

Invitation to the Annual General Meeting of Shareholders

Dear Shareholders,

We are pleased to invite you to our Annual General Meeting to be held on Wednesday, 31 May 2017, at 10:30 a.m., at the "Kurhaus Wiesbaden", Kurhausplatz, 65189 Wiesbaden, Germany.

We have convened this year's General Meeting by way of publication in the German Federal Gazette (Bundesanzeiger) dated 19 April 2017, publishing the agenda set out below.

This version of the Notice to Shareholders (invitation to the Annual General Meeting) is a translation of the German original, provided for the convenience of English-speaking readers. The German text shall be authoritative and binding for all purposes.



Aareal Bank

Agenda

Agenda item 1: Presentation of the confirmed annual financial statements and the approved consolidated financial statements, of the management report for the Company and the Group, the disclosures in accordance with sections 289 (4) and 315 (4) of the German Commercial Code (Handelsgesetzbuch – HGB) as well as the Report by the Supervisory Board for the 2016 financial year

In accordance with sections 172 and 173 of the German Public Limited Companies Act (Aktiengesetz – AktG), on 23 March 2017 the Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Management Board; the financial statements have thus been confirmed. Therefore, it is not necessary to pass a resolution on this agenda item I.

Agenda item 2: Passing of a resolution on the appropriation of net retained profit for the 2016 financial year

The Management Board and Supervisory Board recommend that Aareal Bank AG's net retained profit of € 122,214,442.00 for the financial year 2016 be appropriated as follows:

Distribution of a dividend of € 2.00 per no-par-value share entitled to dividend payment	€ 119,714,442.00
Carried forward to new account	€ 2,500,000.00

At the time of this proposal for the appropriation of profit, the Company does not hold any treasury shares. Should the number of no-par-value shares entitled to dividend payment for the financial year 2016 alter prior to the Annual General Meeting, an appropriately amended resolution will be presented to the Annual General Meeting for approval. Said resolution will provide for an unchanged dividend of € 2.00 per no-par-value share entitled to dividend payment and an appropriately amended proposal for carrying forward the balance.

Agenda item 3: Passing of a resolution on the formal approval of the members of the Management Board for the 2016 financial year

The Management Board and Supervisory Board propose that formal approval be granted, for the 2016 financial year, for the members of the Management Board who were in office during that period.

Agenda item 4: Passing of a resolution on the formal approval of the members of the Supervisory Board for the 2016 financial year

The Management Board and Supervisory Board propose that formal approval be granted, for the 2016 financial year, for the members of the Supervisory Board who were in office during that period.

Agenda item 5: Passing of a resolution on the appointment of the external auditors

a) Based on the recommendation of the Audit Committee, the Supervisory Board proposes that auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, be appointed as the external auditors for the Company's annual financial statement and the Group's consolidated financial statement for the 2017 financial year, and as the external auditors for the review of the condensed financial statements and the interim management report as at 30 June 2017. The Supervisory Board also proposes that said company be appointed to review, if applicable, additional financial information required within the meaning of section 37w (7) of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) during the 2017 financial year.

b) Based on the recommendation of the Audit Committee, the Supervisory Board furthermore proposes that auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, be appointed as the external auditors for the review, if applicable, of additional financial information required within the meaning of section 37w (7) of the German Securities Trading Act (Wert-

papierhandelsgesetz, WpHG) during the 2018 financial year until the next Annual General Meeting takes place.

Agenda item 6: Passing of a resolution on the cancellation of the existing Authorised Capital and creation of new Authorised Capital, on the authorisation for the exclusion of shareholders' subscription rights, and on the amendment of Article 5 (4) of the Company's Memorandum and Articles of Association

The authorisation granted by the Annual General Meeting on 23 May 2012 to use the 2012 Authorised Capital created in an amount of € 89,785,830 (Article 5 (4) of the Company's Memorandum and Articles of Association) expired on 22 May 2017. In order to safeguard flexibility through further capital measures by the Management Board, the new Authorised Capital shall be resolved in the amount permitted by applicable law. For this purpose, the existing authorisation shall be replaced by new Authorised Capital covering an amount of € 89,785,830 with a term until 30 May 2022, having essentially the same terms and conditions. In line with the existing Authorised Capital, the new Authorised Capital is to be used for capital increases against contributions in cash or in kind. It is proposed that, in the event of this authorisation being exercised, any exclusion of shareholders' preemptive subscription rights be restricted to a maximum of 20 per cent of the Company's registered share capital. According to Article 5 (5) of the Memorandum and Articles of Association, conditional capital amounting to 50 per cent of the registered share capital still exists, which can be used until 20 May 2019.

The Management and Supervisory Boards propose the following resolutions:

1. The current Authorised Capital pursuant to Article 5 (4) of the Company's Memorandum and Articles of Association shall be cancelled at the time the new 2017 Authorised Capital pursuant to paragraphs 2 to 4 hereinafter enters into effect by way of entry in the Commercial Register of the revised version of Article 5 (4).
 2. The Management Board shall be authorised to increase, on one or more occasions, the Company's registered share capital by up to a maximum total amount of € 89,785,830 (Authorised Capital 2017) via the issuance of new bearer shares for contribution in cash or in kind, subject to the approval of the Supervisory Board; this authority will expire on 30 May 2022.
- Shareholders shall generally be granted a subscription right. The statutory subscription rights may be granted in such a way that the new shares are subscribed by one or more banks, subject to the obligation of offering these to the shareholders for subscription (so-called "indirect subscription right"). However, subject to approval by the Supervisory Board, the Management Board may exclude shareholders' subscription rights in the following cases:
- a. in the event of a capital increase against cash contributions, provided that the issue price of the new shares is not significantly below the prevailing stock exchange price of the Company's listed shares at the time of the final determination of the issue price. However, this authorisation shall be subject to the proviso that the aggregate value of shares sold to the exclusion of shareholders' subscription rights, in accordance with section 203 (1 and 2) and section 186 (3) sentence 4 of the AktG, shall not exceed ten per cent (10%) of the registered share capital at the time said authorisation comes into effect or – in case such amount is lower – is exercised. Any shares that were issued or sold during the term and prior to the exercising of said authorisation, in direct or analogous application of section 186 (3) sentence 4 of the AktG, shall count towards the above threshold of ten per cent (10%) of the registered share capital. Said ten-per-cent threshold shall also include shares, the issuance of which is required under the terms of debt securities with embedded conversion or option rights on shares issued pursuant to section 186(3) sentence 4 of the AktG (excluding

shareholders' subscription rights), which were (or may be) issued during the validity of this authorisation;

- b. for fractional amounts arising from the determination of the applicable subscription ratio;
- c. where this is necessary to grant subscription rights to the holders of bonds with warrants or convertible bonds issued (or to be issued) by the Company or its affiliated companies, which subscription rights are required to entitle these holders to the same extent as they would have been entitled to upon exercising their conversion or option rights or upon performance of a conversion obligation, if any, thus protecting such holders against dilution;
- d. up to an amount of € 4,000,000 in order to offer employees (of the Company or its affiliated companies) shares for subscription;
- e. in the case of a capital increase against contributions in kind for the purpose of acquiring companies, parts thereof or participating interests or any other assets.

The above authorisation for the exclusion of shareholders' subscription rights in the case of capital increases against contributions in cash or in kind is limited to a total amount of 20 per cent of the registered share capital, which may be exceeded neither at the time said authorisation comes into effect nor at the time it is exercised. The above-mentioned threshold of 20 per cent shall furthermore include treasury shares which are sold to the exclusion of shareholders' subscription rights during the validity of this authorisation as well as such shares which are issued to service debt securities, provided that the debt securities were issued to the exclusion of shareholders' subscription rights during the validity of this authorisation due to the authorisation under agenda item 6 of the Annual General Meeting on 21 May 2014. When a new authorisation for the exclusion of shareholders' subscription rights is resolved by the

Annual General Meeting after the lowering and said new authorisation comes into effect, the upper limit lowered in accordance with the specifications above shall be increased again to the amount permitted by the new authorisation, with a maximum total of 20 per cent of the registered share capital in accordance with the above specifications.

3. The Management Board is authorised to determine any further details of the capital increase and its implementation, subject to the Supervisory Board's approval.
4. Article 5 (4) of the Memorandum and Articles of Association shall be amended to read as follows (cancelling its former version):

"The Management Board is authorised to increase, on one or more occasions, the Company's registered share capital by up to a maximum total amount of € 89,785,830 (Authorised Capital 2017) via the issuance of new bearer shares for contribution in cash or in kind, subject to the approval of the Supervisory Board; this authority will expire on 30 May 2022.

Shareholders shall generally be granted a subscription right. The statutory subscription rights may be granted in such a way that the new shares are subscribed by one or more banks, subject to the obligation of offering these to the shareholders for subscription (so-called "indirect subscription right"). However, subject to approval by the Supervisory Board, the Management Board may exclude shareholders' subscription rights in the following cases:

- a. in the event of a capital increase against cash contributions, provided that the issue price of the new shares is not significantly below the prevailing stock exchange price of the Company's listed shares at the time of the final determination of the issue price. However, this authorisation shall be subject to the proviso that the aggregate value of shares sold to the exclusion of shareholders' subscription rights,

in accordance with section 203 (1 and 2) and section 186 (3) sentence 4 of the AktG, shall not exceed ten per cent (10%) of the registered share capital at the time said authorisation comes into effect or – in case such amount is lower – is exercised. Any shares that were issued or sold during the term and prior to the exercising of said authorisation, in direct or analogous application of section 186 (3) sentence 4 of the AktG, shall count towards the above threshold of ten per cent (10%) of the registered share capital. Said ten-per-cent threshold shall also include shares the issuance of which is required under the terms of debt securities with embedded conversion or option rights on shares issued pursuant to section 186 (3) sentence 4 of the AktG (excluding shareholders' subscription rights), which were (or may be) issued during the validity of this authorisation;

- b. for fractional amounts arising from the determination of the applicable subscription ratio;
- c. where this is necessary to grant subscription rights to the holders of bonds with warrants or convertible bonds issued (or to be issued) by the Company or its affiliated companies, which subscription rights are required to entitle these holders to the same extent as they would have been entitled to upon exercising their conversion or option rights or upon performance of a conversion obligation, if any, thus protecting such holders against dilution;
- d. up to an amount of € 4,000,000 in order to offer employees (of the Company or its affiliated companies) shares for subscription;
- e. in the case of a capital increase against contributions in kind for the purpose of acquiring companies, parts thereof or participating interests or any other assets.

The above authorisation for the exclusion of shareholders' subscription rights in the case of capital

increases against contributions in cash or in kind is limited to a total amount of 20 per cent of the registered share capital, which may be exceeded neither at the time said authorisation comes into effect nor at the time it is exercised. The above-mentioned threshold of 20 per cent shall furthermore include treasury shares which are sold to the exclusion of shareholders' subscription rights during the validity of this authorisation as well as such shares which are issued to service debt securities, provided that the debt securities were issued to the exclusion of shareholders' subscription rights during the validity of this authorisation due to the authorisation under agenda item 6 of the Annual General Meeting on 21 May 2014. When a new authorisation for the exclusion of shareholders' subscription rights is resolved by the Annual General Meeting after the lowering and said new authorisation comes into effect, the upper limit lowered in accordance with the specifications above shall be increased again to the amount permitted by the new authorisation, with a maximum total of 20 per cent of the registered share capital in accordance with the above specifications."

- 5. The Management Board shall register the new Authorised Capital for the commercial register in such a way that it will only be entered in the register when the previously resolved cancellation of the current Authorised Capital has been entered in accordance with Article 5 (4) of the Company's Memorandum and Articles of Association.

Agenda item 7: Passing of a resolution regarding approval of the conclusion of new control and profit transfer agreements

Control and profit transfer agreements have been concluded between the Company, in its capacity as the controlling company, and the following dependent subsidiaries, each having the legal form of a German "GmbH":

- a) Participation Zehnte Beteiligungs GmbH with head office in Wiesbaden, Germany

b) Participation Elfte Beteiligungs GmbH with head office in Wiesbaden, Germany

The Company holds 100 per cent of the shares in both of these companies, which are newly founded shelf companies. The control and profit transfer agreements enable flexible participation management and optimisation of the Group structure. The agreements form the basis for consolidated income and trade tax groups between the Company and the subsidiaries in question. As the Company is the sole partner of the two subsidiaries, compensation payments or indemnities for outside shareholders pursuant to sections 304 and 305 of the AktG may not be granted.

Every control and profit transfer agreement (hereinafter referred to as "Agreement") essentially has the following content:

- The dependent company assigns control to the controlling company, which is therefore authorised to issue instructions to the dependent company's management on how to run its company (Article 1 of the Agreement). Furthermore, the dependent company commits itself to following the instructions of the controlling company.
- The dependent company is obligated to transfer its entire profits for the abbreviated financial year 2017 and all following financial years to the controlling company (Article 2 (1) of the Agreement). Profit is the annual net income earned pursuant to applicable German commercial law without the transfer of profit, less any losses carried forward from the previous year, the amounts to be transferred to legal reserves and any amount of the net income that may not be distributed in accordance with section 268 (8) of the German Commercial Code (Article 2 (2) of the Agreement). The dependent company may allocate amounts from its net income to retained earnings pursuant to section 272 (3) of the German Commercial Code only to the extent this is permissible under applicable commercial law and justified in economic terms on the basis of a reasonable commercial assess-

ment (Article 2 (3) of the Agreement). In addition, the provisions of section 301 of the AktG as most recently amended apply (Article 2 (4) of the Agreement).

- The controlling company is obliged to assume any losses incurred by the relevant dependent companies in accordance with all the provisions of section 302 of the AktG as most recently amended (Article 3 (1) of the Agreement).
- The Agreement takes effect upon entry into the commercial register at the registered office of the dependent company and applies – with the exception of the controlling company's managerial powers – for the period starting from the beginning of the financial year in which the entry is made (Article 4 (1) of the Agreement).
- The Agreement has a minimum term of five years and is automatically extended by one year at a time if it is not terminated with six months' notice (Article 4 (2) of the Agreement).
- The Agreement can also be terminated without notice at any time before the end of the minimum term if there is due cause. In particular, the controlling company has the right to immediate termination for cause if it no longer holds a majority interest in the dependent company (Article 4 (3) of the Agreement).

The Management Board and Supervisory Board propose the following resolutions:

- a) That the control and profit transfer agreement between Aareal Bank AG and Participation Zehnte Beteiligungs GmbH of 6 March 2017 be approved.
- b) That the control and profit transfer agreement between Aareal Bank AG and Participation Elfte Beteiligungs GmbH of 6 March 2017 be approved.

The shareholders' meetings of Participation Zehnte Beteiligungs GmbH and Participation Elfte Beteiligungs GmbH have already approved their respective control and profit transfer agreement. The control and profit transfer agreements will not become effective until they have been approved by the Annual General Meeting of Aareal Bank AG and subsequently entered in the respective commercial registers of the dependent companies concerned.

The Management Board of Aareal Bank AG has submitted joint reports together with the management of each of these subsidiaries in accordance with section 293a of the AktG, explaining and giving reasons for the respective control and profit transfer agreements. Together with other documents to be published, the joint reports will be available on Aareal Bank AG's website as from the date of convocation of the Annual General Meeting. In accordance with section 293b (1) 2nd half-sentence of the AktG, an audit of the aforementioned control and transfer agreements by a contractual auditor is unnecessary as Aareal Bank AG holds all the shares in the two subsidiaries. All documents required to be published will also be made available at the Annual General Meeting.

Report of the Management Board to the Annual General Meeting regarding the authorisation and the exclusion of pre-emptive subscription rights proposed under agenda item No. 6 in accordance with section 203 (2) sentence 2 in conjunction with section 186 (4) sentence 2 of the AktG

In accordance with section 203 (2) in conjunction with section 186 (4) sentence 2 of the AktG, the Management Board has submitted a written report regarding agenda item No. 6 on the reasons for the exclusion of subscription rights and the proposed issue price. The report is hereby published as follows:

The term of the 2012 Authorised Capital of € 89,785,830, which was created by the resolution of the Annual General Meeting on 23 May 2012 but has not been utilised (Article 5 (4) of the Memorandum and Articles of Association), has ended. In order to safeguard flexibility through further capital measures by the Management Board, the Authorised Capital shall be renewed in the amount permitted by applicable law. It is intended that the existing authorisation be replaced by a new authorisation covering an amount of € 89,785,830 ("Authorised Capital 2017").

The Management and Supervisory Boards propose to the Annual General Meeting that new Authorised Capital be created, having essentially the same terms and conditions as the existing Authorised Capital. As with the existing authorisation, the new 2017 Authorised Capital shall be used for capital increases against contributions in cash or in kind.

In the case of utilisation of the new Authorised Capital 2017, shareholders in principle have a subscription right. The shares may also be subscribed by one or more banks, subject to the obligation of offering these to the shareholders for subscription (so-called "indirect subscription right"). However, pre-emptive subscription rights may be excluded where this is in the interest of the Company in the following cases.

The proposed authorisation will enable the Management Board to exclude shareholders' pre-emptive subscription rights in the event of a capital increase against cash contributions, subject to approval by the Supervisory Board and provided that the issue price is not significantly lower than the prevailing market price of the Company's shares already listed at a stock exchange at the time of the final determination of the issue price. Section 203 (1) and (2) and section 186 (3) sentence 4 of the AktG specifically provide for the possibility of excluding pre-emptive subscription rights. This enables the management to take advantage of favourable opportunities on the stock market at short notice and to achieve a high issue price and the maximum strengthening of own funds through

market-oriented price determination. Moreover, the exclusion of subscription rights is designed to facilitate a placement close to prevailing market price levels, without the issuing discount commonly applied to a rights issue. The amount to be authorised will not exceed the statutory limit of ten per cent (10%) of the registered share capital. Where, in connection with an increase in registered share capital, the Company makes use of the possibility of excluding subscription rights, the management will minimise any discounts from the issue price in relation to the market price and is expected to limit any such discounts to five per cent (5%) as a maximum. This will ensure that any economic dilution of shareholdings will be kept to a minimum. In the event of subscription rights being excluded when issuing new shares against cash contributions close to the prevailing market price, the capital increase must not exceed ten per cent (10%) of the share capital outstanding at the time of the authorisation entering into effect or – if this value is lower – at the time of exercising the authorisation. This accounts for the shareholders' protection requirements as regards the dilution of their shareholdings. Given the existence of a liquid market and the amount of freely floating shares, this ensures that shareholders would be able to purchase shares on the stock exchange at similar prices, effectively protecting their shareholding against dilution.

The threshold of ten per cent (10%) of the issued share capital mentioned above also includes any shares that were issued or sold during the term and prior to the exercising of this authorisation, in direct or analogous application of section 186 (3) sentence 4 of the AktG, and by virtue of other authorisations granted to the Management Board for the issue or sale of shares. Said ten-per-cent threshold shall particularly include shares the issuance of which is required under the terms of debt securities with embedded conversion or option rights on shares issued pursuant to section 186 (3) sentence 4 of the AktG (excluding shareholders' subscription rights), which were (or may be) issued during the validity of this authorisation. These inclusions ensure that no purchased treasury shares are sold (excluding shareholders' subscription rights) in accordance with section

186 (3) sentence 4 of the AktG if this would result in the exclusion – without objective grounds – of shareholder's pre-emptive subscription rights in direct or analogous application of section 186 (3) sentence 4 of the AktG for an amount exceeding ten per cent of the registered share capital. The proposed authorisation therefore ensures that shareholders' financial and voting interests are appropriately taken into account when exercising Authorised Capital to the exclusion of subscription rights, whilst expanding the Company's flexibility in the interest of all shareholders. The legal concepts embodied in section 186 (3) sentence 4 of the AktG have thus been properly considered and complied with.

Furthermore, the proposed authorisation allows the Management Board to exclude shareholders' subscription rights for fractional amounts (subject to approval by the Supervisory Board). In case of capital increases against contributions in cash, the purpose of this exclusion is to permit the exercising of the authorisation in even amounts in order to facilitate the technical settlement of issuing shares. As freely marketable fractions, the shares excluded from the shareholders' subscription rights will either be sold at the stock exchange or otherwise disposed of on a "best efforts" basis.

Moreover, the proposed authorisation will permit the Management Board to exclude shareholders' subscription rights, subject to approval by the Supervisory Board, where this is necessary to grant subscription rights to the holders of bonds with warrants or convertible bonds issued (or to be issued) by Aareal Bank AG or its affiliated companies, which subscription rights are required to entitle these holders to the same extent as they would have been entitled upon exercising their conversion or option rights, or upon performance of a conversion obligation, if any, thus protecting such holders against dilution. Hence, this exclusion of subscription rights allows the Company, in the event of a capital increase, to offer subscription rights to holders of existing option rights or convertible bonds, in lieu of reducing the relevant exercise or conversion price in line with the terms of issue. The authorisation allows the Com-

pany to achieve this objective without having to resort to treasury shares.

A further event that, according to the proposed authorisation, would permit the Management Board to exclude shareholders' subscription rights is the issue of new shares to staff members of Aareal Bank AG or its subsidiaries. As reflected in section 202 (4) of the AktG, the legislative intent is geared towards the issue of employee shares, as this supports the retention of staff by the Company, facilitates the assumption of joint responsibility and helps to maintain a stable workforce. Thus, issuing shares to employees is in the best interest of the Company and its shareholders. The proposed volume of € 4 million has been determined by taking into account the number of eligible staff, expected subscription results and the term of the authorisation. When setting the issue price, a discount may be granted in line with common practice when issuing employee shares.

Finally, the proposed authorisation to exclude subscription rights in the event of capital increases against contributions in kind serves to enable the acquisition of companies, parts thereof or participating interests or of other assets in return for the granting of shares. If the acquisition of companies, parts thereof or participating interests or the acquisition of other assets by way of a capital increase against contributions in kind results in tax savings for the seller, or if the seller – for whatever reason – is more interested in purchasing shares in the Company than in receiving a cash payment, the ability to offer shares as consideration strengthens the Company's negotiating position. In individual cases it may also be appropriate, given specific interests of the Company, to offer the seller new shares in return for a participation. Due to the Authorised Capital 2017, the Company is able to react quickly and flexibly if an opportunity arises to purchase companies, parts thereof or participating interests as well as other assets in return for issuing new shares in appropriate individual cases. The proposed authorisation thereby enables optimal financing of the acquisition through the issuance of new shares, as well as the associated strengthening of the Company's own equity base. The issue price, at which

the new shares will be issued in this case, depends on the individual circumstances and the timing. In the price determination, the Management and Supervisory Boards will be guided by the Company's interests. At present, there are no concrete plans for using this authorisation. The Management and Supervisory Boards will carefully examine in each individual case whether the exclusion of subscription rights is in the interests of the Company.

The proportionate amount of the share capital attributable to shares that are issued to the exclusion of shareholders' subscription rights against contributions in cash or in kind after the authorisation may not exceed 20 per cent of the registered share capital existing at the time the resolution is adopted by the Annual General Meeting. This capital limit additionally protects shareholders against dilution of their shareholdings. Subject to a renewed authorisation for the exclusion of subscription rights to be resolved by a subsequent Annual General Meeting, the Management Board will also consider issuing or selling shares or debt securities with embedded conversion or option rights/obligations to the exclusion of the shareholders' subscription rights on the basis of other authorisations granted to the Management Board, provided that the authorisations for capital measures to the exclusion of shareholders' subscription rights are only used to increase the registered share capital by a maximum amount of 20 per cent of the share capital existing at the time of the Annual General Meeting's resolution. Provided that a subsequent Annual General Meeting renews the authorisation to exclude subscription rights, the Management Board shall therefore also include proportionate share capital in the maximum increase volume that is attributable to shares which are issued or sold to the exclusion of shareholders' subscription rights during the validity of the authorisation under another authorisation or which relate to financial instruments with conversion or option rights/obligations that are issued to the exclusion of shareholders' subscription rights during the validity of the authorisation under another authorisation. This includes issuing or selling shares or debt securities to the exclusion of subscription rights in direct or analogous application of section 186 (3) sentence 4 of the AktG.

The proposed term of the 2017 Authorised Capital (until 30 May 2022) is in accordance with the limitations prescribed by applicable law.

In the event that these authorisations are exercised, the Management Board will report on this at the next Annual General Meeting.

The report of the Management Board regarding agenda item no. 6 on the reasons for the authorisations provided thereunder for the exclusion of shareholders' subscription rights will be available for inspection by shareholders at the Company's offices (Paulinenstrasse 15, 65189 Wiesbaden) from the day on which the Annual General Meeting is convened. The report will also be available at the Annual General Meeting. Upon request, the report will be sent to every shareholder without delay and free of charge. The report is also available on the internet at <http://www.aareal-bank.com>.

Company website and documents available for download

The invitation to the Annual General Meeting, the documents to be made available to the Annual General Meeting as well as further information in connection with the Annual General Meeting will be available on the Company's website at <http://www.aareal-bank.com> (specifically: Investors/General Meeting 2017) as from the date of convocation of the Annual General Meeting.

Any counter-proposals, nominations or requests for amendments by shareholders that are received by the Company and require publication will also be made available on the above website. After the Annual General Meeting, the voting results will be published on the same website.

The documents to be provided will be available for inspection by shareholders at Aareal Bank AG's offices (Paulinenstrasse 15, 65189 Wiesbaden) from

the date of convocation of the Annual General Meeting, and will also be available at the Annual General Meeting on 31 May 2017. As a special service, the Company will send these documents to shareholders free of charge, upon request. It should be noted that the Company has complied with its legal obligation by making the information available on its website.

Total number of shares and voting rights

At the time of convening the Annual General Meeting, the Company's share capital amounts to € 179,571,663 and is divided into 59,857,221 no-par-value bearer shares. Each share carries one vote at a General Meeting. Therefore, at the time of convening the Annual General Meeting, the total number of voting rights amounts to 59,857,221. At the time of convening the Annual General Meeting, the Company does not hold any treasury shares.

Preconditions for attendance at the Annual General Meeting and for the exercise of voting rights

Those shareholders who register with the Company for this purpose prior to the Annual General Meeting and provide the Company with evidence of their shareholding issued by their custodian institution are entitled to attend and to vote at the Annual General Meeting. Registration to attend and specific evidence of the shareholding must be submitted to the Company by no later than **24 May 2017 (24:00 hours CEST)** at the following address:

Aareal Bank AG
c/o Computershare Operations Center
80249 Munich, Germany
Fax: +49 89 30903-74675
E-mail: anmeldestelle@computershare.de

The registration and specific evidence of shareholding must be supplied in written form (as defined

in section 126b of the German Civil Code (Bürgerliches Gesetzbuch – BGB)). Specific evidence of shareholding must be supplied in either German or English and refer to **10 May 2017 (00:00 hours CEST)**, the record date for submission of proof.

Only those shareholders who have provided specific evidence of their shareholdings will be deemed a shareholder of the Company for the purposes of attending the Annual General Meeting and exercising their voting rights. The Company shall be entitled to demand suitable additional evidence in cases of doubt regarding the correctness or authenticity of the proof submitted. Where no such evidence is provided, or evidence is not provided in an appropriate form, the Company may deny the shareholder attendance at the meeting.

Importance of the record date

The right to attend the Annual General Meeting and the scope of voting rights depend solely on the shareholding extent at the record date for submission of proof (the "record date"). However, this record date does not in any way restrict the disposability of shareholdings. Even where shareholdings are sold, in whole or in part, after the record date, the shareholder's right to attend and vote will be based solely on his/her respective shareholding on the record date. This means that the disposal of shares after the record date does not in any way affect the shareholder's right to attend or the scope of his/her voting rights. Corresponding provisions apply to the initial or further acquisition of shares after the record date. Anyone who does not own Company shares at the record date, but afterwards becomes a shareholder of the Company, may attend and vote at the Annual General Meeting (and shareholders who acquire further shares after the record date are entitled to vote only for such additional shares) only to the extent that they have been authorised to act as a proxy. The record date has no bearing on dividend rights. Following receipt by the Company of registration and specific evidence of shareholding, admission tickets for the Annual General Meeting (as organisational

aids for the meeting) will be forwarded to the shareholders. To ensure timely receipt, shareholders should request admission tickets from their custodian banks at their earliest convenience.

Voting by proxy

Shareholders can exercise their vote through an authorised proxy, which may be a credit institution, a shareholders' association, or another third party. However, even when being represented by a proxy, shareholders must still register their attendance and submit specific evidence of their shareholdings by the prescribed deadline. If a shareholder appoints more than one person as proxy, the Company is entitled to reject one or more of these proxies.

The granting of a voting proxy, its revocation and the submission of proof thereto vis-à-vis the Company, require written form. In case a credit institution, a shareholders' association or any other individual or entity of equivalent standing under section 135 (8) and (10) of the AktG shall be authorised to act as a proxy, section 134 (3) sentence 3 of the AktG as well as the provisions in the Company's Memorandum and Articles of Association do not require written form. It should be noted, however, that the individual, entity or institution to be authorised may request that they be issued with a specific form of proxy in these cases, since section 135 of the AktG requires them to record any proxy in a verifiable manner. If you wish to authorise a credit institution, a shareholders' association or any other individual or entity of equivalent standing under section 135 (8) and (10) of the AktG to act as a proxy, you should check with them as to what form of proxy they require.

The authorisation may be granted either to the proxy or to the Company.

Proof of proxy authorisation may be provided by the proxy handing over proof of the proxy (e.g. the original proxy document, or a copy thereof) at the entrance to the Annual General Meeting. When forwarding proof of proxy by regular mail or fax, shareholders or

shareholder representatives should use the registration address provided above. Alternatively, the Company allows the proof of proxy to be e-mailed to **Aareal-bank-HV2017@computershare.de**. These dispatch options are also available in cases where the shareholder grants a proxy to the Company; in this case, no separate proof of proxy is required. Similarly, shareholders may use any of the above channels to notify the Company directly of revocation of an existing proxy. Proof of a proxy authorisation granted during the Annual General Meeting may be provided by the shareholder handing over proof of the proxy when exiting the Annual General Meeting.

Shareholders wishing to appoint a proxy should use the proxy form provided by the Company for this purpose. This form will be forwarded to duly registered persons along with their admission tickets and can be requested from the above-mentioned registration address, either by regular mail, fax or e-mail. In addition, proxy forms may be downloaded from the Company's website at <http://www.aareal-bank.com>.

A proxy may also be granted electronically, using the Company's internet-based proxy system. Specific details regarding this proxy system are available for shareholders on the Company's website at <http://www.aareal-bank.com>.

Where a proxy is granted, proof of such proxy provided, or a proxy revoked by way of a declaration to the Company by regular mail or by fax, the Company must, for organisational reasons, receive such declaration by no later than **30 May 2017 (18:00 hours CEST)**. Transmission of such declaration by e-mail, as well as the granting of a proxy via the Company's internet-based proxy system will also be possible on the day of the Annual General Meeting, as will the presentation of such proxy form at the entrance to the meeting.

Procedure for exercising voting rights through a proxy appointed by the Company

The Company offers duly registered shareholders the option of being represented by Company representatives, who are bound by the relevant shareholder's instructions. However, even when being represented by a proxy, shareholders must still register their attendance and submit specific evidence of their shareholdings by the prescribed deadline. The granting of a voting proxy, its revocation and the submission of proof thereto vis-à-vis the Company, require written form.

To authorise the proxy, shareholders can use the form sent to them with their admission ticket. Along with the proxy document, the proxies nominated by the Company also require voting instructions. Voting proxies are obliged to vote in accordance with instructions given to them; they cannot exercise voting rights at their discretion. If the meeting votes on a topic for which a shareholder did not give express instructions, that shareholder's proxy will abstain from voting. To facilitate organisation, shareholders who wish to authorise voting proxies appointed by the Company must forward their proxy forms and instructions by no later than **30 May 2017 (18:00 hours CEST)** to the aforementioned registration address, either by regular mail or fax or e-mail them to **Aarealbank-HV2017@computershare.de**.

Voting proxies nominated by the Company may also be authorised using the Company's above-mentioned internet-based proxy system until **30 May 2017 (18:00 hours CEST)**. Details of how to authorise Company-nominated voting proxies using this proxy system are available for shareholders on the Company's website at <http://www.aareal-bank.com> (specifically: Investors/General Meeting 2017).

In addition, shareholders who attend the Annual General Meeting but have to leave the meeting prior to voting, will, upon leaving, have the option of authorising a voting proxy nominated by the Company by means of another form provided by the Company for

this purpose and of giving this proxy corresponding voting instructions.

Information on shareholder rights pursuant to sections 122 (2), 126 (1), 127, 131 (1) of the AktG

Requests for amendments to the agenda as per section 122 (2) of the AktG

Shareholders whose combined shareholdings amount to one-twentieth of the registered share capital, or a proportional amount of shares amounting to € 500,000 (rounded up, this equates to 166,667 shares), may request that certain items be included in the agenda and made public (section 122 (2) of the AktG). Each new item to be added must be accompanied by an explanation or a proposal. Applicants must prove that they have been holders of the relevant shares for a minimum of 90 days prior to the day the request is received and that they will continue to hold them until a decision on their application has been made. Evidence can be provided in form of a certificate issued by the custodian bank.

The application must be addressed in writing (section 126 of the BGB) or in electronic form, i.e. using the qualified electronic signature (section 126a of the BGB), to the Management Board of Aareal Bank AG and must be received by the Company no later than **30 April 2017 (24:00 hours CEST)**, at the following address:

Vorstand der Aareal Bank AG
Paulinenstrasse 15
65189 Wiesbaden, Germany
E-mail: HV2017@aareal-bank.com

Unless already communicated at the date of convocation, amendments to the agenda requiring publication must be published, without undue delay following receipt, in the electronic German Federal Gazette (Bundesanzeiger) and in such other media that can be assumed to distribute information throughout the entire European Union. In addition,

they are also published on the internet at <http://www.aareal-bank.com> (specifically: Investors/General Meeting 2017) and communicated to the shareholders.

Motions and nominations by shareholders under section 126 (1) and section 127 of the AktG

Shareholders may lodge counter-proposals to the proposals submitted by the Management Board or the Supervisory Board regarding agenda items, and submit nominations for the appointment of external auditors. Any such counter-proposals must also state their reasons; nominations for elections do not require any substantiation. Counter-proposals and nominations must be sent to the following address only:

Aareal Bank AG
Corporate Secretariat
Paulinenstrasse 15
65189 Wiesbaden, Germany
Fax: +49 611 348-2965
E-mail: HV2017@aareal-bank.com

Any counter-proposals and nominations received by the Company at the aforementioned address by no later than **16 May 2017 (24:00 hours CEST)** will be made available on the Internet at (specifically: Investors/General Meeting 2017), including the shareholder's name and the reasons for the counter-proposal, taking the further stipulations set forth in sections 126 and 127 of the AktG into consideration. Any management statements will be published on the same website.

Right to disclosure pursuant to section 131 (1) of the AktG

At the Annual General Meeting, every shareholder or shareholder representative may request information from the Management Board regarding the Company's affairs, its legal and business relationships with affiliated companies and the situation of the Group and the companies within the Group's scope of con-

solidation, provided that such information is necessary to make a reasonable assessment of the relevant agenda item. Disclosure requests at Annual General Meetings must generally be made verbally during the debate.

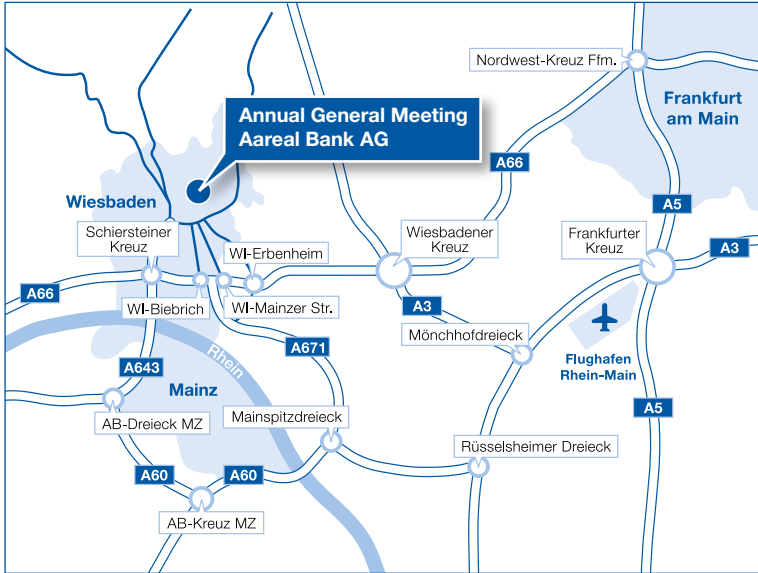
Further explanations concerning shareholders' rights

Further information on shareholder rights pursuant to sections 122 (2), 126 (1), 127 and 131 (1) of the AktG can be viewed on the Internet at <http://www.aareal-bank.com> (specifically: Investors/ General Meeting 2017).

Aareal Bank AG

The Management Board

Wiesbaden, April 2017



Venue of the Annual General Meeting

Kurhaus Wiesbaden
 Kurhausplatz 1
 65189 Wiesbaden, Germany

Map and directions

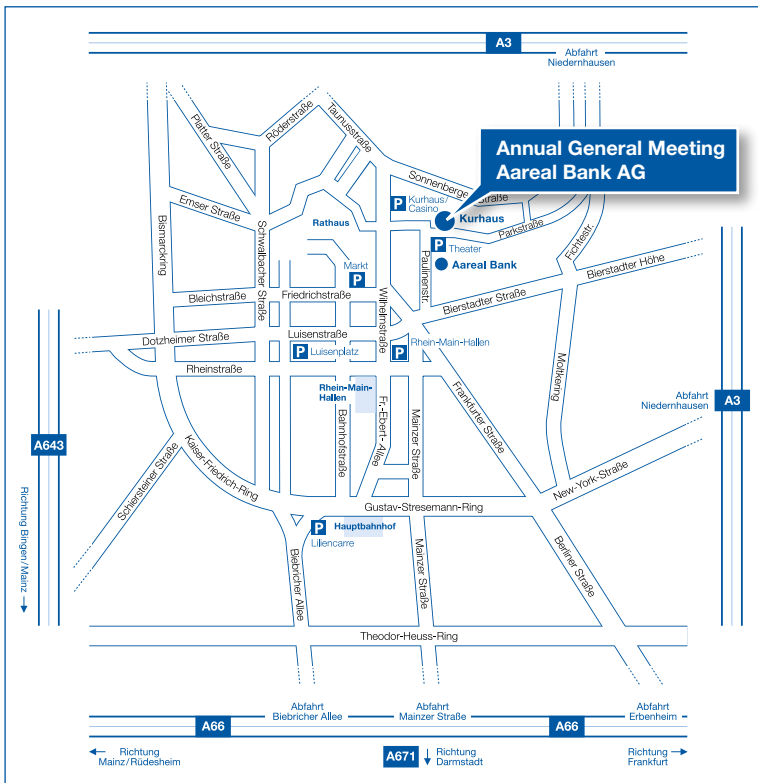
Coming via the A66 motorway from Frankfurt/Wiesbadener Kreuz:

Take the "Wiesbaden-Erbenheim" exit. Head towards Wiesbaden-Sonnenberg via Moltkerring, taking the first left to "Stadtmitte/Kurhaus".

Parking facilities (subject to charges) are available at signposted on-street parking spaces (pay & display), and also at the "Theater" and "Kurhaus" car parks.

Using public transport from Wiesbaden main railway station:

Bus (lines 1 and 8) to stops "Friedrichstrasse" or "Theater/Kurhaus"



Aareal Bank AG
Paulinenstrasse 15
65189 Wiesbaden, Germany

www.aareal-bank.com

04/2017



Aareal Bank