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Jochen Klösger

Chairman of the Management Board
of Aareal Bank AG

Speech at the
Extraordinary General Meeting
on 9 December 2021

The spoken text will prevail in the event of any differences.

I. Welcome and introduction

Ladies and Gentlemen, dear shareholders,

On behalf of the entire Management Board of Aareal Bank AG, it is my pleasure to welcome you to this year's Extraordinary General Meeting.

I have served as the CEO of Aareal Bank since 15 September and I am delighted to be able to speak to you today for the first time.

My first few weeks at Aareal Bank have been anything but business as usual. You know why: on 7 October this year, we confirmed that we had entered into open-ended talks regarding the potential acquisition of a majority interest by a group of financial investors. As already emphasised at the time: we did not initiate these talks; instead, the investors approached us with their request. When that happens, it is our duty as the Management Board to carefully examine such an indication of interest, and not withhold it from our shareholders.

On 23 November, we announced that we had signed an investment agreement with a bidder company – with the participation of Advent and Centerbridge as well as other investors – concerning the conditions of acquiring a majority interest in Aareal Bank AG. In accordance with this agreement, the bidder company announced its intention to launch a voluntary public tender offer for all outstanding Aareal Bank shares, for a cash consideration of €29.00 per share.

As you know, the Management Board and Supervisory Board of Aareal Bank AG unanimously approved the investment agreement, particularly because it affirms our strategy, and will allow us to further expand our business. We – as well as the Supervisory Board – support the announced offer on this basis. This is, of course,

subject to review of the final offer document, which will likely be published by the bidder during December.

The tender price of €29 per share represents a premium of around 35 per cent on the volume-weighted average Xetra price of the Aareal Bank share over the past three months prior to 7 October 2021; that is the date on which our talks with the investors were made public, and we confirmed corresponding market rumours by way of an ad-hoc disclosure.

Calculated using that price, Aareal Bank Group is valued at €1.736 billion. The tender price includes the second dividend tranche for 2020, which we actually wanted to vote on during today's Extraordinary General Meeting. I will return to this point later.

Considering the two fairness opinions we received from renowned investment banks, we believe that the proposed tender price of €29 per share is fair. Aareal Bank is therefore providing you, dear shareholders, with the opportunity to decide in favour of this offer. We will publish the investment banks' fairness opinions together with our reasoned statement relating to the offer document.

At approximately 35 per cent, the premium exceeds the average of public takeovers in Germany over the last ten years by 12 percentage points. And even when looking at it in absolute terms, the number of cases where a higher premium has been paid is very limited indeed.

What is quite important to me in this context is that we did not put ourselves up for sale. Because of that, no sales process took place by way of an auction.

The investors' offer is subject to the usual closing conditions such as regulatory approvals. The bidder has also stipulated a minimum acceptance level of 70 per cent.

This means that if enough shareholders accept the offer, the investors – or rather the bidder company they hold – will be the majority shareholders of Aareal Bank AG.

But it is not for the investors or us to decide. It is for you, our shareholders. Only if you accept the offer will the investors get the go-ahead. If the minimum acceptance level is not achieved, there will be no transaction and we will continue on our way.

We take a very sober view – because we can; our clearly defined strategy, which is evidently bearing fruit, and our most recent business figures for the current year show that clearly and strikingly. After the losses in 2020, we managed to make a clear turnaround and are right back on track despite the persisting coronavirus pandemic. With a consolidated operating profit of €123 million at the end of September, we are already within the target range we had set for the year as a whole. Net interest income, which reached a four-year high in the third quarter, stands out as the most important earnings indicator.

The encouraging results for the year to date show that Aareal Bank Group is on the right path, and that the growth initiatives we have taken are making an impact. With regard to the further development of the pandemic during the current winter quarter, we will remain vigilant nonetheless.

II. Agenda

Dear shareholders,

In the event of a successful tender offer, the financial investors intend to keep and reinvest substantial amounts of equity through the retention of Aareal Bank Group's profits. The investment agreement specifically provides for a waiver of dividend

payments if the tender offer goes through. That also means that no further dividend will be distributed beyond the 40 cents per share already paid for the 2020 financial year.

That is why we stated when the investment agreement was announced that the resolution on the disbursement of a second dividend tranche for the 2020 financial year would be withdrawn from the agenda for today's Extraordinary General Meeting.

However, should the offer not be accepted, next year we will make up for the disbursement of the second tranche of €1.10 per share, which was originally put to vote today. We had in fact already reflected this in equity. In any event, in that scenario we would look into whether a somewhat increased retention over the next few financial years could generate greater value for our shareholders over the long term.

As regards the other items on the agenda for today's General Meeting – the investor's demand for a partial replacement of the members of the Supervisory Board – I refer to Professor Wagner's comments. We published the administration's statement on 11 November on our website and in the Federal Gazette.

In accordance with the assignment of responsibilities under German corporate law, the Management Board does not consider itself in a position to comment on the request that certain members of the Supervisory Board be removed, nor will it comment on the proposed replacement candidates for election to the Supervisory Board. However, we would point out that Marija Korsch, Christof von Dryander and Dietrich Voigtländer were elected to the Supervisory Board with a large majority. An identically worded request submitted by the applicant that these individuals be removed was already rejected by you, dear shareholders, at the ordinary Annual General Meeting on 18 May 2021.

It is important to me to emphasise that the Management Board concurs with the statement issued by the Supervisory Board; it is for this reason that we have publicly affirmed, on several occasions, that we have nothing to add to this statement.

As announced on 23 November, Ms Korsch has stepped down from her role as Chairman of the Supervisory Board of our Bank, a position she had held since 2013. She will resign from her duties as a member of the Supervisory Board on 31 March 2022. The Supervisory Board will propose a new candidate at the next ordinary Annual General Meeting.

On behalf of the entire Management Board, I would like to extend our sincere gratitude to Marija Korsch for the constructive collaboration based on mutual trust we have enjoyed together over the years. As Chairman of the Supervisory Board, she was a challenging and knowledgeable partner in equal measure, and through her role she has contributed significantly to Aareal Bank Group as it stands today. I personally valued our extensive and productive work together over the past several months very highly.

The Management Board is confident that we will be able to continue this tradition seamlessly with you, Professor Wagner, as the new Chairman of the Supervisory Board, and continue along Aareal Bank's successful path.

III. Conclusion

Dear shareholders,

We have continued to pursue our ongoing business during the talks with the potential investors – just like our “Aareal Next Level” strategy. Looking ahead, I believe that

consistently progressing our existing initiatives will be key, whatever the future constellation might be – which is what we have done successfully throughout 2021.

I am very confident that by consistently implementing its strategy, Aareal Bank Group will have a lasting and successful future, regardless of the outcome of the financial investors' offer.

Thank you for your attention.