



Press Release

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Aareal Bank Group acquires commercial property finance provider Corealcredit Bank AG

- Aareal Bank Group further expands its market position in commercial property financing through acquiring Corealcredit Bank AG, a specialist successfully focusing on its core business
- Preliminary purchase price amounts to €342 million
- Exploiting attractive, value-creating opportunity - Positive effect on earnings per share
- Plans for resuming active dividend policy remain unchanged

Wiesbaden, 22 December 2013 - Aareal Bank Group acquires all of the shares of Corealcredit Bank AG, specialising in commercial property financing in Germany. A corresponding sale and purchase agreement was concluded today with the previous owner, a company of US financial investor Lone Star. The purchase price amounts to €342 million, subject to contractually agreed adjustments until the closing date. According to current planning, the transaction - which is subject to the approval of the respective authorities - shall be completed during the first half of next year.

Corealcredit Bank has belonged to Lone Star since the end of 2005 under whose guidance the property bank undertook a successful realignment, focusing on the commercial property financing core business in Germany and managing to return to profit in 2007. With total assets of €7.6 billion (as at 30 June 2013), the bank's commercial property financing volume amounts to €3.6 billion. Within the framework of an extensive due diligence, Corealcredit Bank's legal, tax and credit risks have been valued in a conservative manner and are comprehensively ring-fenced.

"By acquiring the newly realigned Corealcredit Bank, we are exploiting an attractive opportunity for inorganic growth at a favourable time", explained CEO Dr Wolf Schumacher. "With this step, we are further expanding our position as one of the leading providers of commercial property financing, and at the same time making an active contribution to sustainably safeguarding the stability of an economically important segment of the German banking sector", Schumacher said.

Value-increasing transaction

According to the agreement entered into today, Aareal Bank acquires Corealcredit at a price reflecting a discount compared to the book value of its assets and liabilities. The acquisition will be financed entirely from own resources. Aareal Bank will continue to fully comply with the tightened capital requirements under Basel III even after the transaction has been completed. The transaction will be earnings-per-share-accretive from the first year onwards. This will also be the case in the subsequent years: In the first three years, there will be a positive cumulative effect on earnings per share of more than three Euro. The medium-term target RoE of approximately 12 per cent before tax will remain unchanged.

"Due to the positive effects on earnings per share, the transaction will create value for our shareholders right from the outset. In addition, we will maintain the planned resumption of an active dividend policy starting in 2014 for the 2013 financial year", Hermann J. Merkens, CFO of Aareal Bank AG explained.

Under the umbrella of the Aareal Bank Group, Corealcredit Bank AG is intended to be a legally independent subsidiary after the closing, with its refinancing remaining secured within the Group. In view of the size and focus of Corealcredit Bank, the organisational complexity of the business combination with Aareal Bank Group can be mastered.

Aareal Bank

Aareal Bank AG, whose shares are traded in Deutsche Börse's MDAX segment and which celebrates its 90th anniversary this year, is a leading international property specialist. The Bank concentrates its business activities on the Structured Property Financing and the Consulting/Services segments. The Structured Property Financing segment encompasses all of Aareal Bank's property financing and funding activities. In this segment, the bank facilitates property investment projects for its domestic and international clients, within the framework of a three-continent strategy covering Europe, North America and Asia. In the Consulting/Services segment, Aareal Bank offers the institutional housing industry services and products for managing residential property portfolios and processing payment flows.