

QUALITY®
made by **AAREAL**

In motion.
By conviction.

Annual Report 2015



**Aareal Bank
Group**

Aareal Bank Group in 60 seconds



Antje Krutinat, Facility Management

We are a leading international provider of financing solutions and services, with a special focus on the property industry. We support our clients with tailor-made and flexible solutions for financing their international property investments – in particular, office buildings, hotels, shopping centres, logistics and residential properties – in North America, Asia and Europe. Moreover, we offer state-of-the-art banking and software solutions and innovative digital services that help them manage and run their European properties more efficiently, enabling them with greater focus on their own clients, while enhancing integration of property management with adjoining sectors.

The secret to our success is global expertise combined with a long-standing, close cooperation with the industry, local experts and our clients. We look beyond the traditional banking business, and this allows us to reliably assess important trends, risks and opportunities at an early stage. As a medium-sized enterprise, we are able to react quickly to new developments.

2,861

employees from over 30 countries

51.9

€ bn consolidated total assets

In motion. By conviction.

To produce convincing quality in a world of change requires continuous improvement: you need to recognise your clients' latest needs, keep moving, and act quickly. You need to understand trends, pick up stimuli and quickly implement new developments. That is the way we work. The motto for our 2015 Annual Report is therefore "In motion. By conviction".

We are an agile enterprise, with dedicated employees searching for an even better solution every day, who understand maximum quality as a promise to their clients – each and every day. With smartly-connected, tailor-made solutions and dynamic action, we can seize opportunities and set standards. Evidence of our innovative strength comes through new products, new services, the use of digitalisation and increasingly more efficient structures.

Our strength lies in being in motion, and we foster this strength. By conviction.



Our newly-designed online annual report
is available on www.ar2015.aareal-bank.com



An interview >>>>>>>>

”We seize *opportunities.*“

*Hermann J. Merkens on the future
of Aareal Bank Group*

01 Mr Merkens, what does Aareal Bank Group stand for?

We are a company with a mid-sized structure and two strong segments. On the one hand, our Structured Property Financing segment provides clients from the commercial property industry with financing solutions that precisely fit their needs. And the Consulting/ Services segment on the other hand provides clients from the property industry – in particular from the housing and commercial property industries – with payment transaction solutions and IT services, the latter via our

subsidiary Aareon AG. In both segments, we are determined to be the best provider, both in terms of quality and in terms of client focus.

Aareal Bank Group also stands for solidity, reliability and predictability – on the inside, to our employees, and on the outside, with regard to the capital markets. This is evident not least in our promise to shareholders. We want them to participate in the Bank’s economic success, on a sustainable basis, by paying an attractive dividend.

An interview >>>>>>>>

02 What will define, what will shape the future of Aareal Bank Group?

The banking sector as a whole – including Aareal Bank, of course – is operating in a challenging environment, marked by several trends: competition has intensified and increased pressure on margins. Then there is technological change, which also changes the needs of our clients. The level of volatility prevailing in the financial markets remains high, and there are more and more geo-political conflicts. And, last but not least, we need to cope with historically low interest rates and further tightened regulation. The challenge is dealing with all of these imponderabilities and uncertainty factors at the same time – this is what we need to be prepared for. In this highly dynamic environment, it is all the more important that we pay attention to our tried-and-tested risk management approach, which will continue to define the guiding lines for our business in the future.

03 Sounds like quite a challenge...

It is, but it is not only the environment shaping our future, but also us defining our future in this environment. We believe that where

there are challenges, there are opportunities – at least for those organisations that are willing to change and know how to play to their strengths.

Aareal Bank is that kind of organisation.

We are in a robust shape, as shown, amongst other things, with another set of excellent results in the past financial year. We are powerful and fully capable of taking strategic action.

Our sustainable business model provides a strong foundation. It has allowed us to assume leadership positions for both of our segments over recent years. What is just as important as a strong business model, however, are the people. We are fortunate enough to work with a team that knows how to spot opportunities – and is ready to seize them when they present themselves. A team that is willing to change, and able to deliver the highest quality for our clients, and our shareholders.

That is why I am confident that, even in a more challenging environment, we will continue to be successful and seize the opportunities that will arise in the years ahead.



04 How are you planning to seize the opportunities that lie ahead?

First of all, we already are a very successful company! And our "Aareal 2020 – Adjust. Advance. Achieve." programme for the future will help us ensure that we will continue to be successful.

But we also know that, against the background I just described, it is not going to be easy. However, that does not mean that we need to reinvent ourselves. Instead, our programme will develop our business model further. We want to leverage digitalisation and seize the opportunities this trend entails for our business and for our clients. We will unlock new growth potential in attractive markets, in particular for Aareon, our IT subsidiary. And although we already are fast and efficient, we will continue to improve our structures and processes, and shift gear going forward.

With Aareal 2020, we are safeguarding the success of our Bank in the future – in the interests of our employees, our clients, and – of course – our shareholders. With a return

on equity of approximately 12 % – a mark we are even aiming to slightly exceed in the long term – and a dynamic distribution policy, Aareal Bank will continue to be an attractive investment. For the coming years, we are planning to gradually increase dividends and distribution ratios, provided that the economic environment does not deteriorate drastically – or offer such big opportunities that would require us to increase investments in our own business in order to create value for our shareholders.

05 What are your plans for both segments in the coming years?

As I said, there is no need to reinvent ourselves. With Aareal 2020, we will hold on to what makes us strong and at the same time leverage new potential in the environment of both segments.

In our Structured Property Financing segment, for example, we aim at reinforcing its expansion in growing markets that offer an attractive risk-return profile, managing our portfolio more actively, and gaining balance sheet relief through increasing placements. We also plan

An interview >>>>>>>>

to create new digital business opportunities. The goal of these measures is to ensure that the Structured Property Financing segment remains the Group's solid foundation.

In our Consulting/Services segment, we want to leverage the solid foundation it has built over recent years for future growth – through increased cross-border sales activity, additional products for ERP systems and digital offerings for the housing industry. The business with utilities, which we have been building quite successfully for some time now, is set for expansion. The Consulting/Services segment will be developed as the growth driver of our Group.

06 What are your coordinates for digitalisation in the Structured Property Financing segment?

Digitalisation is a buzz word, often meaning everything or nothing at all. We are monitoring the effects of digital trends very closely – how they affect society, but also the banking sector and our own business. Digitalisation should not be an end in itself, and that is why the question we ask ourselves is not one

of technical feasibility, but of sense: what makes sense for our clients, and for our processes?

Bearing this in mind, digitalisation may mean very different things for us as well. Our take on commercial property finance, for instance, is usually a highly specialised and customised solution for a particular case, based on specific expertise. This requires intensive discussions and negotiations with the client – on a personal, not a digital level. Still, when interacting with a client, digitalisation may be a good opportunity to increase efficiency for both sides. And digital solutions may help us generate additional commission income as we apply our specific know-how to new offerings along the financing value chain.

07 What about the Consulting/Services segment?

Things are different here. In this segment, digitalisation is part of our DNA. Here it is more about promoting digital developments – with issues such as managing the handover of flats, smart metering, or services covering electronic billing and payment transactions.



Our goal is to leverage the benefits of digitalisation to support our clients in streamlining internal processes, whilst enhancing and broadening connectivity with their customers. This means creating benefits and optimising our own processes. Overall, with "Aareal 2020", we want to leverage the Group's excellent foundation for future growth, to generate new business opportunities and unlock fresh revenue potential.

08 Where do you see Aareal Bank Group in five years' time?

Our goal is clear: we want to continue writing the success story for Aareal Bank. Nothing more, and nothing less. And with the record results of the past years, a consistent client focus – which has helped us gain our leadership position in the market – and the "Aareal 2020" programme for the future, we have created ideal preconditions for achieving that goal.

I am convinced that by the time 2020 comes around, the general outline of Aareal Bank Group will not have changed. But it will be a more innovative Bank, even more agile than it is today – because we see change as creating

opportunity. And – as we have consistently done in the past – we shall pursue those opportunities as and when they present themselves. This year's Annual Report outlines how we want to leverage the strong foundation of our two business segments to go forward. And we invite you to join us on this journey.

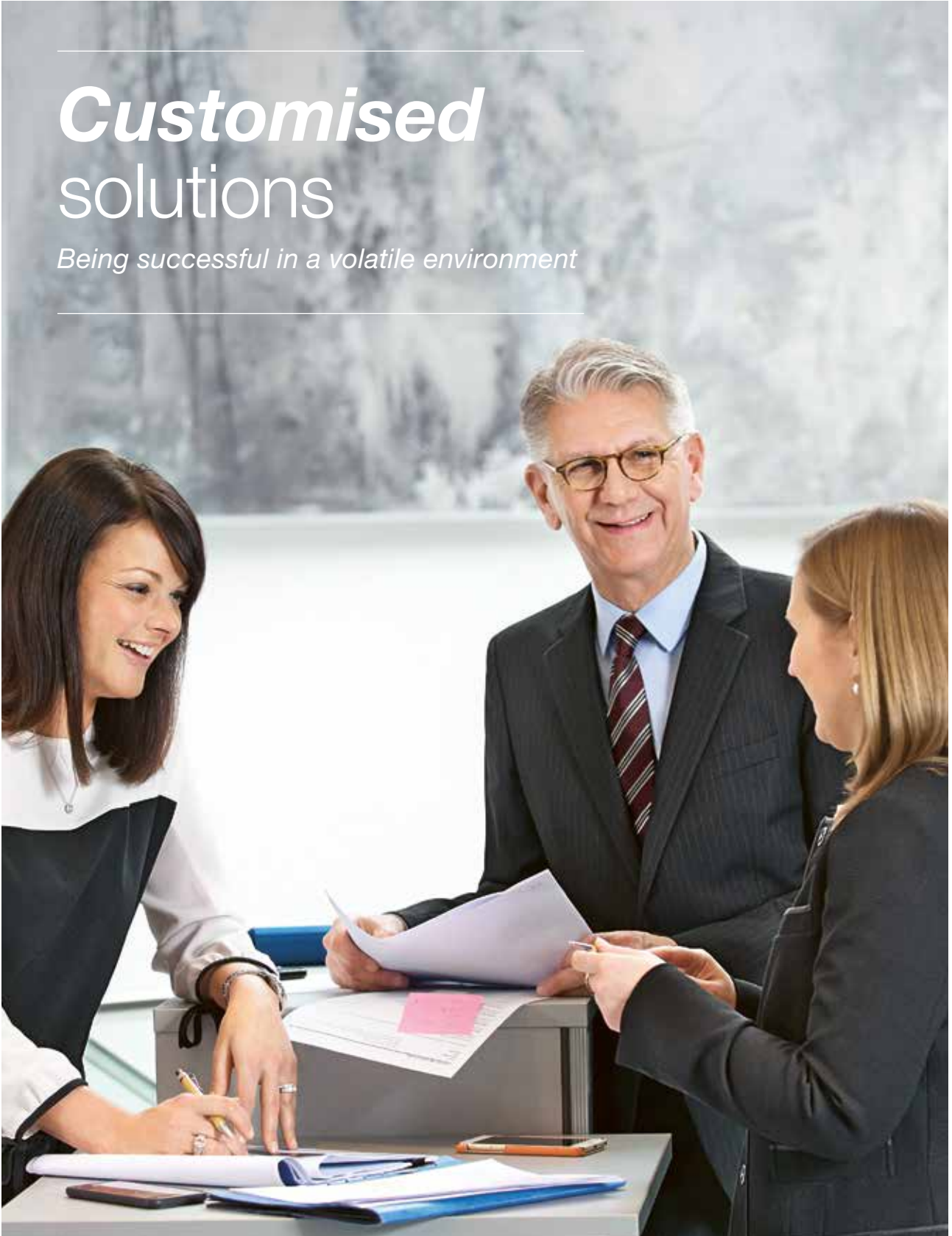


A video interview with Hermann J. Merkens on this topic can be found under www.ar2015.aareal-bank.com

Customised solutions >>>>>>>>

Customised solutions

Being successful in a volatile environment



Bettina Graef-Parker, Special Property Finance; Ulf Ekelius, Credit Management; Beate Wunderlich, Business & Syndication Management



”Our local presence helps us understand the property markets in North America, Asia, and Europe. Being familiar with local conditions, and possessing extensive industry experience, together enable us to reliably assess risks, and to structure loans in a flexible manner.“

Bettina Graef-Parker, Special Property Finance

”Our mid-sized structure allows fast decision-making. Our tailor-made financing solutions thus allow our clients to exploit opportunities anywhere in the world – as soon as they arise.“

Ulf Ekelius, Credit Management

”We understand our clients’ needs, delivering solutions for a market environment becoming ever more volatile and shaped by regulation. Our partnership does not end when things get difficult.“

Beate Wunderlich, Business & Syndication Management



Quality has many faces.

We are committed to improvement, and strive to get better every day. This requires being agile, in many ways.

Openness and dialogue. We are driven by our clients’ needs. To constantly improve our understanding of what they need, we maintain a continuous, intensive dialogue with them, building on many years of trusting support across different cycles. The results are customised financing concepts, solutions tailored to each client’s specific needs, and advice provided face to face.

Curiosity and innovative strength. We look beyond the traditional banking business, and identify important trends, risks and opportunities early on. To make the most out of this, for our clients, staff and shareholders – this is our task.

Flexibility and speed. As a business with mid-sized structures, we are flexible and have the ability to quickly adapt our products, services and business processes, in order to respond to changed client needs and market developments at an early stage.

Sector expertise. Our financing experts know the sectors they cover inside out – be it hotels, logistics properties, or shopping centres. They have a proven track record in assessing and valuing the location and sustainable quality of a property.

International know-how. We have a deep understanding of the markets in which we are active. In Europe, North America and Asia, we focus on developed markets with a favourable risk/return profile.

Risk awareness. Close attention to opportunities and risks, combined with local market expertise and extensive sector know-how – this is how we ensure a comprehensive assessment of a property, or a financing.

Zest for new directions. We make fast decisions, acting swiftly – with the courage to seek new directions.

Customised solutions >>>>>>>>>

Joining forces to win

Expertise and flexibility are decisive

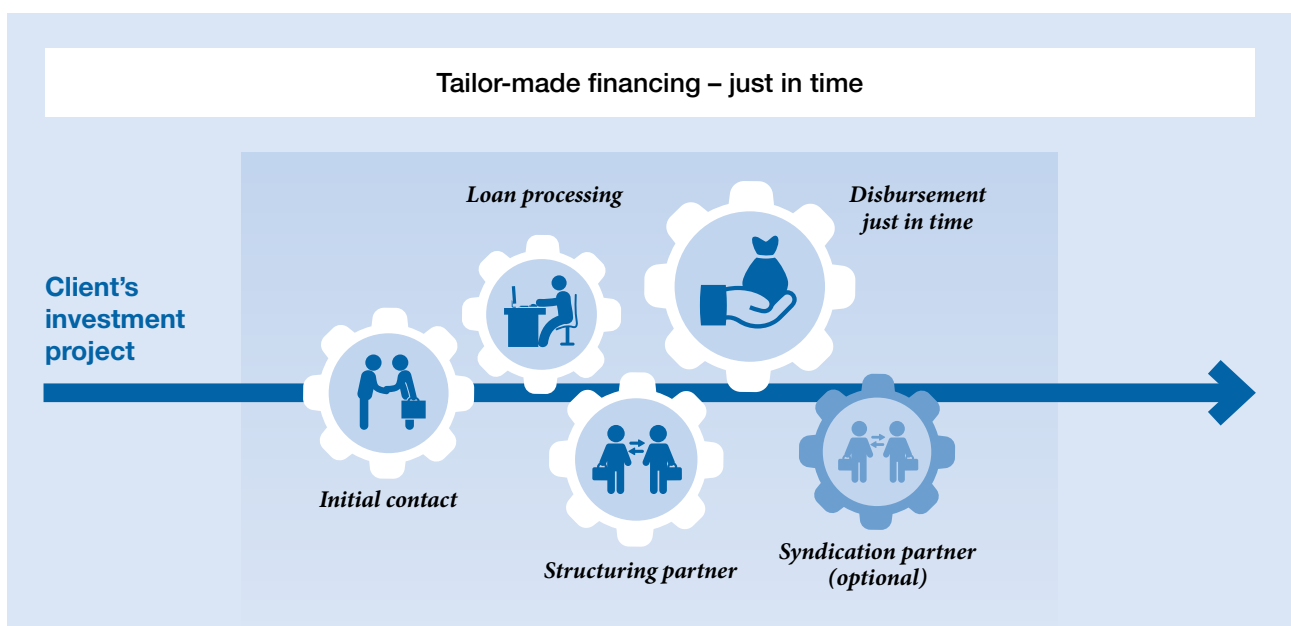
Our special structuring expertise is our unique selling proposition.

Markets are changing at an ever-increasing pace. This is why financing properties and portfolios is more than just granting a loan: our clients' success crucially depends upon their ability to gain an edge in their respective market. We help them exploit opportunities in a timely fashion because we understand their business, and by leveraging our broad-based expertise in order to come up with the solution they need – just in time.

What sets us apart is our structuring expertise. This comprises:

- > **management solutions;**
- > **portfolio financings;**
- > **cross-border financings;**
- > **multi-currency financings; and**
- > **our underwriting capacity.**

We have many years of experience in structuring financings. By coordinating these factors in line with our clients' needs – in terms of timing and content – we are strong in execution, predictable and powerful. These unique qualities ensure that commercial property finance will remain the robust foundation of our Group in the future: by expanding into markets offering growth potential, exploring new digital business opportunities with our clients, creating additional offers along the value creation chain in commercial property finance, and by further expanding our syndication activities.



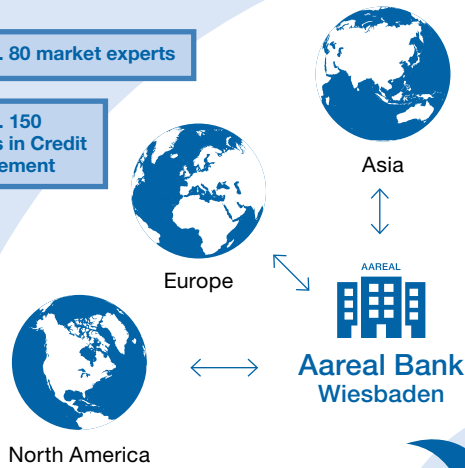


Aareal Bank Group

Structured Property Financing segment

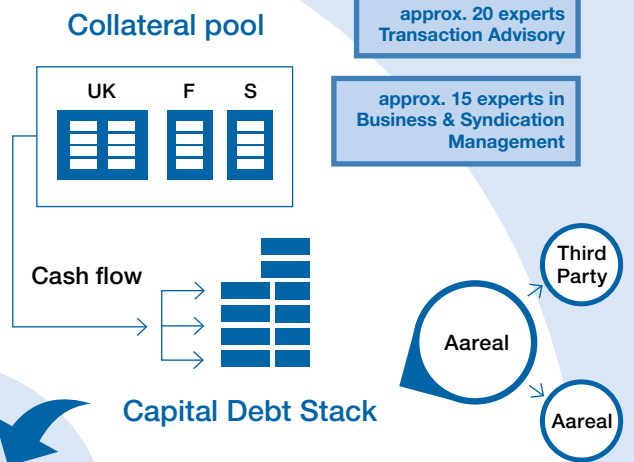
Market know-how

approx. 80 market experts
approx. 150 experts in Credit Management



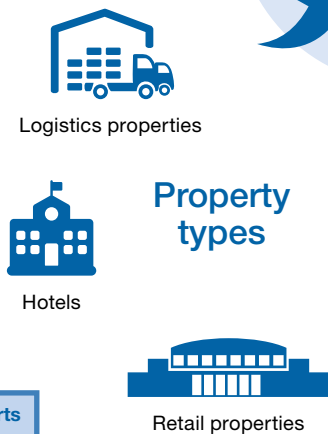
Structuring expertise

approx. 20 experts Transaction Advisory
approx. 15 experts in Business & Syndication Management



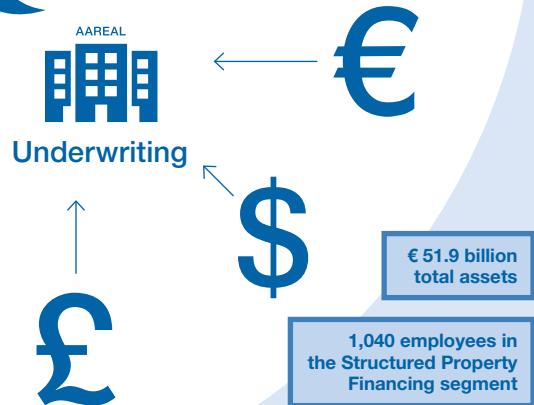
Client

€ 52 bn in financings provided since 2010 for properties valued at € 80 bn in total



approx. 30 sector experts

Sector expertise



Balance sheet capacity



Customised solutions >>>>>>>>

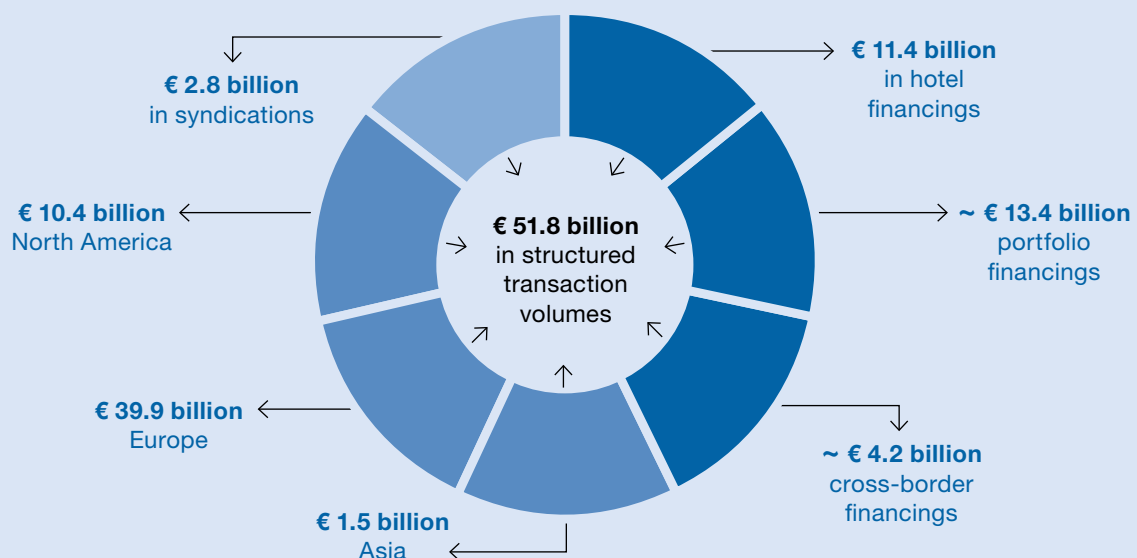
Success for our clients – how we use our expertise in a powerful manner

The "North Star" transaction was a good example of our structuring expertise: with a volume of € 630 million, this transaction was not only one of the largest syndicated loans provided by banks and institutional investors in Europe – it was one of the largest financings to date extended by a German insurance company in this market segment. Yet structuring this loan was particularly challenging – not least given the different requirements of the partners involved, in terms of regulatory issues, the funding base, and the collateralisation concept. Nonetheless, we completed this complex, cross-border transaction within just three months.

Flexibility and extensive expertise were also critical for the "Prime Europe Hotels" project, a cross-border financing of four premium hotels in prime locations. Specifically, the project included a complex collateralisation structure covering three different jurisdictions as well as an extensive renovation programme designed to further enhance the quality, long-term profitability, and competitiveness of the hotels. All this called for our extensive structuring expertise.

Aareal Bank also demonstrated efficiency, speed, and structuring expertise with the tailor-made financing for the "Noda" office building in Issy-les-Moulineaux (Paris first ring). We provided the financing within a very short period of time, syndicating a part of the facility to a renowned German bank after closing the transaction – once again showcasing the quality of the financing and Aareal Bank's placement power as a syndicating bank.

Aareal Bank Group's new business and structured transaction volume (2010-2015)





Facts on international projects



Borrower: NorthStar Realty Finance Corp

Project: financing a pan-European portfolio of 11 office properties in important cities of seven of the most important European markets (Brussels, Belgium; Hamburg, Germany; Paris, France; London, UK; Milan, Italy; Amsterdam and Rotterdam, Netherlands; Gothenburg, Sweden).

Total value: € 1.1 billion

Loan: € 630 million. Syndicated share: € 365 million to Allianz Real Estate

Role of Aareal Bank: arranger, agent and lender



Borrower: Prime Europe Hotels

(Benson Elliot Capital Management LLC, Walton Street Capital Management LLP, Algonquin SA)

Project: financing a portfolio of four hotels in top locations with a total of 1,000 rooms – in Milan, Venice, Paris and Nuremberg

Loan: € 215 million

Role of Aareal Bank: arranger, agent and lender



Borrower: SCI NODA

Project: financing an office building in Issy-les-Moulineaux (Paris first ring), for the account of a Primonial Reim fund

Loan: € 80.2 million. Syndicated share: € 40.1 million to a renowned German bank

Role of Aareal Bank: arranger, agent und lender



More information about our deals can be found under www.aareal-bank-deals.com



Smart networking >>>>>>>>

Smart networking

*Digital solutions that add value
for each client group*



*Dr Peter Schaffner, Managing Director Housing Industry division; Christian Brückner, CEO Deutsche Bau- und Grundstücks-AG;
Lars Ernst, Managing Director Consulting & Services; Sabine Fischer, Member of the Management Board Aareon AG;
Dr Christian Fahrner, Managing Director Strategy & Development Consulting/Services*



”Digitalisation provides us with great opportunities to keep growing with new, client-focused products.“

Sabine Fischer, Member of the Management Board Aareon AG

”Our approach of networking the property management industry with other sectors has set new standards.“

Dr Peter Schaffner, Managing Director Housing Industry division

”We recognise new market trends – and their importance for our clients – ahead of our competitors.“

Christian Brückner, CEO Deutsche Bau- und Grundstücks-AG



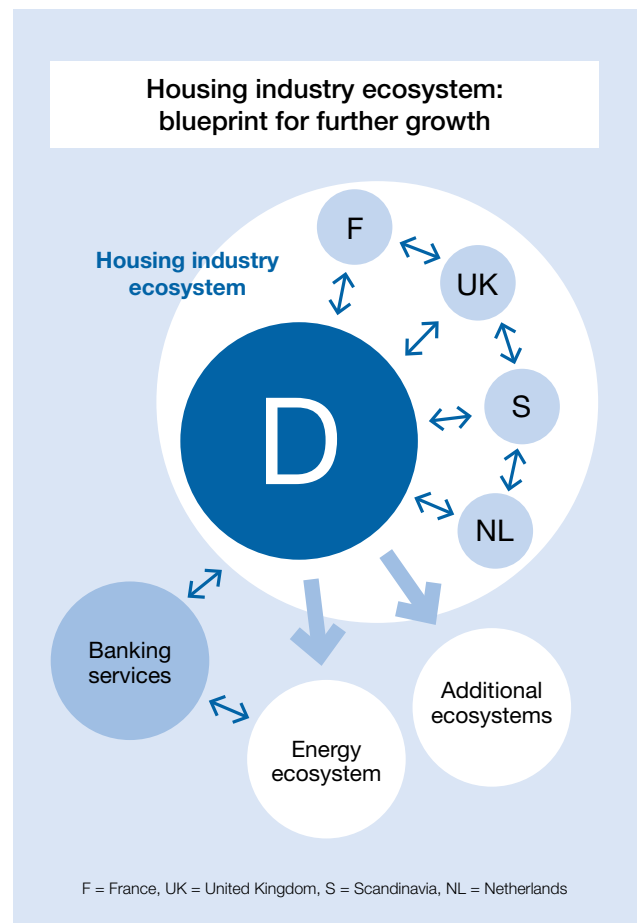
Exploiting the potential of digitalisation

Connected living has increasingly become an aspect of everyday life, and the property industry is no exception, benefiting from digital solutions such as tenant portals, maintenance services or the mobile handover. Such offers not only streamline processes, enhancing efficiency of communications – they also make for satisfied tenants.

Aareal Bank Group enjoys a leading position in the digitalisation and networking of processes – combined with a deep understanding of our clients’ needs. One of these is the wish for simplification, in a banking and IT environment becoming ever more complex. That is why we package banking and IT services from our portfolio, as complete solutions targeting specific client groups. In this way, we provide property advice, software and services – from a one-stop shop. Clients benefit from integrated systems seamlessly fitting into their own digital ecosystems, helping them to optimise their processes.

The focus of our business to date – the German housing, property and utility industries – has provided us with a strong foundation for further growth. We provide our clients in Germany with an integrated, ground-breaking portfolio of products and services, with our expertise in payment transactions, electronic banking and process-optimisation as the core element of this range. We are raising our international profile as a specialist provider to various client groups.

The next steps will be to develop our range of payment transaction services and IT products further, to also include smaller housing companies and managers, and to expand existing platform products facilitating management tasks of housing companies. We also plan to expand our ”Housing Industry Ecosystem“ – which we intend to use to expedite cross-border sales activity, or to develop additional products for ERP systems, as well as new digital product offers.



Smart networking >>>>>>>>

Our **Smart World** for digital business processes

More comfort for housing companies, their business partners, and for tenants

Pioneering digital solutions for the property industry

Digitalisation offers immense potential for housing companies in particular. An increasing number of tenants use mobile services for quick and simple communications. They also expect their landlord to follow this trend – which we have addressed through a solutions system: the Smart World offered by Aareal Bank Group.

We are redesigning all housing-related processes with this digital, connected ecosystem, comprising advice, software and services. Our applications help property companies reduce costs; they facilitate new business models, and provide more comfort in the dialogue between tenants and staff members of housing industry companies. All key business processes – such as letting, customer service, or maintenance – are supported digitally and are available using mobile devices, via the exclusive Aareon Cloud. Moreover, the Smart World supports connectivity to numerous third-party applications.

All of these services and products are bundled with Aareal Bank Group, and are accessible for our clients from a single source. They include the development of IT solutions for property management, general property administration and the management of residential housing for the housing industry, offering a wide range of services that culminate in payment transaction solutions to optimise systems and business processes.

This creates marked efficiency gains for our housing industry clients – significantly enhancing service levels for their tenants. Examples for this include the option to report damages via mobile devices, 24 hours a day, or simple, comfortable mobile solutions for handling handover certificates and deposits when handing over apartments. Aareal Bank Group's Smart World makes life simpler.

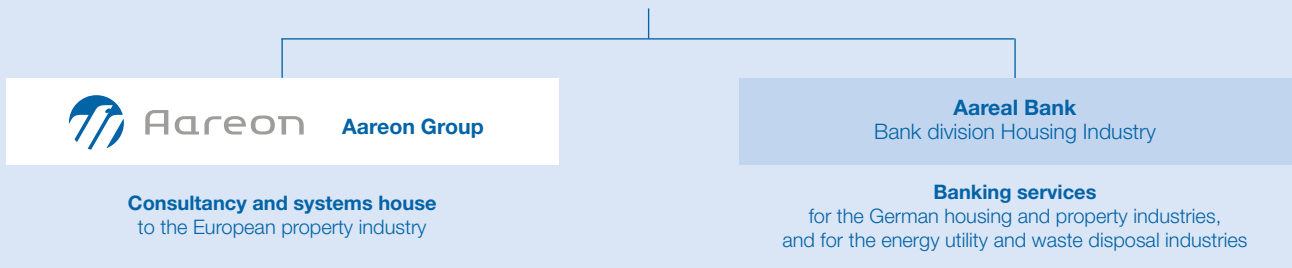
In future, we want to further expand our interfaces to other housing-related business partners. Moreover, we are determined to leverage our international presence to acquire additional know-how from the countries we are active in, and to integrate this into our portfolio of solutions.

Aareal Bank Group's Smart World: our range of solutions for process optimisation and networking of industries



Aareal Bank Group

Consulting/Services segment



Smart networking >>>>>>>>>

Innovative solutions for energy utilities

For a long time, energy suppliers had to account for costly customisation when providing electronic billing. We have now developed a ground-breaking package of e-business solutions, comprising invoicing, payments and posting, which we will offer to various client groups internationally.

This packages includes various modules:

The BK01 payment management module handles incoming and outgoing payments electronically, using automated processes. Besides the correct posting of individual items, the system also encompasses downstream accounting process steps.

BK01 immoconnect connects property companies and utilities, with a specific focus on automating the flow of data generated for the billing of electricity, gas, and water. We support this through differentiated payment processing cycles, whereby payments can be directly assigned to individual buildings or delivery types within a housing company's IT system.

BK01 eConnect to digitalise and automate the process of electronic billing, front to back. This is a particularly complex task: each company has its own requirements for electronic invoices: different content and presentation, file formats, and communication channels. With BK01 eConnect, all these parameters are set up once, for each customer of the eConnect user – the basis for highly customised yet automated invoicing.

The central, standardised Aareon Invoicing Service portal connects invoicing parties – such as utilities and waste disposal companies, municipalities, or energy metering companies – with housing companies, thus facilitating a digital, fully-automated billing services with a full audit track.

Through phi-Consulting, we offer mid-sized energy utilities consultancy and development services in the SAP® environment, in line with their needs.

With this comprehensive solution, we once again set new standards for our industry – and will now be offering this solution internationally as well. In this we are helped by our strong network, and the ability to implement decisions quickly.



More about BK01 eConnect under
www.ar2015.aareal-bank.com



Aareal Bank Group offers a constantly growing range of products and services for energy utilities

Aareal



Existing products ...

| | | |
|---|---|---|
| <ul style="list-style-type: none"> Payment transactions Banking products BK01 immoconnect BK01 eConnect BK01 payments management | <ul style="list-style-type: none"> Aareon Invoicing Service for the housing industry | <ul style="list-style-type: none"> Optimising systems procedures and business processes in the SAP environment Market processes of energy utilities |
|---|---|---|

... are being developed further

| | | |
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| <ul style="list-style-type: none"> BK01 handover management | <ul style="list-style-type: none"> Tenant handover processes, vacancy management Linking up tradesmen IT services Smart metering, smart building | <ul style="list-style-type: none"> User eXperience with SAP HANA Cloud Digitalisation |
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Essay >>>>>>>>

Building blocks of the **good kind**

*An essay from business journalist
and book author Wolf Lotter*

When it comes to future or innovation, we're all in it, every one of us. But how do we actually think about these concepts? How do you explain what you don't know yet, how do you describe something that isn't there yet? And is it even possible to shape the future, and drive innovation – meaning renewal? Who knows what's next? Does anybody?



Wolf Lotter

Sure, ancient soothsayers made a living out of it. Modern fortune-tellers still do. But quite often their secret to success lies in the merciful memory of those who surround them, rather than in the accuracy of their prophecies. The mists of forgetting are merciful, putting even the highest expectations into perspective. Mark Twain warned about the perils of prediction: "It is difficult to make predictions, especially about the future."

All this may be true, but it is not what we mean, when we speak of the future and innovation. **Perhaps we should take one step back and look at what future and innovation actually mean.**

The old notion of future was that of a time in which everything is possible – yet still predictable. Just take a look at the word itself, derived from Old French futur "to come". What was to come – what people were waiting for – was God himself, and with Him, Judgement Day. The present was a mere waiting hall for the apocalypse, with people behaving accordingly, i.e. humbly, submissively, abjectly. They avoided the experiment of formation and invention. No shaping of the future, since the future was predestined. There was nothing you could do about it. Trying to take destiny into your hands by having ideas of your own with which to make life on earth more beautiful, more comfortable – or simply better – did not make any sense. What could be better than Paradise – which was, after all, to come? Hence, the Middle Ages was not a time for innovation. Classical know-

ledge was locked away, often deliberately because it could have tackled the predominating world view of a godly plan that was not to be messed with. In this world, those who strived for renewal were seen as challenging God.

But the times were changing – bit by bit. Even before the Middle Ages drew to a close, a more self-confident class of city-dwelling citizens began to build cathedrals, at that time the highest buildings known to men. These cathedrals were more than places of worship. On weekdays, they were a place for citizens to meet and discuss, for example what you could improve in the city and its institutions. Building these cathedrals, however, took a long time. It is an example of emergence into the modern age; the start of a long path leading to the Enlightenment. **Nowadays, the future is no destiny, but a place to be shaped by (and for) everyone. Everyone willing and able to participate is welcome to do so.**

According to the teachings of the Enlightenment and modernity, future is not only not predestined, but a journey to a final destination with many a staging post – and we do have our say in navigating. We have a choice. We have to decide. These staging posts may be to eradicate poverty and hunger, achieve educational standards, improve housing and living conditions or public health, or provide high-quality consumer goods.



These utopias, as positive visions of the future are called, are filled with the endless endeavour of advancement, never settling, never content, but always striving for improvement. Where improvement is not enough, re-think from scratch. Hannah Arendt, a German-American author, said that true revolutions were always characterised by the will to begin anew. This means that everything has to be re-thought – not just the details.

The future belongs to those who like to think and shape.

With this, we arrive at true innovation.

Renewals, the English word for innovations, arise from productive, creative knowledge and curiosity. They demand the basic virtues of this knowledge society. Today's society is no longer about the same old songs – improved, but still the same – but about creating new tunes, opening up new ways, through research, development and a culture of change.

Innovations are the building blocks of the future. The future is made from them. These building blocks – innovations – are far more than inventions or new ideas, methods or processes that never existed before. As the great economist Joseph A. Schumpeter taught us, they have the power to spark far-reaching change, to trigger "creative destruction", as he phrased it in 1911 – a process that is all natural in arts.

Newer science has adopted this term as "disruption", but both mean the same thing: innovations are more than improvements, more than the simple optimisation of habits. They are game-changers, with the power to change a whole culture. **Innovations are a brand-new house. It's a lot more than just changing the wallpaper.**

Sometimes, however, the Middle Ages come knocking, and the future is again seen as predestined, innovation as immoral. In the early years of affluent society, words such as future, innovation and progress had a positive connotation to them. Futurists such as the mighty Herman Kahn, one of the founders of the US-based Hudson Institute, were consultants to the most powerful men of their times. But with affluence came doubts – and concerns that manoeuvres perceived as too bold might put that newly found prosperity at risk. In a place where everybody has (and gets) more and more, future loses its allure, innovation becomes an empty word. 30 years ago, German sociologist Ulrich Beck wrote about a "risk society" in which positive utopias are replaced by dystopias, negative visions of the future. Of course, unlimited faith in the future – as displayed after WWII, coupled with an "anything goes" mentality – disregarded many problems. Unwanted side effects were pushed away, into tomorrow. The future became a lumber room for everything you did not want to be bothered with today. Today was all that mattered. But what that meant, again, was: no future.

There is nothing wrong with living in the present, but it is naïve to believe that that would be enough. If we want to maintain prosperity, we need to develop. No one put it better than Italian author Giuseppe Tomasi di Lampedusa, when he wrote that **"everything needs to change, so everything can stay the same"**.

That's the big challenge for all societies and companies in this current transformation – think an optimistic, shapeable future, recognise true innovation and foster a culture based on the core virtues of the knowledge society. No fear, no satiety, with zest for shaping a world in which there may be endless problems, but even more solutions and chances. Computer pioneer Alan Kay put it simply: "The best way to predict the future is to invent it." And Joseph Schumpeter had a simple but clear name for such people: entrepreneurs.