

Aareon Annual Report 2020

Pioneering Work



Contents

3

The company

3	Pioneering Work – mission
4	Key performance indicators 2020
5	Fiscal 2020
6	Aareon at a glance
8	Pioneering Work
14	Preface of the Management Board
17	Management Board
18	Overview of 2020

22

Group management report

24	Group business fundamentals
32	Economic report
39	Our staff
41	Internal control system
43	Risk report
47	Opportunities
49	Outlook

52

Consolidated financial statements

54	Consolidated statement of comprehensive income
55	Consolidated balance sheet
56	Consolidated statement of changes in equity
57	Consolidated statement of cash flows
58	Notes to the consolidated financial statements
84	Independent Auditor's Report

87

Further information

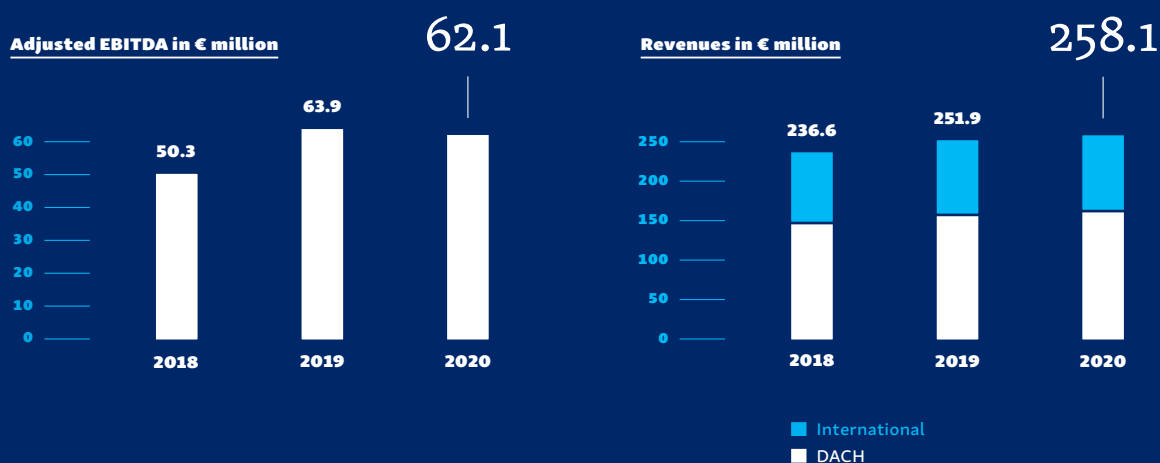
87	Report of the Supervisory Board
89	Aareon customers
91	Publishing information

➔ The annual report is also available online
<https://ar2020.aareon.com>

Pioneering Work

Pioneering work – that’s what we at Aareon aspire to as a technology and industry leader. And we create the best conditions for that: in a close and constructive dialogue with our customers and partners, we develop innovative, user-centric products – with modern working environments providing the basis for creativity and inspiration. In the midst of all this progress, one thing above all else never changes: people are the focus of our software solutions and, indeed, of everything we do.

Key performance indicators 2020



IFRS key indicators (in € million)

	2020	2019	Change
Revenues	258.1	251.9	2.4%
Of which international	94.2	92.7	1.6%
Adjusted EBITDA	62.1	63.9	-2.8%
Consolidated net income after tax	17.9	25.9	-31.1%
Total assets	380.0	352.3*	7.9%
Equity	201.0	187.1	7.4%
Cash flow from operating activities	55.0	43.9	25.2%
Cash flow from financing activities	-11.4	-10.4	10.0%
Research and development expenses	41.9	38.0	10.3%
Number of employees (as at 31 December)	1,795	1,631	10.1%
Of which international	752	717	4.9%

* Restated

Fiscal 2020

- ✓ Advent International becomes new minority investor (30%)
- ✓ Increase in revenues even during Covid-19 pandemic: € 258 million (previous year: € 252 million)
- ✓ Research and development intensified: expenditure of € 42 million (previous year: € 38 million)
- ✓ Digital solutions in high demand: revenue growth of 19%
- ✓ New ERP product generation Aareon Wodis Yuneo launched in Germany
- ✓ Market launch of AI-based virtual assistant Neela
- ✓ Further ventures founded: Refurbio GmbH, Berlin, and Ecaria GmbH, Berlin
- ✓ International growth: branch office established in Switzerland

Aareon at a glance

Aareon is the leading provider of ERP software and digital solutions for the European property industry and its partners.

Cornerstones of strategy



Having a clear customer focus

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



Offering solutions that lead the way

New technologies and customer requirements as well as industry trends and future topics are factored into research and development.



Being a dependable partner

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

39

Locations

Aareon has its headquarters in Mainz, Germany, and offices in Austria, Finland, France, the UK, the Netherlands, Norway, Sweden and Switzerland.

3,000

Customers

make use of Aareon's consulting, software and services to benefit from the opportunities presented by digitalisation. They manage over 10 million units with the help of Aareon's IT solutions.

1,795

Employees

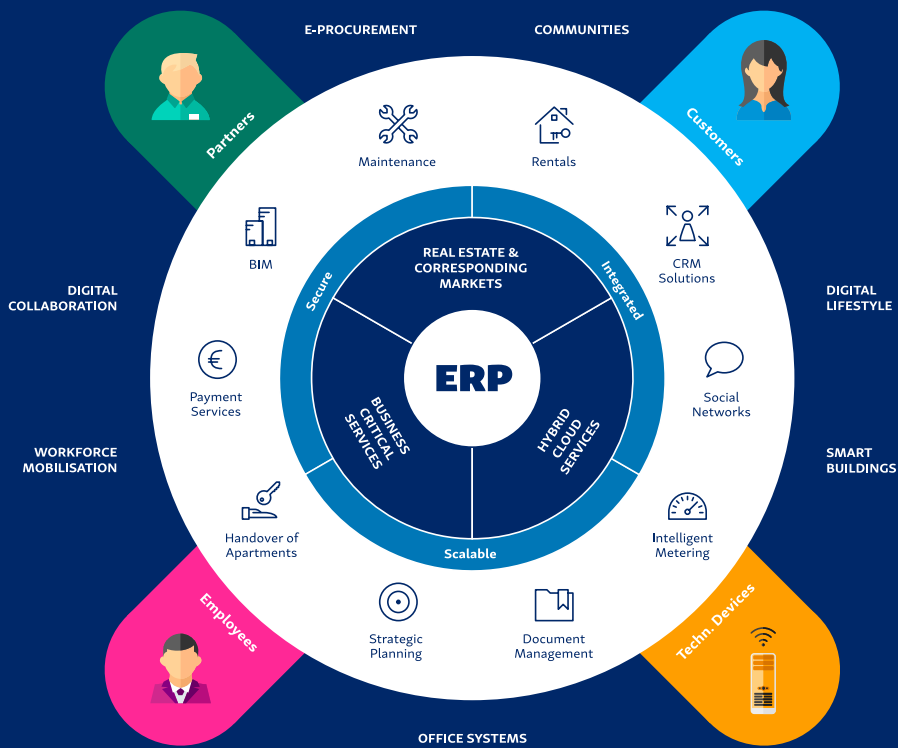
of different nationalities and from different cultures and age groups are the key to Aareon's success. They have the necessary IT and property-industry expertise, are innovative, dedicated and high-achieving, and always remain focussed on the customer.

63

Years of success

Aareon has continued to develop ever since the data centre was founded in 1957. Today, for good reason, it has become the leading provider of ERP software and digital solutions to the European property industry.

Aareon at a glance



Aareon Smart World

Harness the opportunities presented by digitalisation with Aareon Smart World, the digital ecosystem that has been an industry benchmark for years. It enables property companies and their employees to link up with customers and business partners and can interconnect technical devices, both in individual apartments and entire buildings. It also allows processes to be redesigned and optimised. Aareon Smart World adds value by lowering costs, helping create new business models and facilitating the dialogue between customers and property-industry employees.



Cultivating ideas

If you want to do pioneering work, you need the right environment in which to do it. This can be provided via the work setting, digital tools and creative methods alike.

➔ *Have a look at our [online journal](#) to find out how Aareon is creating a culture conducive to innovation throughout Europe.*





ERP pioneers

Aareon's development experts all agree that the ERP system of the future will be user-centric, mobile, integrative, analytical, predictive, intelligent, highly automated and cloud-based.

👉 Take a look at our [online journal](#) to find out about the added value of such a system in practice.



More convenience thanks to digital solutions

Aareon customers in France, the Netherlands, Sweden and the United Kingdom report on the benefits of digital solutions.

👉 *Read our [online journal](#) to find out how much added value is offered by the use of integrated ERP systems in conjunction with innovative digital solutions.*



Preface of the Management Board

Dear Readers,

Aareon continued on its growth trajectory in what proved to be an extraordinary business year. It was extraordinary for two main reasons: firstly, for the advent of the Covid-19 pandemic – a previously unimaginable event – to which our employees adjusted rapidly, mobilising as OneAareon to help our customers continue their business operations. And secondly, we embarked on a new chapter in our successful history when Advent International acquired a 30% stake in Aareon as a new minority investor. We intend to accelerate our growth trajectory significantly in the years to come with a view to creating more added value for customers, investors and employees.

A robust business model – business operations continue smoothly despite pandemic

Since the start of the Covid-19 pandemic, protecting the health of our customers and employees and preventing the further spread of the virus have been our top priorities. As a technology and industry leader, we have had sound foundations on which to build. In recent years, we had already deployed digital and mobile solutions to render Aareon's working environment more flexible, and these provided us with additional benefits during the crisis. The vast majority of our employees have been working full-time from home, enabling us to be there for our customers – pressing ahead with existing projects (albeit virtually) or launching new ones together, and using webinars, consulting and additional functions in the Aareon solutions to help them continue their business operations. Originally introduced as a measure to reduce CO₂ emissions, our online "Green Consulting" service has seen a big rise in demand. Many events were offered in virtual format – including Aareon Live, the key event for the property industry in Germany. Over 1,600 participants registered for the online event held under the slogan "Experience pioneering spirit".

→ *Pioneering work: How Aareon is creating a culture conducive to innovation throughout Europe – details in our [online journal](#).*

New minority investor – a milestone in the company's history

In August, our parent company, Aareal Bank, completed the sale, announced in mid-May, of a minority 30% share of its 100% stake in Aareon to the private equity investor Advent International as part of a long-term partnership. This partnership is a great opportunity for us to significantly accelerate our growth trajectory by implementing a Value Creation Program, thereby embarking on the next chapter in the Aareon success story:

- We will become an even stronger partner for our customers as we forge ahead with ambitious plans for the technological refinement of our ERP systems and digital solutions and expand our portfolio for their benefit.
- We will become an even more attractive employer, as our corporate growth will give rise to new fields of activity and development prospects – all within an innovative working environment.
- We will create an even better basis for further growth by acquiring other companies. Backed by the expertise of Advent, we will be starting from an even stronger position.
- By 2025, further increases in growth and profitability will see Aareon elevated to a Rule-of-40 company¹.

Aareon Smart World – new technologies for ERP systems and expansion of the range of digital solutions

For years, our Aareon Smart World portfolio has been a benchmark when it comes to the digital networking of market players in the property industry. At the core of this portfolio are the ERP systems, which interact optimally and can be individually linked up to other digital solutions.

¹ The Rule of 40 metric is calculated as the sum of revenue growth and EBITDA margin (Earnings Before Interest, Taxes, Depreciation and Amortisation); this figure should be 40% to reflect a compromise between growth and profitability.

→ **ERP pioneers:**
What will the ERP system of the future look like - details in our [online journal](#).

We aim to further develop our ERP systems and digital solutions in a customer-centric manner. We are investing in next-generation ERP systems as part of the “ERP 2025” project. These will be taken to the next stage of development by the use of new technologies such as business intelligence, artificial intelligence, big data and robotics. Key features include a user-centric operating concept, mobile system availability, an integrative approach (even for third-party systems), comprehensive analytical capability through the use of business intelligence tools, and predictive planning. Following the roll-out of the new ERP product generation Tobias 365 in the Netherlands in 2019, September 2020 saw Aareon launch its new Wodis Yuneo product generation on the German market. By the end of the year, around 300 clients had already opted for Wodis Yuneo. But the predecessor systems Tobias AX and Wodis Sigma are still available too. As an industry leader, Aareon offers its customers investment security.

The scheduled phasing out of the tried-and-tested ERP system GES and the discontinuation of operations at the Aareon data centre at the end of the year marked an historic milestone. The final migration projects had been completed at the end of June 2020. Even when GES was being developed in the 1950s, Aareon was focussing on state-of-the-art technology to help customers automate their processes. So, pioneering work has been part of Aareon’s DNA from the outset.

→ **Digital solutions:**
How digital solutions create added value - details in our [online journal](#).

Since then, we have expanded our portfolio of digital solutions, one of the new additions being the AI-based virtual assistant known as Neela. Following the launch in Germany, marketing got underway in the UK, the Nordic countries and the Netherlands. France is set to follow in 2021. Neela will initially be available as a chatbot, allowing property companies to respond automatically to their customers’ standard queries in particular. Customers benefit from receiving a quick reply, while employees have more time to spend on more complex issues.

As part of our start-up programme, we have founded two more ventures with our subsidiary Ampolon Ventures (AV Management GmbH), which fosters close ties with the start-up scene. Refurbio GmbH, Berlin, is offering foxxbee, a digital interior design consultancy, while Ecaria GmbH, Berlin, has developed a digital solution called Ecaria that helps family carers plan and organise care services digitally. Aareon is thus in a position to tap into new market potential.

Mergers & acquisitions (M&A) – successful takeovers

In addition to the organic growth described above, inorganic growth plays an important role in the expansion of our product portfolio and development of additional markets. We have already successfully realised acquisitions of a similar nature in the past. In order to promote this growth pillar even further, we expanded capacities and established a dedicated division in the past fiscal year. Our acquisition of CalCon, Munich, Germany, was effective as of 1 January 2020 and has enabled us to add building relationship management solutions to Aareon Smart World. In December, we also signed a contract to purchase a 100% stake in Arthur Online Ltd. (“Arthur”), London, UK. Arthur offers a best-in-class SaaS solution for property management that brings together property managers, owners, tenants and contractors on a single platform. In particular, the deal will enable us to develop the market for small and medium-sized property managers in the UK.

On a growth trajectory – increase in revenues even during the pandemic

In what was a challenging 2020, we succeeded in increasing our consolidated revenues by 2% to € 258 million. International business accounted for 36% (previous year: 37%). As part of our international growth strategy,

we established a branch office in Switzerland with a view to further promoting market penetration throughout Germany, Austria and Switzerland. Revenues from ERP solutions (excluding consulting) rose by 3%. The ERP systems make for stable, recurring revenues and are the starting point for cross-selling activities involving our digital solutions. In this product segment, the year-on-year increase in revenues amounted to 19%. Only in the area of consulting were we unable to fully compensate for the effects of the pandemic with our “Green Consulting” offering, resulting in a decline in revenues. Overall, the adjusted EBITDA² of € 62 million fell just short of the prior-year level (-3%).

Outlook – further expansion and creation of added value

We intend to press ahead with our international growth strategy. We will continue to expand the Aareon Smart World portfolio for the benefit of our customers and their stakeholders. We will create added value for our customers so that they can exploit additional value creation potential. In doing so, we will rely on our own research and development activities, while eyeing further company acquisitions. Our M&A pipeline is already well stocked and the requisite financial resources are available. This means that we will be able to further increase our market shares in the relevant markets.

Although the effects of the Covid-19 pandemic are set to continue for some time to come, signs of a digitalisation push are emerging. We will endeavour to support our customers in their digital transformation with the ultimate aim of advancing the entire industry in this sphere.

In a challenging fiscal year, we are particularly proud of the excellent cooperation we have enjoyed with our customers, partners, employees and investors. Together, we have achieved success through courage and innovation – the very essence of “pioneering work”. We would like to thank everyone sincerely for all their efforts, and look forward to developing further future potential with all of them.

Best regards



Dr. Manfred Alflen



Dr. Imad Abdallah



Sabine Fischer



Dr. André Rasquin



Christian M. Schmahl

² Adjusted EBITDA: Earnings before Interest, Taxes, Depreciation and Amortisation before strategic investments

Management Board

Dr. Manfred Alfien
Chief Executive Officer



Dr. Imad Abdallah
Chief Digital and Ventures Officer



Sabine Fischer
Chief Market Officer



Christian M. Schmahl
Chief Financial Officer



Dr. André Rasquin
Chief Operations Officer

Overview of 2020

01 January

Aareon Vacancy Management in demand

Techem (as the development partner), BRUNATA, Munich, and Kalorimeta opt for Aareon's vacancy management solution. This digital solution automates the hitherto largely manual processes involved in a change of tenant, linking up utilities, metering services and housing companies. Aareon is working together with ista to develop a further service for the exchange of tenant data. (Image below)



Wodis Sigma Dialogues

Over 500 participants attend the Wodis Sigma Dialogues series of events at six locations in Germany. New features of the current Wodis Sigma Release 11 are presented and Aareon Smart World topics discussed. (Image below)



Lars Aabol appointed CEO of Aareon Nordic

Lars Aabol has 30 years of experience in the IT sector as founder, manager and managing director of software and consulting services in the Nordic countries. (Image below)



Successful go-lives at the start of the year

Aareon goes live with over 60 projects in Germany, Austria and Switzerland, covering some 230,000 units in total.

CalCon now officially part of the Aareon Group

The acquisition of CalCon takes effect on 1 January 2020, following the signing of the contract in November 2019. CalCon was already a long-standing partner of Aareon. Solutions for property condition assessment, determination of requirements and maintenance planning are added to Aareon Smart World as a result of the acquisition.

02 February

Spar- und Bauverein eG Dortmund goes live with Aareon Invoicing Portal

All invoices from the utility Dortmundener Energie- und Wasserversorgung GmbH are now sent digitally and automatically registered in the accounting system.

03 March

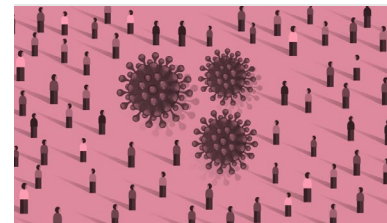
Job applicant training for the JOBLINGE initiative

The training held by Aareon in Mainz is designed to support young people who are having problems landing their first job on the labour market. (Image below)



Bernicia Group opts for Aareon UK

Bernicia has chosen additional Aareon Digital Solutions; the Self Service App and the hosting of the 360 Contractor Portal. Bernicia offers high-quality and affordable homes for over 60,000 customers in the north-east of England.



Management of the Covid-19 pandemic

The vast majority of employees, around 1,700 in number, work from home during the Covid-19 pandemic in order to protect the health of customers and staff alike. Aareon ensures that ongoing operations continue to run smoothly and takes numerous measures to support its customers during the crisis. (Image above)

04 April

Lincolnshire Housing Partnership (LHP) pushes ahead with digitalisation

LHP with around 13,000 units chooses Aareon QL Next Generation, 1st Touch Mobile for employees and 360 Customer Portal. The solutions will be fully hosted by Aareon. (Image below)



Aareon subsidiary phi-Consulting turns 20

The energy industry has been undergoing a digital transformation since the turn of the millennium – and phi-Consulting’s innovative consulting services have provided it with support for just as long. The company specialises in digital roadmap design and the optimisation of utilities’ business processes.



Charity campaign “Aareon sagt Danke” (“Aareon says Thanks”)

Aareon thanks Mainz-based charitable institutions Kinderkrebshilfe Mainz e.V., Mainzer Hospizgesellschaft Christophorus e.V. and Pfarrer-Landvogt-Hilfe e.V. Their dedicated staff are under particular pressure during the Covid-19 pandemic. (Image above)

05 May

Virtual company run in aid of a good cause

Aareon donates to non-profit organisations in Augsburg in the ongoing “Aareon sagt Danke” campaign. The money was raised through the active participation of Aareon employees in a virtual company run.

06 June

Deutsche Telekom AG opts for CalCon’s AiBATROS®

Having used the digital solution epiqr® to manage its 6,900,000 m² of gross floor space in administrative, office and technical buildings since 2013, the company will now migrate to AiBATROS®.

Fifth award for promoting a healthy work-life balance

Following initial certification in 2008, Aareon is awarded the German “berufundfamilie” certificate for the fifth time, underscoring the company’s family-friendly and life-phase-oriented personnel policy. (Image below)



AI-based virtual assistant Neela announced

Neela will initially be launched in the German market. Marketing is also set to commence in the UK, the Netherlands and the Nordic countries in the course of the year. Neela supports the communication between property companies and their customers, initially via chat. (Image below)



Aareon is a consortium partner in the “ForeSight” project

The aim of the research and development project sponsored by the German Federal Ministry for Economic Affairs and Energy (BMWi) is to develop a platform for context-sensitive, intelligent and predictive smart living services. Aareon brings its long-standing industry and technological expertise to the project in its role of consortium partner.

First go-live of Tobias 365 in the Netherlands

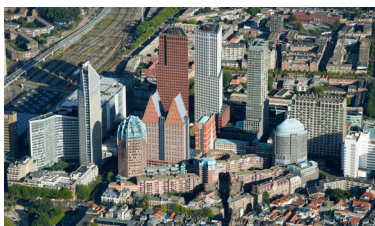
Habion, one of the leading social housing companies specialised in housing for older people in the Netherlands (12,500 units) is the first customer to go live with the new ERP product generation Tobias 365. The pilot implementation of the cloud solution has largely taken place online due to Covid-19.

07

July

FMHaaglanden in the Netherlands opts for Facilitor

FMHaaglanden is part of the Ministry of the Interior and Kingdom Relations. With more than 500 employees they supply facility products and services within the government in The Hague region to the workplaces of approximately 30,000 government employees. This important facility management provider chooses Aareon Nederland's Facility Management Information System. (Image below)



WAG Wohnungsanlagengesellschaft m.b.H., Linz, uses AiBATROS®

The Austrian company wants to use AiBATROS® to record and evaluate its portfolio; it will be the first customer to introduce portfolio management in AiBATROS® for flexible portfolio evaluation. WAG has 240 employees and manages over 80,000 units.

Long-term strategic cooperation agreed

Aareal Bank AG, Aareal First Financial Solutions AG and Aareon join forces to develop solutions, especially in the field of integrated payment transactions, for their respective customer groups.

ÖWG Wohnbau in Austria plans to use RELion

ÖWG Wohnbau, Graz – one of Austria's biggest non-profit property developers (with around 33,000 units) – opts for the ERP solution Aareon RELion. (Image below)



Aareon cloud services

Aareal Bank AG and Aareal First Financial Solutions AG extend their outsourcing contracts. Services from the certified Aareon data centre comprise an integral part of the agreement.

08

August

Advent International acquires a 30% stake in Aareon

Aareon's parent company, Aareal Bank, announces the agreement of a long-term partnership with private equity investor Advent International ("Advent") with the aim of further boosting Aareon's growth trajectory. Aareal Bank will sell a 30% minority stake in Aareon to Advent.

09

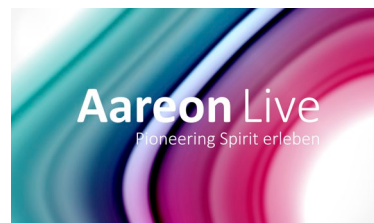
September

SEITRA and Aareon France enter into a strategic partnership

The aim of this partnership is to optimise condominium and trustee management. SEITRA is the market leader in France for digital solutions for condominium management.

Launch of new ERP product generation Wodis Yuneo

Aareon launches the new Wodis Yuneo product generation in Germany at the online event Aareon Live. It provides property companies with an ERP system capable of operating with new technologies such as business intelligence, robotics and big data.



Online event Aareon Live is a resounding success

Aareon Live, held under the motto "Pioneering Spirit", registers over 1,600 participants. The live-stream presentations set out Aareon's strategy for providing the property industry and its partners with even more support in the digital transformation and development of further potential for success. Notable pioneers from public life and business provide all kinds of fresh inspiration on current topics pertaining to society and industry. (Image above)

20 years of CalCon

Aareon subsidiary CalCon celebrates its anniversary and looks back on 20 years of new ideas and exciting projects with the focus on providing efficient solutions for viable existing properties. Its committed customers have supported CalCon every step of the way.



Donation of 10,000 euros to DESWOS

Aareon donates to Cologne-based DESWOS (Deutsche Entwicklungshilfe für soziales Wohnungs- und Siedlungswesen e.V.) at its online event Aareon Live. The money will go towards a pilot project in Juba, the capital of South Sudan, which aims to provide single mothers and their children with decent living conditions. (Image above)

10 October

Aareon RELion establishes branch office in Switzerland

The Aareon Group continues its international growth strategy with the establishment of a branch office in Rotkreuz, Switzerland, and is now represented at locations throughout Germany, Austria and Switzerland.

11 November

Ampolon Ventures sets up its third venture

The venture subsidiary established by Aareon in 2018 engages closely with the start-up scene to explore promising digital and user-centric solutions. Following the first two investments in OFI Group and Refurbio, this process has now resulted in an investment in Ecaria.

forsa survey of German property companies and tradespeople on Mareon

Overall, more than 95% of Mareon users are satisfied with the solution. Thanks to the benefits provided by the efficient process seamlessly integrated across all systems, many of the property companies surveyed now process over 70% of their orders via Mareon. Mareon has been connecting property companies with tradespeople and automating the order and invoicing process for almost 20 years.



Aareon Online: the first online event held by Aareon Nederland

At "Aareon Online – on the road to 2021", Aareon Nederland gives its customers a preview of all new developments planned for 2021 and presents practical examples of the latest software solutions. (Image above)

12 December

Significant demand for Wodis Yuneo

Around 300 customers have opted for the new ERP product generation by the end of the year. (Image below)



Aareon signs contract for the acquisition of Arthur Online Ltd.

Aareon continues on its growth trajectory by signing a contract to acquire a 100% stake in the fast-growing UK-based SaaS company Arthur.

Bye-bye GES

At the end of the year, the ERP system is discontinued as planned at the Aareon data centre, bringing a chapter of Aareon's company history to a close. All its customers have already migrated to modern, high-performance Aareon ERP systems. (Image below)



Group management report

24 Group business fundamentals

- 24 Aareon's portfolio**
- 26 Goals and strategies**
 - 28 Increase customer value & our market success
 - 28 Grow the leading ERP business
 - 28 Drive the digital transformation in the market
 - 29 Empower employees for success
 - 29 Enhance organisational performance and overall profitability
- 30 Quality and security standards**
- 30 Research and development (R&D)**

32 Economic report

- 32 General economic and industry environment**
 - 32 Economic growth
 - 33 Industry trend
- 33 Key performance indicators**
- 33 Business performance**
 - 33 DACH segment
 - 34 International Business segment
- 35 Economic situation**
 - 35 Earnings
 - 37 Net assets
 - 38 Financial situation

39 Our staff

- 40 Qualification and further training
- 40 Initial training and the promotion of young talent
- 40 Forward-looking corporate culture
- 41 Compensation principles

41 Internal control system

43 Risk report

- 44 Financial risks
- 44 Market risks
- 45 Management and organisational risks
- 45 Risks from incidental and ambient conditions
- 46 Production risks

47 Opportunities

- 47 Opportunities from customer focus
- 47 Opportunities from pioneering solutions
- 48 Opportunities from active brand management and quality
- 48 Opportunities from being an international corporate group
- 48 Opportunities from being a preferred employer
- 48 Opportunities from a sustainable business model

49 Outlook

- 50 DACH segment
- 50 International Business segment
- 51 Capital spending projects

Group business fundamentals

Aareon – a provider of ERP software and digital solutions for the property industry and its partners – offers its customers software, consulting and services, enabling them to optimise their digitalised business processes and expand their business models. Aareon sees itself as a provider of support to the property industry and its partners for the digital transformation process. The Aareon Group has a presence at 39 locations in Europe’s key property markets. The Aareon Group’s research and development activities benefit from the individual expertise of its different locations and the sharing of know-how between them. In the context of the digital transformation, the Group harnesses each country’s points of focus of digitalisation for the ongoing expansion of the Aareon Smart World portfolio – its connected ecosystem that offers a comprehensive portfolio of solutions for the property industry.

Aareon AG is a subsidiary of Aareal Bank AG, Wiesbaden, an international property specialist. In the year under review, Aareal Bank AG, which previously held 100% of the shares in Aareon AG, sold part of its stake to AI Houses (Luxembourg) S.à r.l., Luxembourg, a company owned by financial investor Advent International Corporation, Boston, MA, USA. As a result, Aareal Bank AG now holds 70% of the shares in Aareon AG and AI Houses (Luxembourg) S.à r.l. the remaining 30%. The minority stake was acquired on 1 November 2020 and one of Advent International’s partners has had a seat on Aareon AG’s Supervisory Board since 3 November 2020. Aareon has been a separate segment within the Aareal Bank Group since the Group restructured its business segments in 2020.

Aareon’s portfolio

The enterprise resource planning (ERP) systems marketed in each of its footprint countries form the linchpin of Aareon’s digital ecosystem, Aareon Smart World. Our ERP systems provide support for the business processes of our property

industry customers, e.g. by enhancing process efficiency and quality, business management and risk management. These systems enable customers to organise not only their core processes, but all their key customer relationship and inventory management processes, e.g. contract and receivables management as well as reporting solutions for providers of commercial property. Aareon aims with its ERP systems to safeguard its customer base and to generate a stable, long-term business volume, resulting in recurring revenues. In many cases, Aareon’s customer relationships have been in place for decades. The ERP systems, which are subject to continuous technological enhancement, can be integrated with digital solutions, which are constantly being expanded. New and existing customers utilise these integrated digital solutions to connect stakeholders and employees (WRM – workforce relationship management), customers (CRM – customer relationship management) and suppliers (SRM – supplier relationship management) as well as technical devices in apartments and buildings (BRM – building relationship management). That makes it possible to redesign and optimise processes. By connecting all those involved, the digital solutions help to unlock new business models and thus new sources of revenue, and to realise potential cost savings.

The Aareon Group reports on two segments: DACH and International Business. The DACH segment comprises the Group’s operations in Germany, Austria and Switzerland.

In both the DACH and International Business segments, Aareon provides software solutions that can be accessed in different modes: software as a service (SaaS) and hosting from the exclusive Aareon Cloud or via in-house operations. When Aareon’s customers opt for data hosting and SaaS, their data is stored in Aareon’s certified Data Centre in Mainz, which can ensure high levels of data security and data protection (see p. 30). After a consultation, the customer is granted a licence to use the software. Implementation and

training are generally provided on the basis of a maintenance model, which also covers ongoing support for the deployed software and generates revenues over the contract term.

In the DACH segment, Aareon markets ERP products for the housing industry and commercial-property sector. Products of this kind targeting the housing industry include, in particular, Wodis Sigma, the new Wodis Yuneo product generation and SAP® solutions/Blue Eagle. The legacy system GES was maintained for customers in the Aareon Data Centre until 31 December 2020. The final migrations from GES to other ERP products took place on 1 July 2020. The overwhelming majority of former GES customers opted to switch to state-of-the-art ERP systems like Wodis Sigma/Yuneo, SAP® Solutions/Blue Eagle, and RELion (based on Microsoft® Dynamics 365 Business Central®). In the commercial-property sector, and with customers who manage both commercial-property and residential-housing assets, Aareon has a particular presence with its ERP product RELion. In addition, the company offers Aareon Cloud Services and the BauSecura insurance management solution in the DACH region.

In the International Business segment, Aareon's subsidiaries each offer their own country-specific ERP products. In the Netherlands, Aareon Nederland offers social-housing industry customers Tobias AX, a product based on Microsoft® Dynamics®, and had already launched the new ERP product generation Tobias 365 (based on Microsoft® Dynamics® 365) in the previous year. Aareon Nederland sells the ERP solution REMS in the commercial-property market and also offers its customers Aareon Cloud Services. The ERP products Prem'Habitat and Portallmmo Habitat are marketed by Aareon France, while Aareon UK offers Aareon QL, another ERP product, in its local market. In Scandinavia, Aareon Sverige and its subsidiaries Aareon Norge and Aareon Finland market the ERP product Incit Xpand with an integrated BIM (building

information modelling) solution. Aareon Sverige also provides its customers with fact books – reference works containing standard information on operating and maintenance costs.

In Aareon Smart World, the ERP products on offer in the DACH and International Business segments are linked to the digital solutions either directly or via the digital platform. The offerings include WRM (workforce relationship management), CRM (customer relationship management), SRM (supplier relationship management) and BRM (building relationship management).

WRM products offer property companies greater process efficiency and help simplify their day-to-day operations. Mobile solutions make it easier for field staff to handle commissioning, safety checks, apartment handovers, inventory data maintenance and the processing of customer transactions. Digital document management helps to reduce complexity by providing access to contracts and related archives from mobile devices any time and anywhere. Digital files save time and effort, as up-to-date information relating to a transaction is always available in full.

CRM solutions support and simplify processes between tenants or property owners on the one hand and property companies on the other – from searching for a place to live and moving in through to service enquiries and changes of residence. Aareon's CRM solutions enable property companies to offer their customers self-service options, so that they can access documents such as rental agreements, applications to keep pets and service charge statements as well as view contract data and print out tenant certificates for the registration authorities. Furthermore, tenants are able to submit damage reports, check the status of tickets and find out to what extent their issue has already been processed.

SRM products make for seamless collaboration between service partners. With the help of these digital solutions, employees tasked with commissioning tradespeople can, for example, coordinate their work efficiently and provide them, via mobile devices, with all the information they need to do their jobs. Service-partner orders, documents and invoices can be organised online – in a quick, transparent and paperless manner. Moreover, thanks to the integrated use of data from CRM and ERP solutions, property companies are able to generate orders for partner companies on the basis of their digital contact with the customer. The status of repair orders, for example, can then be reported back to the owners via the portal. Communication, administration and maintenance thus dovetail seamlessly on a digital basis. Customers from both the property and energy industries can profit from this integrated portfolio.

The purpose of BRM products is to professionalise building management. These solutions enable property companies to record and analyse all their property-related data in a uniform manner and leverage it in order to optimise their processes. That data can help them to manage their portfolios more easily and to plan for the future. A further advantage of digital applications is that employees on site at a property can access all the data they require via a tablet or smartphone and therefore have precise information about the property's equipment, features, condition and maintenance cycles at their fingertips. They can also update the inventory data in real time.

Aareon UK also markets the digital products of its partners in the British market. In the Netherlands, Aareon Nederland deploys the Trace & Treasury product, which can be used to manage cash and draft business plans when managing assets.

At Aareon, development is focused not only in the individual business segments, but also on new products. The rollout of Neela – an AI-based virtual assistant that enables property

companies to make their customer relationship management processes faster and more convenient – has begun in Germany, the UK, the Netherlands and Sweden. What is more, customers can benefit from the solutions provided by our PropTech partners. These include, for instance, the intelligent keyless entry system KIWI (Germany), which can be integrated into the Mareon service portal (coordination of tradespeople), the digital rental platform Immomio (Germany), and OSRE, the digital sale and rental platform (Netherlands).

Aareon's competitors include providers of proprietary industry products, SAP® partners and, increasingly, PropTech companies offering individual digital solutions. As early as 2018, Aareon decided to make additional strategic investments over the following years in order to further enhance the company's market penetration and promote the digital transformation (see p. 27 f.).

Aareon considers itself to be well positioned with its portfolio of ERP products, integrated digital solutions, Aareon Cloud Services and consulting services. In addition to growing its portfolio organically, Aareon's goal is also to expand through non-organic growth. In 2020, the company performed a thorough analysis of the business environment, identifying potential takeover targets. These opportunities were taken up in the new Value Creation Program and will also be pursued beyond the current reporting period (see Outlook section). The acquisition of Arthur Online Ltd., London, which became part of Aareon's portfolio in February 2021, marks the first successful acquisition in this process – and simultaneously the first under Aareon's new ownership structure.

Goals and strategies

Aareon pursues a strategy of profitable growth on the basis of the Aareon Flight Plan, which is evolved annually to meet the latest requirements. Aareon's goal is to be the leading

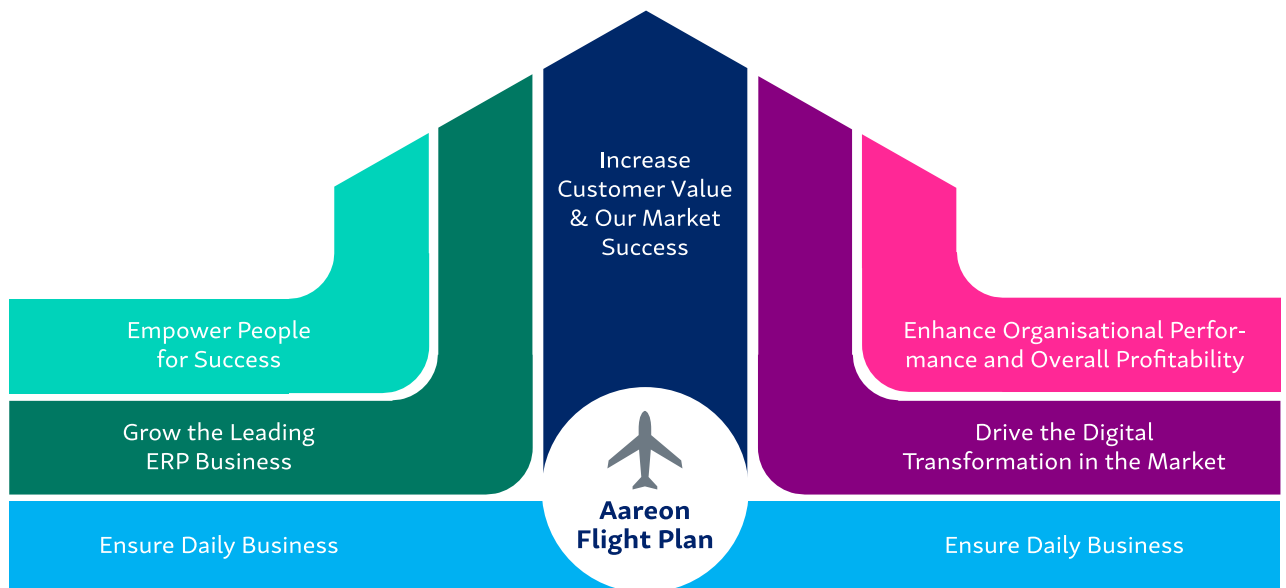
international partner for the property industry and related markets. Within the Aareal Bank Group, the Aareon Flight Plan forms part of Aareal Next Level, the Group’s programme for the future. With the help of the Value Creation Program (which forms part of the Flight Plan), the company aims to achieve its full operating potential by 2025 and beyond.

In the course of the programme, the Rule of 40 was introduced. Commonly used within the software industry, this metric measures the performance of technology companies and assesses the quality of their business models. Once a certain level of quality is reached, it is reflected in a higher rating.

The metric is calculated as the sum of revenue growth and EBITDA margin; this figure should be 40% to reflect a compromise between growth and profitability.

Key strategic areas of the Aareon Flight Plan are:

- Increase customer value & our market success
- Grow the leading ERP business
- Drive the digital transformation in the market
- Empower employees for success
- Enhance organisational performance and overall profitability



Increase customer value & our market success

Aareon's solutions and services are user-oriented and add value for the company's customers and their partners. That is why customer requirements are factored into product development right from the word go. During the development process, Aareon can draw on its existing customer relationships, its work in customer advisory councils, specific customer events, its participation in associations, and the application of user-centric approaches like design thinking. To entrench its market success in the long term, Aareon pursues a growth strategy based on a combination of organic and non-organic growth. The non-controlling interest acquired by Advent International will lend Aareon additional impetus to build on its market position. As a financial investor with a long-term horizon, Advent International can contribute its broad expertise in the technology sector as well as its experience with M&As to accelerate the growth in Aareon's value and make it a Rule-of-40 company.

As regards potential non-organic growth, Aareon's management has already completed a thorough analysis of potential acquisition targets and identified opportunities. These are now being pursued systematically so as to be able to add more value for customers through an expanded product portfolio. In this context, the company has optimised its organisational structure and set up the Transaction Corporate Development unit. In addition, corresponding capacities have been added in the Finance and Legal units.

Aareon signed a contract to take over the business operations of CalCon Holding GmbH, Munich, by way of an asset deal and to acquire the company's subsidiaries with effect from 1 January 2020. The transaction closed on 20 February 2020. This acquisition was in line with Aareon's growth strategy and supported the expansion of its portfolio of digital solutions. *epiqr*®, a product that assesses the condition of property, and CalCon's new AiBATROS® product generation were integrated into Aareon Smart World, namely in the digital

BRM (building relationship management) solution, which comprises digitalised building management. The project to integrate the CalCon Group was completed in the year under review and progress made to incorporate its products into Aareon Smart World.

Grow the leading ERP business

ERP solutions are central to Aareon's portfolio of products and services and offer significant cross-selling potential. After all, customers tend to supplement their ERP systems with further digital solutions step by step, thus building up their own proprietary digital ecosystems. Aareon invests in the ongoing technological refinement of its ERP software solutions. The Aareon Group wants its future ERP product generations to be cloud-capable, compatible with cutting-edge technologies (business intelligence, AI, machine learning, robotics) and user-oriented, and also to offer new – e.g. self-learning – functionalities. To this end, a Group-wide project (ERP 2025) was set up. After the new-generation ERP product Tobias 365 was rolled out in the Netherlands in 2019, the new-generation Wodis Yuneo was announced in Germany in September 2020 (see p. 33 f.) and almost 300 contracts for the product have already been signed. Further ERP product generations are already under development and new releases for existing product generations are being rolled out regularly in all countries.

Aareon intends to enhance its market penetration in the commercial-property market, too, garnering new customers in particular with its RELion product, which is integrated in the Aareon Smart World digital ecosystem. Aareon made its debut in the Swiss market in 2019 by acquiring a major customer for the RELion ERP solution. It then opened a branch office there in October 2020.

Drive the digital transformation in the market

Aareon is driving the digital transformation of the property industry. Especially in the wake of the Covid-19 pandemic,

Aareon has seen solutions to digitalise working life gain substantially in significance. During the pandemic, Aareon has supported its customers with Green Consulting (online consultations) and solutions for working from home, and by adjusting its systems to comply with the new statutory requirements. The company is investing to broaden its portfolio of digital solutions in order to fully exploit the potential offered by the digital transformation. Proprietary R&D teams are building on and expanding these solutions, ensuring the transfer of knowledge across the Group. In this context, Aareon has also launched a user-centric form of collaboration with its customers and partners. Further products to implement the company's digital growth strategy are either in the validation phase or about to be launched in the market (e.g. predictive maintenance).

Collaboration with start-ups is another relevant factor in growing the company's digital portfolio. The following forms of collaboration are possible:

Establishing joint ventures: Through its subsidiary Ampolon Ventures (AV Management GmbH), Aareon is active in the start-up scene and a partner in joint ventures. In 2019, Ampolon Ventures established its first venture, OFI Group GmbH, Frankfurt am Main, which offers Ophigo, a digital platform for office rentals. 2020 saw the founding of Refurbio GmbH, Berlin, which developed foxxbee, a digital interior design consultancy, and of Ecaria GmbH, Berlin. The latter's eponymous product is a digital solution that helps family carers plan and organise care services digitally.

Investments in start-ups and accelerators: The company acquired direct stakes in the PropTech Immomio (a digital rental platform) in Germany and in OSRE (a digital platform for real estate transactions) in the Netherlands. Aareon also holds shares in its strategic partners blackprint Booster and blackprint Booster International, which support future-oriented start-ups in the property environment.

Empower employees for success

Aareon remains on a growth trajectory. That is why its corporate strategy covers both the recruitment and retention of qualified employees (see p. 39 f.). With a view to recruiting new staff, social media activities were coordinated and strengthened within the Aareon Group. Campaigns featuring videos and testimonials were launched in the various national markets. Since June 2020, Aareon has complemented its conventional recruitment process with an active-sourcing policy in order to build up talent pools. Active sourcing means directly addressing potential candidates who are already, or will be, a good fit for Aareon and who have skills to contribute. With the Group becoming ever more international, the OneAareon idea has increasingly gained traction within the corporate culture. In this context, the digital tool for internal collaboration has enhanced transparency considerably and strengthened the feeling of togetherness and belonging. The entire Group has benefited from this – especially during the Covid-19 pandemic.

Enhance organisational performance and overall profitability

Since April 2019, the company has gradually implemented an efficient, market- and customer-centric organisational structure. The organisational structure for operations – comprising the three international divisions Market (consulting and sales), Operations (ERP solutions and Aareon Cloud Services) and Digital Solutions and Ventures – has proven its worth.

In an effort to streamline the company's structure, Aareon RELion Nord GmbH and Aareon RELion Süd GmbH were merged to create Aareon RELion GmbH in the course of 2020. In addition, CalCon Deutschland AG and epiqr Software GmbH were merged into CalCon Ingenieurgesellschaft GmbH. The name of the company was changed to CalCon Deutschland GmbH. In the Netherlands, Kalshoven Automation B.V. was merged into Aareon Nederland B.V.

Over and above this, the following key projects were the main drivers of enhanced organisational performance:

- ITSM (IT service management) to optimise support processes. Owing to its complexity, this project will run for several years.
- Work continued on expanding the genesisWorld customer relationship management solution to include our international subsidiaries.
- Harmonisation in the SAP® environment; the O2C (order-to-cash) process has already been rolled out in the UK and the Netherlands, and the Nordic companies are set to follow suit in 2021.
- Deployment of robotic process automation (RPA) to automate internal processes previously performed manually.
- Implementation of the Group approval matrix to harmonise the cross-border procurement process.

The purpose of these projects to rationalise operations is to achieve the medium-term goals required by the Rule of 40.

Quality and security standards

Data privacy and data security are of crucial importance to Aareon. Numerous clients in Germany and abroad make use of Aareon solutions as a service from the exclusive Aareon Cloud – meaning that their data is stored solely in the Aareon data centre and at a backup location in Germany. Aareon data centre operations are regularly audited for compliance with the PS 951 nF auditing standard of the Institute of Public Auditors in Germany (IDW). The TÜV Saarland Group, a technical inspection agency, re-certified the Aareon data centre until the end of 2021 (“Certified Computer Centre Network – Fail-Safe Level 4”). Since 2010, Aareon has volun-

tarily submitted to regular external data-protection audits in accordance with Section 9a of Germany’s Federal Data Protection Act (BDSG). In 2019, the corresponding re-certification process was performed by the technical inspection agency TÜV Rheinland i-sec GmbH; the certificate it issued is valid until 2022. TÜV Rheinland i-sec GmbH recognised Aareon as a “service provider with audited data protection management”. Aareon’s system of information security management complies with the internationally recognised ISO/IEC 27001:2013 standard. Following a re-audit in 2017, the certification was extended until December 2023.

Research and development (R&D)

Collaborative R&D activities form the foundation for the ongoing expansion and technological evolution of the Aareon Smart World digital ecosystem. These activities are designed to be user-centric and focus on adding value for customers and business partners alike. Given Aareon’s international reach, its R&D benefits from specific points of focus for digitalisation in different countries and from the associated expertise of its subsidiaries in these areas. Aareon adopts an agile approach to development in order to carry out intensive testing at an early stage and take the step from idea to prototype as quickly as possible. Its international development teams take social, legal, economic and technical factors into consideration, integrating them into new and existing digital solutions.

Aareon works hand in hand with property companies and business partners in line with the design thinking method. This user-centric approach to problem-solving also provides the methodological underpinnings for the Aareon DesignLab. Customers have been making the most of the design thinking

workshops offered by specialists at the DesignLab. Since the start of the pandemic, the courses have also been offered online.

What is more, information gained from the day-to-day dialogue with customers is fed back into the company's R&D activities. Aareon gauges the requirements of its customers by talking to them on a regular basis – e.g. by means of institutions such as customer advisory councils as well as through regular Group-wide customer surveys.

Researchers take new technologies and their integratability into account where such technologies could be of benefit to the property industry. One result in 2020 was the market launch of the virtual assistant Neela. Based on cutting-edge AI and voice recognition technology, Neela was initially offered as a chatbot. Neela can be used by property companies to manage their customer relationships more quickly and easily. The new-generation ERP product Aareon Wodis Yuneo – successor to the market-leading Wodis Sigma system – was rolled out in Germany in September. Wodis Yuneo enables customers to make use of state-of-the-art technologies like business intelligence, AI, big data and robotics. The new product generation also boasts an optimised user interface. With just a few operating patterns, the system is intuitive to use. It is barrier-free and can be controlled via a mouse, keyboard, touchscreen or voice commands. What is more, Wodis Yuneo's web-based technology offers a high degree of flexibility. Users can access data at any time in the office, at home or on the go. The Wodis Yuneo ERP system can be operated either as an in-house solution or as an SaaS solution via the exclusive Aareon Cloud from the company's multi-certified data centre.

R&D expenses can be broken down into the development of updates, the maintenance and upkeep of existing functions,

the ongoing development of new functions and the creation of new products. Total expenditure of the R&D teams came to € 41.9 million in 2020 (2019: € 38.0 million). Some of the capital spent on developing new functions and products for our customers had to be recognised in the balance sheet. The capitalisation rate as a percentage of total expenditure was 31%. Amortisation of internally generated software came to € 4.9 million.

Economic report

General economic and industry environment

Economic growth

Within a short space of time, the Covid-19 pandemic that began spreading across the globe in the first quarter of 2020 triggered a dramatic slump in economic output. In the first half of the year many economies had to contend with problems of a magnitude that, in some cases, they had not encountered since the end of the Second World War. The action taken to contain infections brought public life to a standstill in numerous countries and intermittently banned the provision of a variety of services. As a consequence of this, and of the collapse of numerous supply chains, the global economy plunged into a deep recession in March. The second half of the year saw a pronounced recovery, which slowed over time and ceased entirely in many countries at the end of the year when lockdowns were re-imposed. Government aid packages and highly accommodative monetary policy mitigated some of the negative effects of the recession on economic operators.

In the eurozone, the Covid-19 pandemic caused economic output to shrink by 7.1% year on year. In the first six months of 2020, the decline was 15.0% year on year. Economic growth in Q3 was up 12.5% compared with the second quarter. Renewed lockdowns in the fourth quarter caused the economy to contract again in some eurozone countries. The service sector was hardest hit, while industrial production was more resilient. To lessen the economic impact of the pandemic, some countries provided a variety of support measures, ranging from moratoriums on payments to direct aid payments. The measures differed from country to country. Overall, support measures were equivalent to 4.5% of eurozone GDP.

The recession was somewhat less severe in some countries outside the eurozone. In Sweden, in particular, the drop in economic output was not as pronounced as in the rest of the EU.

The UK economy had to contend not only with the pandemic, but also with the ongoing repercussions of Brexit. The end of the year marked the end of the transition period that followed the UK's official departure from the EU on 31 January 2020. A trade agreement with the EU was concluded at the end of December, thus avoiding a hard Brexit and many barriers to trade. The agreement guarantees, among other things, duty-free trade and no limits on the volume of goods traded, but at the cost of a lot of extra red tape. The UK, too, ended the year in strict lockdown, which further dampened the economy. Overall, British GDP contracted by 10.3% year on year.

The recession triggered significant job losses worldwide. In many advanced economies, however, the increase in unemployment was curbed by furlough programmes and other forms of state aid.

Annual change in real GDP in %

	2020 ¹⁾	2019 ²⁾
Eurozone	-7.5	1.3
Germany	-5.5	0.6
Finland	-4.0	1.1
France	-9.1	1.5
Netherlands	-4.6	1.6
Austria	-8.0	1.5
United Kingdom	-11.3	1.3
Norway	-1.2	0.9
Sweden	-3.2	1.4
Switzerland	-4.7	1.1

(Source: OECD)

1) Preliminary figures; 2) Adjusted to reflect final figures

Industry trend

In the markets of relevance to Aareon, the digital transformation process in the property industry continues unabated. The Covid-19 pandemic has been a key factor in accelerating digitalisation of the working world, and the property industry is no exception in this regard. More and more companies are setting up their own digital ecosystems. The trend towards sourcing software as a service from the cloud continues. More and more, the focus is shifting from connecting property companies with their business partners, to the integration of buildings and technical equipment. New technologies such as artificial intelligence (AI) and big data are tapping further potential in this area, especially when it comes to predictive maintenance.

In addition to established “old economy” companies offering IT solutions for property management, numerous PropTech companies have entered the market in recent years. They tend to offer individual digital solutions for the property industry. Aareon has moved into the start-up scene via Ampolon Ventures (AV Management GmbH) and already entered into three ventures. Beyond that, Aareon is a strategic partner of blackprint PropTech Booster (see p. 29) and has investments in, or is partnering with, PropTech companies.

Key performance indicators

The key financial performance indicators used by Aareon to measure and manage business performance are revenue and, as of the year under review, adjusted EBITDA. The latter is a very common metric across the software industry and now replaces EBIT (earnings before interest and taxes) in Aareon’s external communications. Adjusted EBITDA factors out items of an exceptional or non-recurring nature, which usually means acquisition-related expenses, such as due

diligence costs or the cost of legal disputes. It also excludes capital investments in the Value Creation Program, for new products and for Aareon’s venture activities.

Business performance

The major influencing factor in 2020 – especially in the second quarter – was the Covid-19 pandemic. At times, almost all of Aareon’s employees, more than 1,700 in total, worked from home, keeping the company’s business operations going. The number of what we term “Green Consulting” days, i.e. person-days for consulting not performed on the customers’ premises, came to well over 31,000 in 2020 (2019: 17,000 days).

Thanks to high levels of digitalisation and flexible working time models, management considers this switchover to have gone off without a hitch. Aareon supported its customers throughout the crisis – including with dedicated products and services as well as numerous webinars – helping them to uphold their business operations in digital form. Customers whose business was already highly digitalised had an edge here. Wherever possible, customer events were conducted online, while large-scale events, like the industry-wide Aareon Congress in Germany, were cancelled. In September, the company organised Aareon Live, an online industry event held in Germany with more than 1,600 registered participants. On the whole, the Covid-19 pandemic has been a catalyst for the further digitalisation of the property industry.

DACH segment

In the DACH region, the company succeeded in winning over further customers for the Wodis Sigma ERP solution as well as for the new-generation Aareon Wodis Yuneo launched in September. As anticipated, customers continued to prefer sourcing Wodis Sigma and Wodis Yuneo as a service from

the exclusive Aareon Cloud. Migration projects continued throughout the pandemic, but were managed remotely. The final migrations from GES to other ERP solutions were completed on 1 July 2020. On 31 December 2020, as planned, Aareon discontinued GES operations in the Aareon IT Service Centre. The volume of business for Wodis Sigma/Wodis Yuneo, as well as for SAP® solutions and Blue Eagle, increased, partly due to the migrations away from GES. In addition, Aareon began the customer changeover to the SAP®-S/4HANA database. Revenues from consulting, on the other hand, were lower year on year due to the Covid-19 pandemic, even though demand for Green Consulting was higher. In the commercial-property sector, Aareon won further customers for the RELion ERP solution, boosting the corresponding licensing and consulting income. The positive trend for Aareon Cloud Services continued unabated. BauSecura's insurance business grew year on year.

As more and more customers are enhancing their ERP systems with integrated digital solutions and thus developing their own digital ecosystems, Aareon was again able to grow its business volume for digital solutions in 2020. Demand for WRM, CRM and SRM solutions remains robust in the DACH segment. Marketing of the Aareon Smart Platform, which made its market debut in the fourth quarter of 2019, continued throughout 2020. In Q2 2020, Aareon announced the rollout in Germany of Neela, an AI-based virtual assistant (CRM solution), and kicked off the marketing process (see p. 31). In the German utilities market, further customers opted for solutions from the SRM product portfolio. The project to integrate the CalCon Group was completed in the fiscal year and progress made in incorporating its solutions (especially the new product generation AiBATROS®) into Aareon Smart World.

OFI Group, the first venture entered into by Aareon's subsidiary Ampolon Ventures, made its initial transactions on the

Ophigo platform. In addition, Ampolon Ventures established further joint ventures in 2020 in the shape of Refurbio, with its foxxbee platform – a digital interior design consultancy – and Ecaria, whose eponymous platform is a digital solution for organising care services in your own home.

What is more, in the second quarter Aareon became a consortium partner in the ForeSight project. Sponsored by the German Federal Ministry for Economic Affairs and Energy, this R&D project aims to develop a platform for context-sensitive, intelligent and predictive smart living services. Aareon also became a member of DigiWoh in the fiscal year. The DigiWoh Centre of Competence for Digitalisation is an association set up by housing companies with the goal of promoting digitalisation in the housing and property industries.

International Business segment

Aareon achieved a slight year-on-year increase in business volume in its International Business segment. The effects of the Covid-19 pandemic differed from country to country.

With more customers going live with ERP products, the company grew its recurring revenues, such as maintenance and SaaS fees, for international business. This was especially evident in the Netherlands, where the transition of the business model to SaaS operations gathered pace. Marketing of the new ERP product generation Tobias 365 (based on Microsoft® Dynamics® 365) continued, and two pilot customers went live with the product. In the Netherlands, revenues from the ERP solution REMS for the commercial-property market were robust and an important new customer went live with the product as planned. In France, too, a major customer opted for a platinum maintenance contract for the new release of Prem'Habitat. Aareon UK notched up sales successes for the ERP product QL with both new and existing customers – one of them a crucial major customer. Sales activities were stepped up in the Nordic countries to win

over new customers. From our point of view, no important customers were lost.

The volume trend for digital-solutions business remained positive in the International Business segment. Revenues rose in the Netherlands, the UK and the Nordics. Only in France were revenues lower year on year because of the Covid-19 pandemic. In the current phase, many French customers have focused more on their ERP solutions. Aareon Nederland launched an app for digitalised apartment handovers (WRM solution) in its home market, which met with interest from customers. Also in the Netherlands, the SRM product portfolio became firmly established, with the one-millionth order being handled. In France, marketing continued of both existing digital solutions and new products like Aareon Smart Platform as a service from the cloud. Within the digital solutions portfolio in the UK, demand was especially strong for mobile WRM product solutions. What is more, Aareon UK sold its first SRM product. In the Nordic countries, demand was robust for both existing and new digital solutions. In particular, new pilot customers were signed up for the Aareon Smart Platform cloud service and for the virtual assistant Neela from the CRM product portfolio.

Economic situation

Earnings

As of 2020, Aareon is adding adjusted EBITDA as a main KPI alongside revenue (see p. 33).

Consolidated revenues increased by 2.4% to € 258.1 million (2019: € 251.9 million). The volume of digital-solutions business continued to grow strongly and was up by around 19.0%. At € 62.1 million, adjusted EBITDA was down slightly (-2.8%) year on year (2019: € 63.9 million). Owing to the Covid-19 pandemic, Aareon did not achieve its original forecasts for

consolidated revenues (€ 272.0–276.0 million) or for adjusted EBITDA (€ 68.0–71.0 million). Nonetheless, the impact of Covid-19 on adjusted EBITDA was considerably less than estimated at the start of the pandemic: instead of the € 10.0 million originally assumed, the financial impact of the pandemic was about € 7.0 million.

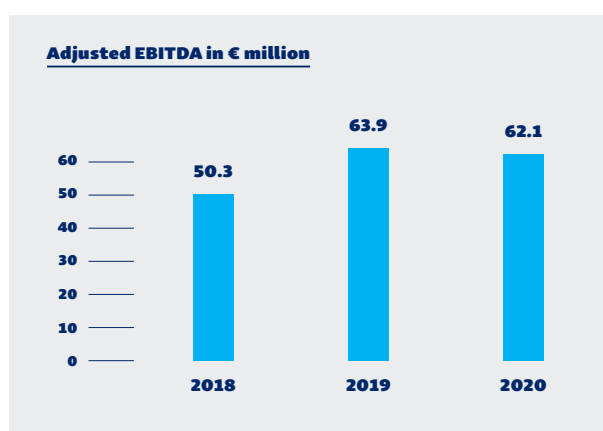
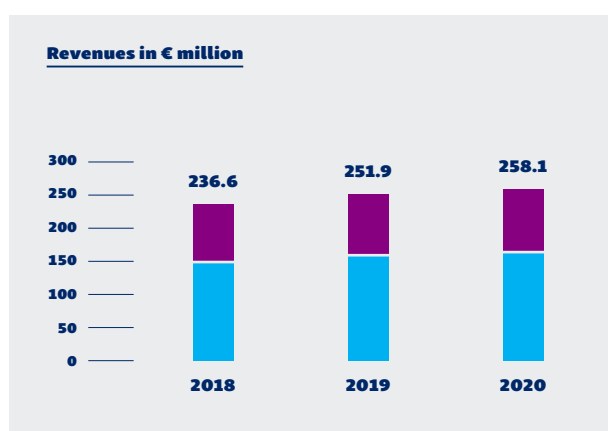
In addition to capital investments in product development in the DACH and International Business segments, the company also pushed ahead with strategic investments – which are broken down into new products and non-organic growth. At € -8.0 million, adjusted EBITDA in these growth areas was in line with expectations. Since fiscal 2020, Aareon has borne the costs of the venturing activities of its subsidiary Ampolon Ventures (AV Management GmbH). Whereas Aareal Bank previously provided support in this area, Aareon now covers these costs in full.

Non-recurring effects in the amount of € 1.5 million arose in 2020, especially in connection with the newly launched Value Creation Program and with a charge for a project in Finland (2019: acquisition-related expenses of € 0.4 million).

The significant increase in capital investments in 2020 was due to an increase in own work capitalised, which rose to € 8.2 million (2019: € 6.6 million).

Aareon relied to a certain degree on the support of external consultants to expand its digital-solutions portfolio and evolve its ERP products; the corresponding costs for this were capitalised. Other income amounted to € 4.8 million (2019: € 4.4 million). Derecognitions of purchase price liabilities were higher in 2020. By contrast, revenues from in-person events were lower due to pandemic-related cancellations.

The Group's total expenses rose by 8.0%, from € 224.1 million in the previous year to € 242.0 million. The cost of materials



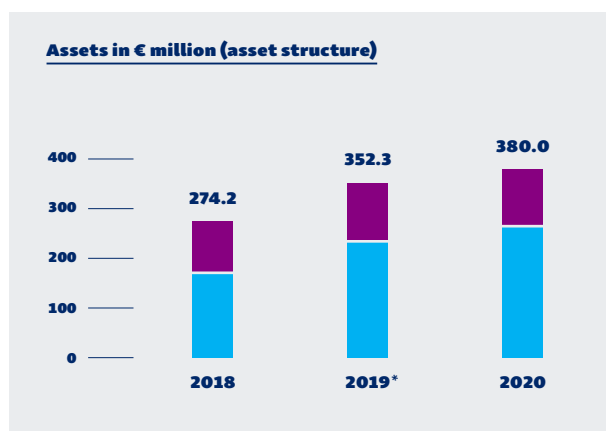
■ International
■ DACH

rose by 3.4% to € 45.3 million (2019: € 43.8 million) due to revenue growth. The increase of 11.1% in personnel expenses to € 142.7 million (2019: € 128.6 million) was chiefly due to the higher personnel numbers attributable to organic growth and to the integration of CalCon employees in the year under review.

In the DACH segment, revenues rose by 3.0% to € 163.9 million (2019: € 159.2 million). The original forecast figure of € 173.0–176.0 million could not be reached because of the Covid-19 pandemic. The decline in consulting revenue (-7.6%) was the main reason for this. Rising demand for Green Consulting (online consulting) could only partly make up for this decline.

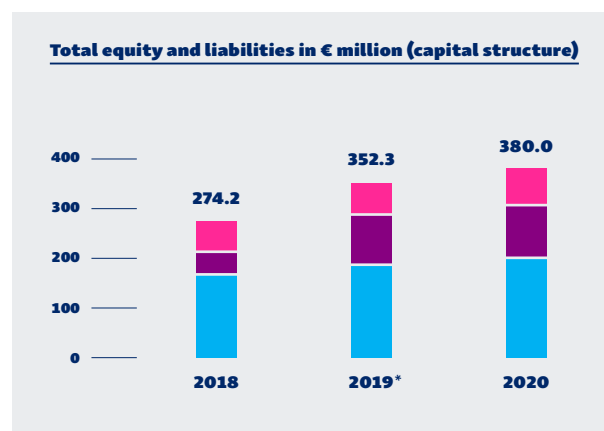
The growth in revenue for ERP products was due in particular to an increase in maintenance and SaaS fees, and in out-

sourcing business. Despite growth in SaaS business, Aareon succeeded in boosting its software licence revenue thanks to the acquisition of several new customers, to renewals and to purchases of modules. The new product generation Wodis Yuneo was a major factor in this trend. Insurance commission income from BauSecura also climbed. Growth was significantly stronger for digital solutions. Growth in recurring revenues was particularly strong amid the integration of CalCon and higher penetration rates, especially for CRM and WRM products (Aareon Archiv kompakt and mobile solutions). Despite the pandemic, revenue was higher, as were costs on aggregate – with travel and marketing expenses lower, but personnel expenses up due to the company’s growth strategy, and to the integration of CalCon and an increase in own work capitalised. As a result, adjusted EBITDA in the DACH segment was on a par with the prior year at € 40.7 million (2019: € 40.5 million).



■ Current assets
■ Non-current assets

* Restated



■ Current liabilities
■ Non-current liabilities
■ Equity

* Restated

Revenues in the International Business segment were up 1.6% to € 94.2 million (2019: € 92.7 million). Here, again, Aareon was unable to achieve its original forecast of € 98–100 million because of the Covid-19 pandemic and its marked impact on consulting revenues. Overall, ERP product revenues were nevertheless on a par with the prior year. Increases in recurring revenues were achieved in both France and the Netherlands. In the Netherlands, this growth was due chiefly to the transition to the SaaS business model, with declining licensing business resulting, as expected, in a temporary dip in revenues. Growth was strong for digital solutions, with WRM products in the UK and CRM products in the Netherlands the major drivers. In France, the volume of high-margin maintenance business continued to grow for digital products as well. Due to the pandemic and to transformation of the business model in the Netherlands, adjusted EBITDA fell 9.3% to € 21.4 million (2019: € 23.6 million).

Net assets

Aareon's total assets amounted to € 380.0 million in 2020, up 7.9% year on year (2019: € 352.3 million). At € 264.7 million, non-current assets were 13% higher year on year (2019: € 234.2 million), chiefly due to additions from the initial consolidation of CalCon and to a rise in internally generated intangible assets brought about by increased development activities.

Current assets decreased by 2.3% year on year to € 115.4 million (2019: € 118.1 million). As the number of uncompleted projects was lower compared with the previous year, contract assets declined accordingly. Receivables decreased as a result of stricter receivables management. The increase in income tax receivables was due to higher advance payments. The underlying net tax result was substantially lower in 2020 due to higher capital investments.

Financial situation

Capital structure

Compared with the previous year, equity rose by 7.4%, from € 187.1 million to € 201.0 million, mainly due to retention of the net profit for the year of € 17.9 million (2019: € 25.9 million).

Non-current liabilities increased to € 106.1 million (2019: € 101.1 million). This rise of 4.9% was driven particularly by an increase in pension provisions and non-current purchase price liabilities as well as in deferred tax liabilities in connection with the initial consolidation of CalCon.

At € 73.0 million, current liabilities were up 13.8% (2019: € 64.1 million), primarily due to higher contract liabilities in the Netherlands. More recurring revenues (maintenance and SaaS) were invoiced in December 2020 than a year earlier.

In order to fund further acquisitions, Aareon plans to conclude a financing agreement, expected in 2021.

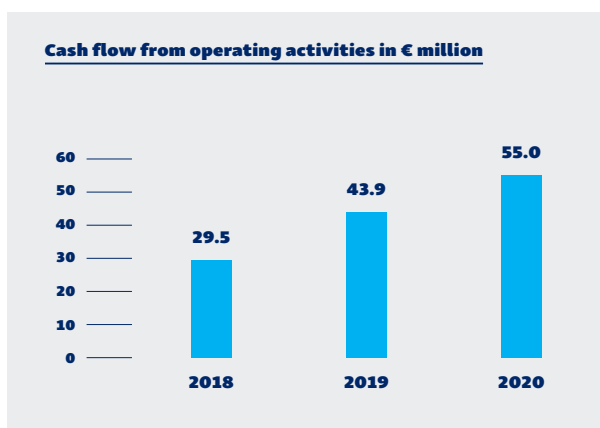
Liquidity

The statement of cash flows is the key to analysing Group liquidity. Cash and cash equivalents amounted to € 50.4 million in 2020, compared with € 51.9 million in the prior year.

At € 55.0 million, cash flow from operating activities was substantially higher year on year (2019: € 43.9 million). The increase in cash flow from operating activities was driven by the business trend in the Netherlands. On the one hand, outstanding receivables were realised and a higher volume of recurring revenues invoiced than at the end of the prior year. On the other, fewer implementation projects were ongoing at the end of the fiscal year than a year earlier.

At € -45.1 million, cash flow from investing activities increased year on year (2019: € -22.2 million). The main cash outflows concerned payments of € -22.2 million to acquire consolidated companies (2019: € -2.9 million).

Cash flow from operating activities in € million



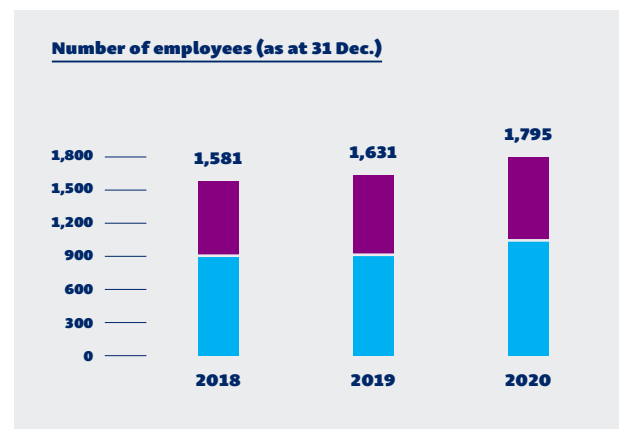
Cash flow from financing activities came to € -11.4 million (2019: € -10.4 million) and was chiefly due to the recognition of lease payments in accordance with IFRS 16.

Our staff

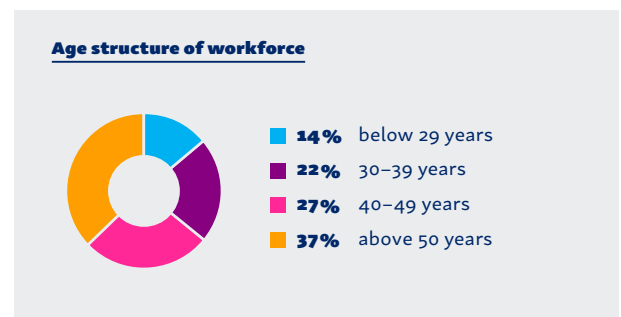
With their ideas, talents, enthusiasm and ability to inspire, Aareon's employees – in collaboration with the company's customers and partners – are responsible for the company's pioneering spirit and drive its innovation. Especially in the digital working world – which the pandemic has made substantially more significant – and in the wake of the digital transformation, it is important to have a human resources policy that focuses on employees as people. Aareon has been pursuing a sustainable, life-phase-oriented personnel policy for several years now. The policy takes account not only of the employees' work-life balance – which also encompasses flexibility as regards when and where they perform their work – but also what level of performance can be expected of individuals in the particular phase of life in which they find themselves. Factors such as knowledge and expertise, health, equal opportunities, diversity and each employee's professional development are an important part of this policy and reflect the changes taking place in society – changes that include the digital transformation, demographic change, higher retirement ages and immigration. Given the ever faster pace of change and technical progress, agility is becoming ever more important. Flexibility and life-long learning are critical success factors, which are encouraged under Aareon's personnel policy.

For over 15 years now, Aareon has been carrying out annual anonymised Group-wide employee surveys. They are a tool for gauging the employees' mood and provide insights into how specific improvement measures are put into practice. The Group-wide response rate of 75% for the employee survey shows that both rank-and-file employees and management consider it important to participate in the future success of the company. From Aareon's standpoint, general employee satisfaction levels are high. Indeed, the corresponding figure from the 2020 survey was the highest ever recorded.

During the Covid-19 pandemic, employees were able to work from home. At times, sites were either shut down altogether, or the maximum number employees allowed to be present in



■ International
■ DACH



the office was capped at 25% of the workforce. Working from home remained an option for employees at all times. They were also provided with protective masks and made aware of hygiene and protective measures.

As at 31 December 2020, Aareon had a total of 1,795 employees (2019: 1,631) (see p. 29). The average period of service with

the company was 9.9 years (2019: 10.5 years). The international subsidiaries accounted for 42% of the workforce (2019: 44.0%). Aareon promotes flexible working time models and rolled out a company-wide agreement on off-site working options in 2019. The agreement grants employees the flexibility to perform some of their work outside the office, including from home. At times during the pandemic, almost all employees worked from home. The proportion of women in the workforce was 34.4% (2019: 33.1%), while the share of women in management positions was 25.5% (2019: 24.1%).

Qualification and further training

During the pandemic, personnel development measures were conducted online. The Cornerstone Learning Management System was rolled out, offering training courses on housing industry topics from the EBZ Business School Bochum and on leadership, agile project management, soft skills, communication and health from Pink University. Further training courses included an IT security boot camp, special consulting courses, a digital coaching programme lasting several months, and online language courses.

Aareon also completed its fourth cross-mentoring programme. Cross-mentoring is a personnel development tool aimed at encouraging knowledge transfer. It involves the systematic sharing of ideas and experiences between employees at different companies.

Initial training and the promotion of young talent

In addition to trainee programmes, Aareon offers dual-study degrees in Business IT and in Media, IT and Management, as well as a variety of vocational training courses in office management and IT (the latter with a specialisation in either

application development or systems integration). At year-end 2020, the Aareon Group employed 16 trainees and four dual-study students in Germany.

As part of its programme to promote young talent, Aareon supported JOBLINGE, an initiative for young people who have had a hard start in life. Three former participants of the JOBLINGE initiative are now completing their vocational training at Aareon. Three Aareon employees contribute to the JOBLINGE initiative as volunteer mentors. Aareon also organised two job applicant training sessions for participants in the JOBLINGE initiative.

In order to foster young talent and promote education, Aareon works together with several universities, offers internships and supports a number of students from Johannes Gutenberg University Mainz who are holders of a German National Scholarship (Deutschlandstipendium).

Forward-looking corporate culture

As an innovative company that is driving the digital transformation in all areas and managing the associated change process for its staff, Aareon had already adopted a range of measures in connection with the work4future project, which was concluded in 2020. In 2019, a company-wide agreement on off-site working options was put in place, further enhancing flexibility for employees in terms of where they perform their work. A digital collaboration tool was rolled out for internal communications. This proved its worth during the Covid-19 pandemic, with employees being able to cooperate closely despite physical distancing. This was supported by various campaigns and regular posts by the Management Board. In 2020, especially against the backdrop of the pandemic, numerous corporate health management measures were taken to support employees in their digital working world. Office space concepts were evolved to meet the requirements of daily working life.

Internal control system

For the fifth time, Aareon was awarded the “berufundfamilie” certificate for its work-life balance initiatives. The company’s personnel-related services in this context include making working hours more flexible, partnering with a family service company, and providing parent-child offices as well as crèche and kindergarten places in cooperation with a company based in Mainz.

Equal opportunities form an integral part of Aareon’s personnel policy. Women are represented in various management roles and on the Management Board. Many women also exercise responsibility in projects and sub-projects or play a role as specialists. Aareon’s goal is to achieve even greater balance in this area. In this context, targets for the representation of women were set at the subsidiary Aareon Deutschland GmbH in 2018 in accordance with the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private and the Public Sector.

Compensation principles

Aareon’s compensation systems are aligned with its strategic goals. The objective is to provide employees with compensation that is attractive and motivating as well as in line with market benchmarks and personal performance. Equal pay for men and women performing the same duties is part of that as well. This policy can help Aareon to attract and retain dedicated, highly qualified employees with high potential. It is up to each individual company within the Group to design its own compensation system in line with these principles. The ultimate responsibility for this rests with local management, who must also take into account the co-determination rights of the bodies representing the employees in each company as well as local statutory regulations. Aareon makes its principles for compensation systems known at every Group company.

Aareon’s internal control system (ICS) consists of systematic organisational measures and controls that are designed to ensure compliance with its directives and to avert potential losses caused by its own staff or third parties (compliance management). In this connection, Aareon has opted for a risk-based approach.

The purpose of the accounting-related internal control system is to guarantee Aareon’s operations are properly executed in both legal and business terms. One of the principal aims is to ensure the conformity of internal and external accounting processes, and compliance with the relevant statutory provisions.

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

The Management Board of Aareon AG is responsible for designing, establishing, applying, refining and reviewing an appropriate system of internal control over financial accounting. At Aareon AG, the processes for (Group) financial accounting are managed by the Corporate Finance unit, which also takes charge of Group financial reporting. All of the company’s subsidiaries are included in its consolidated financial statements. The Accounting and Contract Management unit handles some aspects of financial accounting, including preparation of the annual financial statements, for Aareon AG and its subsidiaries Aareon Deutschland GmbH, phi-Consulting GmbH, Aareon RELion GmbH, AV Management GmbH and CalCon Deutschland GmbH. The financial accounts of BauSecura are handled by the Funk Group. Aareon UK, Aareon France, Aareon Nederland and the Scandinavian companies of the Group each have their own autonomous financial accounting systems. With the exception of CalCon, all companies enter their financial data independently in the Group’s SAP® software programme. In fiscal 2020, the

financial data reported by the CalCon companies was entered in the Group's software programme by Corporate Finance unit employees in Germany. The reported data is consolidated at Group level.

The Group accounting manual is an aid to preparing Aareon's financial statements, providing internal guidelines for the accounting process. These guidelines are made available to all Aareon subsidiaries, reviewed on a regular basis and updated as required. During preparation of the financial statements, plausibility checks are carried out in the accounting systems of subsidiaries and key individual items analysed. In addition, a schedule for preparation of the annual financial statements is in place, in accordance with which each subsidiary completes its separate financial statements and submits them to the relevant Group department for preparation of the consolidated financial statements. Appropriate control processes are in place to monitor both automated and manual entries. Key accounting procedures are subject to the dual-control principle. An authorisation process is in place to protect the accounting and financial reporting systems against unauthorised access. Aareon also makes use of external service providers, for instance to assist in measuring pension obligations.

Under the compliance management system, the units responsible at Aareon regularly monitor compliance with the company's internal guidelines and work instructions.

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

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

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

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

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

Risk report

The Covid-19 pandemic was by far the biggest influencing factor in 2020. That is why several scenarios were developed in the course of the year to assess its effects on the Aareon Group. As the year progressed, these scenarios enabled management to gain a more precise picture, on the one hand, of the drop in consulting revenues and, on the other, of the cost savings made (fewer external consultants, the postponement of recruitments to the third and fourth quarters, reduced travel expenses). Our Green Consulting offering was one way of showing it was possible for our employees to work from home and still be there for our customers. In addition to these measures to shore up revenues, a pandemic crisis team was set up to develop and implement measures to protect our staff.

Aareon AG monitors and manages its business risks by means of a Group-wide risk management system that is based on R2C (risk to chance) standard software and includes an early warning function. The risk management system enables those responsible for the relevant divisions, investments and projects to regularly record and analyse their respective risks – but not the associated opportunities – as well as to develop proactive risk management measures. Risks are assessed in two separate dimensions, namely in terms of their impact and their probability of occurrence. Only residual risk is assessed and reported, i.e. any risk minimisation measures in place are taken into account. In addition to general corporate risks, special emphasis is placed on information security risks, which are recorded and assessed in a separate information security inventory. Whereas general corporate risks flow directly into the risk management system, information security risks are accounted for in aggregate form.

The resulting risk reports are consolidated by the Group's Legal, Risk Management and Compliance unit and provide the basis for quarterly risk reporting. This topic is dealt with

regularly at board meetings and also forms part of the quarterly reports submitted to the Supervisory Board of Aareon AG. Aareon uses the risk reporting system to shed light on its risk situation and provide management with a basis for deciding what action to take. For each of the ten risks assessed in each quarter as having the highest expectancy (i.e. the product of impact and probability of occurrence), the corresponding measures specified by the risk owners are documented in the risk reports, to the extent that the risk expectancy exceeds a defined threshold. The threshold is currently set at € 100k. At the applicable Q4 reporting date, 12 risks met the criteria for special individual reporting. In addition to documentation of the measures taken in the fourth quarter, the measures taken against risks whose expectancy ranked among the top ten in any of the preceding three quarters are also documented. This juxtaposition of risks and measures serves two purposes: firstly, to aid comprehension of the risk assessments and, secondly, to assess the effectiveness of the measures taken. Over and above this, the Management Board of Aareon AG and the management of the DACH region decide on the measures to be taken against risks whose expectancy exceeds a further defined threshold.

Aareon's Internal Auditing unit carries out reviews of the risk management system. These include checking for compliance with statutory provisions and with the Group-wide guidelines documented in the risk management manual. In addition, a control owner carries out an internal audit in accordance with German auditing standard IDW PS 951 nF to ascertain whether the internal risk management controls in place are effective.

The categories of risk to which Aareon is exposed comprise financial and market risks, management and organisational risks, risks from incidental and ambient conditions, and

production risks. Financial risks are considered to encompass liquidity, cost and revenue risks. Market risks include customer and competition risks, risks relating to associations' and advisory councils' opinion leadership as well as supplier risks. The management and organisational risks category combines risks relating to personnel and internal processes. The incidental and ambient conditions category includes legal risks as well as political, regulatory and compliance risks. Production risks comprise product and project risks as well as risks relating to information security. Interdependencies exist between individual risks. No overall risk value is calculated at the risk-category level. The planning period at this level is one year.

Having categories and subcategories enables Aareon to draft a harmonised risk atlas and achieve a uniform approach to the examination of risks. The risk atlas summarises the risks and indicators monitored by the individual divisions and Group companies.

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

Viewed on average across the quarterly risk assessments, the risks faced by the company in 2020 were deemed to be moderately higher than in the previous year. On the whole, Aareon was not exposed to any risks that threatened its status as a going concern or had a significant impact on its net assets, financial situation or earnings. The following is a description of risks of material interest to the readers of the financial statements.

Financial risks

In order to avoid liquidity risks throughout the entire Aareon Group, risks are monitored and controlled in Germany in separate weekly and monthly liquidity planning rounds. Short-

term fluctuations in cash flow are monitored on a daily basis and, where necessary, suitable countermeasures taken. At the international subsidiaries, this liquidity forecast is prepared on a monthly basis.

Capital requirements are rising constantly at Aareon AG due to the company's strong growth. Close cooperation with the Aareal Bank Group ensures these needs are met. In addition, resolutions were taken in the previous two years to carry forward profits. Exchange-rate risks can be posed by transactions carried out in foreign currencies. Such transactions are monitored on an ongoing basis and reported to the CFO of Aareon AG. Exchange-rate risks are managed centrally. Where necessary, currency risks are hedged Group-wide using hedging instruments.

To ensure that the revenue target is achieved despite the large number of implementation projects in progress, Aareon deploys a resource management planning tool to assign the available consulting resources (and their corresponding expertise) to the projects still to be completed. On top of that, projects are closely monitored so as to detect any deviations from the plan/forecast in good time.

The tax risk is rising as a result of non-organic growth through acquisitions and of the rising complexity of business transactions. Examples of this risk include potential claims arising from company audits and losses that do not qualify as loss carryforwards. A tax compliance system was established to counter these rising risks.

Financial risks were assessed as being unchanged in terms of content and no higher than in the previous year.

Market risks

Regular reports to the Management Board on the market situation help Aareon counteract the risk of being unable to

achieve its planned prices in the marketplace. The Aareon Group also has to deal with general market risks. These include indicators such as customer churn and the entry of new competitors into the market. Aareon counters the risk of any deterioration in customer relationships by regularly checking levels of customer satisfaction.

Under the new governance structure, which was definitively implemented on 1 January 2020, new risk owners for each Aareon Management Board position were integrated into the risk management process. These risk owners deemed market risks to be higher than in the previous year, when the risks were still assessed at local-company level.

Management and organisational risks

In order to meet changing customer requirements, the company must ensure that the requisite personnel resources with the corresponding qualifications are made available in the right place at the right time. The growing shortage of qualified personnel, especially in IT, makes it harder and harder to fill vacancies in time and uphold business operations. Aareon is countering this risk with new approaches to recruitment, e.g. social media marketing and employer branding activities. The company is also testing, or already deploying, substitutes to traditional employment models, e.g. greater use of nearshoring and outsourcing.

Relative to the previous year, leadership and organisational risks were not assessed as being higher.

Risks from incidental and ambient conditions

At Aareon, the term “incidental and ambient conditions” is used to cover legal, political, regulatory and compliance risks. As an IT service provider, Aareon is particularly exposed to

risks arising from breaches of IT-relevant regulations. These risks are processed in at least one of the management systems in use in the Information Security (IS), Data Protection or Compliance units. That is why these units cooperate closely with each other to counter the risks both effectively and efficiently and to avoid divergences in how they assess IT-relevant threats. This helps to bring compliance measures into alignment with information security measures.

Aareon places particular emphasis on the constant evolution of the management systems mentioned above. The monitoring and control mechanisms developed there help to continuously improve the Aareon Group’s compliance-relevant processes.

In order to manage the risks arising from contractual compliance, Aareon uses standard contracts that are refined and adapted on an ongoing basis to reflect changes in products and laws as well as the latest court rulings. In addition, the managing directors make use of an established complaint management system to monitor – and thus avoid as far as possible – any potential claims for damages. This helps to reinforce Aareon’s reputation as a reliable contractual partner. Special customer requirements are discussed with the relevant contractual partners, specified for the particular customer relationship and documented.

The consequences of the EU’s General Data Protection Regulation (GDPR) for Aareon’s established risk management system were taken into account in Aareon’s data protection organisation system, which applies Group-wide. Data protection is an integral part of Aareon’s business. The tasks arising out of this project, namely to preserve and maintain the data protection management system, are constantly being monitored and evolved as well.

Owing to the inclusion of new risks, risks from incidental and ambient conditions were deemed to be higher than in the previous year.

Production risks

Like any other project, software development harbours the risk that the final product cannot be provided at the targeted cost, in the expected quality, or within the time frame required by the market. That is why such work is carried out using development and management methods based on internationally recognised standards. Procedures and standards are set down in a uniform international development policy that places particular emphasis on security and data protection, and takes account of both agile and traditional development methods. Development and customer projects are increasingly being implemented using agile methods, enabling risks to be identified early and monitored. Responsibilities for continuous improvement processes for software quality have been assigned within the organisational structure. A particular focal point in this context is capital expenditure on security and the automation of testing with a view to achieving consistently high standards of quality at reduced cost.

The information security management system is based on the internationally recognised ISO 27001 standard and is subject to a continuous, risk-oriented improvement process. In this context, technical and organisational checks were established in order to ensure an appropriate level of protection as regards information processing. This relates not only to the area exposed to attack in public networks per se, but also the appropriate, proactive response to information security threats as regards the protection goals of confidentiality, integrity and availability. As part of the continuous improvement process, uniform standards compliant with ISO security management standard 27001:2013 were rolled out across the Group on the basis of the Aareon security strategy. In addition, processes, guidelines and controls were honed in a risk-oriented manner.

Documented realistic countermeasures are taken to minimise the risk of any serious disruptions during the operation of

customer software. Thus far, we have not experienced any disruptions leading to a prolonged loss of service. In order to minimise the risk of an application being disrupted as a result of unauthorised access or an attack, technical and organisational measures have been taken that are anchored in the internal control system in accordance with German auditing standard IDW PS 951 nF. Appropriate fire-protection and loss- and disaster-prevention measures have also been put in place. Internal redundancies are in place to counter the failure of individual systems or components. Key factors in this certification were the utilisation of state-of-the-art technologies, such as building infrastructure with heat-recovery technology, the mirroring of data between the two data centres, and fibre-optic cabling with cutting-edge encryption technology. Aareon has also established comprehensive data backup processes that allow it to reconstruct lost data in whole or in part within corresponding time frames. Aareon has addressed the issue of liability risk by taking out financial liability insurance for a limited scope and amount. The insurance policy provides cover in the event that Aareon is found liable to a third party for financial losses incurred as a result of its activities as an IT provider.

Production risks were not assessed as being higher relative to the previous year.

Opportunities

Identifying, creating and utilising opportunities is central to Aareon's corporate strategy of managing the digital transformation process in a purposeful manner. Aareon's own research and development activities play a crucial role here, as do its constant observation and analysis of developments in the property and IT industries, the competitive environment and society as a whole. The insights gained are incorporated into its strategic programme, the Aareon Flight Plan. The latter will be expanded in 2021 to include the Value Creation Program developed by Aareon. The opportunities this gives rise to, some of which are correlated with each other, are categorised below. They were largely unchanged compared with the prior year:

- Opportunities from customer focus
- Opportunities from pioneering solutions
- Opportunities from active brand management and quality
- Opportunities from being an international corporate group
- Opportunities from being a preferred employer
- Opportunities from a sustainable business model

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

Opportunities from customer focus

Customer focus is pivotal at Aareon. The goal is to use Aareon's portfolio of products and services to add value for customers. In many cases, Aareon's relationships with its customers, the property industry and their partners have grown over many years. The company is a member of several property industry associations, including the German Federation of Housing and Property Companies (GdW). Beyond that, Aareon systematically pursues a dialogue with its customers – through the Aareon customer advisory councils, at numerous customer events and in individual discussions with them. This proximity to its customers and the industry presents opportunities to identify customer trends, needs and require-

ments as they arise and to factor them into the ongoing development and expansion of Aareon's portfolio of products and services. In this context, Aareon also makes use of agile development methods like design thinking and collaborates with customers and partners in pilot projects. These approaches can help enhance utility for the customer.

Opportunities from pioneering solutions

The digital transformation process in society and the economy is proceeding apace and is characterised by technological innovations. In this context, the Covid-19 pandemic has functioned as an additional catalyst. Aareon integrates the opportunities offered by the digital transformation into its product strategy. It is constantly expanding the Aareon Smart World digital ecosystem – which centres on the company's ERP systems and also includes pioneering integrated digital and mobile solutions – and also enhancing it with solutions from its PropTech partners. Aareon Smart World connects the partners in the property industry. Our customers can use it to work in a convenient, process-efficient manner using a single database, to expand their own customer service capabilities and to leverage potential for new business models. When solutions are utilised via software as a service (SaaS), the corresponding data is stored in the exclusive Aareon Cloud located in the certified Aareon data centre. Aareon offers professional consulting services for all its products and services. Aareon consultants help their customers to set a digital agenda and focus on the right products and solutions to optimise their business processes. They also provide them with ongoing support throughout their implementation projects. Companies often want to be able to source their IT services from a single provider because of the high degree of complexity involved. Compared with its competitors, Aareon has opportunities because of its ability to offer consulting, software and services from a single source. This sits well with Aareon's corporate strategy of building on its leading position in the market. When refining and enhancing

existing products and services or developing entirely new ones, Aareon harnesses the growth potential arising out of the new trends and requirements of both customers and the market. Aareon's R&D plays a central role in this process (see p. 30 f.). When conducting R&D, Aareon also collaborates with property companies in line with the above-mentioned design thinking method (see p. 47). It also works together with PropTech companies and is a strategic partner of black-print Booster Fonds (see p. 29).

Opportunities from active brand management and quality

Aareon takes an active approach to brand management, honing its corporate identity and setting itself off from the competition. As this influences customers' purchasing decisions, it is of central importance to Aareon's growth strategy. Aareon aspires to offer every customer the right solution or solution package. By resolutely pursuing this goal, Aareon sees an opportunity to grow faster than its competitors. In order to make good on its claims, Aareon systematically utilises quality management tools such as customer and employee surveys, and commissions regular audits and certifications in a variety of areas. In addition, the IT solutions it develops are reviewed and vetted in multiple quality assurance rounds.

Opportunities from being an international corporate group

Aareon is an international corporate group and pursues a strategy of international growth. Digitalisation of the property industry has different points of focus in each of the countries in which Aareon operates. This creates opportunities not only for the transfer of knowledge between the Group's international and domestic entities, but also for research and development (see p. 30 f.). Aareon makes use of these opportunities to expand Aareon Smart World and thus generate

additional growth potential. The company successively offers newly developed digital solutions in all its national markets, thus leveraging synergies.

Opportunities from being a preferred employer

The demographic trend is making competition for qualified workers more intense. It is also essential to manage the transformation to a digital working world and make sure all employees are on board. That is why constantly honing our profile as a preferred employer – one that is capable of attracting new employees – is crucial to our success. Aareon has implemented many measures in recent years and will continue to build on them. The topics covered include an innovative and inspiring working environment, a healthy work-life balance – also through opportunities to work away from the office – a life-phase-oriented personnel policy, equal opportunities, diversity, knowledge sharing and corporate health management. Binding leadership guidelines and a strong team spirit between line managers and their teams are further components of our employer profile. This creates opportunities for enhancing employee satisfaction and loyalty, and for facilitating the recruitment of new, highly qualified employees. In the race to recruit skilled junior staff, Aareon relies, among other things, on employer branding activities – also via social media – that help to establish links to potential employees at a very early stage.

Opportunities from a sustainable business model

Together with the Aareal Bank Group, Aareon pursues a strategy that is geared to sustainability, the goal being to entrench environmental, social and governance (ESG) aspects in the company's value creation processes and factor them into corporate decision-making. This creates opportunities

Outlook

to ensure its viability in the long term and to cultivate an image of a responsible company with its stakeholders. Since 2012, the Aareal Bank Group has, for example, been accorded Prime Status in the sustainability rankings of ISS ESG, a well-known rating agency. Key aspects of sustainability at Aareon include: a sustainable, forward-looking business model; Aareon Smart World, which leverages the potential of digitalisation with its customer-centric, high-quality IT solutions; high levels of data protection and security; a responsible, life-phase-oriented personnel policy that exploits the opportunities provided by the digital working world; and systematic resource management. The Aareal Bank Group's annual Sustainability Report also describes the sustainability measures adopted by Aareon. Aareon purchases offsets from the appropriate providers for all CO₂ emissions generated by the company's business travel. Aareon is also a member of Allianz für Klima und Entwicklung, a German government initiative for sustainable development and climate protection.

Aareon will continue to pursue, and even accelerate, its growth strategy in 2021. To this end, the Aareon Flight Plan 2021 was elaborated and approved in the fourth quarter of 2020 (see p. 27 f.). The measures elaborated in the Value Creation Program – including non-organic growth, and investments in existing and new products – have been integrated into the Aareon Flight Plan 2021. Further measures from the Value Creation Program include the expansion of sales activities, the accelerated transition from in-house operations to SaaS, enhanced efficiency through the implementation of software solutions, further optimisation of operational processes (operations excellence) in Development and in the IT Service Centre, and the expansion of internal reporting processes. In the medium term (until 2025), Aareon intends to become a Rule-of-40 company. This metric, which is widespread in the software industry, is used to identify efficient growth companies, in which revenue growth and the EBITDA margin together amount to at least 40%.

The Covid-19 pandemic will continue to affect Aareon, especially its consulting business, in 2021 – though not as markedly as in 2020. In the medium term, we expect the pandemic to accelerate the digitalisation trend and thus trigger a substantial increase in demand for digital solutions and consulting services.

Overall, consolidated revenues are expected to rise significantly in 2021, reaching € 276.0–280.0 million (2020: € 258.1 million). We expect revenue from digital solutions to grow by over 20% in 2021 (2020: 19%), while the growth rate for ERP product revenue should be in the low-single-digit percentage range. Despite capital investments in existing products and the effects of a possible new lockdown due to Covid-19, adjusted EBITDA should come in between € 63.0 million and € 65.0 million, up slightly from last year (2020: € 62.1 million). This forecast excludes any effects of future mergers and acquisitions.

DACH segment

We expect revenues in the DACH segment to rise substantially in 2021, increasing to between € 175.0 million and € 177.0 million (2020: € 163.9 million). Despite increased capital investments, adjusted EBITDA is expected to be slightly higher than last year (2020: € 40.7 million), coming in at between € 42.0 million and € 43.0 million.

Aareon expects ERP revenues in the DACH segment to rise slightly in 2021. As regards consulting business, the ongoing pandemic is likely to continue boosting demand for Green Consulting; in the course of the year, however, demand for classical consulting services is likely to increase again. That is why we expect consulting revenues to be considerably higher than in 2020. Demand for the new product generation Aareon Wodis Yuneo, which was launched in 2020, will be key to ERP revenue growth in the DACH segment. In our opinion, market response to the new product generation has been extremely positive, so that we expect licensing and SaaS revenues to rise again in 2021. Revenues for SAP® solutions and Blue Eagle are anticipated to be on a par with last year. The ERP solution RELion, which is focused on the commercial-property market, will continue to grow amid increased capacity. Business volumes for Aareon Cloud Services and the BauSecura insurance management solution will be slightly higher than last year. Digital solutions will be decisive in helping Aareon realise its growth potential in the DACH segment. We expect the BRM solution of CalCon, the company we acquired in January 2020, to generate strong licensing and SaaS revenues. As for WRM and CRM products, we expect in particular to see an increase in SaaS revenues as further customers go live. Revenues from SRM products should increase as the number of orders for tradespeople managed via Mareon rises and new customers are acquired for the Vacancy Management solution.

In order to boost business volume, capacity will be added, resulting in higher material and personnel costs. Other costs

in 2021 are expected to be substantially higher than in 2020, also because of capital investments in connection with the Value Creation Program.

International Business segment

Revenues in the International Business segment are expected to increase significantly in 2021, rising to € 101.0–103.0 million (2020: € 94.2 million). Despite higher capital spending on existing solutions, adjusted EBITDA is likely to be similar to last year, coming in between € 21.0 million and € 22.0 million (2020: € 21.4 million).

ERP product revenues in the International Business segment are expected to be significantly higher than last year, also thanks to the acquisition of Arthur Online Ltd., London, which became part of Aareon's portfolio in February 2021. Arthur offers a cloud-based software solution for property management that brings together property managers, owners, tenants and contractors on a single platform. As is the case in the DACH segment, consulting revenues in the International Business segment are still likely to be influenced by the Covid-19 pandemic in 2021, but will recover in the course of the year and will have increased substantially before the year is out. In the Netherlands, the number of customer projects for migration to the new ERP product generation Tobias 365 should rise in 2021. This new product generation is a dedicated SaaS solution. That will lead to a decline in licensing revenues, which will be offset by growth in recurring revenues in the medium term only. In France, Aareon is expected to match its revenues of last year. In the UK market, the new customers acquired in 2020 will be a major factor in boosting recurring revenues in 2021, but the company also expects to see rising licensing revenues from the acquisition of new ERP customers. In the Nordic countries, too, we expect to post higher SaaS revenues from both new and existing customers. Revenues from digital solutions in the International Business segment are expected to be substantially higher

than last year, driven chiefly by the cross-selling of digital solutions to existing customers. SRM and CRM products should generate higher revenues in the shape of both increased licensing fees and recurring income. A moderate increase in recurring revenues is expected for WRM products. Aareon should post higher licensing revenues for international BRM products.

On the cost side, personnel expenses will rise due to the workforce growth triggered by higher business volumes. The cost of materials, which also includes the cost of external consultants, is expected to be roughly the same as last year, as the build-up of resources will essentially be covered by the company's own employees. As in the DACH region, other costs should rise considerably – on the assumption that, among other things, business travel will pick up again. In addition, higher capital spending will weigh on earnings.

Capital spending projects

In 2021, Aareon will press on with the offensive to develop new products and services it launched in 2019. The virtual assistant Neela will be further refined and new functionalities added. It will then be possible to offer the product in Aareon's national markets outside the DACH region. The marketing launch has already taken place in all countries except for France; initial pilot projects are being rolled out and expected to enter the productive phase in 2021. The same goes for the Aareon Smart Platform and Smart Partner solutions, which are also to be offered in all national markets in 2021. In addition, further development expenses will be incurred in 2021 for the back-end and front-end design of predictive maintenance products (BRM definition, see p. 24), to link up customers, public authorities and utilities on a single digital platform, as well as for mobile solutions. Aareon will also continue to use its subsidiary Ampolon Ventures to break into new business areas by establishing joint ventures. Over and above this, Aareon has added capacity and established

a dedicated corporate unit to pursue non-organic growth (see p. 29). Cash outflows for capital spending on new products and non-organic growth are expected to amount to around € –20.0 million. This figure also includes measures in connection with the Value Creation Program.

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

Consolidated financial statements

54	Consolidated statement of comprehensive income	58	Notes to the consolidated financial statements
55	Consolidated balance sheet	58	General disclosures
56	Consolidated statement of changes in equity	58	Information on accounting policies and consolidation methods
57	Consolidated statement of cash flows	58	Accounting principles
		59	Consolidation principles
		59	Currency translation
		59	Scope of consolidation
		61	Changes in accounting policies
		62	Accounting principles
		62	Intangible assets
		63	Property, plant and equipment
		63	Leases
		63	Financial assets and financial liabilities
		64	Inventories
		64	Deferred taxes
		65	Provisions for pensions and similar obligations
		65	Income tax liabilities
		65	Other provisions
		65	Liabilities
		65	Recognition of income and expenses

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

67	Revenues
67	Other income
67	Cost of materials
68	Staff costs/employees
68	Other expenses
69	Net financial income/expense
69	Income taxes

69 Notes to the consolidated balance sheet of the Aareon Group

69	Intangible assets
70	Property, plant and equipment, right-of-use assets, and lease liabilities
71	Financial assets
72	Consolidated statement of changes in non-current assets 2020
74	Information on associates
75	Shareholdings
75	Deferred taxes
75	Contract assets and receivables due from customers
76	Other assets
76	Cash and cash equivalents
76	Subscribed capital
76	Share premium
76	Accumulated Group earnings and profits
77	Non-controlling interests
77	Provisions for pensions and similar obligations
79	Other provisions
80	Purchase price liabilities
81	Trade payables
81	Contract liabilities
81	Other liabilities

81 Other explanatory notes

81	Other financial obligations
81	Related-party transactions
82	Auditors' fees
82	Exemption for domestic group companies as per Section 264 (3) of the German Commercial Code (HGB)
82	Events after the reporting date

83 Corporate bodies

83	Supervisory Board
83	Management Board

84

Independent Auditor's Report

Consolidated statement of comprehensive income

For the period 1 January to 31 December 2020

€ '000	Note	2020	2019
Revenues	04.1	258,055	251,877
DACH		163,893	159,183
International Business		94,162	92,694
Other own work capitalised	05.1	8,177	6,645
Other income	04.2	4,750	4,392
Cost of materials	04.3	45,248	43,798
Staff costs	04.4	142,658	128,575
Other expenses*	04.5	29,766	29,406
EBITDA (earnings before interest, taxes, depreciation and amortisation)		53,310	61,135
Depreciation, amortisation and impairments		24,321	22,324
EBIT (earnings before interest and taxes)		28,989	38,811
Net financial income/expense	04.6	-1,223	-1,424
Net income from equity-accounted investments	05.3	-473	-217
EBT (earnings before taxes)		27,293	37,170
Income taxes	04.7	9,435	11,270
Consolidated net profit		17,858	25,900
Of which attributable to:			
Shareholders of the parent company		15,823	23,971
Non-controlling interests		2,035	1,929
Other comprehensive income (OCI)		-1,874	-1,836
Items not recycled to profit and loss		-1,874	-1,836
Actuarial gains/losses from defined benefit plans		-2,662	-2,675
Income tax on actuarial gains and losses from defined benefit plans		788	839
Comprehensive income		15,984	24,064
Of which attributable to:			
Shareholders of the parent company		13,949	22,135
Non-controlling interests		2,035	1,929

* As of this fiscal year, other taxes are reported under other expenses; the prior-year figure was adjusted accordingly.

Consolidated balance sheet

As at 31 December 2020

Assets – € '000

	Note	31 Dec. 2020	31 Dec. 2019
Non-current assets			
Intangible assets	05.1	173,436	143,176
Property, plant and equipment		14,625	15,102
Right-of-use assets	05.2	55,175	56,139
Financial assets	05.3/05.4	14,176	10,718
Other non-current assets	05.2	2,056	2,438
Deferred tax assets*	05.6	5,202	6,613
		264,670	234,186
Current assets			
Inventories		424	420
Contract assets and receivables due from customers	05.7	51,912	58,025
Other current assets	05.8	7,492	6,351
Current income tax receivables		5,146	1,420
Cash and cash equivalents	05.9	50,385	51,918
		115,359	118,134
		380,029	352,320

Equity and liabilities – € '000

	Note	31 Dec. 2020	31 Dec. 2019
Equity			
Equity attributable to shareholders	05.10/11/12	198,791	184,934
Non-controlling interests	05.13	2,225	2,125
		201,016	187,059
Non-current liabilities			
Provisions for pensions and similar obligations	05.14	37,713	35,898
Other non-current provisions	05.15	1,451	1,412
Non-current lease liabilities	05.2	54,413	56,120
Deferred tax liabilities*	05.5	10,498	7,691
Non-current purchase price liabilities	05.16	1,975	0
		106,050	101,121
Current liabilities			
Other current provisions	05.15	14,908	13,388
Income tax liabilities		361	1,784
Current purchase price liabilities	05.16	276	1,961
Trade payables	05.17	11,173	8,931
Contract liabilities	05.18	19,888	14,721
Current lease liabilities	05.2	8,038	7,482
Other liabilities	05.19	18,319	15,873
		72,963	64,140
		380,029	352,320

* Prior-year figure adjusted

Consolidated statement of changes in equity

For the period 1 January 2019 to 31 December 2020

€ '000

	Equity attributable to shareholders				Total before non-controlling interests	Non-controlling interests		Total
	Subscribed capital	Share premium	Currency translation differences	Accumulated group earnings and profits		Subscribed capital	Accumulated group earnings and profits	
1 January 2019	25,000	41,900	-5,373	104,199	165,726	84	1,803	167,613
Dividend	0	0	0	0	0	0	-1,691	-1,691
Consolidated net profit	0	0	0	23,971	23,971	0	1,929	25,900
Other comprehensive income (OCI)	0	0	0	-1,836	-1,836	0	0	-1,836
Initial application of IFRS 16	0	0	0	-3,296	-3,296	0	0	-3,296
Other changes	0	0	369	0	369	0	0	369
31 December 2019	25,000	41,900	-5,004	123,038	184,934	84	2,041	187,059
1 January 2020	25,000	41,900	-5,004	123,038	184,934	84	2,041	187,059
Dividend	0	0	0	0	0	0	-1,948	-1,948
Consolidated net profit	0	0	0	15,823	15,823	0	2,035	17,858
Other comprehensive income (OCI)	0	0	0	-1,874	-1,874	0	0	-1,874
Changes in scope of consolidation	0	0	0	0	0	0	13	13
Other changes	0	0	-92	0	-92	0	0	-92
31 December 2020	25,000	41,900	-5,096	136,987	198,791	84	2,141	201,016

Consolidated statement of cash flows

For fiscal 2020

€ '000	2020	2019
EBIT (earnings before interest and taxes)	28,989	38,811
Depreciation, amortisation and impairments	24,321	22,324
Income taxes paid and income tax refunds received	-13,227	-14,531
Interest received	4	45
Interest paid	-145	-126
Increase (-)/decrease (+) from changes in assets*	7,493	-1,902
Increase (+)/decrease (-) from changes in liabilities	7,588	-682
Cash flow from operating activities	55,023	43,939
Net payments for investments in non-current assets	-19,277	-18,867
Payments for the purchase of consolidated companies and other business units/operations (less cash in hand acquired)	-22,207	-2,864
Payments made/received for loans*	-3,950	-175
Exchange-rate-related changes in non-current assets	314	-269
Cash flow from investing activities	-45,120	-22,175
Payments from lease receivables	470	472
Repayment and interest components of lease payments	-9,866	-9,548
Payments to non-controlling interests	-1,948	-1,691
Other changes in capital	-92	369
Cash flow from financing activities	-11,436	-10,398
Cash change in cash and cash equivalents	-1,475	11,268
Exchange-rate-related changes in cash and cash equivalents	-58	98
Total change in cash and cash equivalents	-1,533	11,366
Cash funds at the beginning of the period	51,918	40,552
Cash funds at the end of the period	50,385	51,918

* Prior-year figure adjusted

Notes to the consolidated financial statements

01 General disclosures

The 2020 consolidated financial statements of Aareon AG, Isaac-Fulda-Allee 6, 55124 Mainz, Germany – entered in the commercial register of the Local Court in Mainz (HR B No. 7713) – were prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), the interpretations of the former Standing Interpretations Committee (SIC) as applicable in the EU, as well as with the applicable provisions of Section 315e (1) of the German Commercial Code (Handelsgesetzbuch – HGB). All of the International Financial Reporting Standards that must be applied for the consolidated financial statements as at 31 December 2020 were taken into account. The financial statements give a true and fair view of the net assets, financial situation and earnings of the Aareon Group. The consolidated financial statements have been prepared in euros. Unless indicated otherwise, all amounts are shown in thousands of euros (€ '000 or € k).

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

Aareon AG is a subsidiary of Aareal Bank AG, Paulinenstraße 15, 65189 Wiesbaden, Germany, which holds a stake of 70% in the company. The remaining 30% is held by AI Houses (Luxembourg) S.à r.l., 2–4 rue Beck, 1222 Luxembourg, a company owned by Advent International Corporation, 800 Boylston Street, Boston, MA, USA. Aareal Bank AG prepares consolidated financial statements for the lowest and highest consolidation levels. Aareon AG is included in the consolidated financial statements of Aareal Bank AG pursuant to the

pertinent provisions concerning consolidation. The financial statements are published in Germany's Federal Gazette (Bundesanzeiger).

02 Information on accounting policies and consolidation methods

02.1 Accounting principles

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

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

The presentation of the consolidated financial statements is subject both to the recognition and measurement methods used to prepare those statements and to the uncertainty of the assumptions and estimates made in respect of future events. Where assumptions and estimates are required for accounting and measurement purposes, they are made in accordance with the relevant accounting standards; the discretion exercised by management differs in each case. The estimates and assumptions are based on historical experience and other metrics such as planning figures. The estimates and assessments used, as well as the underlying assessment factors and estimation methods, are regularly reviewed and compared with the events that actually occur. In our opinion, the parameters used are both suitable and reasonable, even when the current Covid-19 pandemic is taken into account.

The assumptions concerning the future and other sources of estimation uncertainty giving rise to a high risk of a material

adjustment to the carrying amounts of assets and liabilities within the next fiscal year concern, in particular, the calculation of pension obligations and of provisions, the measurement of intangible assets and the fair value of certain financial instruments, and the assessment of lease extension and termination options and of tax assets and liabilities. Discretionary decisions, and the estimation uncertainties associated with them, also arise in connection with the recognition of revenues (apportionment of transaction prices, application of input methods).

02.2 Consolidation principles

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

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

Associates are included in Aareon's consolidated financial statements in accordance with the equity method.

02.3 Currency translation

The companies belonging to the Aareon Group are independent sub-units. Financial statements prepared in currencies other than the euro are translated into euros using the functional currency method. The items in the statement of comprehensive income are translated using the average exchange rate; all monetary and non-monetary assets and

liabilities are translated into euros on the reporting date. Both the average and reporting-date rates are calculated using the European Central Bank's reference rate. Differences affecting equity are disclosed directly in a separate equity item until disposal of the subsidiary. This also applies to any deviations between the unappropriated surplus, which is converted using the closing rate at the reporting date, and the results shown in the consolidated statement of comprehensive income, which are based on average exchange rates. The components of equity to be consolidated as capital are translated using historical exchange rates.

The following rates were used for currency translation:

		Balance sheet		Statement of comprehensive income	
		Closing rate		Average exchange rate	
		2020	2019	2020	2019
United Kingdom	GBP	0.8990	0.8508	0.8892	0.8778
Sweden	SEK	10.0343	10.4468	10.4881	10.5891
Norway	NOK	10.4703	9.8638	10.7248	9.8511
Romania	RON	4.8683	n.a.	4.8380	n.a.
Switzerland	CHF	1.0802	n.a.	1.0703	n.a.

The EUR-CHF exchange rate is now included because Aareon RELION GmbH opened a branch office in Switzerland in 2020.

02.4 Scope of consolidation

The group of consolidated companies includes Aareon AG as well as all subsidiaries in which Aareon AG either directly or indirectly holds the majority of voting rights or has the right to appoint the majority of the Supervisory Board members, or which it has gained control over in some other way (see Note 05.5).

Under the purchase agreement of 26 November 2019, Aareon Planungs- und Bestandsentwicklungs GmbH acquired, by way of an asset deal, the business operations of CalCon

Holding GmbH, Munich, along with its subsidiaries, with effect from 1 January 2020. The subsidiaries CalCon Deutschland AG, epiqr Software GmbH, CalCon Ingenieurgesellschaft mbH (all of which are domiciled in Munich) and CalCon Austria GmbH, Vienna, were acquired in full. The stake acquired in the Romanian subsidiary amounts to 83,3%. The purchase price comprises a fixed amount of € 20,000k, which was paid in cash in February 2020, and a contingent purchase price. The contingent purchase price depends on a comparison of planned and actual EBIT in both 2020 and 2021. The fair value of the contingent purchase price amounted to € 3,964k as at the acquisition date and was based on an assumed target achievement value of 100%. The maximum contingent purchase price is € 6,000k. The estimated payment for net cash mentioned in the 2019 financial statements was adjusted slightly and an amount of € 792k disbursed. The fair value of the assets and liabilities was also adjusted marginally and now amounts to € 11,596k. The acquired assets and liabilities were recognised in the following amounts:

Acquisition of CalCon Holding GmbH and its subsidiaries, in € '000 – PROVISIONAL	Carrying amount prior to acquisition	Fair value on initial consolidation
Purchased software and other assets	1	6,367
Customer relations	0	6,018
Brands	0	1,158
Right-of-use assets	3,937	3,937
Receivables	1,479	1,479
Other assets	589	589
Cash and cash equivalents	406	406
Trade payables	36	36
Lease liabilities	3,937	3,937
Other liabilities	953	953
Deferred tax liabilities	0	3,595
Net assets acquired	1,486	11,433

Acquisition of CalCon Holding GmbH and its subsidiaries, in € '000 – FINAL	Carrying amount prior to acquisition	Fair value on initial consolidation
Purchased software and other intangible assets	1	6,389
Customer relations	0	5,933
Brands	0	1,013
Right-of-use assets	3,925	3,925
Property, plant and equipment	163	207
Receivables	1,455	1,455
Financial assets	126	126
Other assets	648	648
Cash and cash equivalents	406	406
Trade payables	36	36
Lease liabilities	3,925	3,925
Other liabilities	960	960
Deferred tax liabilities	0	3,586
Net assets acquired	1,803	11,596

The acquisition resulted in goodwill in the amount of € 13,174k. The goodwill includes market and synergy potential, and complements the Aareon Smart World product portfolio. CalCon's solutions make it possible to obtain an efficient, cost-effective and objective assessment of an existing property's technical condition and energy efficiency characteristics, and to draw up a detailed maintenance plan and budget. The acquisition allows Aareon to leverage further business potential, in both the public sector and the commercial-property markets in Germany and Austria. It also supports Aareon's growth strategy. Since the purchase date, the acquisition has contributed revenues of € 6,735k and a net profit of € 117k to the Aareon Group.

Refurbio GmbH, Berlin, was established on 23 July 2020, and Ecaria GmbH, Berlin, on 7 September 2020. Aareon Deutsch-

land GmbH holds stakes in these companies of 18.4% and 19.99% respectively. The two companies were set up under Aareon's venture programme in partnership with founders from the start-up scene. As these companies are financed solely via Aareon, the latter has significant influence over them. They are therefore accounted for using the equity method. The financing constitutes a material business transaction between Aareon and these associates.

In order to streamline the Aareon Group's corporate structure, the following mergers were implemented with effect from 1 January 2020. On 6 January 2020, Kalshoven Automation B.V. was merged into its parent company, Aareon Nederland B.V. Upon entry in the commercial register on 23 July 2020, Aareon RELion Nord GmbH and Aareon RELion Süd GmbH were merged downstream into Aareon RELion GmbH. Both entities held equal shares in the company into which they were merged. The merger of CalCon Deutschland AG and epiqr Software GmbH into CalCon Ingenieurgesellschaft mbH was entered in the commercial register as a sidestream merger on 1 September 2020. The company was simultaneously renamed CalCon Deutschland GmbH.

On 23 December 2020, Aareon AG signed a contract to purchase a 100% stake in Arthur Online Limited ("Arthur"), London, UK. The acquisition took effect on 29 January 2021. This company will be included in the Aareon Group's financial statements as of February 2021.

Only a fixed purchase price was agreed, amounting to € 19,422k. A 91.05% stake (€ 17,246k) was paid for in cash on 1 February 2021. A further € 514k was paid for the company's net cash. The remaining 8.95% of the shares in Arthur, which have a fair value of € 1,663k, will be exchanged for shares in Aareon AG through a contribution in kind as part of a capital increase. The capital increase amounts to € 48k. The excess value of the shares will be added to the share premium. The sellers will contribute the remaining shares in Arthur to Houses Nominee Ltd., London, which will subscribe the new shares in Aareon AG issued in the course of the capital increase.

The provisional fair value of the assets and liabilities is € 3,772k. The acquired assets and liabilities were recognised in the following amounts:

Business combination with Arthur Online Ltd. in € '000 – PROVISIONAL	Carrying amount prior to acquisition	Fair value on initial consolidation
Purchased software and other assets	1,124	3,277
Customer relations	0	343
Brands	0	578
Right-of-use assets	214	214
Receivables	179	179
Other assets	241	241
Cash and cash equivalents	394	394
Trade payables	214	214
Lease liabilities	214	214
Other liabilities	540	540
Deferred tax liabilities	0	486
Net assets acquired	1,184	3,772

The acquisition resulted in provisional goodwill in the amount of € 15,651k. This acquisition enables Aareon to move into the market for small- and medium-sized property management firms in the UK, offering the company further growth opportunities.

02.5 Changes in accounting policies

The following amendments to the IFRSs, which must be applied in accounting periods beginning on or after 1 January 2020, had no effect on Aareon's accounting practices. These amendments include:

- Amendments to IFRS 3 (Business combinations) – Definition of a business (determining whether an entity has acquired a business or a group of assets)
- Amendments to IFRS 9 – Interest rate benchmark reform (IBOR reform) – Phase 1
- Amendments to IAS 1 and IAS 8 – Definition of "material"

In addition, amendments were made to IFRS 16 (Leases) that provide lessees with an optional exemption from assessing whether a Covid-19-related rent concession is a lease modification. In accordance with the amendments, a lessee may refrain from assessing whether a rent concession granted in direct relation to the Covid-19 pandemic is a lease modification and instead treat it as if it were not such a modification. No circumstances arose within the Aareon Group that could have led to the application of this amendment.

A number of new accounting standards and interpretations were also published. However, these are not mandatory for reporting periods beginning on or after 31 December 2020 and were not adopted early by Aareon. The effects of these new rules on the current and future reporting periods as well as on foreseeable future transactions are not deemed to be material.

In the interests of harmonising offsetting rules, as of the year under review, deferred taxes are disclosed as net amounts by fiscal unit. This change affected the German fiscal unit. The figures for the previous year were restated accordingly. In a further change as of the year under review, plan assets for pension provisions are now disclosed. The figures for the previous year were restated accordingly (see Note 05.14).

03 Accounting principles

03.1 Intangible assets

As a rule, goodwill is tested for impairment in the fourth quarter of each year. Its value is measured on the basis of the present value of future cash flows (value in use), which is determined using medium-term planning figures. This entails using the projected cash flows from the three-year plan adopted by Aareon AG's Management Board and approved by its Supervisory Board. Thus, the revenue and expense items are planned individually over this three-year period. The values assigned to the main assumptions are based on internal and external factors as well as on past experience. The previous year's planning figures also play a central role. Revenue planning is based mainly on assumptions regarding new business as well as renewals of contracts and additional business with existing customers. These assumptions also represent the main sources of estimation uncertainty. Regular revenues from existing customers, such as fees from licensing and maintenance contracts, are not generally subject to any major estimation uncertainty. The cost of materials is planned on the basis of planned revenues. Personnel numbers and salary growth are the main factors determining the personnel budget. Other costs are generally projected on the basis of prior-year figures, taking into account known non-recurring effects. On the expenses side, estimation uncertainty arises as a result of unplanned price increases and unpredictable non-recurring effects. The more forward-looking the assumptions, the higher the estimation uncertainty. As a rule, cash flows after the four-year time horizon are measured taking the perpetual annuity into account. The present value of future cash flows is determined on the basis of a Group-wide risk-adjusted discount rate of 7.62% after tax. The discount rate is calculated as the sum of a risk-free base interest rate of -0.03% plus a company-specific risk loading of 7.50% multiplied by a beta factor of 1.02. In view of the uncertain nature of planning beyond three years, we take a cautious view of the market environment and assume a growth rate of 2%. The recoverable amounts exceed the carrying amounts. If there is a significant change in one of the main assumptions described above – such as an

increase of 1% in the risk-adjusted discount rate, a reduction of 5% in the EBIT included in cash flow or a drop in the growth rate to 1% – no impairment is recognised, all else being equal. There was no need to recognise any impairment losses in the reporting period.

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

Useful lives of intangible assets

Internally generated intangible assets	3–10 years
Acquired intangible assets	3–10 years
Customer relations	5–25 years
Brands	20–25 years

Research costs are treated as current expense in accordance with IAS 38. Development costs for internally generated software are recognised as assets if the prerequisites for recognition under IAS 38 are met.

03.2 Property, plant and equipment

Items of property, plant and equipment are measured at cost, including restoration obligations that are required to be capitalised under IAS 16. Insofar as the items are wasting assets, they are subject to straight-line depreciation in accordance with the expected useful lives of the components. The depreciation methods and useful lives are reviewed annually. The useful lives of the principal components are presented below:

Useful lives of property, plant and equipment

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

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

03.3 Leases

In accordance with IFRS 16, Aareon recognises in the balance sheet all leases, and all associated assets and liabilities, with a term of 12 months or more, unless the underlying asset is of low value (under € 4,000). Where Aareon is the lessee, an asset is recognised representing Aareon's right of use of the underlying leased object. In addition, a lease liability is recognised representing Aareon's obligation to make lease payments. In order to calculate their present value, the lease payments are discounted at the rate determined on the basis of the marginal borrowing rate for the corresponding maturity band in the corresponding currency. The terms of the leases are determined based on the underlying non-cancellable term, taking into account the lessee's extension and termination options, provided it is sufficiently certain they will be exercised. Where Aareon is the lessor, the leases are classified either as finance leases or operating leases. Subsequent recognition of leases is at amortised cost. The right-of-use assets are amortised on a straight-line basis for the duration of each lease. Aareon does not apply the regulations of IFRS 16 in cases where it is the lessee of intangible assets. Where contracts contain both non-lease and lease components, Aareon elects, in line with the practical expedient granted under IFRS 16.15, not to separate these components. The right-of-use assets are subjected to an annual impairment test. The method used is fundamentally the same as that applied when testing goodwill for impairment (Note 03.1). No impairment was required here either in the reporting period.

03.4 Financial assets and financial liabilities

Under IFRS 9, the classification of financial assets and liabilities depends on the respective business model. The following business models are possible with debt instruments (e.g. receivables or fixed-income securities):

- Held-to-collect
- Held-to-collect and for sale
- Other business models (those that cannot be assigned to either of the above models)

With equity instruments, IFRS 9 distinguishes between business models in which the instrument is held with or without the intention to trade.

It also makes a distinction between whether the financial assets are subject to contractual cash flows or whether the cash flows are solely payments of principal and interest (SPPI) for the asset.

Aareon classifies trade receivables, contract assets, other financial assets as well as financial liabilities as held-to-collect. They are thus recognised at amortised cost. Aareon does not exercise its option to recognise them at fair value. With equity instruments, Aareon decides on a case-by-case basis whether to exercise its option to recognise an instrument through other comprehensive income. Otherwise the instruments are measured at fair value through profit or loss. If derivatives are held, they too are recognised at fair value through profit or loss.

The risk of default inherent in trade receivables is considered to be low. The business environment – i.e. the property sector – is deemed to be fundamentally robust. This has been particularly apparent during the Covid-19 pandemic. What is more, the roughly 3,000-strong customer base is diversified and does not display any material cluster risk. Potential risks are countered by means of loss allowances, which are recognised using the simplified approach permissible under IFRS 9, i.e. on the basis of the lifetime expected credit losses. Depending on the customer's situation and the maturity structure, both collective and individual assessments may be made when determining loss allowances. We also refer to the risk report, which forms part of the management report, for information regarding the Group-wide system in place at Aareon to measure, limit and control risks as well as for

information provided in accordance with IFRS 7 concerning the description and scope of the risks arising out of financial instruments.

Low-interest-bearing receivables are carried at their discounted amount, taking into account appropriate interest.

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

Contract assets in connection with service contracts not yet satisfied as of the reporting date are recognised based on their percentage of completion (input method). The percentage of completion is calculated based on a comparison of the order costs already incurred with the expected total order costs. Other unfinished customer orders are recognised in the amount of the order costs incurred, insofar as it is probable that these will be covered by income.

03.5 Inventories

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

03.6 Deferred taxes

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

where necessary. They are reduced accordingly if it is no longer probable that sufficient taxable profit will be available for offset.

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

03.7 Provisions for pensions and similar obligations

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

In view of the massive market turbulence in the second half of March – triggered in particular by the Covid-19 pandemic – Aareon changed the bond portfolio mix it takes as a basis for determining the discount rate in accordance with IFRS. If Aareon had prepared its accounts using the previous mix, its pension provisions as at 31 December 2020 would have been 4–5% higher.

03.8 Income tax liabilities

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

03.9 Other provisions

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

03.10 Liabilities

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

03.11 Recognition of income and expenses

Revenues and other income are recognised when the performance obligation is satisfied or when the customer obtains control of the goods or services.

Aareon generates its revenues mainly through

- Licensing agreements
- Consultancy contracts
- Maintenance, SaaS and hosting contracts

Revenue from licensing agreements for ERP business concerns, in particular, the granting of rights of use for software products operated by customers in accordance with the in-house model. “In-house model” means the customers run Aareon’s software on their own servers and are responsible for ensuring its functionality. In the majority of cases, the right of use is granted for an indefinite period. Only in the case of Tobias AX is the right of use granted for a limited time period, with the result that the customer has to pay for regular licence renewals. The software products are technical

solutions that help property-industry customers to organise their business processes and, for example, to manage and control their property portfolios. Aareon's performance obligation toward the customer consists in granting the latter a right to use the above-mentioned software products. Revenue from licensing agreements is recognised when a contract has been signed by both parties with no rights of withdrawal, the product has been delivered in full (e.g. through provision of the licence key), the licence fee has been determined and payment is probable. This means the customer has obtained control of the right of use granted to it. Payment is generally made after conclusion of the licence agreement or after successful implementation of the software; the deadline for payment can be up to 45 days.

Consulting services include, for example, product customisation requests from customers, training provided in the use of the software (modules) and implementation services for migration projects. Revenue is recognised once the service has been rendered. In this context, assets are also generated or improved over which the customer has gained control. Revenue and contract assets are recognised in accordance with the percentage of completion, which is based on an input method. Under this method, a project's percentage of completion is calculated based on a comparison of the order costs already incurred – essentially for the personnel or external consultants deployed – with the total order costs expected. Customers make advance payments for the services Aareon provides. These are either netted against the corresponding contract assets, or recognised as contract liabilities insofar as the advance payment received exceeds the value of the contract asset.

Maintenance contracts are concluded when customers enter into a licensing agreement in accordance with the above-mentioned in-house model (i.e. the customers run the software on their own servers and are thus responsible for ensuring its functionality). Under maintenance contracts, Aareon's services include the provision of regular updates and support services for ongoing operation of the software. In the case

of SaaS (software-as-a-service) contracts, the customers do not operate the software in-house, i.e. on their own. Instead, the customers are granted access to Aareon's server and the software functions are provided via that server. Aareon's performance consists in providing a right of access and, as is the case with maintenance contracts, executing regular updates and providing support services. Under hosting contracts, the customer takes control of the software, but commissions Aareon to provide the servers on which to run it. Revenues from maintenance, SaaS and hosting contracts are recognised pro rata temporis over the contractually agreed service provision period. The latter commences on the go-live date. The majority of customers pay their maintenance and hosting fees in advance for a certain period (at most one year). That portion of the advance payment covering the performance obligation not yet satisfied is recognised as a contract liability and reversed in profit or loss in proportion to future performance. The customer derives benefit from the service and, at the same time, makes use of the service as it is being provided.

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

In addition to country-specific ERP business for the property and energy supply industries, Aareon offers digital solutions – some of them internationally – in areas such as CRM (customer relationship management), WRM (workforce relationship management), SRM (supplier relationship management) and BRM (building relationship management). Aareon also has other products and services in its portfolio, such as the BauSecura insurance management solution and Aareon Cloud Services.

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

04.1 Revenues

Revenues by business segment in € '000

	2020	2019
DACH	163,893	159,183
International Business	94,162	92,694
Total	258,055	251,877

Revenues by product group in € '000

	2020	2019
ERP products	197,415	200,948
Digital solutions and services	60,640	50,929
Total	258,055	251,877

Revenues by category in € '000

	2020	2019
Licensing revenues	21,217	21,853
Consulting revenues	63,887	68,222
Recurring revenues	172,951	161,802
Total	258,055	251,877

Revenues were higher year on year in both the **DACH** and **International Business** segments, up € 4,710k and € 1,468k respectively. The International Business segment accounted for 36.5% of consolidated revenues (previous year: 36.8%). **Licensing revenues** were on a par with the previous year despite growth in the SaaS business model (which entails **recurring revenues**). Consulting revenues declined due to the Covid-19 pandemic, also leading to lower **ERP product** revenues. In the case of **digital solutions and services**, Aareon was more than able to compensate for this reduction through greater penetration of the customer base with digital solutions and through the acquisition of CalCon.

All revenue was from contracts with customers and reflects that portion of the total transaction price for which the performance obligation has been satisfied. In the reporting period, revenues in the amount of € 1,435k were recognised for performance obligations from earlier periods.

04.2 Other income

Other income in € '000

	2020	2019
Measurement of purchase price liabilities	1,863	289
Non-cash income	1,599	1,708
Income from affiliated companies outside the Aareon Group	369	476
Research grants	185	371
Foreign-currency translation	169	171
Income from the reversal or reduction of individual impairment losses	122	73
Income from trade fairs and congresses	34	957
Other income	409	347
Total	4,750	4,392

The growth in income from the adjustment of purchase price liabilities is explained in Note 05.16. In the wake of the Covid-19 pandemic, trade fairs and congresses were cancelled, resulting in only minor revenues from this source in the year under review.

04.3 Cost of materials

Cost of materials in € '000

	2020	2019
Software and hardware costs	3,855	4,048
Cost of services purchased	41,393	39,750
Total	45,248	43,798

In 2020, the cost of materials was € 1,450k higher than in the previous year.

04.4 Staff costs / employees

Staff costs in € '000		
	2020	2019
Salaries	117,463	105,327
Social security costs	25,195	23,248
of which: for post-employment benefits	4,537	4,269
Total	142,658	128,575

Staff costs increased by € 14,083k compared with the previous year, due chiefly to the integration of CalCon and the recruitment of further employees.

As at 31 December 2020, the number of employees of Aareon – excluding temporary staff, trainees and interns – was as follows:

Employees (excluding temporary staff, trainees and interns) – at year end		
	2020	2019
Employees	1,605	1,484
Executive managers	94	87
Total	1,699	1,571
of which: part-time employees	344	330

Employees (excluding temporary staff, trainees and interns) – annual average		
	2020	2019
Employees	1,561	1,460
Executive managers	90	83
Total	1,651	1,543
of which: part-time employees	345	338

Employees (excluding temporary staff, trainees and interns) – annual average by business segment		
	2020	2019
DACH	949	869
International	702	674
Total	1,651	1,543

04.5 Other expenses

Other expenses in € '000		
	2020	2019
Legal and consultation expenses/ auditing costs	9,284	4,662
Occupancy expenses	3,483	2,944
Other staff costs and temporary staff	2,632	2,575
Software maintenance	2,539	1,986
Advertising/ marketing/ entertainment	2,067	3,816
Motor vehicle expenses	1,907	2,364
Travel expenses	1,843	5,144
Communication costs	1,002	867
Other taxes	821	600
Further training	694	890
Technology costs	674	583
Impairments of receivables	638	768
Contributions and bank fees	550	482
Insurance costs	498	492
Foreign currency translation	322	369
Office material	194	284
Compensation for Supervisory Board and Advisory Board	121	325
Measurement of purchase price liabilities	0	93
Sundry other expenses	495	162
Total	29,766	29,406

Other expenses were on a par with the prior year. Due to the Covid-19 pandemic, the decrease in travel and advertising expenses was particularly strong. There was a pronounced increase in consultation expenses as a result of Aareon's M&A activities and the launch of the Value Creation Program. All impairment losses stem from contracts with customers.

04.6 Net financial income / expense

Net financial income / expense in € '000		
	2020	2019
Financial income	116	35
of which: with affiliated companies	-63	-86
Financial expenses	1,339	1,459
of which: with affiliated companies	60	60
Total	-1,223	-1,424

Financial expenses included interest cost of € 1,212k for lease liabilities. Financial income contains negative interest on balances held with Aareal Bank.

04.7 Income taxes

Income taxes in € '000		
	2020	2019
German income taxes	4,450	7,926
Foreign income taxes	3,563	3,749
Actual tax expense	8,013	11,675
Deferred tax expense/income	1,422	-405
Total	9,435	11,270

The following table shows the reconciliation statement for the differences between income taxes based on the net income before taxes and the actual income tax reported. In order to calculate the expected tax expense, the Group tax rate of 31.7% valid in 2020 (previous year: 31.7%) was multiplied by earnings before taxes.

Reconciliation of tax expenses in € '000

	2020	2019
Earnings before income taxes	27,293	37,170
Trade tax	4,094	5,575
Corporation tax	4,333	5,901
Solidarity surcharge	225	307
Expected tax expense	8,652	11,783
Reconciliation:		
Non-deductible expenses	640	563
Tax-free income	-292	-995
Taxes for prior years	133	-170
Differences in tax rates of international subsidiaries	-175	-99
Other differences	477	188
Tax expense reported	9,435	11,270

05 Notes to the consolidated balance sheet of the Aareon Group

05.1 Intangible assets

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

The amortised goodwill by business segment is as follows:

Carrying amounts in € '000				
	31 Dec. 2019	Additions	Exchange- rate effects	31 Dec. 2020
DACH	35,125	13,174	0	48,299
International Business	49,708	0	163	49,871
Total	84,833	13,174	163	98,170

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

Carrying amounts in € '000

	31 Dec. 2020	31 Dec. 2019
ERP solutions	28,614	21,115
Aareon Wodis Sigma/Wodis Yuneo	7,806	3,272
Aareon QL	5,693	5,283
Aareon Tobias/Aareon REMS	5,518	4,756
Aareon Incit Xpand	4,568	3,618
Aareon Portallmmo/Aareon Prem'Habitat	3,329	2,763
Aareon RELion	1,700	1,422
Digital solutions	9,485	9,279
Aareon CRM	3,134	3,667
Aareon Smart Platform	1,608	1,662
Aareon Trace & Treasury	855	904
Aareon WRM	843	251
Aareon SRM	720	705
Aareon BRM	665	889
New products (including Aareon Smart Partner, predictive maintenance)	579	0
Aareon Vacancy Management	514	588
Miscellaneous	567	613
Total	38,099	30,394

The increase in carrying amounts is attributable mainly to development of the new product generation Wodis Yuneo in the DACH segment. Internally generated software in the amount of € 28,751k was completed in the reporting period, while internally generated software worth € 9,348k was still under development. Research and development costs for the update and maintenance of existing functions, and to create new functions and products totalled € 41,913k in the year under review. Internally generated assets amounted to € 8,177k. Externally sourced services in the amount of € 4,672k were also capitalised.

05.2 Property, plant and equipment, right-of-use assets, and lease liabilities

Aareon leases, in particular, real estate, and operating and office equipment. Some of these leases are long term and have sufficiently certain extension options of up to ten years. No material residual-value guarantees were given for these leases.

Right-of-use assets by asset class in € '000

	2020	2019
Carrying amounts		
Real estate (rental of office space, parking spots)	50,608	51,095
Operating and business equipment (vehicle fleet, servers, etc.)	4,567	5,043
Depreciation		
Real estate (rental of office space, parking spots)	5,707	4,983
Operating and business equipment (vehicle fleet, servers, etc.)	3,102	3,069

Interest expense from lease liabilities came to € 1,212k. Total cash outflows for leases in the period under review amounted to € 9,866k as at the reporting date.

Leases recognised in profit or loss in € '000

	2020	2019
Current leases	492	462
Low-value leases	193	138
Variable leases	0	0

Leases that can be assigned to more than one of the above categories are assigned to the higher category in each case.

The following table shows the maturities of the lease liabilities.

Lease liabilities in € '000

	2021	2022-2025	After 2025
Maturities of lease liabilities	8,038	22,698	31,715
Total	8,038	22,698	31,715

Aareon acts as lessor when renting out real estate. The company has one material rental agreement in place, which is classified as a finance lease. In the reporting period, the financial income from the net investment in the rental agreement came to € 30k. Variable rents on office and business equipment in the amount of € 189k were not included in the measurement of finance leases where Aareon is the lessor. The minimum lease payments amount to € 471k in each of the next four years and to € 235k for the remaining lease period in the fifth year.

05.3 Financial assets

Financial assets comprise other loans and investments that are accounted for either at fair value or using the equity method. Some of these investments are recognised as equity instruments through other comprehensive income in accordance with IFRS 9.

Financial assets in € '000

	Interest held (%)		31 Dec. 2019
	31 Dec. 2020	31 Dec. 2020	
Time deposits		4,210	4,210
Guarantee for a lawsuit		1,100	1,100
Rent deposits		1,210	1,004
Loans to associates		3,809	0
Other		3	73
Other loans (recognised through profit or loss)		10,332	6,387
OFI Group GmbH	35.84	307	776
Refurbio GmbH	18.40	0	0
Ecaria GmbH	19.99	0	0
Investments in associates (equity-accounted)		307	776
blackprint Booster Fonds GmbH & Co. KG	12.49	250	250
blackprint Booster Fonds International GmbH & Co. KG	49.88	420	420
Investments – debt instruments (recognised through profit or loss)		670	670
OSRE B.V.	18.70	1,403	1,403
Immomio GmbH	14.54	1,295	1,295
MPC Best Select Company Plan GmbH & Co. KG	<20.00	169	187
Investments – equity instruments (recognised through other comprehensive income)		2,867	2,885
Financial assets		14,176	10,718

The time deposits relate to the guarantee issued to cover existing and future obligations in connection with membership in two supplementary pension funds.

Consolidated statement of changes in non-current assets 2020

as at 31 December 2020

	Historical cost						31 Dec. 2020
	1 Jan. 2020	Currency translation differences	Changes in scope of consolidation	Additions	Disposals	Reclassifications	
€ '000							
I. Intangible assets							
1. Goodwill	118,459	90	13,174	0	0	0	131,723
2. Acquired intangible assets	51,894	-697	6,389	2,449	70	0	59,965
3. Internally generated intangible assets	64,083	-259	0	12,849	222	0	76,451
4. Customer relations	21,498	158	5,933	0	0	0	27,589
5. Brands	2,702	35	1,013	0	0	0	3,750
6. Prepayments made	0	0	0	0	0	0	0
	258,636	-673	26,509	15,298	292	0	299,478
II. Property, plant and equipment							
1. Land, leasehold rights and buildings	8,693	-9	0	989	97	33	9,609
2. Plant and machinery	8,041	0	0	0	0	-79	7,962
3. Other equipment, and office furniture/equipment	16,658	-48	177	3,131	1,880	79	18,117
4. Prepayments made	32	0	0	40	0	-33	39
	33,424	-57	177	4,160	1,977	0	35,727
III. Right-of-use assets							
1. Rights of use to land, leaseholds and buildings	56,057	-54	3,836	2,061	1,085	0	60,815
2. Rights of use to other equipment, and office furniture/equipment	8,094	-4	0	2,762	2,210	0	8,642
	64,151	-58	3,836	4,823	3,295	0	69,457
IV. Financial assets							
1. Investments in associates	776	0	0	5	473	0	308
2. Other investments	3,566	0	0	0	18	0	3,548
3. Other loans	6,868	0	126	3,818	0	0	10,812
	11,210	0	126	3,823	491	0	14,668
	367,421	-788	30,648	28,104	6,055	0	419,330

Accumulated depreciation and amortisation						Carrying amounts	
1 Jan. 2020	Currency translation differences	Additions	Disposals	Reclassifications	31 Dec. 2020	31 Dec. 2020	31 Dec. 2019
33,626	-73	0	0	0	33,553	98,170	84,833
43,055	-261	4,713	42	0	47,465	12,500	8,839
33,689	-107	4,944	174	0	38,352	38,099	30,394
4,591	60	1,348	0	0	5,999	21,590	16,907
499	13	161	0	0	673	3,077	2,203
0	0	0	0	0	0	0	0
115,460	-368	11,166	216	0	126,042	173,436	143,176
3,893	-5	456	66	0	4,278	5,331	4,800
7,361	0	230	0	-17	7,574	388	680
7,068	-43	4,017	1,809	17	9,250	8,867	9,590
0	0	0	0	0	0	39	32
18,322	-48	4,703	1,875	0	21,102	14,625	15,102
4,961	-5	5,707	456	0	10,207	50,608	51,096
3,051	-2	3,102	2,076	0	4,075	4,567	5,043
8,012	-7	8,809	2,532	0	14,282	55,175	56,139
0	0	0	0	0	0	308	776
11	0	0	0	0	11	3,537	3,555
481	0	0	0	0	481	10,331	6,387
492	0	0	0	0	492	14,176	10,718
142,286	-423	24,678	4,623	0	161,918	257,412	225,135

05.4 Information on associates

The following table provides financial figures on the associate OFI Group GmbH and on the associates Refurbio GmbH and Ecaria GmbH, which were established in 2020:

Associates in fiscal 2020, in € '000	OFI Group GmbH 35.84%	Refurbio GmbH 18.40%	Ecaria GmbH 19.99%	Associates in fiscal 2019, in € '000	OFI Group GmbH 35.84%
Non-current assets	188	27	45	Non-current assets	29
Receivables and other assets	34	12	9	Receivables and other assets	17
Cash and cash equivalents	1,800	296	338	Cash and cash equivalents	372
Liabilities	2,931	471	488	Liabilities	21
Net assets/equity	-909	-136	-96	Net assets/equity	397
Capital contributions by Aareon	993	2	2	Capital contributions by Aareon	993
Aareon's share in net profit for the year (cumulative)	-686	-2	-2	Aareon's share in net profit for the year	-217
Carrying amount of investment in Aareon's consolidated financial statements (equity-accounted)	307	0	0	Carrying amount of investment in Aareon's consolidated financial statements (equity-accounted)	776
Income	190	25	45	Income	20
Operating expenses	1,390	167	149	Operating expenses	618
Net financial income/expense	-106	-6	-4	Net financial income/expense	-8
Net profit/loss for the year	-1,306	-148	-108	Net profit/loss for the year	-606
Aareon's share in net profit/loss for the year	-468	-2	-2	Aareon's share in net profit/loss for the year	-217

05.5 Shareholdings

Name and registered office of company	Interest held %
Aareon AG, Mainz	
Consolidated subsidiaries – DACH segment:	
Aareon Deutschland GmbH, Mainz, Germany	100
Aareon Planungs- und Bestandsentwicklungs GmbH, Mainz, Germany	100
Aareon RELion GmbH, Augsburg, Germany	100
AV Management GmbH, Mainz, Germany	100
BauSecura Versicherungsmakler GmbH, Hamburg, Germany	51
CalCon Austria GmbH, Vienna, Austria	100
CalCon Deutschland GmbH, Munich, Germany	100
CalCROM S.R.L., Iasi, Romania	83.33
phi-Consulting GmbH, Bochum, Germany	100
Consolidated subsidiaries – International Business segment:	
Aareon Finland OY, Helsinki, Finland	100
Aareon France SAS, Meudon-la-Forêt, France	100
Aareon Nederland B.V., Emmen, Netherlands	100
Aareon Norge AS, Oslo, Norway	100
Aareon Sverige AB, Mölndal, Sweden	100
Aareon UK Ltd., Kenilworth, United Kingdom	100
FIRE B.V., Utrecht, Netherlands	60
Associates:	
Ecaria GmbH, Berlin, Germany	19.99
OFI Group GmbH, Frankfurt am Main, Germany	35.84
Refurbio GmbH, Berlin, Germany	18.40

05.6 Deferred taxes

Deferred taxes in € '000	31 Dec. 2020	31 Dec. 2019*
Pension provisions	6,417	5,542
Leases (right-of-use assets less lease liabilities)	1,502	1,538
Other provisions	652	944
Loss carryforwards	538	580
Miscellaneous	0	315
Total deferred income tax assets before netting	9,109	8,913
Non-current assets	-3,829	-2,306
Miscellaneous	-78	0
Total deferred income tax assets after netting	5,202	6,613
Intangible assets	10,453	7,613
Miscellaneous	45	78
Total deferred income tax liabilities	10,498	7,691

* Prior-year figure restated

The decrease in deferred tax assets is attributable to offsetting within the German fiscal unit of Aareon AG. Unused tax loss carryforwards for which no deferred tax assets were recognised amounted to € 4,377k in Germany.

05.7 Contract assets and receivables due from customers

Contract assets and receivables due from customers in € '000	31 Dec. 2020	31 Dec. 2019
Contract assets	18,942	25,015
Trade receivables	34,383	31,870
Receivables from affiliated companies	1,080	3,072
Receivables from associates	0	179
Impairment losses on contract assets and receivables from customers	-2,493	-2,111
Total	51,912	58,025

The portion of project performance obligations not yet satisfied amounts to € 7,130k, of which € 7,083k is likely to be realised in 2021 and € 47k in 2022 or thereafter. Aareon does not recognise the unsatisfied portion of performance obligations in connection with maintenance and SaaS contracts, as the customer's consideration corresponds to the performance delivered by Aareon.

There are no restrictions on ownership or disposal of the disclosed receivables. Impairment losses were recognised for the risk of default. Trade receivables were impaired as follows:

Impairment losses on contract assets and receivables from customers in € '000

	2020	2019
Impaired contract assets and receivables from customers	7,556	8,235
Impairments as of 1 January	2,111	1,702
Changes in scope of consolidation	14	0
Additions	656	929
Reversals	161	186
Utilisation	104	348
Exchange-rate effects	-23	14
Total as of 31 December	2,493	2,111

In Germany, past-due but not impaired receivables relate solely to receivables that are overdue by up to 90 days.

05.8 Other assets

Other assets in € '000

	31 Dec. 2020	31 Dec. 2019
Other current financial assets	1,679	1,279
Other current non-financial assets	5,813	5,072
Total	7,492	6,351

Other current non-financial assets mainly comprise deferred advance payments of € 5,481k for subsequent periods.

05.9 Cash and cash equivalents

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

Cash and cash equivalents in € '000

	31 Dec. 2020	31 Dec. 2019
Cash in hand	15	15
Balances held with banks	50,370	51,903
of which: with affiliated companies	34,294	35,283
Funds with maturities of up to three months	50,385	51,918

There were no loan liabilities as of 31 December 2020.

05.10 Subscribed capital

The subscribed capital of Aareon AG is fully paid up and, as at 31 December 2020, was as follows:

Number and class of shares in € '000

25,000,000 no-par value ordinary shares	25,000
---	--------

Each share has a theoretical par value of € 1.

05.11 Share premium

The share premium was unchanged compared with the previous year.

05.12 Accumulated Group earnings and profits

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

05.13 Non-controlling interests

Non-controlling interests are reported as a separate item in the consolidated statement of changes in equity. They are held by the other shareholders of: BauSecura Versicherungsmakler GmbH, Hamburg, Germany; FIRE B.V., Utrecht, Netherlands; and CalCROM S.R.L., Iasi, Romania.

05.14 Provisions for pensions and similar obligations

Trend in net defined benefit obligation in € '000

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit obligation
1. Balance as at 1 Jan. 2020	36,164	-266	35,898
2. Net expense for the period			
a) Service cost	416	0	416
b) Interest cost	331	-3	328
3. Payments			
a) Pension benefits paid	-1,580	0	-1,580
b) Employer contributions	0	-17	-17
4. Remeasurement			
a) Due to experienced-based adjustments	780	0	780
b) Due to changes in financial assumptions	1,887	0	1,887
c) Difference between actual return and return calculated using the discount rate (plan assets)	0	1	1
Balance as at 31 Dec. 2020	37,998	-285	37,713

Trend in net defined benefit obligation in € '000

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit obligation
1. Balance as at 1 Jan. 2019	34,192	-248	33,944
2. Net expense for the period			
a) Service cost	350	0	350
b) Interest cost	563	-4	559
3. Payments			
a) Pension benefits paid	-1,584	0	-1,584
b) Employer contributions	0	-14	-14
4. Remeasurement			
a) Due to experienced-based adjustments	-536	0	-536
b) Due to changes in financial assumptions	3,179	0	3,179
c) Difference between actual return and return calculated using the discount rate (plan assets)	0	0	0
Balance as at 31 Dec. 2019	36,164	-266	35,898

The plan assets consist solely of reinsurance policies.

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

Assumptions in %	31 Dec. 2020	31 Dec. 2019
Interest rate	0.61	0.93
Expected inflation rate	1.75	1.75
Income trend	2.00	2.00
Pension trend	1.75	1.75
Fluctuation rate	3.00	3.00

Pension obligations were calculated in the reporting period using the Heubeck-Richttafeln 2018 G® biometric tables.

Changes in these assumptions would have the following consequences:

Sensitivity analysis 2020

	Sensitivity	Obligation adjusted due to sensitivities, in € '000
Interest rate (0.61%)	1.00%	33,096
Interest rate (0.61%)	-1.00%	44,164
Pension trend (1.75%)	0.25%	39,145
Pension trend (1.75%)	-0.25%	36,870
Income trend (2.00%)	0.50%	39,290
Income trend (2.00%)	-0.50%	36,782
Life expectancy (Heubeck 2018 G)	+1 year	40,636
Life expectancy (Heubeck 2018 G)	-1 year	35,376

Sensitivity analysis 2019

	Sensitivity	Obligation adjusted due to sensitivities, in € '000
Interest rate (0.93%)	1.00%	31,337
Interest rate (0.93%)	-1.00%	41,629
Pension trend (1.75%)	0.25%	36,961
Pension trend (1.75%)	-0.25%	34,860
Income trend (2.00%)	0.50%	37,167
Income trend (2.00%)	-0.50%	34,708
Life expectancy (Heubeck 2018 G)	+1 year	38,376
Life expectancy (Heubeck 2018 G)	-1 year	33,430

The sensitivity analysis is based on changes in a single assumption, with all other assumptions remaining constant. It is unlikely that this would occur in reality, and there could indeed be a correlation between changes in certain assumptions. For this reason, in calculating the sensitivity of the defined benefit obligation to changes in actuarial assumptions, the same method was employed as is used to determine the pension provisions in the balance sheet (see Note 03.7). The types and methods of the assumptions used when preparing sensitivity analyses did not change compared with the previous period. No sensitivity analysis was carried out that factored in changes in the fluctuation rate or expected inflation rate because these rates do not represent material actuarial assumptions.

The defined benefit obligation can be broken down into the following plan participant categories:

Plan participants by category

	31 Dec. 2020
Active employees	282
Former employees with vested benefits	28
Pensioners	141
Total	451

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

Maturities of the defined benefit obligation (DBO) in € '000

2021	1,568
2022	1,562
2023	1,562
2024	1,550
2025	1,551
2026–2030	8,027

Service and interest costs are recognised under staff costs. The expense recognised for defined contribution pension plans amounted to € 9,487k. It mainly comprised employer contributions to the statutory pension scheme. For reasons of materiality, pension provisions are not presented by maturity.

Aareon has pension plans in place in Germany and France. The pension plans of Aareon AG and Aareon Deutschland GmbH have been closed to new members. All of these plans are defined benefit plans within the meaning of IAS 19. This means that, subject to certain conditions, Aareon guarantees that the beneficiaries will receive a particular benefit amount. Depending on the plan type, the amount of employee benefits varies according to different factors such as eligible salary, period of service, amount of the statutory pension, and benefits paid under individual direct insurance plans.

05.15 Other provisions

Other provisions in € '000

	Balance as at 1 Jan. 2020	Change in scope of consolidation	Additions	Reclassi- fications	Utilisation	Reversals	Balance as at 31 Dec. 2020
Variable salary components (previous year)	11,517 (10,569)	0 (0)	10,591 (9,604)	0 (0)	9,624 (8,508)	247 (148)	12,237 (11,517)
Other provisions (previous year)	3,283 (4,034)	409 (0)	1,549 (1,364)	0 (0)	1,091 (1,866)	28 (249)	4,122 (3,283)
Total (previous year)	14,800 (14,603)	409 (0)	12,140 (10,968)	0 (0)	10,715 (10,374)	275 (397)	16,359 (14,800)

Development in 2020 (prior-year figures in parentheses)

Aareon AG makes payments to the members of its Management Board that qualify as cash-settled **share-based payments** within the meaning of IFRS 2. The obligations arising out of these share-based payments are recognised as staff costs and via corresponding provisions. Claims to the phantom stocks of Aareal Bank are paid in cash. The payments are distributed over three or five calendar years from the grant date. Provisions for share-based payment are recognised in full from the commitment date. The provisions are recognised in the amount of the fair value of the obligation in question at the reporting date and adjusted if the share price changes. Provisions for share-based payment (SAR) amounted to € 551k. At the end of the period under review, 14,970 shares were outstanding at an average price per share of € 28.36 (previous year: 12,494 shares; € 33.14). Of these outstanding shares, 9,207 (previous year: 8,282) were exercisable and 8,503 (previous year: 5,674) were granted. The exercise prices of the outstanding shares range between € 25.42 and € 39.10.

Other provisions are also recognised in accordance with IAS 37 for all identifiable risks and uncertain obligations in the amount of their probable occurrence. The interest cost for non-current provisions amounted to € 42k in the reporting period.

Other provisions by maturity:

Other provisions in € '000				
	01 Jan. 2020	31 Dec. 2020	01 Jan. 2020	31 Dec. 2020
	<1 year		>1 year	
Variable salary components (previous year)	10,971 (10,085)	11,689 (10,971)	546 (484)	548 (546)
Other provisions (previous year)	2,417 (3,107)	3,219 (2,417)	866 (927)	903 (866)
Total (previous year)	13,388 (13,192)	14,908 (13,388)	1,412 (1,411)	1,451 (1,412)

05.16 Purchase price liabilities

Purchase price liabilities in € '000		
	31 Dec. 2020	31 Dec. 2019
Non-current purchase price liabilities	1,975	0
CalCon companies	1,975	0
Current purchase price liabilities	276	1,961
Aareon RELion	0	1,961
CalCon companies	276	0
Total	2,251	1,961

Purchase price liabilities developed as follows:

Purchase price liabilities in € '000						
	01 Jan. 2020	Additions	Adjustment	Payment	Miscellaneous	31 Dec. 2020
Non-current purchase price liabilities						
CalCon companies	0	1,975	0	0	0	1,975
Current purchase price liabilities						
Aareon RELion	1,961	0	-139	-1,822	0	0
CalCon companies	0	2,781	-1,724	-792	11	276
Total	1,961	4,756	-1,863	-2,614	11	2,251

05.17 Trade payables

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

05.18 Contract liabilities

Contract liabilities relate to deferred revenues and to projects in which the advance payments received exceed the value of the contract assets. As of 1 January 2020, contract liabilities amounted to € 14,721k, of which € 13,872k was recognised though profit or loss in the year under review.

05.19 Other liabilities

Other liabilities in € '000		
	31 Dec. 2020	31 Dec. 2019
Current other financial liabilities		
Paid-leave liabilities	3,537	3,152
Miscellaneous other financial liabilities	4,901	4,152
	8,438	7,304
Current other non-financial liabilities		
Tax liabilities	9,323	8,070
Miscellaneous other non-financial liabilities	558	499
	9,881	8,569
Total	18,319	15,873

The miscellaneous other financial liabilities mainly comprise liabilities in connection with wages and salaries. The other tax liabilities consist mainly of value-added tax and payroll tax liabilities.

06 Other explanatory notes

06.1 Other financial obligations

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

Other financial obligations in € '000			
	2021	2022-2025	After 2025
Obligations from the acquisition of Arthur Online Ltd. and the associated capital increase	20,636	0	0
Purchase commitments	14,477	5,286	0
Future leases	101	410	0
Total	35,214	5,696	0

06.2 Related-party transactions

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

consolidated financial statements. A large part of Aareon AG's business relationships are with Aareal Bank.

These primarily relate to service provision and comprise the following:

- Collaboration with Aareal Bank with regard to the fully automated and integrated accounting and payment services for property companies in Germany as implemented in the software systems Wodis Sigma, SAP® solutions/Blue Eagle and GES
- Provision of data centre services and related implementation services
- Purchase of IT equipment such as mobile phones and workstations
- Reimbursement of expenses incurred by Aareon to provide personnel and engage external consultants during the sale of a non-controlling interest in Aareon AG by its parent company, Aareal Bank AG.

In the reporting period, the business transactions with Aareal Bank and its subsidiaries (excluding those belonging to the Aareon Group) comprised revenues and other income in the amount of € 19,362k as well as cost of materials and other expenses in the amount of € 463k. The € 625k reimbursed for expenses incurred during the sale process conducted by Aareal Bank was deducted from the corresponding expenses. As at the reporting date, Aareon had outstanding receivables of € 1,084k and liabilities of € 182k in relation to Aareal Bank and its subsidiaries (excluding those belonging to the Aareon Group).

Loans totalling € 3,809k were made to equity-accounted companies to assist them in establishing and expanding their business.

Related parties controlled by Aareon AG, or over which Aareon AG can exert a controlling influence, are included in the consolidated financial statements. They also appear in the list of shareholdings in Note 05.5, along with details of the equity interest held.

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

In the Aareon Group, members of the Management Board and the Supervisory Board are defined as members of management in key positions.

The total compensation paid to members of the Management Board amounted to € 2,697k, and included contributions to defined contribution plans in the amount of € 89k. The total expenses for share-based payments amounted to € 94k. All compensation is current, except for share-based payments in the amount of € 90k.

06.3 Auditors' fees

In the reporting period, € 543k was recognised for auditing of the financial statements, € 2k for tax consultancy services and € 59k for other services.

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

Aareon Deutschland GmbH, Mainz, phi-Consulting GmbH, Bochum, and Aareon RELion GmbH, Augsburg, which are included in the consolidated financial statements of Aareon AG, have, with the approval granted by their respective general meetings of shareholders in accordance with Section 264 (3) of the German Commercial Code (HGB), been exempted from the obligation of preparing annual financial statements and a management report in compliance with the corresponding provisions for corporations.

06.5 Events after the reporting date

On 23 December 2020, Aareon AG signed a contract to purchase a 100% stake in Arthur Online Ltd., London. The acquisition took effect on 29 January 2021 (see Note 02.4).

07 Corporate bodies

07.1 Supervisory Board

Thomas Ortmanns, Chairman
Member of the Management Board
Aareal Bank AG, Wiesbaden

Hermann J. Merkens, Deputy Chairman
Chairman of the Management Board
Aareal Bank AG, Wiesbaden

Lutz Freitag (until 16 March 2020)
Consultant
Hamburg

Marc Heß
Member of the Management Board
Aareal Bank AG, Wiesbaden

Jeffrey Paduch (since 3 Nov. 2020)
Managing Partner
Advent International Corporation, Boston, MA, USA

The compensation paid to members of the Supervisory Board in the reporting year amounted to € 10k.

07.2 Management Board

Dr. Manfred Alflen
Chairman of the Management Board
Strategy; Human Resources & Organisation; Legal, Risk Management & Compliance; Data Protection & Data Security; Corporate Marketing & Communications; Board Office; Audit; Business Development; Transaction Corporate Development

Dr. Imad Abdallah
Member of the Management Board
Digital Solutions; Aareon Ventures; Group Enterprise Architecture; Digital Platform & Innovations Lab; Digital Product Strategy

Sabine Fischer
Member of the Management Board
Markets & Countries; Customer Satisfaction; Sales & Consulting; Development of Market Segments; BauSecura

Dr. André Rasquin
Member of the Management Board
ERP Systems; Outsourcing; Group IT Services; Group Application Management

Christian M. Schmahl
Member of the Management Board
Corporate Finance; Accounting; Contract & Receivables Management; Controlling; Procurement; Facility Management & Fleet Management

Mainz, 5 March 2021

The Management Board



Dr. Manfred Alflen



Dr. Imad Abdallah



Sabine Fischer



Dr. André Rasquin



Christian M. Schmahl

Independent Auditor's Report

To Aareon AG, Mainz

Audit Opinions

We have audited the consolidated financial statements of Aareon AG, Mainz, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Aareon AG for the financial year from 1 January to 31 December 2020.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

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

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to

going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

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

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

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material

uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion

on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Frankfurt am Main, 8 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Christian F. Rabeling
German Public Accountant

ppa. Thomas Körner
German Public Accountant

Report of the Supervisory Board

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

The Supervisory Board met on four occasions during 2020, twice in the first half of the year and twice in the second. In addition, two resolutions were adopted by circular memorandum. At all of these meetings, the Management Board informed the Supervisory Board in detail of the business policies, economic progress, strategic orientation and sales activities of both the company and the Group, as well as of the effects of the Covid-19 pandemic and the measures adopted in connection with it. The content and findings of the internal audits conducted at the Group companies were explained to the Supervisory Board. The risk reporting and internal control systems were also presented to it on a regular basis.

The Supervisory Board was kept informed by the Management Board of the Group companies' products and their customer-side implementation and launch, with emphasis being placed on major customer and acquisition projects. Particular points of focus in this regard were: the company's growth strategy; its strategic planning; potential acquisitions; the ERP product Wodis Sigma (including the new product generation Wodis Yuneo); enhancing business with other ERP solutions; the further expansion of Aareon Smart World and business trends for digital solutions; Aareon's range of consulting services; and the company's International Business segment, especially business trends in the UK and Scandinavia.

The Management Board discussed the company's international strategy with the Supervisory Board. The market environ-

ment, competitive situation, products, expected developments and growth potential of the Group companies were also dealt with. The Supervisory Board was given detailed updates on the status of the Aareon Flight Plan (the company's strategy program) and the Value Creation Program developed in the fourth quarter. Among other things, it was informed about the growth strategy for digital solutions and the progress being made by Ampolon Ventures (AV Management GmbH). The Management Board gave the Supervisory Board a detailed presentation of the market- and customer-centric matrix organisation and provided regular updates on the status of the New Governance project launched for this purpose. The Management Board provided the Supervisory Board with regular information on current M&A projects.

The Supervisory Board was briefed by the Management Board on action taken by the company to sell a non-controlling interest to a financial investor. By way of circular memorandum, the Supervisory Board approved the transfer of 7,500,000 registered shares of € 1 each to AI Houses (Luxembourg) S.à r.l., a company owned by Advent International Corporation, Boston, Massachusetts, USA. In the course of this transfer, Aareon AG amended its Articles of Association.

The Supervisory Board discussed and approved the business plan. The Management Board regularly informed the Supervisory Board of the company's actual business performance compared with business-plan forecasts. The Supervisory Board has a Human Resources Committee and an Auditing Committee. In fiscal 2020, the Human Resources Committee met three times and the Auditing Committee twice.

The Supervisory Board appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as the company's auditors. PricewaterhouseCoopers examined the annual financial statements and management report of Aareon AG as of 31 December 2020 (prepared in accordance with the German Commercial Code – HGB) as well as the consolidated financial statements and group management report as of 31 December 2020 (prepared in accordance with

IFRS). Based on the results of its audit, PricewaterhouseCoopers GmbH issued an unqualified auditor's report for both the annual and consolidated financial statements. On the basis of the annual financial statements prepared in accordance with the German Commercial Code, Aareon closed the fiscal year with an unappropriated surplus of € 11,247,174.06, of which € 0 will be distributed to shareholders and € 11,247,174.06 will be carried forward. No allocations will be made to retained earnings.

On 16 March 2021, the Supervisory Board examined and discussed the company's annual financial statements and management report, the consolidated financial statements compiled in accordance with IFRS and the Group management report for 2020 – all of which received an unqualified auditor's report – as well as the Management Board's proposal for the appropriation of profit. In preparation for their deliberations, the members of the Supervisory Board were provided in advance with comprehensive documentation, which they analysed thoroughly.

Representatives of PricewaterhouseCoopers GmbH were available to the Supervisory Board to answer questions and provide information. On the basis of the final results of its own review, the Supervisory Board agreed with the findings of the auditors. The Supervisory Board confirmed that it had no objections to raise and endorsed the respective financial statements and management reports of Aareon AG and the Aareon Group as prepared by the Management Board. The 2020 annual financial statements of Aareon AG were thus adopted and the consolidated financial statements of the Aareon Group approved.

The Supervisory Board reviewed the Management Board's proposal for the appropriation of profit and accepted that proposal on the basis of its review.

In addition, the Supervisory Board assessed the Management Board's report on the company's relations with affiliates, which was prepared in accordance with Section 312 of the German Stock Corporation Act (AktG). No objections were

raised. The auditors issued the following unqualified audit opinion with respect to this report:

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

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

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

Mr. Lutz Freitag's many years of service on the Supervisory Board ended with the close of the annual general meeting of Aareon AG on 16 March 2020. The Supervisory Board thanks him for his valuable work and wishes him all the very best.

Effective 3 November 2020, Mr. Jeffrey Paduch was appointed as a new member of the Supervisory Board by AI Houses (Luxembourg) S.à r.l., Aareon AG's new shareholder. The other members of the Supervisory Board wish him every success in his new position and look forward to working together with him.

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

Mainz, March 2021

The Supervisory Board



Thomas Ortmanns
(Chair)

Aareon customers

Around 3,000 customers have opted for ERP software and digital solutions from Aareon.

Germany (selection)

- Aachener Siedlungs- und Wohnungsgesellschaft mbH, Cologne
- ABG Frankfurt Holding GmbH, Frankfurt am Main
- Adlershorst Baugenossenschaft eG, Norderstedt
- alstria office REIT-AG, Hamburg
- Antan Real Estate GmbH & Co. KG, Frankfurt am Main
- ATOS Property Management GmbH, Ulm
- Baugesellschaft München-Land GmbH, Haar
- degewo AG, Berlin
- DERAG Deutsche Realbesitz AG & Co. KG, Munich
- DIC ONSITE GmbH, Frankfurt am Main
- eG Wohnen 1902, Cottbus
- EUROPA CENTER AG, Hamburg
- FONCIA DEUTSCHLAND GmbH & Co. KG, Frankfurt am Main
- FORTUNA Wohnungsunternehmen eG, Berlin
- GAG Immobilien AG, Cologne
- GBS Gemeinnützige Bau- und Siedlungs-GmbH, Saarlouis
- Grundstücks-Gesellschaft TRAVE mbH, Lübeck
- GSW Gesellschaft für Siedlungs- und Wohnungsbau Baden-Württemberg mbH, Sigmaringen
- Hahn Gruppe, Bergisch-Gladbach
- HASPA HanseGrund GmbH, Hamburg
- JOSEPH-STIFTUNG Kirchliches Wohnungsunternehmen, Bamberg
- Jost Hurler Beteiligungs und Verwaltungen GmbH & Co. KG, Munich
- Max Aicher GmbH & Co. KG, Freilassing
- Münch Wohnungsverwaltungs GmbH, Cologne
- Polis Immobilien AG, Berlin
- Sächsische Wohnungsgenossenschaft Chemnitz eG, Chemnitz
- Sedlmayr Grund und Immobilien AG, Munich
- TREUREAL GmbH, Leipzig
- WBM Wohnungsbaugesellschaft Mitte mbH, Berlin
- WIELANT HOFFMANN GmbH, Hamburg
- WIRO Wohnen in Rostock Wohnungsgesellschaft mbH, Rostock
- Wohnungsbaugenossenschaft Gablonzer Siedlungswerk, Kaufbeuren
- Wohnungsgenossenschaft "Glückauf" Süd Dresden e.G., Dresden
- Wohnungsgenossenschaft WARNOW Rostock-Warnemünde e.G., Rostock

International (selection)

Austria

- Baugenossenschaft “Frieden”, Vienna
- Techem Messtechnik GmbH, Innsbruck

Finland

- Espoon Asonnut, Espoo

France

- AMSOM Habitat, Amiens
- Batigère, Metz
- Erilia, Marseille
- Espace Habitat, Charleville-Mézières
- Foyer Rémois, Reims
- Groupe Valophis, Créteil
- Les résidences Yvelines Essonne, Versailles
- Limoges Habitat, Limoges
- Loire HABITAT, Saint-Étienne
- Neolia, Monbéliard
- OPHEA, Strasbourg
- Silène, Saint-Nazaire
- Société Immobilière du Grand Hainaut, Valenciennes
- 1001 Vies Habitat, Paris La Défense

Netherlands

- BrabantWonen, Oss
- Christelijke Woningstichting Patrimonium, Urk
- Domesta, Emmen
- Stichting Intermaris, Hoorn

Norway

- Forsvarets forskningsinstitutt, Oslo
- Forsvarsbygg, Oslo
- Helse Vest, Bergen
- NorgesGruppen, Oslo
- Oslo kommune, Oslo

Sweden

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

Switzerland

- Wincasa AG, Winterthur

United Kingdom

- Believe Housing, Seaham, County Durham
- Church of England Pensions Board Housing, London
- Hafod Housing Association Ltd., Cardiff, Wales
- Halton Housing Trust, Runcorn, Cheshire
- Link Housing Group, Edinburgh, Scotland
- Northwards Housing Association, Manchester
- Sage Housing Association Ltd., London
- Soha Housing, Didcot, Oxfordshire
- Together Housing Group, Halifax, West Yorkshire
- Torus, St Helens, Merseyside
- West Dunbartonshire Council, Dumbarton, Scotland

Publishing information

Published by

Aareon AG

Corporate Marketing & Communications
Isaac-Fulda-Allee 6
55124 Mainz, Germany

www.aareon.com

Press officer

Karin Veyhle

Corporate Marketing & Communications
Aareon AG
E-mail: Karin.Veyhle@Aareon.com

Design

3st kommunikation GmbH, Mainz, Germany

Photography

Title and pp.8–13: Katrin Binner, Frankfurt, Germany; p.17: Stefan Freund, Frankfurt, Germany; p.18 – January: Aareon AG, Mainz, Germany; Daniel Roos, Stockholm, Sweden; p.18 – February: Aareon AG, Mainz, Germany; p.18 – March: Aareon AG, Mainz, Germany; p.19 – April: Aareon AG, Mainz, Germany; p.19 – June: Aareon AG, Mainz, Germany; p.20 – July: FM Haaglanden, Den Haag, The Netherlands; p.21 – September: Aareon AG, Mainz, Germany; p.21 – November: Aareon Nederland B.V., Emmen, The Netherlands



Germany

German subsidiaries

Aareon Deutschland GmbH
Isaac-Fulda-Allee 6
55124 Mainz
Phone: +49 6131 301-0

Aareon RELion GmbH
Kurzes Gelände 12
86156 Augsburg
Phone: +49 821 71004-0

Aareon RELion GmbH
Jarrestraße 2
22303 Hamburg
Phone: +49 40 534351-0

AV Management GmbH
(Ampolon Ventures)
Isaac-Fulda-Allee 6
55124 Mainz
E-mail: hello@ampolon.ventures

BauSecura
Versicherungsmakler GmbH
Valentinskamp 20
20354 Hamburg
Phone: +49 40 35914-393

CalCon Deutschland GmbH
Beethovenplatz 4
80336 Munich
Phone: +49 89 552698-0

phi-Consulting GmbH
Lise-Meitner-Allee 2
44801 Bochum
Phone: +49 234 43897-0

German operations

Berlin
Spreepalais
Anna-Louisa-Karsch-Straße 2
10178 Berlin
Phone: +49 30 88099-701

Dortmund
Rheinlanddamm 199
44139 Dortmund
Phone: +49 231 7751-0

Hamburg
Tangstedter Landstraße 83
22415 Hamburg
Phone: +49 40 27833-0

Hückelhoven
Gut Gansbroich 1-2
41836 Hückelhoven
Phone: +49 2433 951809-0

Leipzig
Petersstraße 22-24 (2. OG)
04109 Leipzig
Phone: +49 341 9985-300

Munich
Kaflerstraße 2
(Pasinger Hofgärten)
81241 Munich-Pasing
Phone: +49 89 211219-0

Stuttgart
Hospitalstraße 12
70174 Stuttgart
Phone: +49 711 222909-0

International

Austria

Aareon RELion GmbH
IZ NÖ Süd
Straße 2, Objekt M6+7
2355 Wiener Neudorf
Phone: +43 664 100 9078

Finland

Aareon Finland Oy
Pohjoisesplanadi 39
00100 Helsinki
Phone: +46 31 725 43 00

France

Aareon France SAS
9 rue Jeanne Braconnier
92360 Meudon-la-Forêt
Phone: +33 145 379230

Netherlands

Aareon Nederland B.V.
Cornelis Houtmanstraat 36
7825 VG Emmen
Phone: +31 88 2420242

FIRE B.V.
Weg der Verenigde Naties 1
3527 KT Utrecht

Norway

Aareon Norge AS
Calmeyers gate 5
0183 Oslo
Phone: +47 90 82 50 54

Sweden

Aareon Sverige AB
Flöjelbergsgatan 10
43137 Mölndal
Phone: +46 31 725 43 00

Switzerland

Aareon RELion GmbH
Suurstoffi 37
6343 Rotkreuz
Phone: +41 41 5610032

United Kingdom

Aareon UK Ltd.
Building 500
Abbey Park
Stareton
Kenilworth
CV8 2LY
Phone: +44 2476 323723

Arthur Online Ltd.
Unit 2
Iron Bridge House
3 Bridge Approach
London, NW1 8BD
Phone: +44 207 112 4860

Group head office

Aareon AG
Isaac-Fulda-Allee 6
55124 Mainz, Germany
Phone: +49 6131 301-0
www.aareon.com

An Aareal Bank Group company

Aareal Bank AG
Paulinenstraße 15
65189 Wiesbaden, Germany
Phone: +49 611 348-0
www.aareal-bank.com