

PRESS RELEASE

Aareal Bank successfully concludes the sale of a minority stake in its subsidiary Aareon to Advent

Wiesbaden, 30 October 2020 – Aareal Bank AG has successfully concluded the sale of a minority stake in its IT subsidiary Aareon, agreed upon in August, to financial investor Advent International ("Advent"). Transaction closing took place today. The purchase price for the 30 per cent stake was approximately €260 million, payable in cash, as communicated upon conclusion of the purchase agreement on 14 August 2020. The price was based on an enterprise value for Aareon of approximately €960 million, and a corresponding equity value of approximately €860 million. Aareal Bank has realised a capital gain of approximately €180 million from the transaction (considering the non-controlling interest, transaction costs and taxes), which will be recognised directly in consolidated equity, as carried on Aareal Bank Group's statement of financial position and for regulatory purposes.

The long-term partnership agreed upon with Advent, one of the largest and most experienced global private equity investors, in the course of the transaction is a key milestone in the implementation of Aareal Bank Group's strategy. Following the guiding principle of "Aareal Next Level – Activate. Elevate. Accelerate", the strategy's goal is to tap additional growth potential over the coming years, across all areas of the Group. Joining forces with Aareal Bank, Advent is set to help further strengthen Aareon's market position as a leading consultancy and IT systems house for the European property industry and its partners in the digital age, and to accelerate Aareon's value appreciation. It is the joint goal of Aareal Bank and Advent to take Aareon beyond the growth target of doubling EBITDA, as originally communicated – with Aareon set to achieve "Rule of 40" performance by 2025 (meaning that the sum of Aareon's EBITDA margin and revenue growth rate should exceed 40 per cent). Specific steps to achieve this goal will be jointly and swiftly developed over the coming months, and will be presented during the first quarter of 2021. As part of the agreed partnership, Advent is set to be represented on Aareon's Supervisory Board, by Jeffrey Paduch, Managing Partner of Advent International.

"Aareon has been a key growth driver of our Group to date. Its strategic development will now become even more important to us", said Hermann J. Merkens, Chairman of Aareal Bank's Management Board. "Together with Advent, we will realise Aareon's full potential even faster over the coming years – through an acceleration of organic growth as well as by stepping up M&A activities, for which we perceive excellent opportunities in the current market environment in particular. This will benefit Aareon's clients as well as our shareholders. At the same time, the inflow of funds from the transaction will increase Aareal Bank's capital management flexibility and enhance its ability to pursue value-enhancing opportunities."

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About Aareal Bank Group:

Aareal Bank Group, headquartered in Wiesbaden, is a leading international property specialist. It provides smart financings, software products, and digital solutions for the property sector and related industries, and is present across three continents: Europe, North America and Asia/Pacific. Aareal Bank AG, whose shares are included in Deutsche Börse's MDAX index, is the Group's parent entity. It manages the various entities organised in the Group's three business segments: Structured Property Financing, Consulting/Services Bank, and Aareon. The Structured Property Financing segment encompasses all of Aareal Bank Group's property financing and funding activities. Here, the Bank supports its clients in making large-volume commercial property investments. The investment properties mostly comprise office buildings, hotels, shopping centres, logistics and residential property, as well as student apartments. In the Consulting/Services Bank segment, Aareal Bank Group supports businesses from the housing, property management and energy industries as a digitalisation partner – combining extensive advisory services and product solutions with traditional corporate banking services and deposit-taking. Aareon, a leading consultancy and IT systems house for the European property industry, and its partner in the digital age, forms the third business segment. Aareon offers reliable, pioneering solutions in the fields of consulting, software and services to optimise IT-supported business processes, and to extend business models. The Aareon Smart World digital platform links businesses from the housing industry and related sectors with customers, staff and business partners, as well as connecting technical devices in apartments and buildings.