Prem’Habitat, both products of Aareon France SAS, amounted to €1,772k. The capitalized carrying amount for Wodis Sigma was €2,930k. A total of €1,156k in internal development costs were capitalised for Wodis Sigma in Germany and €1,248k outside Germany. Development costs for research and development in the reporting period totalled €4,894k.

The contingent consideration for SG|automatisering bv, which was acquired in 2010, has two components and must be recognised in accordance with IFRS 3. It is composed of the achievement of profit/loss performance targets for the period from 2010 to 2012 and the recurring revenues for the period from 2010 to 2012. The fair value of the contingent consideration was recognised at €4,500k as at the acquisition date. Based on current planning, the fair value was reduced by €1,378k. The adjustment of the purchase price for SG|automatisering bv has lifted goodwill by €431k.

The amortised goodwill by product group is as follows:

1. ERP Products:	€21,396k
2. Integrated Services:	€4,429k
3. International Business:	€23,824k
4. Other products:	€173k

[5.2]
Property, plant and equipment

In accordance with IAS 17, €237k were recognised under property, plant and equipment for main-frame computers including peripheral devices that were acquired under finance leases. The lease payments due to finance leases were as follows:

Finance leases in € 000's	2012	2013-2016	AFTER 2016
Lease payments	67	0	0
Discount amounts	-12	0	0
Present values	55	0	0

Operating leases primarily concern rent, motor vehicles, office furniture and equipment and telecommunication equipment. The minimum leasing payments recognised in profit or loss amounted to €9,329k in 2011. Minimum lease payments due to operating leases were as follows:

Operate lease in € 000's	2012	2013-2016	AFTER 2016
Lease payments	7,100	23,412	33,222

The other loans include time deposits in the amount of €3,060k at Landesbank Baden-Württemberg. These deposits are intended to secure a guaranty issued in connection with the membership in two supplementary pension funds. The shares in SG2ALL B.V., which is included using the equity method, are shown under equity investments.

[5.3]
Financial assets

Name and registered office of company	INTEREST HELD %	EQUITY 2011 (€ 000's)	PROFIT/LOSS 2011 (€ 000's)
Aareon AG, Mainz			
Aareon Deutschland GmbH, Mainz	100	39,265	-732*
Aareon Immobilien Projekt Gesellschaft mbH, Oberhausen	51	1,193	-5
Aareon Software Handelsgesellschaft mbH, Mainz	100	-624	252
Aareon Wodis GmbH, Dortmund	100	8,940	1,578*
BauSecura Versicherungsmakler GmbH, Hamburg	51	2,549	2,419
Aareon France SAS, Meudon-la-Forêt, (France)	100	4,202	1,172
Aareon UK Ltd., Coventry, (United Kingdom)	100	2,857	687
SG automatisering bv, Emmen, (the Netherlands)	100	9,566	2,633
SG Facilitor B.V., Enschede, (the Netherlands)	51	565	349
SG Professional Services B.V., Emmen, (the Netherlands)	100	53	7
SG stravis B.V., Emmen, (the Netherlands)	70	48	0
SG2ALL B.V., Huizen, (the Netherlands)	50	367	196

[5.4]
Shareholdings

*The result for Aareon Deutschland GmbH and Aareon Wodis GmbH was calculated after taking into account the profit transfer.

The inventories mainly comprise payments on account. The payments on account made primarily relate to a payment on account made to SAP AG. Ownership and disposal are not restricted for the disclosed inventories.

[5.5]
Inventories

(€ 000's)	2011	2010
Receivables from unbilled services	4,391	2,205
of which: with a remaining term of more than one year	0	0
Trade receivables	21,605	20,597
of which: with a remaining term of more than one year	0	0
Receivables from affiliated companies	125	49
of which: with a remaining term of more than one year	0	0
Prepayments	2,405	2,236
of which: with a remaining term of more than one year	0	0
Other assets	3,290	2,676
of which: with a remaining term of more than one year	0	0
Total	31,816	27,763

[5.6]
Receivables and other assets

Prepayments mainly relate to the deferral of rents and leases as well as maintenance expenses and licence fees.

Receivables from unbilled services are presented as a net figure. This item includes prepayments received in the amount of €8,239k, total costs incurred in the amount of €9,769k, and a debit balance from customer orders of €345k. Ownership and disposal are not restricted for the disclosed receivables. Write-downs were made to account for the risk of default. Bad debt allowances in the year under review totalled €322k.

[5.7]

Current tax assets

(€ 000's)	2011	2010
Current tax receivables	1,366	851
Current tax assets	1,366	851

[5.8]

Cash and cash equivalents

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

The following table provides a breakdown of cash and cash equivalents according to maturity:

(€ 000's)	2011	2010
Cash reserve	13	9
Balances held with banks	25,188	25,250
of which affiliated companies	20,208	21,618
Funds with terms of up to three months	25,201	25,259

[5.9]

Deferred taxes

(€ 000's)	2011	2010
Pension provisions	1,041	1,238
Liabilities	76	316
Other provisions	184	288
Losses carried forward (domestic)	765	774
Other	1,754	1,662
Deferred tax assets	3,820	4,278
Intangible assets	3,536	3,628
Property, plant and equipment	74	297
Other	3,133	1,892
Deferred tax liabilities	6,743	5,817

Of the deferred tax assets, € 1,199k relate to non-current tax assets. In addition, tax assets totalling € 1,314k resulting from the capitalisation of tax claims from corporation tax credits under the German SEStEG law are allocated to non-current tax assets. Of the deferred tax liabilities, € 2,644k relate to current tax liabilities and € 4,099k to non-current tax liabilities. In accordance with IAS 1.56, the prior-year figures were restated so that the deferred taxes are now presented in full under non-current assets. Unused tax loss carryforwards, for which no deferred tax assets were recognised, amounted to € 4,199k in Germany.

The subscribed capital of Aareon AG as of 31 December 2011 shows the following breakdown:

[5.10]
Subscribed capital

Number and class of shares	(€ 000's)
25,000,000 no-par value ordinary shares	25,000

Each share has a theoretical par value of 1 €.

During financial year 2002, €26,400k was added to capital reserves by way of the capital increase by Aareal Bank AG, Wiesbaden.

[5.11]
Capital reserves

The accumulated group income includes other revenue reserves within the meaning of the disclosures required under commercial law. They include additions from the results of the financial year or previous years and differences from currency translation directly recognised in equity from the financial statements of subsidiaries. Aareon AG's Memorandum and Articles of Association do not include any provisions for the recognition of reserves.

[5.12]
Accumulated group income

Minority interest is reported as a separate item under consolidated equity. Minority interest exists with respect to BauSecura Versicherungsmakler GmbH, Hamburg, Aareon Immobilien Projekt Gesellschaft mbH, Oberhausen, SG|Facilitor B.V., Enschede, as well as SG|stravis B.V., Emmen.

[5.13]
Minority interest

Provisions developed as follows:

[5.14]
Provisions

(€ 000's)	01.01.2011	ADDITIONS	CHANGE IN BASIS OF CONSOLIDATION	USE	REVERSAL	31.12.2011
Pension provisions	20,156	1,253	0	1,279	0	20,130
Tax provisions	3,690	200	0	1,130	0	2,760
Other provisions	13,770	9,616	0	7,936	808	14,642
Total	37,616	11,069	0	10,345	808	37,532

[5.14.1]
Provisions for pensions
and similar obligations

Development of pension provisions:

(€ 000's)	2011	2010
Pension provision as of 01.01.		
1. Pension provision as of 31.12. of the previous year (accrued pension cost)	20,156	19,960
Expense for the financial year		
2. Expense for the financial year, net		
a) Service cost	235	198
b) PBO interest cost	1,018	1,091
c) Amortisation	0	0
- Gains (-)/Losses	0	0
- Prior service cost	0	0
- Initial net obligation	0	0
d) Other additions	0	92
	1,253	1,381
3. Actual utilisation	1,279	1,185
4. Other additions and transfers	0	0
Pension provision as of 31.12.	20,130	20,156
Obligations as of 01.01.		
Projected Benefit Obligation (PBO) on 01.01.	21,428	20,804
Expense for the financial year		
1. Expense for the financial year, net		
a) Service cost	235	198
b) PBO interest cost	1,018	1,091
c) Amortisation	0	0
- Gains (-)/Losses	0	0
- Prior service cost	0	0
- Initial net obligation	0	0
d) Other additions	0	92
	1,253	1,381
2. Actual utilisation	1,279	1,185
3. Other additions and transfers	0	0
4. Gain (-)/Losses	-336	428
Pension obligation as of 31.12.	21,066	21,428

The calculation of these obligations is based on the following assumptions:

In%	2011	2010
Interest rate	5.4	5.0
Development of salaries	2.25	2.25
Expected inflation rate	2.0	2.0
Fluctuation rate	3.2	3.2
Calculation based on	"Mortality Tables 2005 G"*	"Mortality Tables 2005 G"*

*Prof. Klaus Heubeck

The service and interest costs as well as actuarial gains and losses to be amortised in the financial year are shown under staff costs. The expense recognised for defined-contribution pension plans amounts to €4,852k. They mainly include employer contributions to the statutory pension scheme.

Aareon AG essentially maintains six different retirement benefit plans, all of which are closed, preventing further employees from being added to them. All plans are defined-benefit plans as defined by IAS 19. This means that Aareon AG guarantees specific employee benefits depending on certain conditions. Depending on the type of benefit, the amount of employee benefits is contingent on different factors such as salary eligible for pension, length of employment, amount of the statutory pension, and benefits paid under individual pension plans.

[5.14.2]

Development in 2011 (2010)

Other provisions

(€ 000's), Previous year's figures in parentheses	01.01.	ADDITIONS	CHANGE IN BASIS OF CONSOLIDATION	USE	REVERSAL	31.12.
Warranties	478 (758)	242 (177)	0 (0)	175 (335)	0 (122)	545 (478)
Salary components Employees	207 (231)	427 (262)	0 (-68)	207 (210)	0 (8)	427 (207)
Long-service obligations	3,866 (3,505)	529 (854)	0 (0)	377 (367)	476 (126)	3,542 (3,866)
Variable salary components	5,273 (5,586)	4,982 (5,035)	0 (0)	5,222 (5,025)	51 (323)	4,982 (5,273)
Personnel measures	17 (765)	1,395 (17)	0 (0)	17 (690)	0 (75)	1,395 (17)
Other Provisions	3,929 (5,294)	2,041 (1,846)	0 (-408)	1,938 (2,640)	281 (163)	3,751 (3,929)
Total 2011	13,770	9,616	0	7,936	808	14,642
Total 2010	(16,139)	(8,191)	(-476)	(9,267)	(817)	(13,770)

Warranty provisions were recognised for any sales revenues associated with any such claims. Provisions for obligations to employees essentially result from variable performance-linked remuneration to be paid after the balance sheet date. The other provisions were also recognised in line with IAS 37 for all recognisable risks and uncertain obligations in the amount of their probable occurrence. In the 2011 financial year, the works agreement regarding the claim of non-management staff to long-service payments was rescinded. An agreement was reached that non-management salaried employees will receive the amount calculated in an actuarial opinion dated 31 December 2011, less a deduction. This concerns Aareon AG and Aareon Deutschland GmbH. The provision for long-service obligations has been adjusted accordingly.

Other provisions by term:

(€ 000's)	< 1 YEAR		> 1 YEAR	
	01.01.	31.12.	01.01.	31.12.
Previous year's figures in parentheses				
Warranties	478	545	0	0
	(758)	(478)	(0)	(0)
Salary components Employees	207	427	0	0
	(231)	(207)	(0)	(0)
Long-service obligations	0	3,293	3,866	249
	(0)	(0)	(3,505)	(3,866)
Variable salary components	5,273	4,982	0	0
	(5,586)	(5,273)	(0)	(0)
Personnel measures	17	1,395	0	0
	(765)	(17)	(0)	(0)
Other provisions	2,647	2,847	1,282	904
	(5,294)	(2,647)	(0)	(1,282)
Total 2011	8,622	13,489	5,148	1,153
Total 2010	(12,634)	(8,622)	(3,505)	(5,148)

[5.15]

Current tax liabilities

(€ 000's)	2011	2010
Income tax liabilities	5,404	5,582
Other liabilities, taxes	5,752	6,178
Total	11,156	11,760

The statutory disclosures with regard to liabilities are summarised in the table below. With the exception of customary retention of title and similar rights, liabilities are not collateralised.

[5.16]
Liabilities

(€ 000's) Previous year's figures in parentheses	REMAINING TERM UP TO 1 YEAR	REMAINING TERM OVER 1 YEAR UP TO 5 YEARS	REMAINING TERM MORE THAN 5 YEARS	TOTAL
Prepayments received on account of orders	1,187 (605)	0 (0)	0 (0)	1,187 (605)
Trade payables	2,480 (2,418)	308 (1,012)	0 (0)	2,788 (3,430)
Other liabilities	12,946 (10,652)	4,638 (8,133)	0 (0)	17,584 (18,785)
Prepayments received	2,814 (3,225)	0 (0)	0 (0)	2,814 (3,225)
Total 2011	19,427	4,946	0	24,373
Total 2010	(16,900)	(9,145)	(0)	(26,045)

Of the trade payables with a residual term of more than one year, € 243k are liabilities from leasing arrangements. The other liabilities primarily include liabilities from outstanding supplier invoices and holiday obligations. The other non-current liabilities principally result from the acquisition of SG|automatisering bv, Emmen (€ 4,585k). Prepayments received mainly include the deferral of future maintenance revenues.

Other explanatory notes

[6]

The nominal values of the other financial obligations are broken down by maturities as follows:

[6.1]
Other financial obligations

(€ 000's)	2012	2013-2016	AFTER 2016
Licence agreements	3,000	0	0
Lease agreements	7,170	23,421	33,231
Other contracts	607	4	0
Total	10,777	23,425	33,231

[6.2]
Related parties

In addition to the subsidiaries included in consolidation, Aareon AG in conducting its ordinary activities has direct or indirect relations to subsidiaries of the Aareal Bank Group that are included in the consolidated financial statements of Aareal Bank AG. Many of the business relationships are with Aareal Bank AG.

This primarily relates to the following services rendered:

- Cooperation with Aareal Bank AG with regard to the fully automated and integrated accounting and payment services for property companies in Germany incorporated in the software systems “Wodis Sigma”, “Blue Eagle”, “GES” and “WohnData”.
- Provision of computer centre services and related implementation consultancy services.
- Sharing the costs of the Aareon Congress.

The volume of the business relations with Aareal Bank AG comprises revenues of €7,175k and other operating expenses of €572k.

Related parties controlled by Aareon AG, or over which Aareon AG can exert a controlling influence, are included in the consolidated financial statements and included in the list of shareholdings with information on the equity interest held and net profit/loss for the year in section 5.4. All transactions with related parties were conducted based on international price comparison methods in line with IAS 24, as is also standard practice with non-Group third parties.

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

Compensation for key management personnel totalled €7,861k in the financial year, including €7,408k in short-term employee benefits, €67k in long-term employee benefits and €386k in termination benefits. Furthermore, provisions totalling €301 were recognised for share-based payment (SAR) (21,529.89 shares) of members of the Management Board. The total expenses for share-based payment amount to €178k.

The members of the Supervisory and Management Boards are listed individually on the following pages.

[6.3]
Auditors' fees

In the reporting period, €273k was recognised for audit services, €100k for other assurance work and €36k for other services.

Consolidated Statement of Cash Flows

[7]

All funds with terms of up to three months are deemed to be cash and cash equivalents. The statement of cash flows shows how the Aareon Group's cash and cash equivalents have changed during the year under review. To this end, the cash flows are annotated for financial year 2011 and for the previous year in line with IAS 7, with a distinction between cash inflows and cash outflows from operating, investing and financing activities. The effects of the consolidated group, exchange rates and other changes on the cash and cash equivalents are disclosed separately.

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

Financing activities include the outflow of cash and cash equivalents from dividend disbursements and profits or losses from the disposal of fixed assets as well as payments and subsidies from shareholders as well as the change in other financial liabilities.

The "cash flow from operating activities" totalled €20,595k. The "cash flow from investing activities" was €-10,103k. The "cash flow from financing activities" was €-10,647k. It is principally due to the payment to the parent company in the amount of €9,361k.

Corporate bodies

[8]

Thomas Ortmanns, Chairman Aareal Bank AG, Wiesbaden	Member of the Management Board	[8.1] Supervisory Board
Dr. Peter Lammerskitten, Deputy Chairman Königstein	Consultant	
Lutz Freitag Hamburg	Consultant	
Axel Gedaschko (from 03.02.2011 to 30.10.2011) GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen e. V., Berlin	President	
Dirk Große Wördemann (since 03.02.2011) Aareal Bank AG, Wiesbaden	Member of the Management Board	
Hermann J. Merkens Aareal Bank AG, Wiesbaden	Member of the Management Board	
Prof. Dr. Manfred Schlottke München	Business Consultant	
Dr. Wolf Schumacher Aareal Bank AG, Wiesbaden	Chairman of the Management Board	

[8.2]
Management Board

Dr. Manfred Alflen

Chairman of the Management Board
Shared Services, International Product
Management, International Business,
Corporate Strategy

Jürgen Pfeiffer

Member of the Management Board
GES and Wohndata product lines,
Software Services, BauSecura Ver-
sicherungsmakler GmbH shareholding,
associations and advisory boards

Dr. André Rasquin

Member of the Management Board
Sales

Eberhard Villmow

Member of the Management Board
Wodis Sigma, Integrated Services, SAP®
solutions and Blue Eagle product lines,
as well as IT Service Centre, Service
Management, Aareon Immobilien Projekt
Gesellschaft mbH and Aareon Software
Handelsgesellschaft mbH shareholdings

[9]

Concluding remarks

The company's financial statements are included in the consolidated financial statements of Aareal Bank AG, Wiesbaden. As Aareon AG is included in the consolidated financial statements and in the Group management report of Aareal Bank AG, the requirements for the company's exemption from presenting consolidated financial statements and a Group management report pursuant to section 291 para. 2 of the HGB have been fulfilled. Aareal Bank AG also prepares its consolidated financial statements according to International Financial Reporting Standards (IFRS). These Consolidated Financial Statements are available from Aareal Bank AG in Wiesbaden, Germany.

Mainz, 15 February 2012

The Management Board



Dr. Manfred Alflen



Jürgen Pfeiffer



Dr. André Rasquin



Eberhard Villmow

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 cash flow statement and the notes as well as the Group management report for the financial year from 1 January to 31 December 2011. The preparation of the consolidated financial statements and Group management report in accordance with IFRS as applicable in the EU and the supplementary provisions that are applicable under Section 315a para 1 German Commercial Code (HGB) are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB) and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used 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 the audit, the consolidated financial statements are in compliance with IFRS as applicable in the EU and with the supplementary provisions applicable under Section 315a para 1 German Commercial Code, and in accordance with these provisions give a true and fair view of the net assets, financial position and results of operations of the Group. The Group management report is consistent with the consolidated financial statements, provides a suitable understanding of the Group's situation and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 20 February 2012

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 the company. The Supervisory Board was kept informed by the Management Board, both orally and in writing, especially through written quarterly reports, regarding the company's business development, its overall situation, the business policies contemplated 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 four occasions during the year under review, of which two meetings took place during the first half of the year. One further resolution was adopted by circular memorandum in the 2011 financial year. During all meetings, the Supervisory Board was informed in detail by the Management Board with regard to the business policies, economic development, strategic orientation and sales activities of the company. The work and findings of the company's internal audit department were explained to the Supervisory Board. The risk management and internal control system was presented regularly to the Supervisory Board.

The Supervisory Board was informed by the Management Board with regard to the company's products and their installation and introduction with customers, putting emphasis on major customer and acquisition projects. A particular focus in this context was put on the Wodis Sigma product. Here, the Supervisory Board was informed of the actions taken in Consulting and the Wodis Sigma as a service operator model, among others. Other points of emphasis were the strengthening of the Blue Eagle and SAP® business and the integrated services product line.

The key activities regarding the company's future strategy were combined in the MoveIT und GrowIT projects, about which there were regular reports. Other measures that were discussed repeatedly in this connection included the company's organisational restructuring and its international strategy. The planned and executed measures in the Wodis Sigma product line were explained in detail in this context. Furthermore, the Supervisory Board was informed of the activities of Aareon AG's international subsidiaries.

The Management Board kept the Supervisory Board informed of developments regarding the enforcement measures that were initiated against ITSC Sp. z o.o., formerly DomData Sp. z o.o.

The business planning was discussed and approved by the Supervisory Board. The Management Board informed the Supervisory Board continually of the actual economic development versus the company's planning. The Supervisory Board established a Human Resources Committee and an Auditing Committee. The Human Resources Committee met once and the Auditing Committee met twice during the 2011 financial year.

The company's financial statements as at 31 December 2011, together with the accounting records and the management report, were examined and issued an unqualified auditor's report by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, which were appointed as auditors by the Supervisory Board. The report prepared by the auditors was made available to all members of the Supervisory Board. The results of the audit were fully endorsed by the Supervisory Board.



Thomas Ortmanns, chairman of the Supervisory Board of Aareon AG and member of the Management Board of Aareal Bank AG.

The Supervisory Board has examined the financial statements, the management report and the proposal of the Management Board for the appropriation of distributable profit. These were discussed by the Supervisory Board in the presence of the auditor. The auditor was always available to the Auditing Committee and other members of the Supervisory Board to answer questions. Having completed the examination, no objections were raised by the Supervisory Board. Within the scope of its duties of monitoring the management of the company, the Supervisory Board has not become aware of any risks that have not been appropriately accounted for in the financial statements. The Supervisory Board has endorsed the assessments made by the Management Board in preparing the management report. The Supervisory Board has approved the financial statements, which are thus final, and has endorsed the proposal for the appropriation of profits as submitted by the Management Board.

The Management Board has submitted its report on the company's relationships with affiliated companies pursuant to section 312 of the German Stock Corporation Act to the Supervisory Board, together with the corresponding report prepared by the external auditors. The dependent companies report was examined and issued with an unqualified auditor's report.

The Supervisory Board has examined the report on the company's relationships with affiliated companies and duly noted the auditors' opinion submitted in this respect. Having completed its examination, the Supervisory Board raised no objections against the declaration made by the Management Board at the end of the report on the company's relationships with affiliated companies.

Mr. Dirk Große Wördemann and Mr. Axel Gedaschko were appointed to the Supervisory Board at the company's Annual General Meeting on 03 February 2011. Mr. Axel Gedaschko resigned from the Supervisory Board with effect from 30 October 2011. The Supervisory Board and the Management Board thank Mr. Gedaschko for the constructive execution of his duties.

The Supervisory Board would like to thank the company's employees for their dedication.

Mainz, March 2012

The Supervisory Board

A handwritten signature in blue ink, appearing to read 'Th. Ortmanns', written in a cursive style.

Thomas Ortmanns
(Chairman)

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P. 17: Source Aareon

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C6: Source Aareon France (signing of the SAP partner agreement), Klaus Helbig, Frankfurt (IT Service Centre), GentCom, Hamburg (Northern German Property Regatta), Andreas Gröhbühl, Düsseldorf (signing of the Wodis Sigma contract), PassionPictures, Dortmund (Wodis Sigma Forum)

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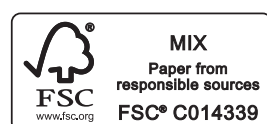
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Aareon AG was awarded the "berufundfamilie" certificate from berufundfamilie gemeinnützige GmbH in 2008 for its efforts in achieving better work-life balance for its employees.



Aareon customers

Germany (selection)

Wodis Sigma

- DERAG Deutsche Realbesitz AG & Co. KG, Munich
- Eisenhüttenstädter Wohnungsbaugenossenschaft eG, Eisenhüttenstadt
- Gemeinnützige Wohnungsbaugenossenschaft "Stadt Cottbus" eG, Cottbus
- JOSEPH-STIFTUNG Kirchliches Wohnungsunternehmen, Bamberg
- Rheinwohnungsbau GmbH, Düsseldorf
- Stendaler Wohnungsbaugesellschaft mbH, Stendal
- WBM Wohnungsbaugesellschaft Mitte mbH, Berlin
- WGS Wohnungsgesellschaft Sömmerda mbH, Sömmerda
- WIELANT HOFFMANN GmbH, Hamburg
- Wohnstätte Krefeld Wohnungs-Aktiengesellschaft, Krefeld
- Wohnungsbaugenossenschaft Gablonzer Siedlungswerk, Kaufbeuren
- Wohnungsgenossenschaft WARNOW Rostock-Warnemünde e.G., Rostock

SAP® solutions and Blue Eagle

- ABG Frankfurt Holding GmbH, Frankfurt am Main
- degewo AG, Berlin
- FORTUNA Wohnungsunternehmen e.G., Berlin
- GAG Immobilien AG, Cologne
- Sächsische Wohnungsgenossenschaft Chemnitz eG, Chemnitz
- Sedlmayr Grund und Immobilien KGaA, Munich
- Wohnungsgenossenschaft "Glückauf" Süd Dresden e.G., Dresden

GES

- Aachener Siedlungs- und Wohnungsgesellschaft mbH, Cologne
- Evangelisches Siedlungswerk in Bayern Bau- und Siedlungsgesellschaft mbH, Nürnberg
- Grundstücks- und Gebäudewirtschafts-Gesellschaft mbH (GGG), Chemnitz
- HOWOGE Wohnungsbaugesellschaft mbH, Berlin
- SAGA Siedlungsaktiengesellschaft, Hamburg
- TREUREAL GmbH, Leipzig
- WIRO Wohnen in Rostock Wohnungsgesellschaft mbH, Rostock

International (selection)

Aareon France, Frankreich

- Adoma, Paris
- Batigère, Metz
- Erilia, Marseille
- Groupe Hainaut Immobilier, Valenciennes
- Groupe Opievoy, Versailles
- Groupe Valophis, Créteil
- Logement Français, Paris
- Mairie de Paris, Paris
- Monoprix, Clichy
- Pas de Calais Habitat, Lille

Aareon UK, United Kingdom

- Aster Group, Devizes, Wiltshire
- City West Housing Trust, Manchester
- Fabrick Housing Group, Middlesbrough
- Halton Housing Trust, Runcorn
- Link Group, Edinburgh
- North Lincolnshire Homes, Scunthorpe
- NPT Homes, Neah, Port Talbot, Wales
- Peabody Group, London
- Richmond Housing Partnership, London
- Together Housing Group, Halifax

SG|automatisering, Niederlande

- de Alliantie, Huizen
- de Woonplaats, Enschede
- GroenWest, Woerden
- Lefier, Emmen
- Parteon, Wormerveer
- Stadlander, Bergen op Zoom
- Trudo, Eindhoven
- Vidomes, Delft
- WoonFriesland, Grou
- Woonstede, Ede

Highlights of 2011



JANUARY: Wodis Sigma continues its success story. 18 companies go live on the same date.

MAY: Susanne Kucklei, Aareon, receives the “berufundfamilie” (work and family) certificate from Peter Hintze, Parliamentary Under-Secretary of State at the Federal Ministry of Economics and Technology.



JANUARY FEBRUARY MARCH APRIL MAY JUNE

APRIL: Aareon receives Microsoft Gold Competency. Left to right: Hans-Georg Schneider, Aareon / Christoph Heiming, Microsoft Deutschland GmbH



JANUARY At the start of 2011, we orchestrate a simultaneous **Wodis Sigma** go-live for 18 companies and almost 120,000 rented units on a single target date.

STADT UND LAND Wohnbauten-Gesellschaft mbH, Berlin, which manages 46,500 apartments, goes live as scheduled with its **SAP®-based Blue Eagle Individual** system.

Thanks to the systematic improvement strategies adopted in previous years, the feedback from the annual anonymous **customer survey** remains consistently positive.

FEBRUARY **Aareon UK** is successfully represented at the Housing Technology Conference in Nottingham, which focuses on the latest trends and technologies for housing companies.

MARCH **Aareon France** exhibits at the international MIPIM property conference in Cannes.

APRIL The Dutch housing company Viverion (Lochem), which manages around 6,000 housing units, signs a contract for the ERP solution **SG|tobias^{AX}**.

Aareon **is certified to Microsoft Gold Competency level** as an independent software vendor (ISV). Gold Competency certification is the highest level of qualification available within the Microsoft Partner Network.

On **Girl's Day 2011**, around 30 schoolgirls between the ages of 10 and 16 make the most of their chance to get to know Aareon in Mainz.

MAY Aareon is once again awarded the **“berufundfamilie” certificate** for its family-conscious personnel policy.

The **21st Aareon Congress** is held in Garmisch-Partenkirchen under the heading “Status. Trends. Visions”.

The **DW Innovation Award for the Property Sector** is presented at the Aareon Congress for the eighth time. Prizes are awarded by GdW President and patron Axel Gedaschko on the topic of “Towards new profitability in the property sector”.

The **Aareon Online Shop** is launched.

The prestigious Reims-based housing association Le Foyer Remois (17,000 rental units) becomes a new customer for Aareon France’s **Portallmmo Habitat 2.0** ERP system.

JUNE The **Aareon France** customer conference is held in the Pavillon Royal in Bois de Boulogne, Paris. With some 200 participants and wide-ranging exhibits from partners, it is now one of France’s largest events in the property industry calendar.

Aareon France signs a partnership agreement with SAP.

Peabody, one of London’s oldest housing companies – and with 19,000 rental units also one of its largest – becomes an **Aareon UK** customer.



AUGUST: New Aareon IT Service Centre.



OCTOBER: Signing the Wodis Sigma contract with GEWOBAU Essen. Left to right: Dr. André Rasquin, Dirk Rasquin, Aareon / Stephan Klotz, Ulrich A. Büchner, GEWOBAU Essen / Lothar Böttcher, Aareon

JULY AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER



JUNE: Signing the SAP partner agreement in France. Left to right: Dominique Comte, SAP / Chantal Penelon, Aareon



SEPTEMBER: The Northern German Property Regatta takes place in Kiel.



NOVEMBER: Wodis Sigma Forum in Bochum.

JULY Aareon AG and its German subsidiaries are once again awarded the **DQS Data Protection Certificate**. This certification is based on a voluntary data protection audit in accordance with Section 9a of the German Federal Data Protection Act.

The two-week holiday programme for employee children in Mainz to promote the balance of **work and family** proves very popular.

AUGUST The second and last wing of the new head office in Mainz is completed. The new **Aareon IT Service Centre** begins operations here.

Aareon offers the first iPhone app for the **Mareon** service portal

On 18 August, the **Mareon** service portal celebrates the processing of its ten millionth order.

SEPTEMBER More than 350 property companies have now opted to deploy **Wodis Sigma**, and the system is already in service at 240 of them.

The leading Together Housing Group, Halifax, which manages around 35,000 rental units, decides to deploy **QL Housing** from Aareon UK.

After an invitation to tender conducted at a European level, the province of Noord Brabant decides to introduce the facility management system **Facilitor 5i** from our Dutch subsidiary **SG|automatisering**. Once rollout is complete, around 2,000 employees will use **Facilitor 5i** in their daily work.

Following its successful premiere in 2010, the **Norddeutsche Immobilien-Regatta** (Northern German Property Regatta) is held for a second time at Kiel's Olympic venue and attracts more than 110 yachtsmen.

After four qualifying tournaments with more than 400 golfers from the property sector, the final of the **Golf Trophy for the property sector** is held on the championship course at St. Leon-Roth.

OCTOBER "Efficiency 2020" is the topic of the **2012 DW Innovation Award for the Property Sector**.

Lerninsel ("Training Island"), the long-running initiative for supporting property industry trainees, is held for the first time in Weimar, with Aareon as one of the event sponsors.

Aareon exhibits at the **14th Expo Real** together with the Aareal Bank.

NOVEMBER At the **Wodis Sigma Forum** in Bochum, Aareon launches the new **Wodis Sigma Release 3.0**, which customers can deploy from the exclusive **Aareon Cloud**.

The **Mareon** service portal celebrates its tenth anniversary.

DECEMBER The first systems from our Dutch subsidiary **SG|automatisering** (Emmen) are installed in Aareon's new Mainz-based IT Service Centre. Data mirroring between Mainz and Emmen provides **SG|automatisering** with a solution that increases system reliability.



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