



Fixed Income Presentation

Q3 2021 results

November 11, 2021

Aareal
YOUR COMPETITIVE ADVANTAGE.

Agenda

- (1) Introduction of Aareal Bank
 - (2) Highlights
 - (3) Overview of Investment Agreement and Takeover Offer by Bidder Company
 - (4) Group Results
 - (5) Segments
 - (6) Capital, Funding & Liquidity
 - (7) Outlook
 - (8) Key Takeaways
- Appendix

Introduction of Aareal Bank

01

Aareal Bank Group

The new lineup - THREE segments

Aareal

YOUR COMPETITIVE ADVANTAGE.

Structured Property Financing (SPF)

Commercial real estate financing

solutions across 3 continents: Europe, North American and Asia/Pacific

Diverse property types

- Hotels, logistics, offices, retail, residential and student housing
- Additional **industry experts** in hotels, logistics and retail properties

Investment finance

- Single asset, portfolio, value add
- Portfolio size: c.€ 29,6 bn; average LTV: 59%

“Activate”

Banking & Digital Solution (BDS)

Integrated payment transaction

system for the housing industry (market-leading) and the utility sector

Financial solutions

- Payment processing provider
- Deposit bank

Software solutions

- Intelligent solutions to improve connectivity and efficiency for bank and non-bank customers
- Average deposit volume of € 11.9 bn in Q3 2021

“Elevate”

Aareon

European leader for real estate

software, 60+ years in the market serving c.3k customers and 10m+ units with 40 locations in DACH, Netherlands, France, Nordics and UK

Mission-critical ERP and broad set of **modular Digital Solutions** built on a **cloud-enabled PaaS platform**

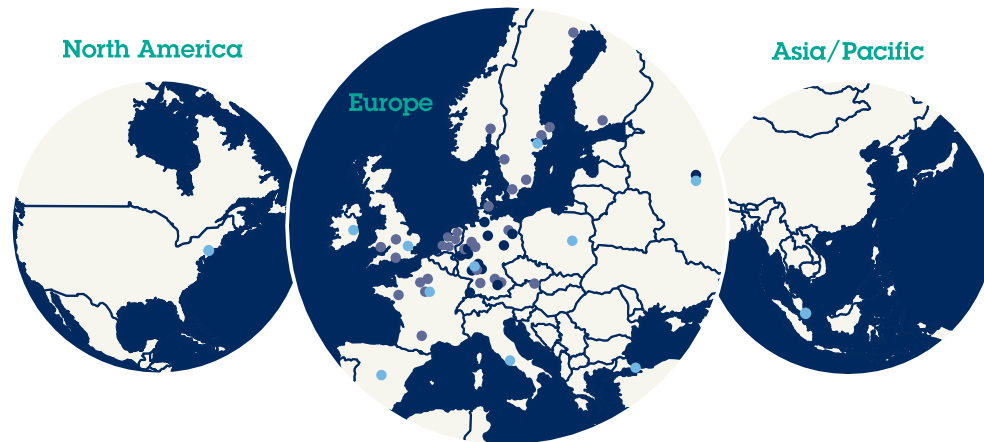
Sustainable and resilient business model with **strong downside protection** delivers **decades of consistent profitable growth**

Experienced leadership team combining deep **software expertise** and longstanding **real estate experience** with a strong **M&A roll-up track-record**

“Accelerate”

Aareal Bank Group

One Bank – three segments – three continents



• Structured Property Financing

Aareal Bank, Real Estate Structured Finance: Dublin, Istanbul, London, Madrid, Moscow, New York, Paris, Rome, Singapore, Stockholm, Warsaw, Wiesbaden |

Aareal Estate AG: Wiesbaden

• Banking & Digital Solutions

Aareal Bank, Consulting/Services Bank: Berlin, Essen, Wiesbaden | **Aareal First Financial Solutions AG:** Mainz | **Deutsche Bau- und Grundstücks-AG:** Berlin, Bonn, Düsseldorf, Frankfurt/Main, Freiburg, Hamburg, Hanover, Leipzig, Moscow, Munich | **plusForta GmbH:** Berlin, Düsseldorf

• Aareon

Aareon: Amsterdam, Augsburg, Berlin, Bochum, Coventry, Dortmund, Emmen, Enschede, Gorinchem, Grathem, Hamburg, Hattingen, Helsinki, Hückelhoven, Karlskrona, Kiel, Lund, Mainz, Meudon-la-Forêt, Mölndal, Munich, Nantes, Norrtälje, Orléans, Oslo, Paris, Piteå, Southampton, Stockholm, Stuttgart, Swansea, Toulouse, Utrecht, Vienna

Aareal's ownership structure

100% Free Float

Aareal Bank AG

- Listed in the German SDAX
- 59,857,221 outstanding shares
- 100% free float
- 3,115 employees
- Balance Sheet: 46.8 bn €
- Flat hierarchies

Stock performance since 01. Jan 2003



Aareal Bank Ratings



Issuer Default Rating ¹⁾	BBB+
Short-term	F2
Deposit Rating ¹⁾	A-
Senior Preferred ¹⁾	A-
Senior non Preferred ¹⁾	BBB+
Viability Rating ¹⁾	bbb+
Subordinated Debt ¹⁾	BBB-
Additional Tier 1 ¹⁾	BB

Issuer Rating	A3
Short-term Issuer Rating	P-2
Bank Deposit Rating	A3
Baseline Credit Assessment	baa3
Mortgage Pfandbriefe	Aaa

Fitch Ratings - Frankfurt am Main - 17 Nov 2021: Fitch Ratings has affirmed AarealBank AG's Long-Term Issuer Default Rating (IDR) at 'BBB+' with Negative Outlook and Viability Rating (VR) at 'bbb+' with Negative Outlook. A full list of rating actions is below.

1) Rating changes as of 27.03.2020

Fitch has downgraded Aareal Bank AG's Long-Term IDR to 'BBB+' and placed Aareal's VR, Long-Term IDR, DCR and debt ratings on RWN

7 **Fitch Ratings - Frankfurt am Main - 17 Nov 2021:** Fitch Ratings has affirmed Aareal Bank AG's Long-Term Issuer Default Rating (IDR) at 'BBB+' with Negative Outlook and Viability Rating (VR) at 'bbb+'. A full list of rating actions is below.



Highlights

02

Aareal

Highlights

Good Q3 results demonstrate continued positive development

Aareal Bank Group	Still uncertain environment	<ul style="list-style-type: none">▪ Gradually normalising environment supporting positive development▪ Covid-19 related uncertainties continue, esp. for the running winter quarter▪ Swoosh scenario expected to remain intact (economic recovery)
	Encouraging performance	<ul style="list-style-type: none">▪ Successfully executing our strategy - significant top line driven profit increase continued▪ Strong NII development based on profitable, risk conscious portfolio growth▪ LLP as expected still above normalised average due to remaining Covid-19 related uncertainties▪ SPF:<ul style="list-style-type: none">- Strong new business with attractive margins further supporting growth plan- Portfolio-YoD significantly recovered- Portfolio volume already above original YE-target▪ BDS:<ul style="list-style-type: none">- NCI further increased- Deposit volume at high level▪ Aareon:<ul style="list-style-type: none">- Successful M&A activities- Sales revenue growth still diluted by Covid-19
	Outlook	<ul style="list-style-type: none">▪ Operating profit target for 2021 confirmed, FY-tax rate as communicated between 50% - 60% expected▪ The Bank invited to an EGM to be held on 9 Dec. 2021 for shareholders to vote on the second tranche of the dividend for the 2020 financial year amounting to 1.10 € per share.▪ However the discussions with Centerbridge and Advent are still ongoing. In the event of an offer being submitted the dividend proposal for the EGM might be reassessed

Overview of Investment Agreement and Takeover Offer by Bidder Company with Participation of Advent International and Centerbridge Partners

November 23, 2021

Executive summary – Key Highlights from the Announcement

- 1** Aareal Bank concluded investment agreement with a bidder company¹ (“**Bidder**”) indirectly held by PE funds managed and advised by Advent International, Centerbridge Partners and co-investors (“**Investors**”) for terms of a voluntary public tender offer to acquire all outstanding Aareal Bank shares
- 2** Bidder highly supportive of “Aareal Next Level” strategy and existing Aareal Bank Group composition
- 3** Intention to accelerate growth initiatives launched under “Aareal Next Level” strategy across all three divisions; Management’s business plan for next 5 years envisages staff expansion in relevant divisions and is supported by Bidder
- 4** Investments in growth set to be financed henceforth through retained profits² – proposal for dividend payment withdrawn from agenda for EGM on 9 December; Additional equity potentially available from Bidder if required to facilitate further growth beyond envisaged business plan, subject to customary approvals
- 5** Investors’ sector expertise, experience and market access will support Aareal Bank Group’s accelerated growth ambitions
- 6** Launch of public tender offer by Bidder following approval of offer document by BaFin expected by mid December
Cash consideration of €29.00 per Aareal Bank share represents a premium of c. 35% over 3 months VWAP³
- 7** Unanimous support by Aareal Bank’s Management Board and Supervisory Board



- **Offer considered highly beneficial for further development of Aareal Bank Group and its stakeholders⁴**
- **Two expert opinions commissioned from two investment banks confirm offer price as fair**
- **Aareal Bank provides shareholders with opportunity to decide in favor of this offer**

¹ Bidder to be renamed to Atlantic BidCo GmbH

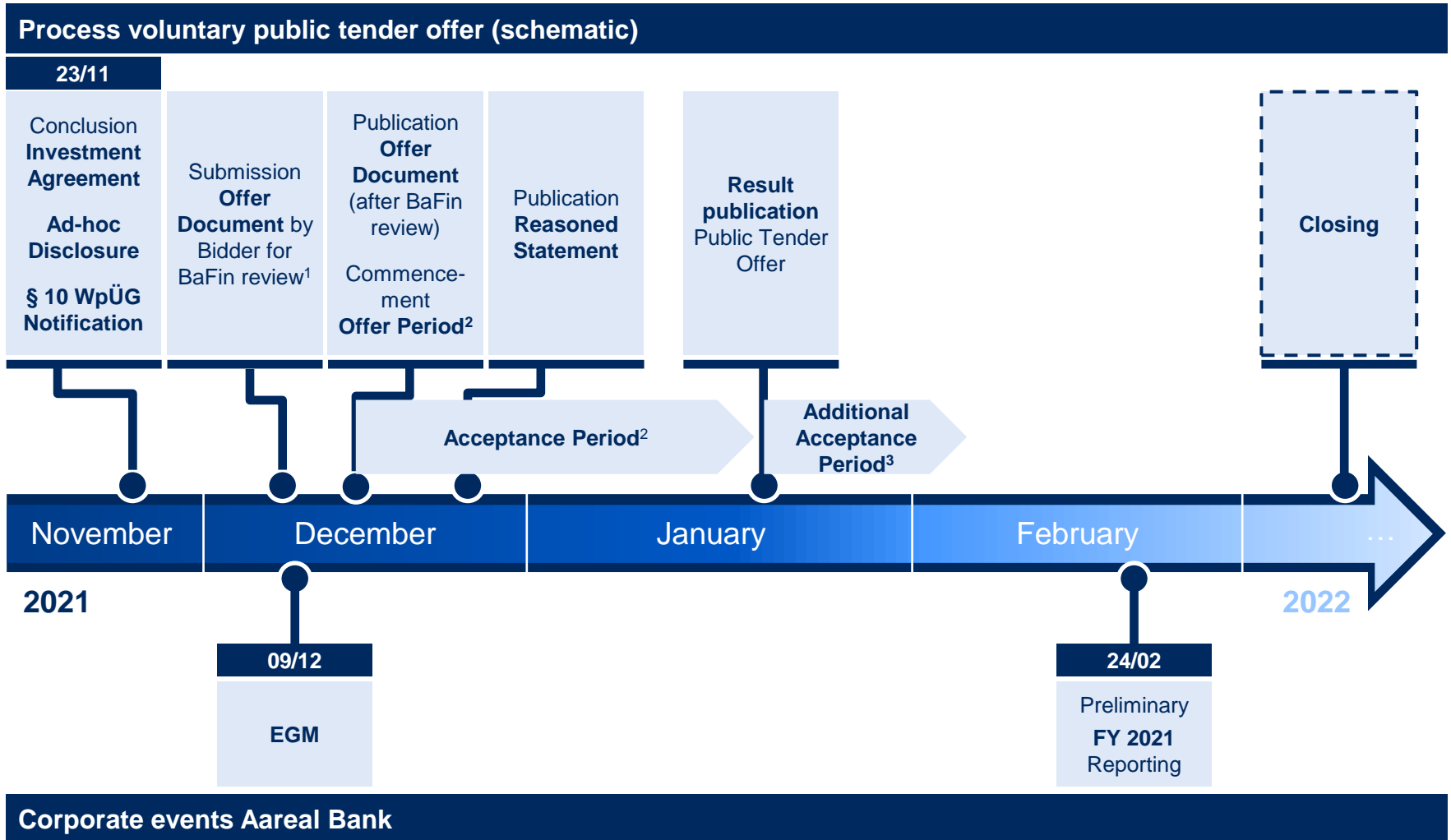
² ‘Retention of dividend’ policy not applying to payments in context of AT1 instruments

³ VWAP = Volume weighted average share price for the 3 months period preceding the confirmation of talks between Aareal and potential investors in the ad hoc disclosure of 7 October 2021

⁴ Subject to reasoned opinion of Management Board / Supervisory Board

Envisaged timeline with regard to voluntary public tender offer

In case of successful voluntary public tender offer and receipt of required approvals closing envisaged around mid 2022



¹ BaFin review period 10 – 15 working days

² Minimum Acceptance Period of 5 weeks

³ In case of reaching minimum acceptance threshold, 2 weeks additional tender period

Supporting and enhancing “Aareal Next Level” strategy

Aareal to leverage on expertise and global market access

Significant investments to drive organic and inorganic growth financed through retained profits

“ACTIVATE” Structured Property Financing	Increase portfolio volume over c. 5 years to up to €40bn respecting existing risk policy Growth fueled by Bank’s traditional asset classes and property types, but also by tapping new and attractive property types and adjacent segments, maintaining conservative risk / return profiles; Continuing growth of lending volume in accordance with Bank’s existing ESG criteria
“ELEVATE” Banking & Digital Solutions	Significantly grow commission income and asset light business Acceleration and support for execution of organic growth and implementation of an M&A roadmap, leveraging on significant M&A expertise, global market access through the network of the Investors
“ACCELERATE” Aareon	Support Value Creation Programme and enhance M&A roadmap developed with Advent Fund further growth by M&A activities through additional capital beyond envisaged initiatives already agreed with Advent
Funding and capital	Intention to maintain robust capital base and a long-term senior preferred rating of at least A- by Fitch Ratings Intention to support organic and inorganic growth across all segments by waiving dividend payments ¹ in the years to come; Additional equity potentially available from Bidder if required to facilitate growth beyond envisaged business plan subject to customary approvals; Maintaining Aareal Bank’s strong debt story
Organisation	Continuation of group wide efficiency measures in organisation, processes & infrastructure Sharing of best practices with regard to organisation, processes and use of technology and increase of size of the workforce in the relevant divisions

Funding of portfolio volume to up to €40bn over the next 5 years

Loan growth to be funded through a balanced program of diverse liability products

The public tender offer considered leverages Aareal's banking platform whilst preserving the current composition of the Group

Background:
Acceleration of
Aareal Next Level in
the Banking
Business

Acceleration of current strategy to lead to loan book expansion of up to c. €10bn

- One focus of the joint plan is the banking business, where considerable economies of scale can be realised
- Aareal Bank to broaden and diversify the volume of its portfolio, in a market phase that offers **many opportunities for attractive new business**, whilst maintaining its conservative risk policy
- Long-term alignment with ESG criteria

Commitment to
Aareon

The investment agreement is based on the joint understanding that there will be no outflow of value from the Company by spinning off Aareal's stake in Aareon

Banking & Digital
Solutions

Harbors considerable potential for further capital-efficient growth in net commission income

- Intended expansion of payments services core offering – also through further M&A activities, and supported by the investors' market access and attractive cooperation models, also with their portfolio companies

Funded Through a Mix of Measures

Equity Financing

The corresponding equity required will be through retained earnings

- Beyond organic capital generation, the Bidder is generally prepared to provide additional equity if required, to facilitate growth beyond the joint business plan

Debt Investor
Considerations

A diverse mix of liability products will be available to Aareal and can be adjusted according to investor appetite:

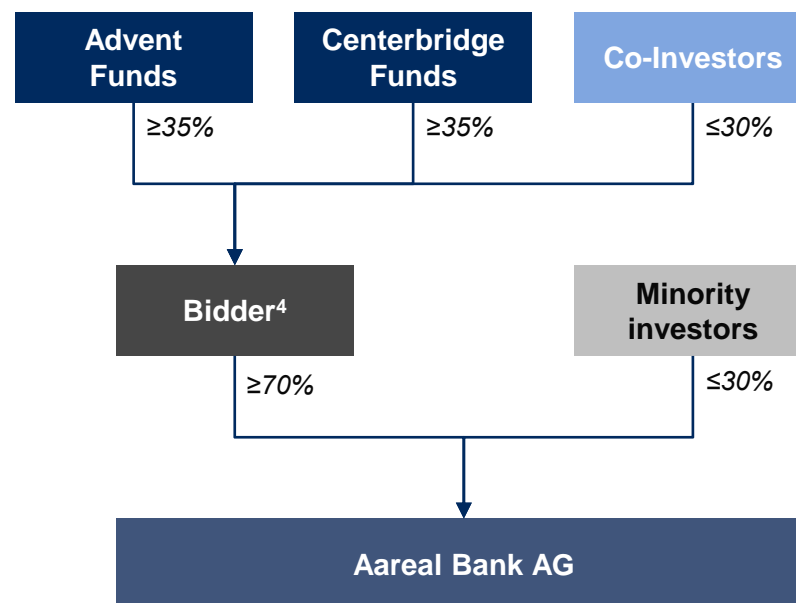
- 1) Deposits, 2) ECPs 3) Public Transactions 4) Private Placements
- Commitment to maintain or even improve robust capital base. Aim is to drive higher capital ratios compared to the standalone plan despite accelerated growth through retained earnings
 - Retention of a Fitch long-term senior debt rating of at least A-
 - Frequent debt issuance including benchmarks to fund the accelerated growth strategy and enhance the market liquidity of issued debt instruments
 - It is planned to issue Public Transactions, Private Placements and ECPs in a “green” and “conventional” format

Key transaction terms and structure

Key transaction terms

- Voluntary public tender offer to acquire all outstanding Aareal Bank shares for a cash consideration of €29.00 per share
 - Premium to unaffected 3M VWAP¹: c. 35%
- Transaction implies an Equity Value of c. €1.736bn for Aareal Bank Group
 - Implied 2022 P/E²: ~16.1x
 - Implied P/B³: ~0.65x
- Key offer conditions:
 - Minimum acceptance threshold of 70%
 - Anti-trust clearances and regulatory approvals
 - Other customary offer conditions
- In case of a successful voluntary public tender offer Bidder will hold a majority of all outstanding Aareal Bank shares

Envisaged target transaction structure



¹ VWAP = Volume weighted average share price for the 3 months period preceding the public announcement of talks between Aareal and potential investors in the ad hoc disclosure of 7 October 2021

² Based on VARA consensus as of 03rd November 2021 with a consensus EPS of €1.80 for FY 2022

³ Based on IFRS equity attributable to Aareal Bank shareholders of € ~2,673mn as of 30.09.2021

⁴ Direct or indirect participation of investors

Summary of transaction

Public tender offer considered highly beneficial for further development of Aareal Bank Group and for its stakeholders¹

Shareholders	<ul style="list-style-type: none">Realizing fair cash consideration of €29.00 per share with a c. 35% premium to 3 months VWAP²Immediate monetization of substantial part of Aareal's future value upside
Debt investors	<ul style="list-style-type: none">Maintain or even improve robust capital base, even higher capital ratios compared to stand-alone plan despite accelerated growth by retention of profits³ to fund growthIntended preservation of a Fitch Ratings long-term senior preferred rating of at least A-Frequent debt issuance ("green" and "conventional") incl. benchmarks to fund the accelerated growth strategy enhancing market liquidity of issued debt instruments
Customers	<ul style="list-style-type: none">Expansion of product and service portfolio in all three segments to enhance client-centric offeringClients to benefit from broader product and service offering and enhanced innovative power – this is made possible by access to investors' additional expertise in all three segmentsDevelopment into adjacent markets and leveraging existing partner network
Employees	<ul style="list-style-type: none">Increase size of workforce in relevant Aareal Bank Group's divisionsExpansion and growth of Aareal Bank Group across all three divisions ensuring sustainable long-term success of groupAcceleration of Aareal Bank's growth strategy "Aareal Next Level"
Aareal Bank Group	<ul style="list-style-type: none">Leveraging Aareal Bank Group's platformPreservation of current composition of Aareal Bank Group

¹ Subject to reasoned opinion of Management Board / Supervisory Board

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³ 'Retention of dividend' policy will not apply to payments in context of AT1 instruments

Group Results

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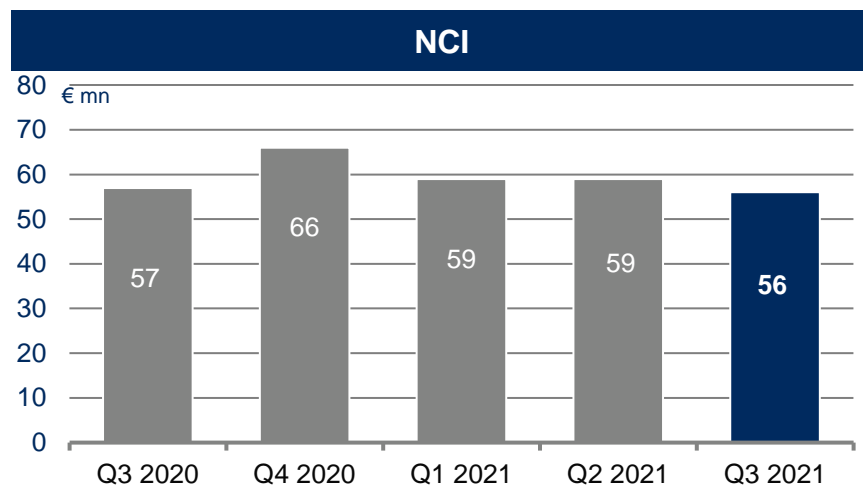
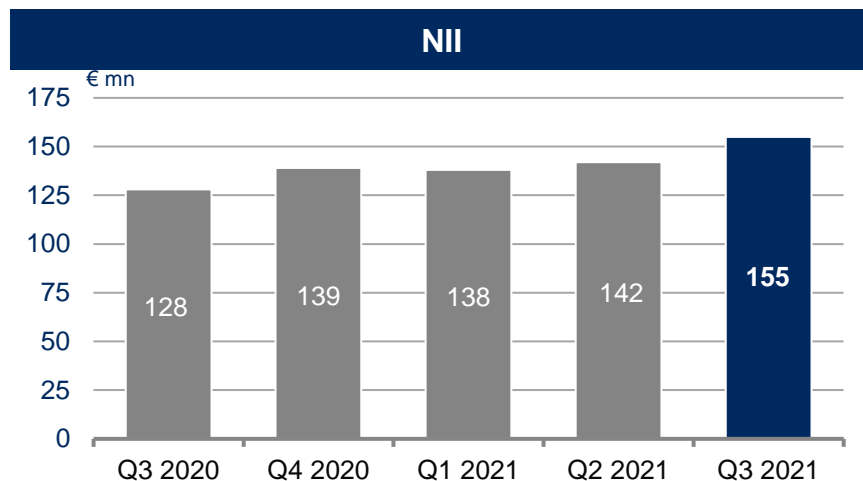
Group Results

Successfully executing our strategy - significant top line driven profit increase continued

€ mn	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Q3 '21	9M '20	9M '21	2021-Comments
Net interest income	128	139	138	142	155	373	435	Strong NII development based on profitable, risk conscious portfolio growth
Loss allowance	61	177	7	33	39	167	79	LLP as expected still above normalised average due to remaining uncertainties
Net commission income	57	66	59	59	56	168	174	9M growth driven by Aareon's recurring revenue and M&A. Sales revenue growth still diluted by Covid-19
Derecognition result	3	9	0	8	7	19	15	Positive effects from early loan repayments in line with expectations
FV- / hedge-result	-2	-19	-4	-2	-5	-7	-11	Q3 incl. € -7 mn value adjustments (NPLs)
Admin expenses	114	117	150	118	125	352	393	Cost discipline maintained; 9M increase mainly driven by Aareon growth and lower Covid-19 related underspend
<i>Others</i>	0	-1	-4	-15	1	-10	-18	
Operating profit (EBT)	11	-99	32	41	50	24	123	Successfully executing our strategy - significant top line driven profit increase continued
Income taxes	10	-13	11	29	27	7	67	FY-tax rate as communicated between 50% - 60% expected
Minorities	1	3	1	1	0	2	2	
AT1	4	4	4	3	3	12	10	
Consolidated net income allocated to ord. shareholders	-4	-93	16	8	20	3	44	
Earnings per share (€)	-0.05	-1.56	0.27	0.13	0.33	0.06	0.73	

Net interest income (NII) / Net commission income (NCI)

Strongest NII in 4 years



Strong NII development based on profitable, risk conscious portfolio growth

- Significant NII increase of >20% vs Q3/20, FY-guidance increased
- 9M NII up by € 62 mn (+16%) reflecting successful execution of our strategy on both sides of the B/S
- Q3 TLTRO contribution of € 7 mn vs. € 4 mn in Q3/20 (9M/21: € 19 mn vs. 9M/20: € 4 mn)
- Strong new business generation with good margins well above plan leveraging market opportunities
- Portfolio already increased above original YE-target

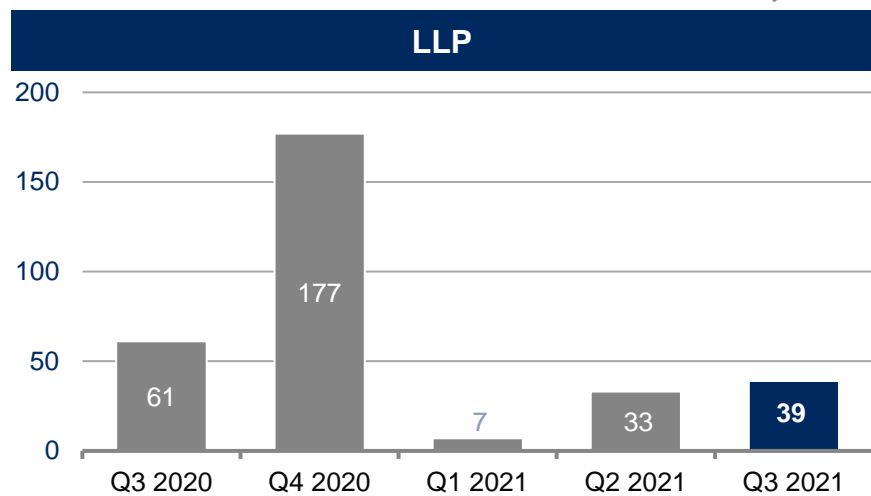
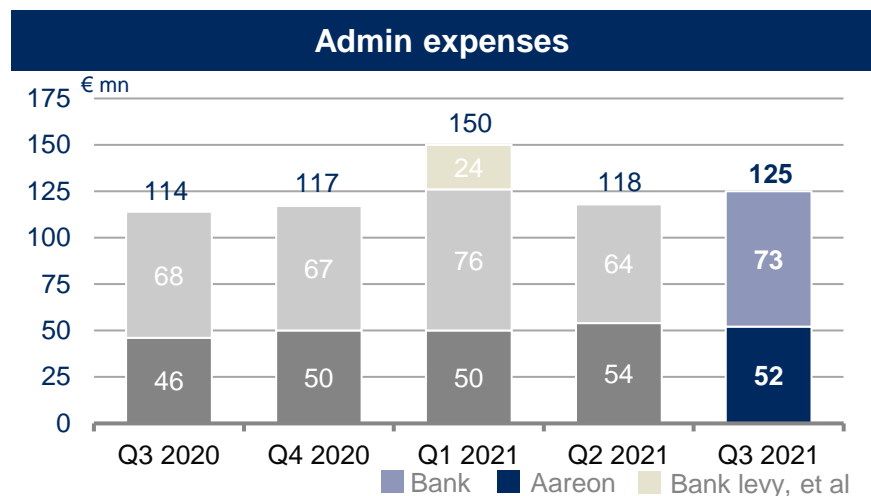
9M growth driven by recurring revenue and Aareon's M&A (9M/21: € 174 mn, 9M/20: € 168 mn).

Sales revenue growth still diluted by Covid-19

- Aareon:
 - 9M sales revenue increased (incl. M&A) despite ongoing Covid-19 impact on professional service
 - NCI affected by seasonally earlier revenue recognition in Q2
 - Q4 regularly boosted by seasonal effects
- BDS continues positive underlying development towards defined target

Admin expenses / Loan loss provisions (LLP)

Cost discipline maintained; LLP as expected still slightly above normalised average due to remaining uncertainties



Cost discipline maintained

Bank:

- Lower Covid-19 related underspend
- Figures include transformation costs of € 1 mn in Q3/21 (Q3/20: € 0 mn) for “Aareal Next Level”

Aareon:

- Increase vs. Q3/20 driven by investments in organic growth (Value creation program) and M&A activities

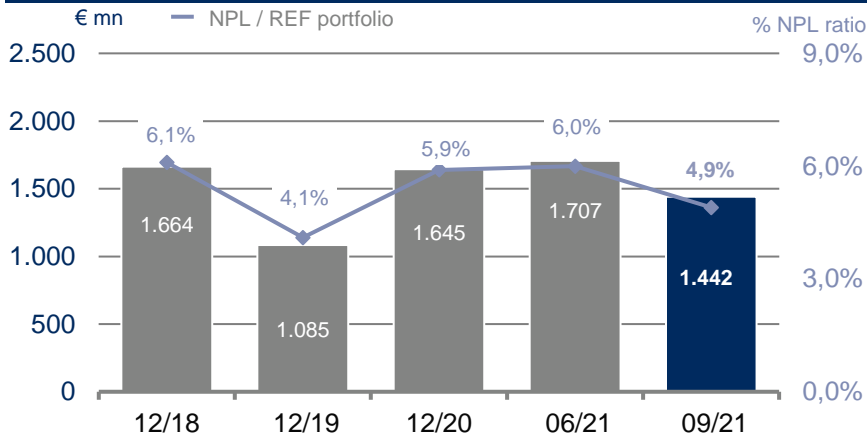
LLP as expected still above normalised average due to remaining uncertainties

- Q3-LLP significantly below last year’s Covid-19 burdened level
- Total Q3-LLP of € 46 mn incl. € 7 mn value adjustments in FVPL-line
- Despite 9M development confirming guidance for FY 2021 incl. FVPL. Uncertainties ongoing especially for the running winter quarter

Non performing loans (NPL)

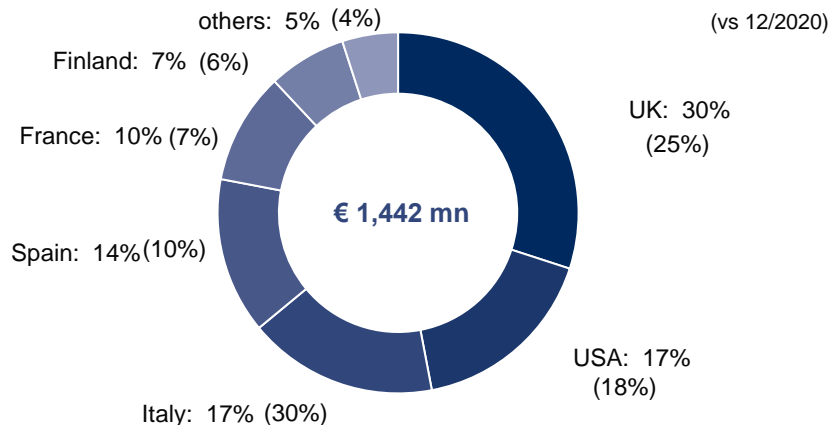
NPLs reduced by concluded Italian de-risking initiative

Development of NPLs

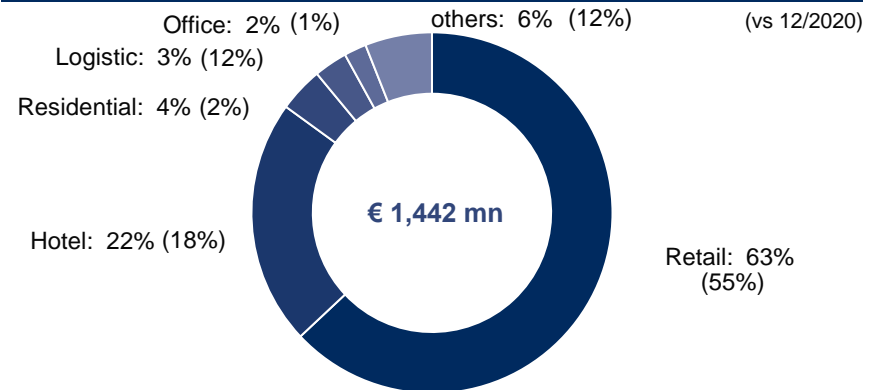


- Close and dedicated monitoring of exposure continued
- Significant reduction in Q3 mainly driven by concluded Italian de-risking initiative as already communicated
 - NPL-ratio reduced to 4.9%

NPLs by country



NPLs by property type



Segments

05

Segment: Structured Property Financing

Business environment recovering step by step

Business Environment

General observations

- Economic recovery ongoing, however impacted by:
 - Existing delta variant and potential new variants, which may lead to additional challenges
 - Speed of vaccination is slowing down and boosters may be needed
 - Delivery chains are slow to recover to pre Covid-19 levels
 - Inflation driven rise in energy prices
- Transaction volumes are further increasing across the globe, but are still below pre Covid-19 levels
- Significant increase of national budget expenditures and corresponding deficits
- Inflation rates are rising across the globe, increasing the likelihood of intervention by corresponding central banks
- Fed is expected to start tapering activities this winter to counter rising inflation rates

Our portfolio

- Lockdowns have been lifted and urban life is normalising around the world
- People are catching up with their (social) life: dining, shopping, vacation
- Pressure on CREF-portfolio is declining and KPIs are picking up

Segment: Structured Property Financing

Impact on asset classes

Hotel

- Hotels back open after lockdown measures have been lifted around the world
- Performance improvement driven by national and international tourism
- Business travel picking up and is expected to further increase during 2022
- Conference bookings for the next few years show positive and promising trend
- Filling open positions due to labour shortage remains major focus

Retail

- Retail parks showed stable cash flows during the crisis, malls are recovering
- Market value decline is bottoming out – first transactions with stabilised values
- Declining demand for space, primarily in B- and C-locations, due to a greater focus on online retail and quality rather than quantity
- Structural change caused by online retailing = increased omnichannel development

Logistic

- Supply chain problems will lead to an increased need for buffer capacities in the future
- Increasing importance of online trading
- Original speed of growth accelerated by Covid-19
- Rising importance of last-mile-logistics due to demands for fast delivery

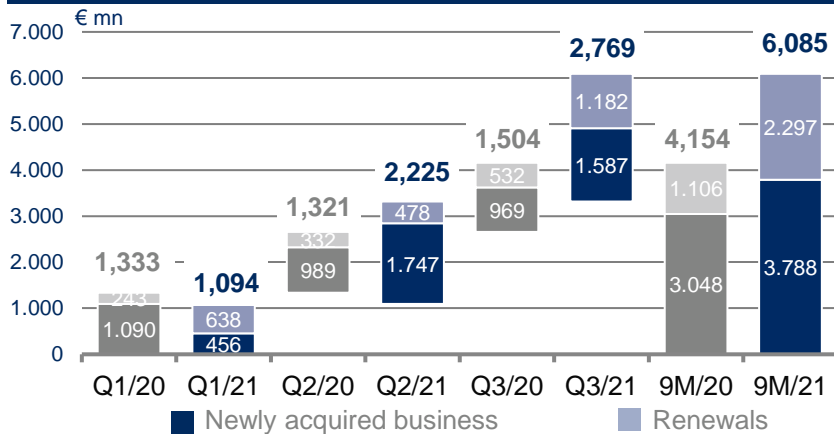
Office

- General trend towards more office presence
- Lower space demands due to more home office partially compensated by hygiene rules
- Increasing demands for flexible space options to enable hybrid working models
- Buildings must be “sustainable” or be adaptable via investments

Segment: Structured Property Financing

Strong new business further supporting growth plan

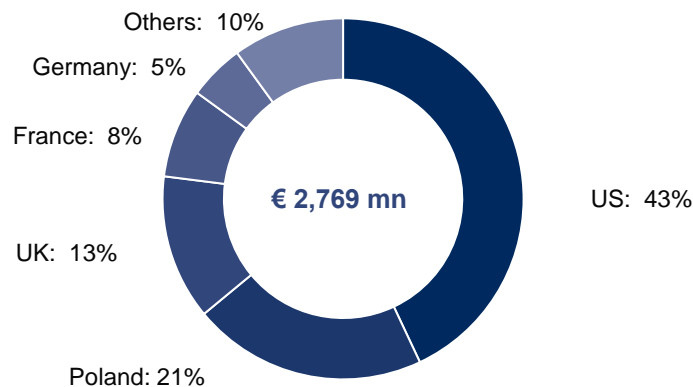
New business by quarter



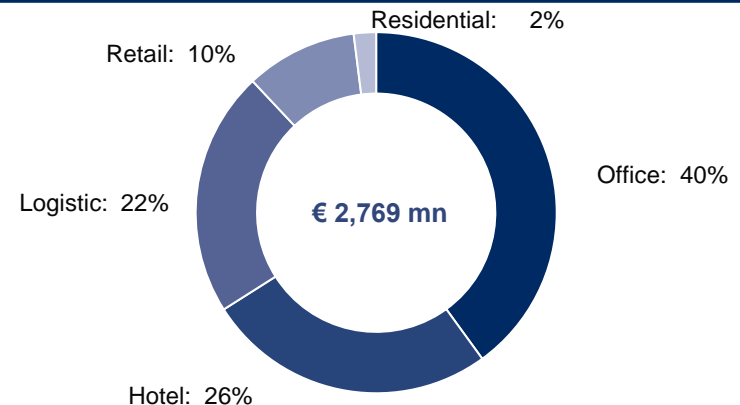
Newly acquired business in Q3

- Strong new business generation with good margins leveraging market opportunities
- Pre-FX margins of >230 bps leading to a Ø-YtD margin of ~225 bps well above plan
- Conservative Ø-LTV of 57% after 9M
- Further green loans governed acc. to “Green Finance Framework” totalling € >275 mn
- FY-new business target of € 7 bn - € 8 bn, upper end of range expected

Q3 new business by country



Q3 new business by property type



Segment: Structured Property Financing

More than 20% of the portfolio fulfills Aareal's demanding Green Finance Framework

Aareal Green Finance Framework (GFF) in place

Green Building(s):

Requirements to qualify as green buildings

- Meets EU Taxonomy criteria
and / or
- Certified with an above-average rating from BREEAM, LEED, DGNB, HQE, Green Star, NABERS
and / or
- Meets requirements as nearly zero-energy building (nZEB) / thresholds as defined in Aareal GFF



Agreement:

Customer agrees to Maintaining "Aareal Green Finance Framework" requirements during the term of the loan



Green Loan:

Combination of

- Green Building(s)¹⁾
and
- Agreement

Achievements:

- After screening the majority of the CREF-portfolio ~65% thereof are identified as certified via building and/or energy performance certificates - more than 2/3 have so far been validated & documented in the systems
- More than 20% of the portfolio fulfils the above-average demanding Green Building criteria acc. to Aareal's GFF
- Green Loan new business volume amounts to € >275 mn since launch of offering in June 2021
- ARL joined PCAF²⁾ to report emissions of CREF portfolio within three years

Our way forward:

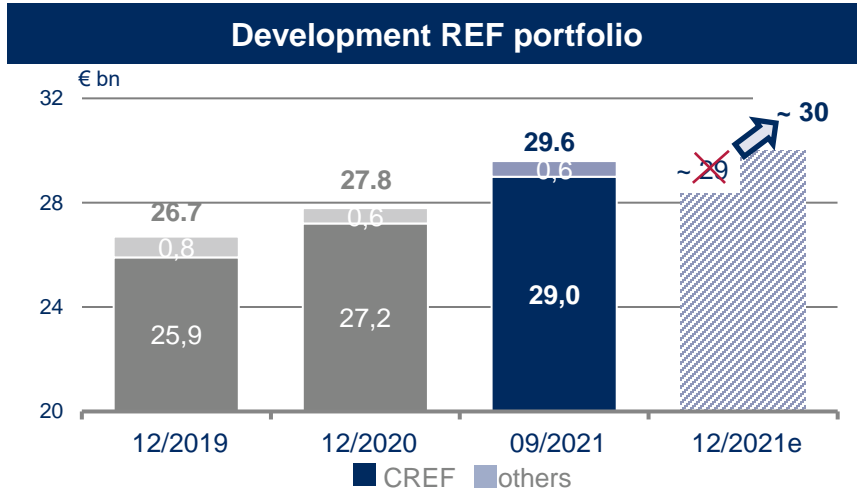
1. Continue screening / documentation of portfolio for environmental portfolio data
2. Foster financing of green assets
3. Derive target KPI (e.g. "Share of green assets in CREF portfolio")
4. Improve extent, level of detail and quality of ESG-data (full transparency by end of 2022)
5. Regularly report on progress

1) All buildings within a financing have to qualify as green buildings according to Aareal GFF

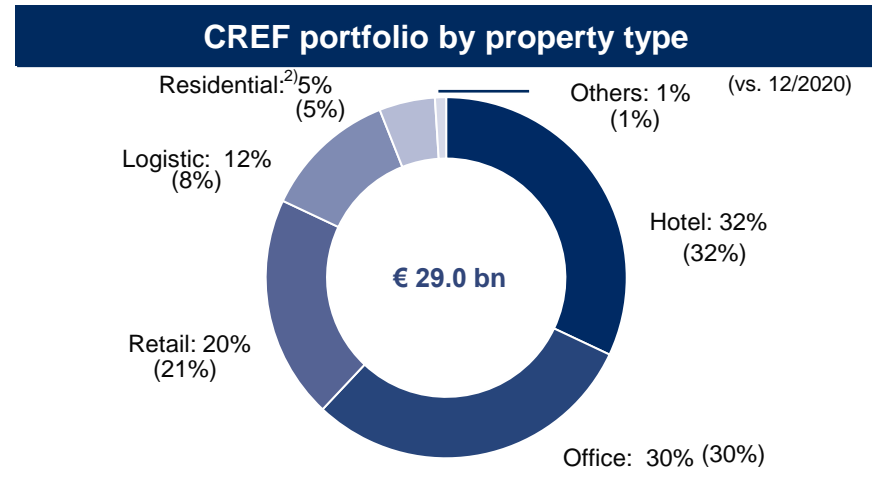
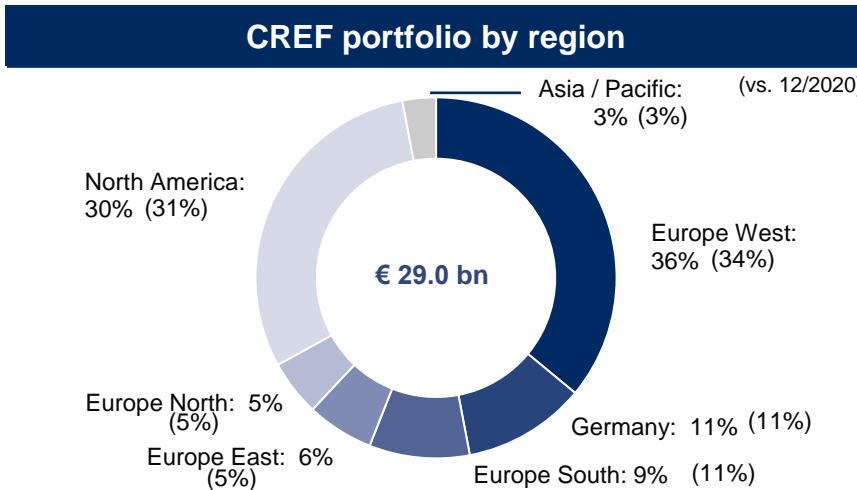
2) Partnership for Carbon Accounting Financials

Segment: Structured Property Financing

Portfolio already above original YE-target



- By leveraging market opportunities focusing on healthy risk-return profile REF-portfolio already increased to € 29.6 bn by end of Q3
- YE-portfolio target increased to € ~30 bn (from originally € ~29 bn)
- Sticking to overall country and asset diversification with increasing importance of logistics financings, as well as portfolios for risk improvement due to cross collateralisation
- Deal pipeline well filled with KPIs at or better than plan

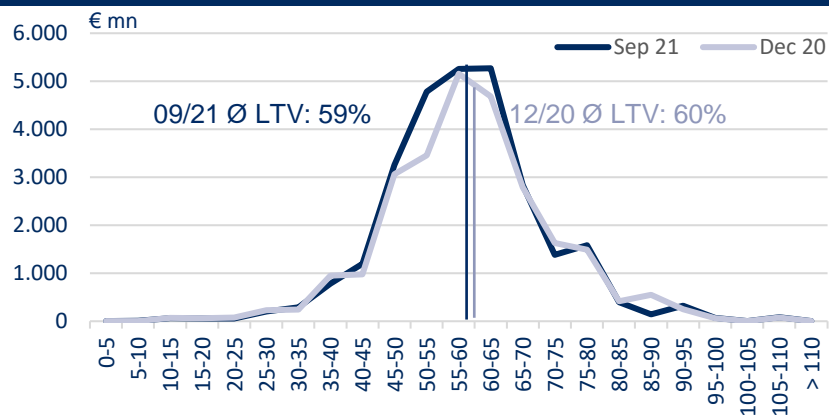


1) Performing CREF-portfolio only (exposure)
 2) Incl. Student housing (UK & Australia only)

Segment: Structured Property Financing

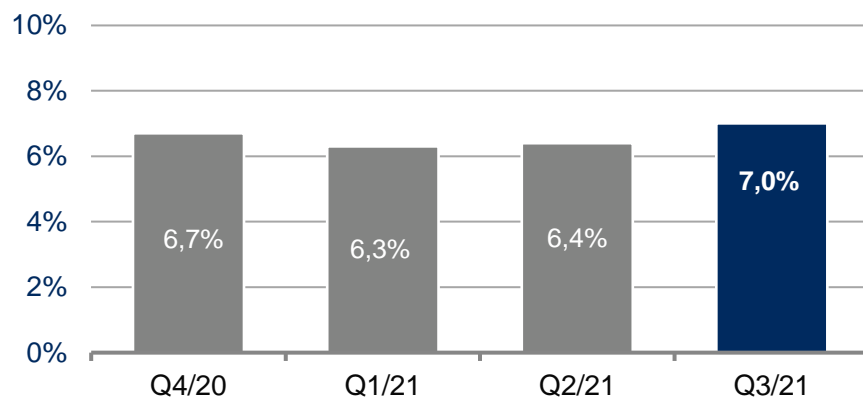
Gradually normalising environment

LTV development 12/20 vs. 09/21¹⁾

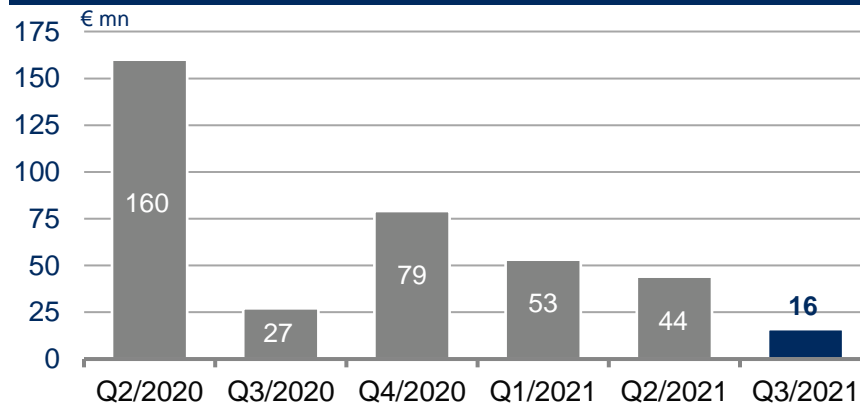


- Ø-portfolio LTV¹⁾ further improved vs. YE 2020 figures
- Ø-portfolio YoD¹⁾ significantly up at 7.0%
- Correspondingly, demand for liquidity support further declined in Q3

YoD development¹⁾



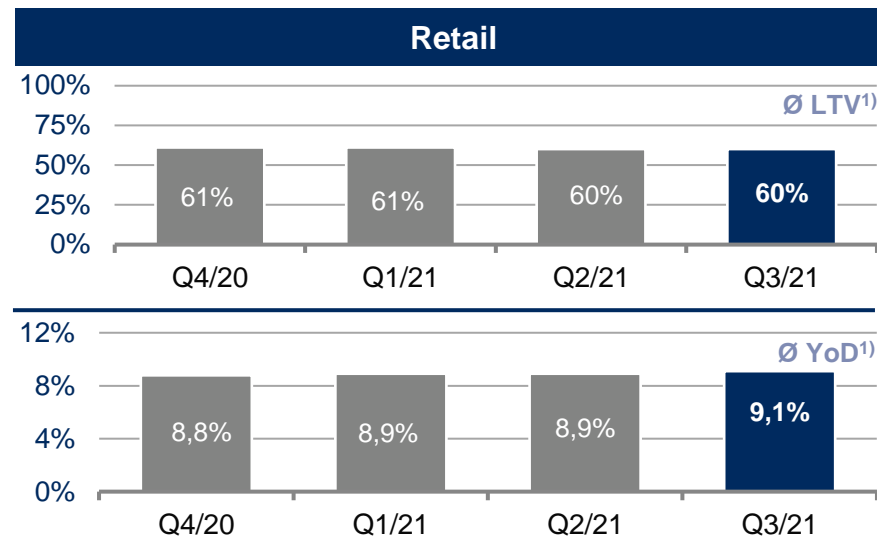
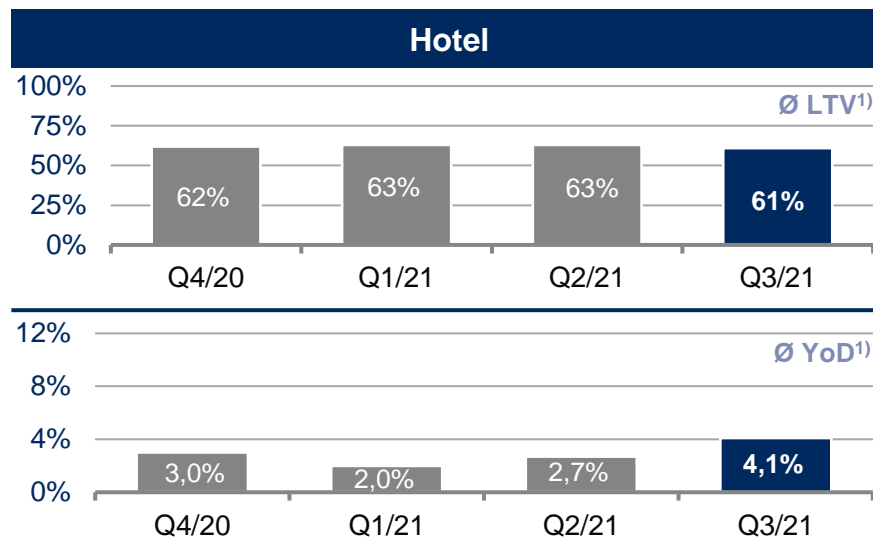
Development of liquidity support



1) Performing CREF-portfolio only (exposure)

Segment: Structured Property Financing

Update on hotel- and retail portfolio



- The US has lifted the travel ban for international arrivals as of November 8th, marking a significant change in policy
- The average LTV has further improved to 61% for the portfolio, as performance and visibility increase
- YoD's have risen markedly to above YE-level of 2020, with further uplift expected by YE

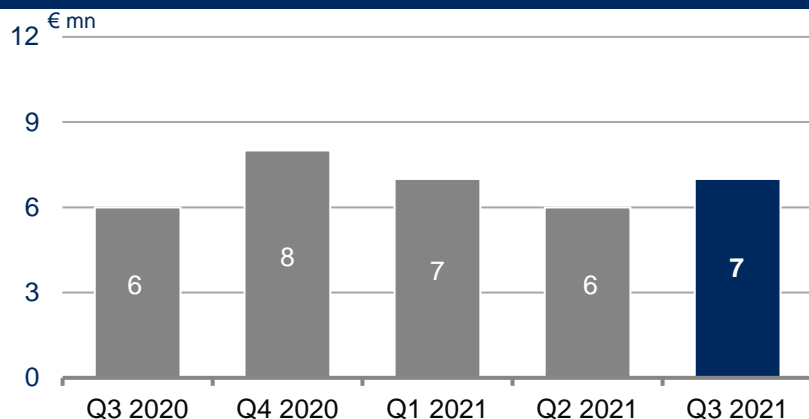
- Borrowers continue to adapt to the circumstances, working on and implementing new business strategies
- YoD has improved and represents a healthier overall level
- Updated valuations support further overall stabilisation of LTV level

1) Performing CREF-portfolio only (exposure)

Segment: Banking & Digital Solutions

NCI further increased, deposits at high level

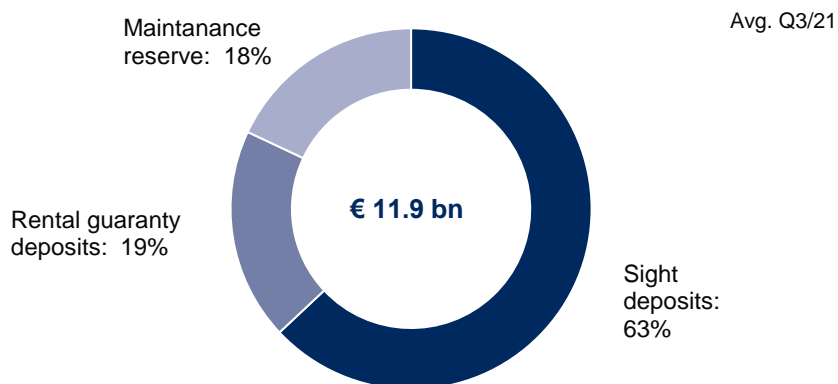
NCI



NCI further increased

- BDS continues positive underlying development towards defined target
- 9M-NCI further increase to € 20 mn in 9M/21 vs. € 18 mn in 9M/20
- Q2 burdened by BGH-ruling of € ~1 mn

Deposits by type



Deposits at high level

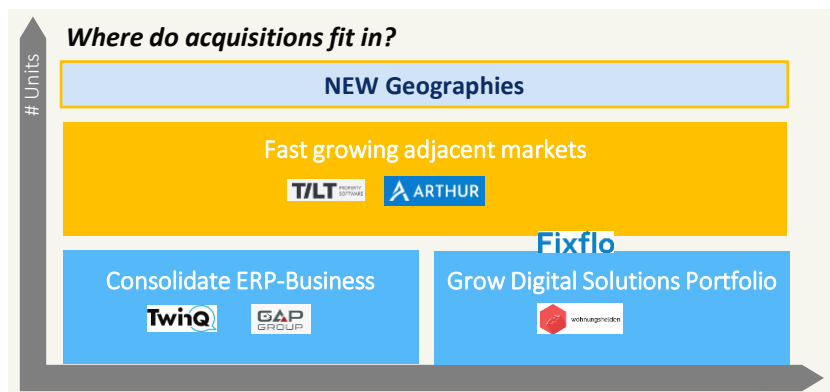
- YE-guidance raised to € 12 bn (from € 11 bn)
- Deposits from rental guarantees and maintenance reserves increased by € ~0.5 bn mn to € 4.4 bn vs. Q3/20
- Stable funding source during crisis continuously proven over last decade

Segment: Aareon - on the way to become a “Rule of 40” company

Strong investments in M&A and VCP to achieve our 2025 targets

M&A activities: strong execution in 2021

- Building on a strong pan-European M&A roll-up platform to realise growth opportunities in our target customers
- 6 acquisitions closed in 2021 financed by hunting line



Operational business: significantly strengthened

New products based on new technologies, e.g.

- Continuation of campaign for new ERP product generation Wodis Yuneo with focus on SaaS (VCP)
- New digital solutions developed to expand Aareon Smart World – marketing and product launches started, e.g. for AI-based products

DACH: Further increased market share, expanded product offering and increased cross-selling potentials

- GAP-Group (10/21): ERP solution for housing industry, cross-selling potential for digital solutions of Aareon Smart World
- wohnungshelden (08/21): SaaS solution for lettings process, cross-selling opportunities and expansion of product portfolio

UK: Increased market reach by tapping and consolidating fast-growing adjacent SMB property management market

- Tilt (07/21): SaaS property management solution
- Fixflo (05/21): SaaS digital solution for repairs workflow
- Arthur Online (01/21): SaaS property management solution

NL: Strong platform further expanded – new client group, increased cross-selling potential

- Twinq (05/21): SaaS solution privately owned housing management

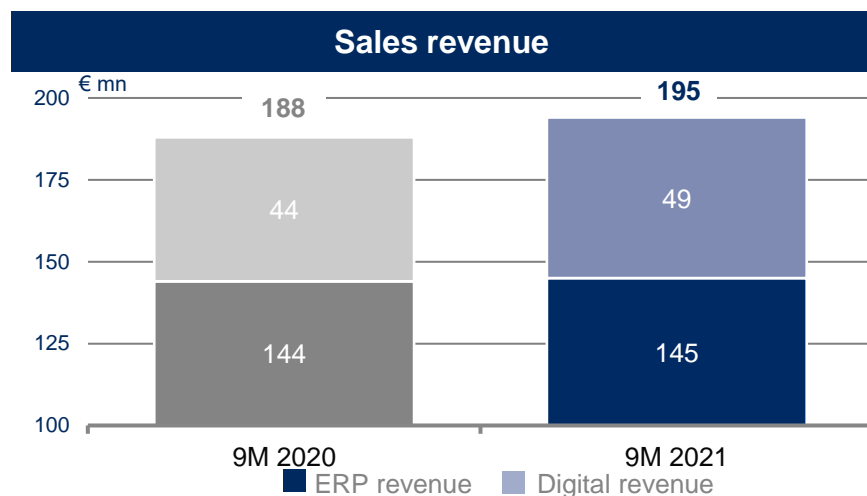
Value Creation Program: substantial progress

Focus on transforming process to become a full SaaS company

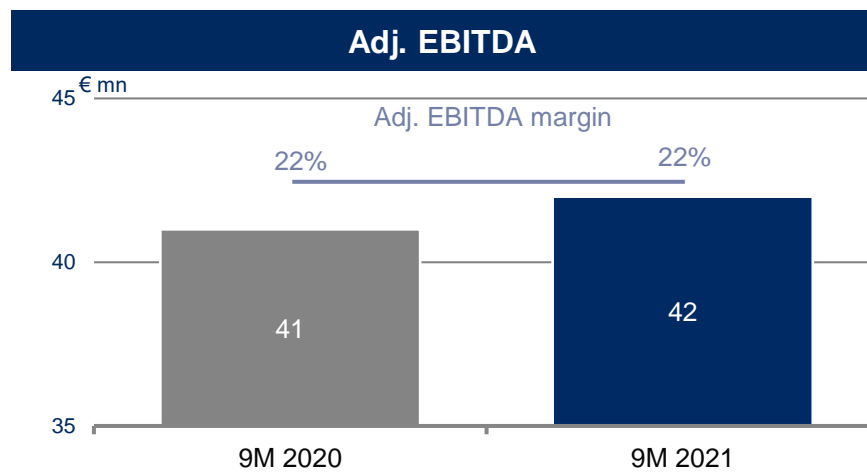
- SaaS/subscription campaign leading to higher recurring revenues (diluting revenue growth in 2021)
- Go-to-Market: campaign for higher client value product packages started in Germany in Q2, now extended to France and NL for selected customers

Segment: Aareon

Growth driven by increased recurring revenues and acquisitions, remaining on sustainable growth path despite temporarily lower PS



- Sales revenue increased by € 7 mn to € 195 mn (+3%)
- Digital revenues ex PS¹⁾ up 19% yoy (incl. PS up 12%)
- ERP revenues ex PS up 2% yoy (incl. PS up 1%)
- Main driver in both product groups is the increase of recurring revenues from organic growth and acquisitions in UK, NL and DACH
- PS is on a lower level due to Covid-19 impacts
- FY-revenue guidance slightly adjusted due to Covid-19 impact



- Adj. EBITDA ahead by € 1 mn to € 42 mn (+2%) - margin flat yoy due to lower contribution from PS mitigated by purposeful cost-conscious measures
- EBITDA 9M 2021 adjusted by € 16 mn (9M/20: € 4 mn) from ramping-up strategic M&A roadmap and investments in New Products and VCP strategy
- FY 2021 outlook regarding Adj. EBITDA confirmed incorporating effects from M&A transactions as well as ongoing related challenges within PS

Note: Numbers not adding up refer to rounding

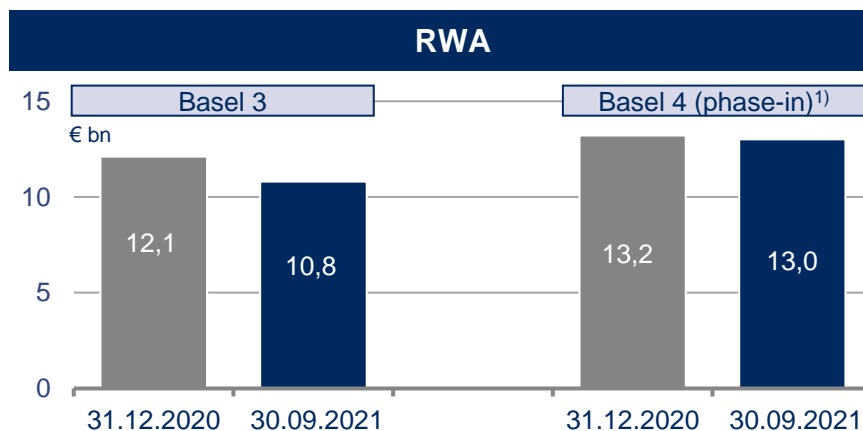
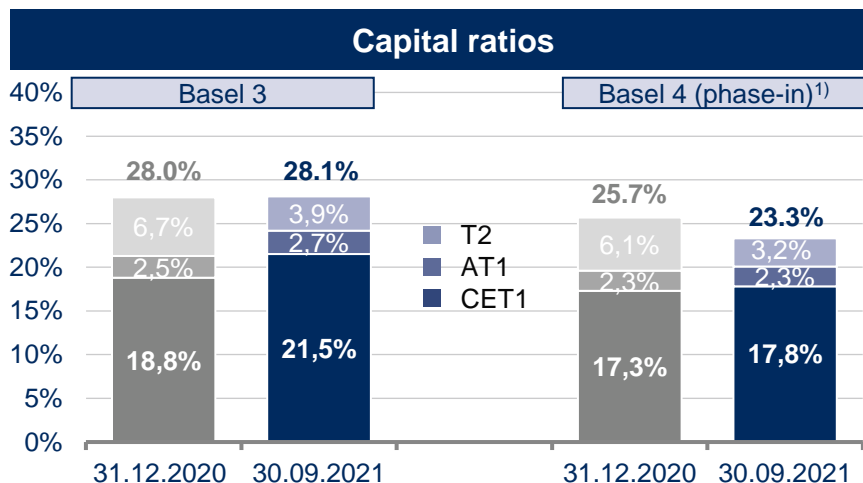
1) PS (Professional Services) = Consulting business

Capital, Funding & Liquidity



Capital

Solid capital position

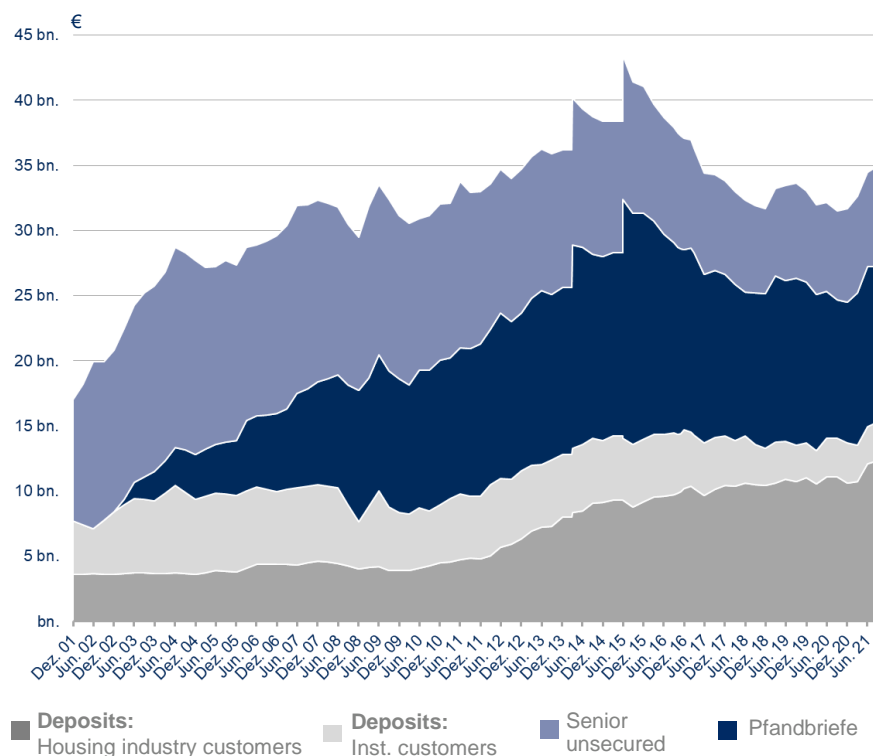


- Q3 increase in B3 and B4 (phase-in)¹⁾ CET1 ratios mainly resulting from lower RWAs
- RWA increase from strong and profitable portfolio growth more than compensated by positive effects from retroactively collateral recognition and from NPL reduction in Q3
- Following the publication of the Commission's proposal for the European implementation of B4 the standards have become more specific. To further align internal steering we currently consider to adjust the calculation of the B3 ratios accordingly from 2022 onwards
- Early redemption of € 300 mn Tier 2 Notes in Q1 reflected in total capital ratios, further optimisation potential
- Solid T1-Leverage ratio at 5.7% despite TLTRO participation and portfolio growth
- Remaining regulatory uncertainties (models, ICAAP, ILAAP, B4, etc.)

1) Underlying RWA estimate, incorporating the higher figure determined using the revised AIRBA or the revised CRSA (phased-in), based on the draft version dated 27 October 2021 of the European implementation of Basel IV by the European Commission. The conservative calculation of the material impact upon Aareal Bank is subject to the final EU implementation as well as the implementation of additional regulatory requirements, such as the EBA requirements.

Funding & Liquidity

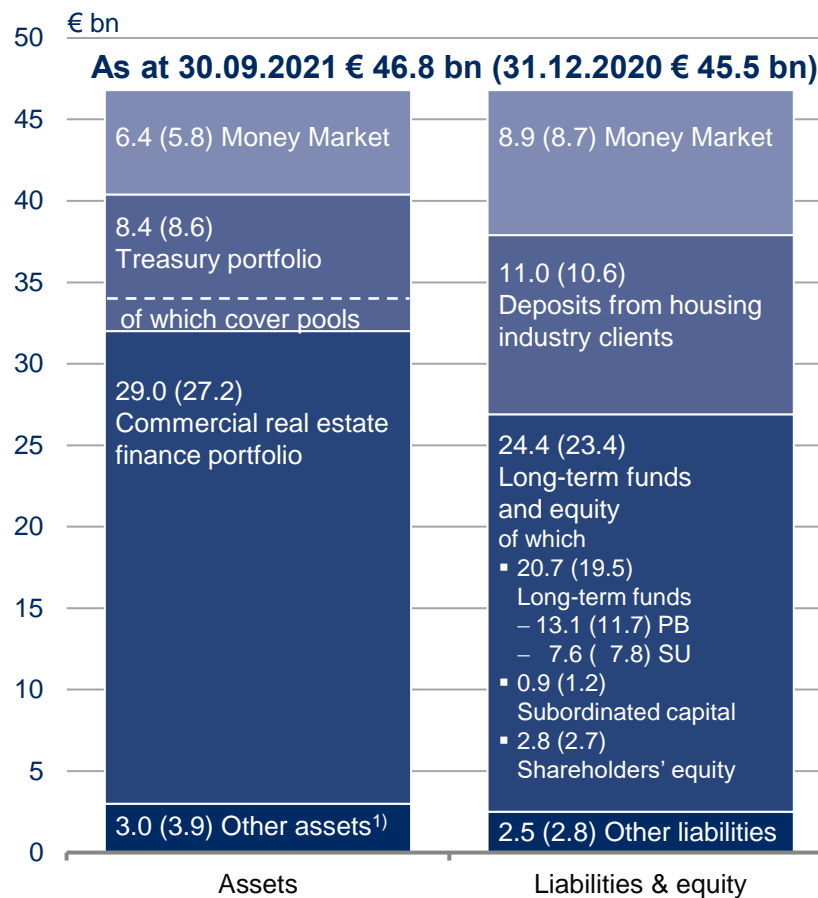
Diversified funding sources and distribution channels



- Sustainable and strong housing industry deposits increased by almost € 1 bn and verified as an important part of well diversified funding mix
- Larger CREF loan book to result in a higher number of public benchmark transactions
- Successful new issuance transactions of € 3.5 bn in 2021 incl.:
 - Two € 500 mn Pfandbrief Benchmark
 - \$ 750 mn Pfandbrief Benchmark
 - Inaugural SONIA linked £ 500 mn Pfandbrief
 - € 250 mn increase of outstanding Senior preferred Bond (Nov/2027) to new notional amount of € 750 mn
 - € 500 mn Senior Preferred Benchmark
- Participation in ECB's TLTRO (€ +1 bn) increased to a total of € 5.3 bn in Q1/21
- Liquidity ratios significantly over fulfilled:
 - NSFR > 100%
 - LCR >> 100%

B/S structure according to IFRS

Well balanced

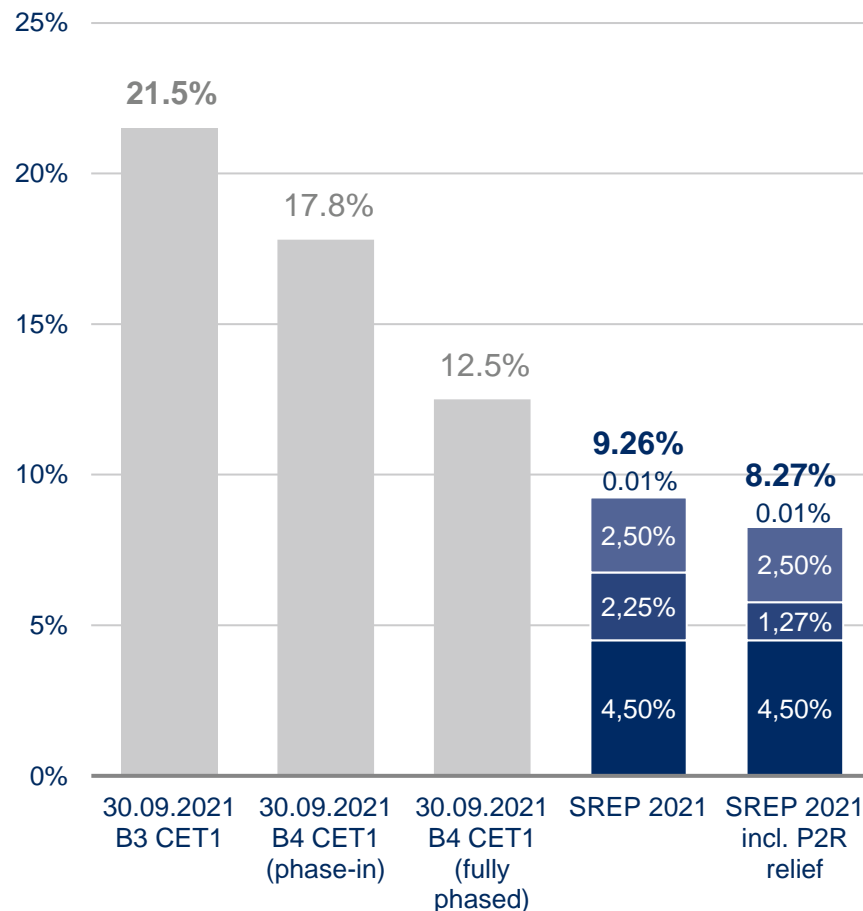


1) Other assets includes € 0.3 bn private client portfolio and WIB's € 0.3 bn public sector loans

SREP (CET 1) requirements

Demonstrating conservative and sustainable business model

CET1 ratios vs. SREP (CET1) requirements



- Capital ratios significant above SREP requirements
- P2R relief by using possibility of partially fulfilling requirements with AT1 and T2 capital
- Total capital requirement 2021 (Overall Capital Requirement (OCR)) amounts to 12.8% compared to 28.1% total capital ratio
- All ratios already include TRIM effects as well as prudential provisioning

- Countercyclical Buffer
- Capital Conservation Buffer
- Pillar 2 Requirement
- Pillar 1 Requirement

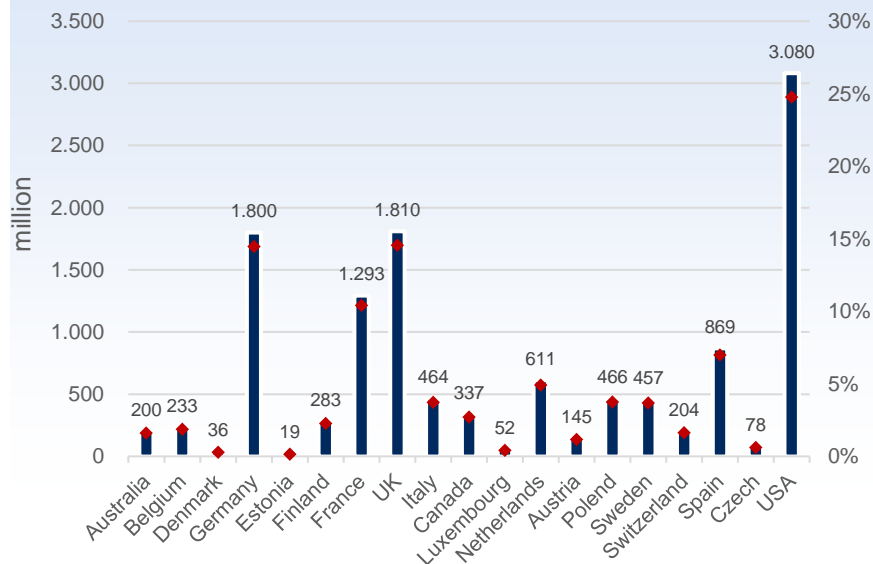
Mortgage Cover Pool

Well diversified regarding Geography and Property Type

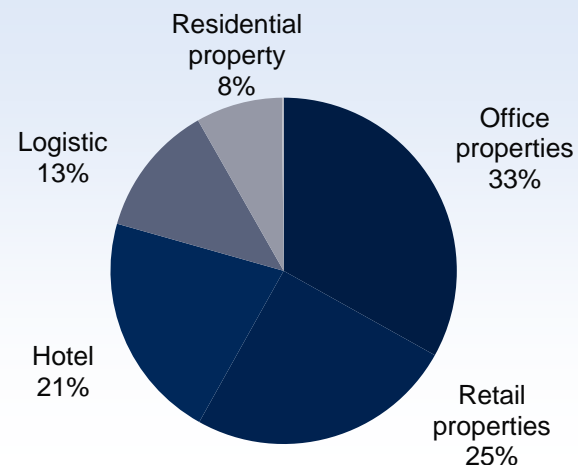
- Cover pool of € 13.1 bn including € 0.7 bn substitute assets diversified over 19 countries
- High quality of assets: first-class mortgage loans (mortgage-lending-value 55.8%)
- Mortgage-lending-value with high discount from market-value
- Ø LTV of the mortgage cover pool 33.0%
- Moody's has calculated a 'Aaa' supporting over-collateralisation ratio of 18.0% on a PV basis
- Over-collateralisation on a PV basis as of 30.09.2021: 21.5%
- High diversification within property types



Cover Pool by Geography



Cover Pool by Property Typ




Funding

Favourable market environment used for strong funding activities

Capital markets refinancing activities in 2021

Q1 2021

 **Aareal Bank Group**

0.010%
EUR 500.000.000
Hypothekenfandbrief

7 Years
Maturity 01.02.2028
ISIN: DE000AAR0280

Lead Manager
BNPP, Commerzbank, LBBW,
SocGen, UniCredit

January 2021


 **Aareal Bank Group**

0.625%
USD 750.000.000
Hypothekenfandbrief

4 Years
Maturity 14.02.2025
ISIN: XS2297684842

Lead Manager
Citigroup, Deutsche Bank,
HSBC, LBBW, NatWest

February 2021

 **Aareal Bank Group**


0.250%
TAP EUR 200mn to 500mn
Senior Preferred

7 Years
Maturity 13.11.2027
ISIN: DE000A289LU4

Lead Manager
Commerzbank, DekaBank,
DZ Bank, GS, HSBC

February 2021

Q2 2021

 **Aareal Bank Group**


SONIA +31bps
GBP 500.000.000
Hypothekenfandbrief

4 Years
Maturity 29.04.2025
ISIN: XS2337339977

Lead Manager
Deutsche Bank, HSBC,
NatWest, Nomura

April 2021

Q3 2021

 **Aareal Bank Group**


0.250%
TAP EUR 250mn to 750mn
Senior Preferred

7 Years
Maturity 13.11.2027
ISIN: DE000A289LU4

Lead Manager
Commerzbank, DekaBank,
GS, HSBC

July 2021

Q4 2021


 **Aareal Bank Group**

0.05%
EUR 500.000.000
Senior Preferred

5 Years
Maturity 02.09.2026
ISIN: DE000AAR0296

Lead Manager
BNPP, Citi, Commerzbank,
DekaBank, DZ Bank

September 2021

 **Aareal Bank Group**

0.010%
EUR 500.000.000
Hypothekenfandbrief

7 Years
Maturity 15.09.2028
ISIN: DE000AAR0306

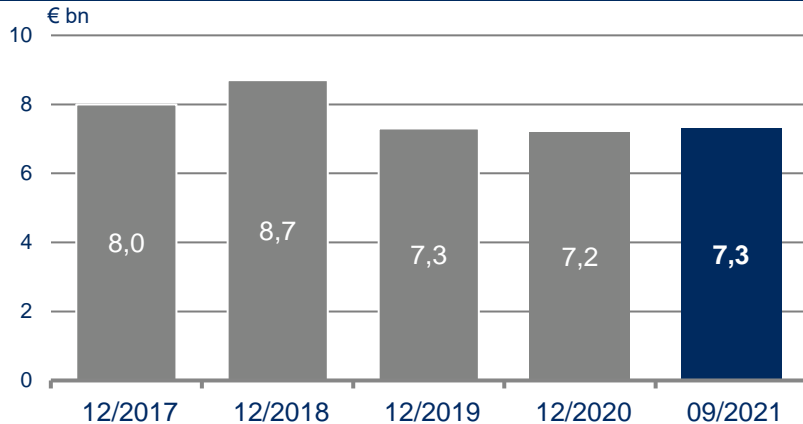
Lead Manager
BayernLB, Commerzbank,
Helaba, Natixis, UniCredit

September 2021

Treasury portfolio

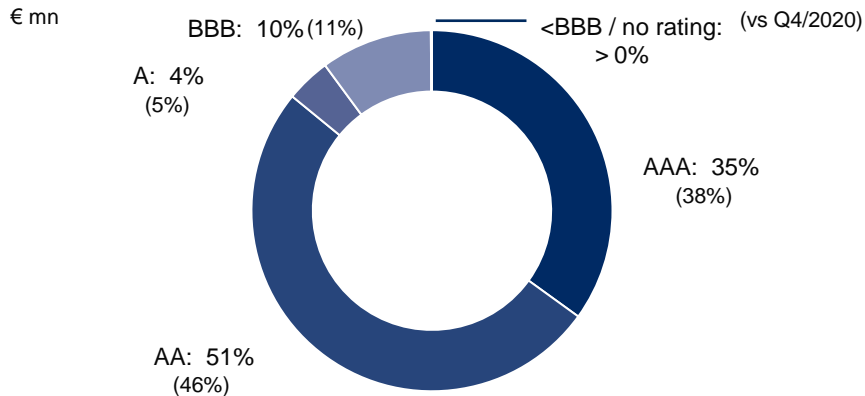
€ 7.3 bn of high quality and highly liquid assets

TR portfolio development

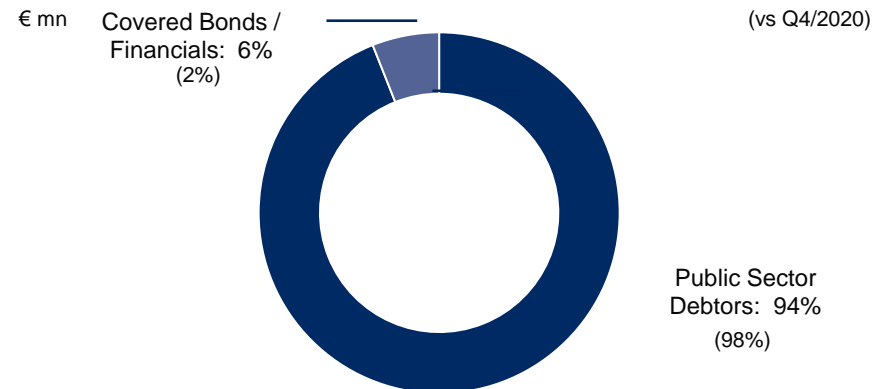


- Portfolio further diversified with additional investments in new agencies and Covered Bonds
- Investments in Covered Bonds supporting spread improvement

TR portfolio by rating¹⁾



TR portfolio by asset class



As at 30.06.2021 – all figures are nominal amounts

1) Composite Rating

Outlook 2021

07

Outlook 2021

Operating profit target confirmed

Group	METRIC	2020	OUTLOOK 2021 ¹⁾	
	<ul style="list-style-type: none"> Net interest income Net commission income LLP Admin expenses 	<ul style="list-style-type: none"> € 512 mn € 234 mn € 344 mn € 469 mn 	<ul style="list-style-type: none"> € 550 - 580 mn € 250 - 270 mn € 125 - 200 mn € 520 - 540 mn 	<ul style="list-style-type: none"> € 570 - 590 mn € 240 - 250 mn
<ul style="list-style-type: none"> Operating profit Earnings per share (EPS) 	<ul style="list-style-type: none"> € -75 mn € -1.50 	<ul style="list-style-type: none"> € 100 - 175 mn € ~0.40 - ~1.20²⁾ 		

Segments	Aareal Next Level	METRIC	2020	OUTLOOK 2021 ¹⁾	
	„Activate“	Structured Property Financing	<ul style="list-style-type: none"> REF Portfolio New business 	<ul style="list-style-type: none"> € 27.8 bn € 7.2 bn 	<ul style="list-style-type: none"> € ~29 bn³⁾ € 7 bn - € 8 bn
„Elevate“	Banking & Digital Solutions	<ul style="list-style-type: none"> Deposit volume NCI 	<ul style="list-style-type: none"> € 11.0 bn € 26 mn 	<ul style="list-style-type: none"> € ~11 bn € ~28 mn 	<ul style="list-style-type: none"> € ~12 bn
„Accelerate“	Aareon	<ul style="list-style-type: none"> Revenues Adj. EBITDA 	<ul style="list-style-type: none"> € 258 mn € 62 mn 	<ul style="list-style-type: none"> € 276 - 280 mn € 63 mn - € 65 mn 	<ul style="list-style-type: none"> € 270 - 274 mn

1) Based on "Swoosh" scenario. In the current environment, this forecast is subject to significant uncertainty, especially with regard to the assumed duration and intensity of the crisis, the pace of recovery and the associated effects on our clients, as well as prevailing unclear regulatory and accounting provisions, and the possibility that individual loan defaults cannot be reliably predicted.

2) EPS calculation based on expected FY-tax ratio between 50% and 60%

3) Subject to FX development

Key Takeaways



Key takeaways

Positive development continued in the third quarter



- Operating profit increased to € 50 mn in Q3
- Strong net interest income development based on profitable and risk conscious portfolio growth reflecting successful execution of our strategy „Aareal Next Level“
- Loan loss provisions significantly below last year, but Covid-19 related slightly above normalised level

Growth initiatives paying off



- SPF: By end of Q3 REF-portfolio already increased above original YE-target – Strong new business focusing on healthy risk-return profile with attractive margins and good LtVs
- BDS: Net commission income further increased, deposits at high level
- Aareon: Successful M&A activities supporting further growth

Outlook: Operating profit target 2021 confirmed



- Swoosh-scenario intact, depending on the duration of the pandemic and the pace of recovery
- FY-operating profit target confirmed
- FY-loan loss provision remains in guided range due to remaining uncertainties caused by the pandemic
- Course set for further controlled growth in the future

Group results Q3 / 9M 2021

Appendix

Aareal Bank Group

Results Q3 2021

	01.07.- 30.09.2021 € mn	01.07.- 30.09.2020 € mn	Change
Profit and loss account			
Net interest income	155	128	21%
Loss allowance	39	61	-36%
Net commission income	56	57	-2%
Net derecognition gain or loss	7	3	133%
Net gain or loss from financial instruments (fvpl)	-3	-4	-25%
Net gain or loss on hedge accounting	-2	2	-200%
Net gain or loss from investments accounted for using the equity method	0	0	0%
Administrative expenses	125	114	10%
Net other operating income / expenses	1	0	
Operating Profit	50	11	355%
Income taxes	27	10	170%
Consolidated net income	23	1	2200%
Consolidated net income attributable to non-controlling interests	0	1	-100%
Consolidated net income attributable to shareholders of Aareal Bank AG	23	0	
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾	23	0	
of which: allocated to ordinary shareholders	20	-4	-600%
of which: allocated to AT1 investors	3	4	-25%
Earnings per ordinary share (in €) ²⁾	0.33	-0.05	-760%
Earnings per ordinary AT1 unit (in €) ³⁾	0.03	0.04	-25%

1) The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis.

2) Earnings per ordinary share are determined by dividing the earnings allocated to ordinary shareholders of Aareal Bank AG by the weighted average of ordinary shares outstanding during the financial year (59,857,221 shares). Basic earnings per ordinary share correspond to diluted earnings per ordinary share.

3) Earnings per AT1 unit (based on 100,000,000 AT1 units with a notional amount of 3 € each) are determined by dividing the earnings allocated to AT1 investors by the weighted average of AT1 units outstanding during the financial year. Earnings per AT1 unit (basic) correspond to (diluted) earnings per AT1 unit.

Aareal Bank Group

Results Q3 2021 by segments

	Structured Property Financing		Banking & Digital Solutions		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.07.- 30.09. 2021	01.07.- 30.09. 2020	01.07.- 30.09. 2021	01.07.- 30.09. 2020	01.07.- 30.09. 2021	01.07.- 30.09. 2020	01.07.- 30.09. 2021	01.07.- 30.09. 2020	01.07.- 30.09. 2021	01.07.- 30.09. 2020
	€ mn									
Net interest income	146	119	11	9	-2	0	0	0	155	128
Loss allowance	39	61			0	0			39	61
Net commission income	2	1	7	6	50	53	-3	-3	56	57
Net derecognition gain or loss	7	3							7	3
Net gain or loss from financial instruments (fvpl)	-3	-4				0			-3	-4
Net gain or loss on hedge accounting	-2	2							-2	2
Net gain or loss from investments accounted for using the equity method					0	0			0	0
Administrative expenses	59	56	17	15	52	46	-3	-3	125	114
Net other operating income / expenses	-1	0	0	0	2	0	0	0	1	0
Operating profit	51	4	1	0	-2	7	0	0	50	11
Income taxes	28	9	0	-1	-1	2			27	10
Consolidated net income	23	-5	1	1	-1	5	0	0	23	1
Allocation of results										
Cons. net income attributable to non-controlling interests	0	0	0	0	0	1			0	1
Cons. net income attributable to shareholders of Aareal Bank AG	23	-5	1	1	-1	4	0	0	23	0

Aareal Bank Group

Results 9M 2021

	01.01.- 30.09.2021 € mn	01.01.- 30.09.2020 € mn	Change
Profit and loss account			
Net interest income	435	373	17%
Loss allowance	79	167	-53%
Net commission income	174	168	4%
Net derecognition gain or loss	15	19	-21%
Net gain or loss from financial instruments (fvpl)	-7	-11	-36%
Net gain or loss on hedge accounting	-4	4	-200%
Net gain or loss from investments accounted for using the equity method	-1	0	
Administrative expenses	393	352	12%
Net other operating income / expenses	-17	-10	70%
Operating Profit	123	24	413%
Income taxes	67	7	857%
Consolidated net income	56	17	229%
Consolidated net income attributable to non-controlling interests	2	2	0%
Consolidated net income attributable to shareholders of Aareal Bank AG	54	15	260%
Earnings per share (EpS)			
Consolidated net income attributable to shareholders of Aareal Bank AG ¹⁾	54	15	260%
of which: allocated to ordinary shareholders	44	3	
of which: allocated to AT1 investors	10	12	-17%
Earnings per ordinary share (in €) ²⁾	0.73	0.06	
Earnings per ordinary AT1 unit (in €) ³⁾	0.10	0.12	-17%

1) The allocation of earnings is based on the assumption that net interest payable on the AT1 bond is recognised on an accrual basis.

2) Earnings per ordinary share are determined by dividing the earnings allocated to ordinary shareholders of Aareal Bank AG by the weighted average of ordinary shares outstanding during the financial year (59,857,221 shares). Basic earnings per ordinary share correspond to diluted earnings per ordinary share.

3) Earnings per AT1 unit (based on 100,000,000 AT1 units with a notional amount of 3 € each) are determined by dividing the earnings allocated to AT1 investors by the weighted average of AT1 units outstanding during the financial year. Earnings per AT1 unit (basic) correspond to (diluted) earnings per AT1 unit.

Aareal Bank Group

Results 9M 2021 by segments

	Structured Property Financing		Banking & Digital Solutions		Aareon		Consolidation/ Reconciliation		Aareal Bank Group	
	01.01.- 30.09. 2021	01.01.- 30.09. 2020	01.01.- 30.09. 2021	01.01.- 30.09. 2020	01.01.- 30.09. 2021	01.01.- 30.09. 2020	01.01.- 30.09. 2021	01.01.- 30.09. 2020	01.01.- 30.09. 2021	01.01.- 30.09. 2020
€ mn										
Net interest income	406	345	33	29	-4	-1	0	0	435	373
Loss allowance	79	167			0	0			79	167
Net commission income	6	4	20	18	157	155	-9	-9	15	168
Net derecognition gain or loss	15	19							15	19
Net gain or loss from financial instruments (fvpl)	-7	-11		0		0			-7	-11
Net gain or loss on hedge accounting	-4	4							-4	4
Net gain or loss from investments accounted for using the equity method			-1		0	0			-1	0
Administrative expenses	193	173	53	50	156	138	-9	-9	393	352
Net other operating income / expenses	-21	-11	0	0	4	1	0	0	-17	-10
Operating profit	123	10	-1	-3	1	17	0	0	123	24
Income taxes	68	4	-1	-2	0	5			67	7
Consolidated net income	55	6	0	-1	1	12	0	0	56	17
Allocation of results										
Cons. net income attributable to non-controlling interests	0	0	0	0	2	2			2	2
Cons. net income attributable to shareholders of Aareal Bank AG	55	6	0	-1	-1	10	0	0	54	15

Aareal Bank Group

Results – quarter by quarter

	Structured Property Financing					Banking & Digital Solutions					Aareon					Consolidation / Reconciliation					Aareal Bank Group				
	Q3	Q2	Q1	Q4	Q3	Q3	Q2	Q1	Q4	Q3	Q3	Q2	Q1	Q4	Q3	Q3	Q2	Q1	Q4	Q3	Q3	Q2	Q1	Q4	Q3
	2021		2020			2021		2020			2021		2020			2021		2020			2021		2020		
€ mn																									
Net interest income	146	133	127	129	119	11	11	11	10	9	-2	-2	0	0	0	0	0	0	0	0	155	142	138	139	128
Loss allowance	39	33	7	177	61				0		0	0		0	0						39	33	7	177	61
Net commission income	2	2	2	4	1	7	6	7	8	6	50	54	53	58	53	-3	-3	-3	-4	-3	56	59	59	66	57
Net derecognition gain or loss	7	8	0	9	3																7	8	0	9	3
Net gain / loss from fin. instruments (fvpl)	-3	-3	-1	-21	-4									0	0						-3	-3	-1	-21	-4
Net gain or loss on hedge accounting	-2	1	-3	2	2																-2	1	-3	2	2
Net gain / loss from investments acc. for using the equity method				2			-1				0	0	0	-1	0						0	-1	0	1	0
Administrative expenses	59	50	84	54	56	17	17	19	18	15	52	54	50	50	46	-3	-3	-3	-5	-3	125	118	150	117	114
Net other operating income / expenses	-1	-15	-5	-3	0	0	0	0	0	0	2	1	1	3	0	0	0	0	-1	0	1	-14	-4	-1	0
Operating profit	51	43	29	-109	4	1	-1	-1	0	0	-2	-1	4	10	7	0	0	0	0	0	50	41	32	-99	11
Income taxes	28	30	10	-18	9	0	-1	0	1	-1	-1	0	1	4	2						27	29	11	-13	10
Consolidated net income	23	13	19	-91	-5	1	-1	-1	-1	1	-1	-1	3	6	5	0	0	0	0	0	23	12	21	-86	1
Cons. net income attributable to non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	1	1	3	1						0	1	1	3	1
Cons. net income attributable to ARL shareholders	23	13	19	-91	-5	1	0	-1	-1	1	-1	-2	2	3	4	0	0	0	0	0	23	11	20	-89	0

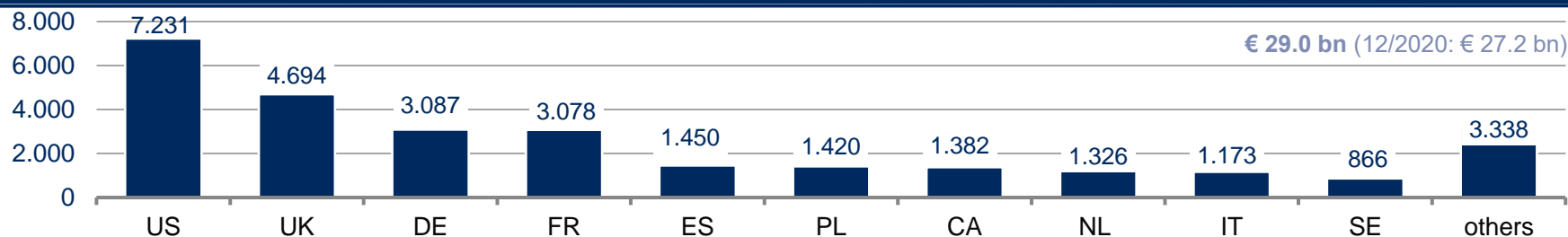
Asset quality

Appendix

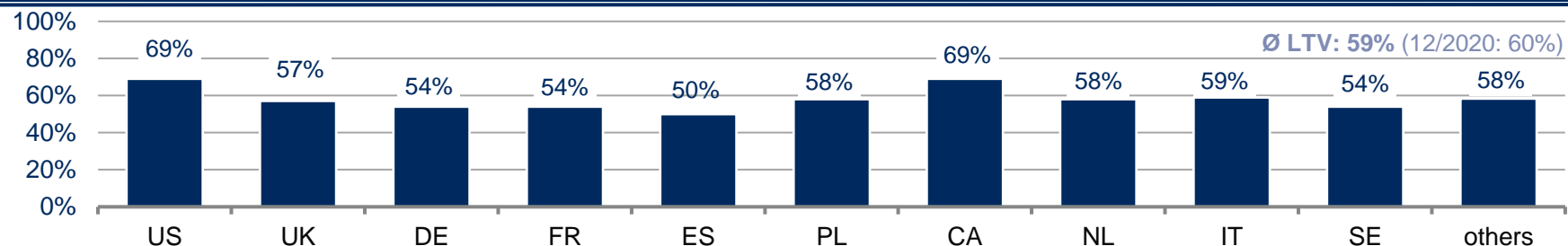
CREF portfolio by country

€ 29.0 bn highly diversified

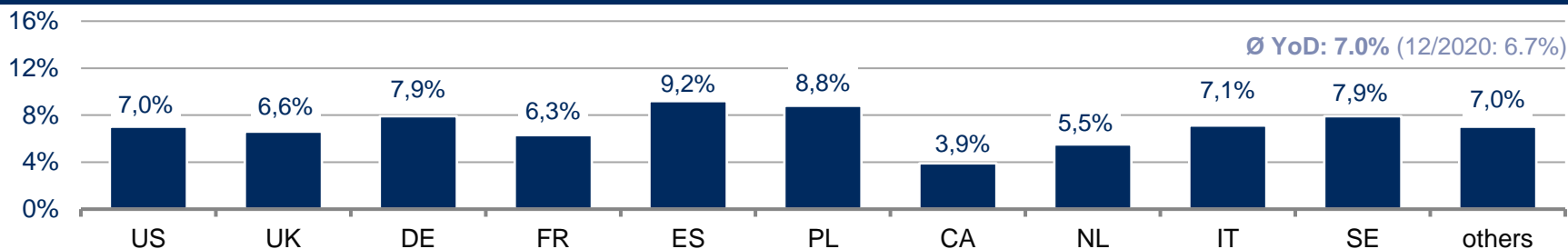
CREF portfolio (€ mn)



LTV¹⁾



YoD¹⁾

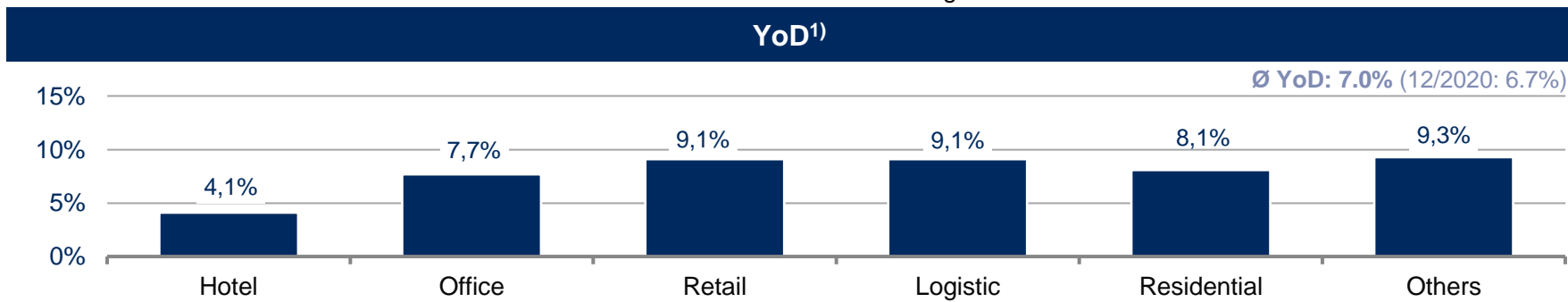
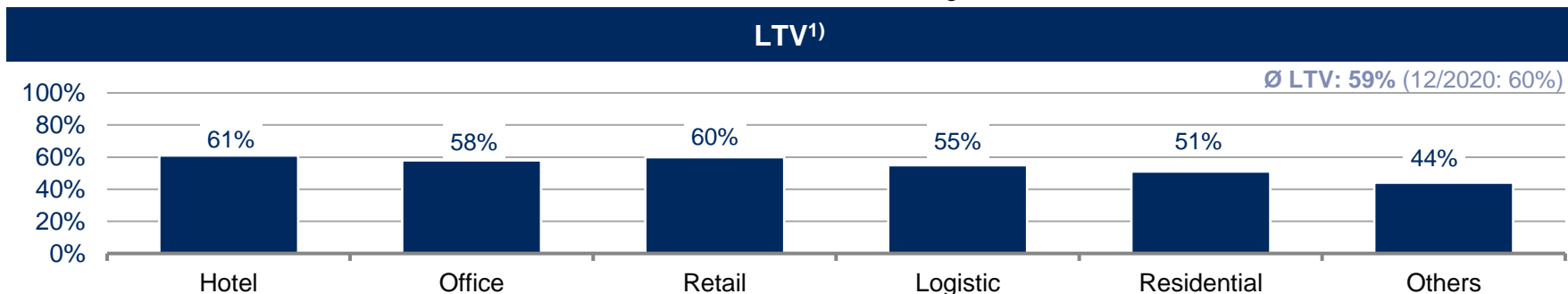
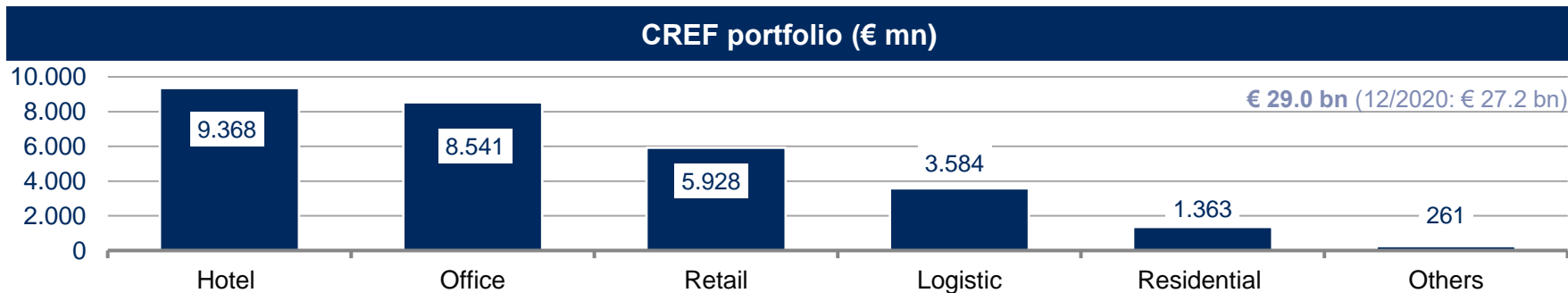


Note: others incl. countries with a portfolio below € 500 mn

1) Performing CREF-portfolio only (exposure)

CREF portfolio by property types

€ 29.0 bn highly diversified

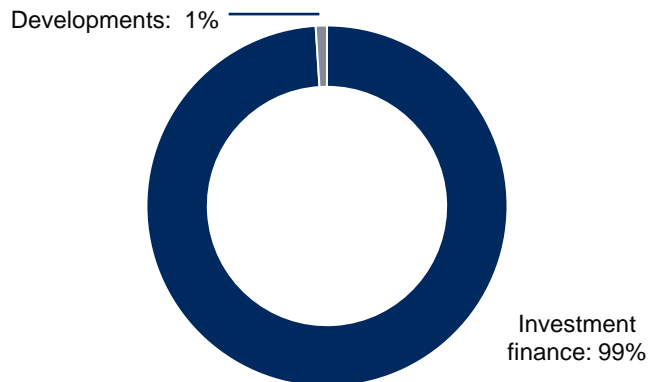


1) Performing CREF-portfolio only (exposure)

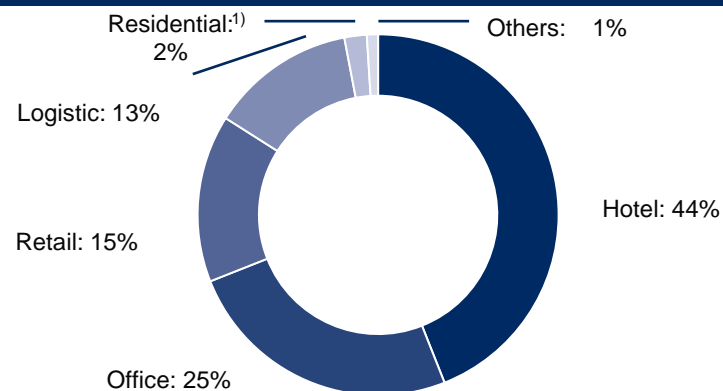
Western Europe (ex Germany) CREF portfolio

Total volume outstanding as at 30.09.2021: € 10.4 bn

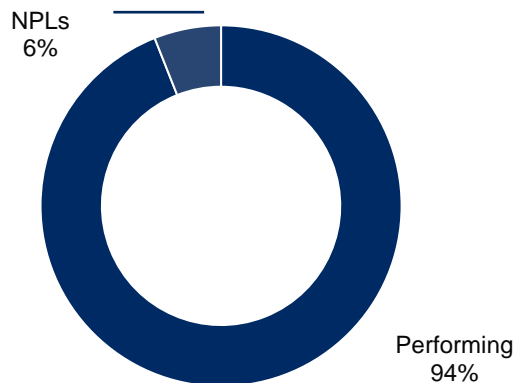
by product type



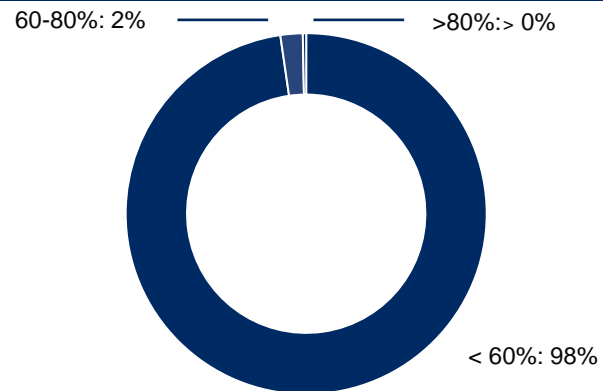
by property type



by performance



by LTV ranges²⁾



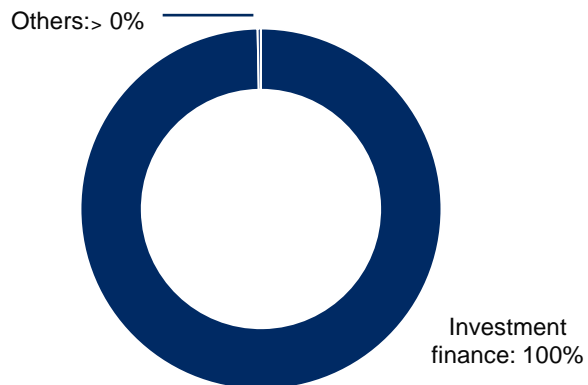
1) Incl. Student housing (UK & Australia only)

2) Performing CREF-portfolio only (exposure)

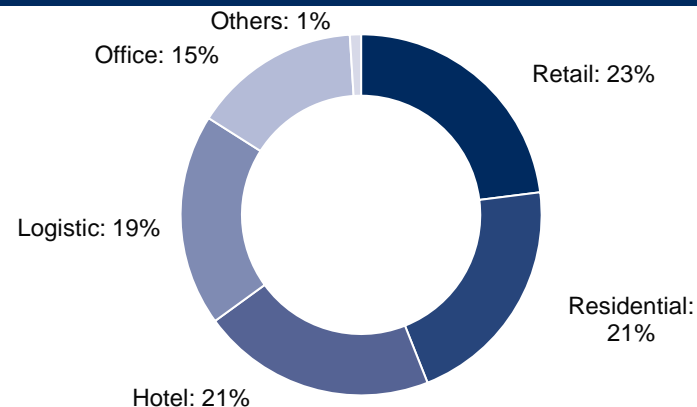
German CREF portfolio

Total volume outstanding as at 30.09.2021: € 3.1 bn

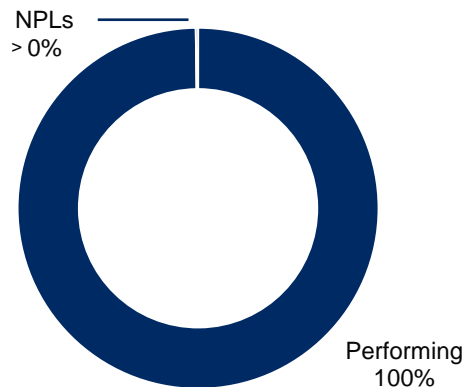
by product type



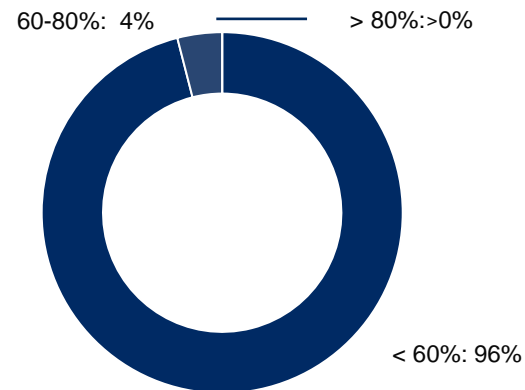
by property type



by performance



by LTV ranges¹⁾

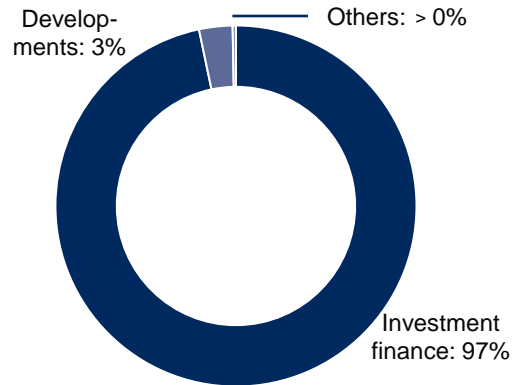


1) Performing CREF-portfolio only (exposure)

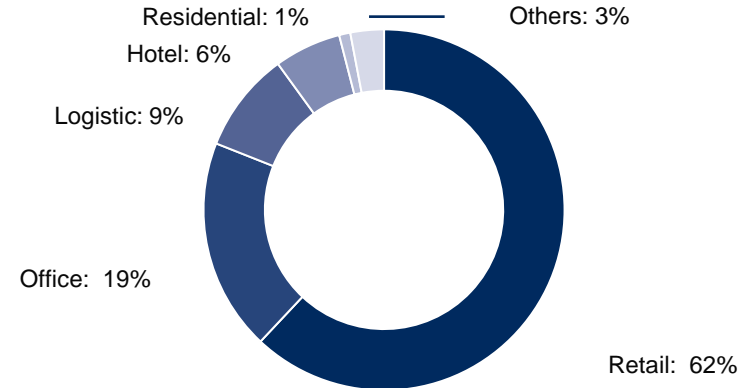
Southern Europe CREF portfolio

Total volume outstanding as at 30.09.2021: € 2.6 bn

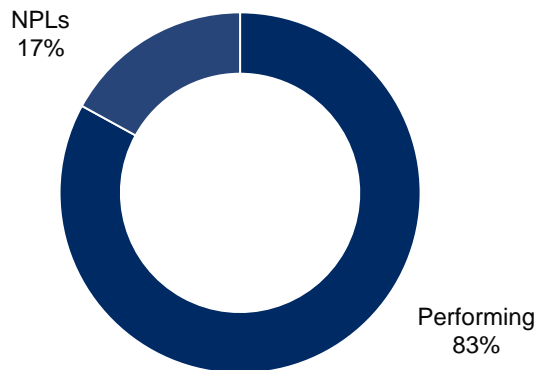
by product type



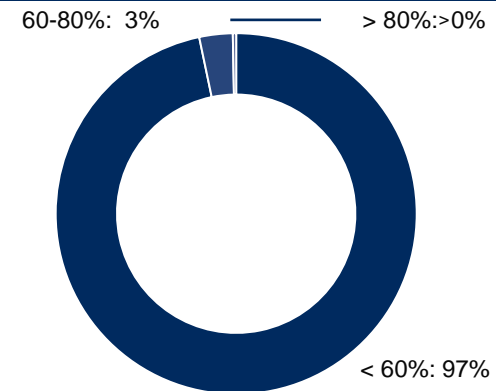
by property type



by performance

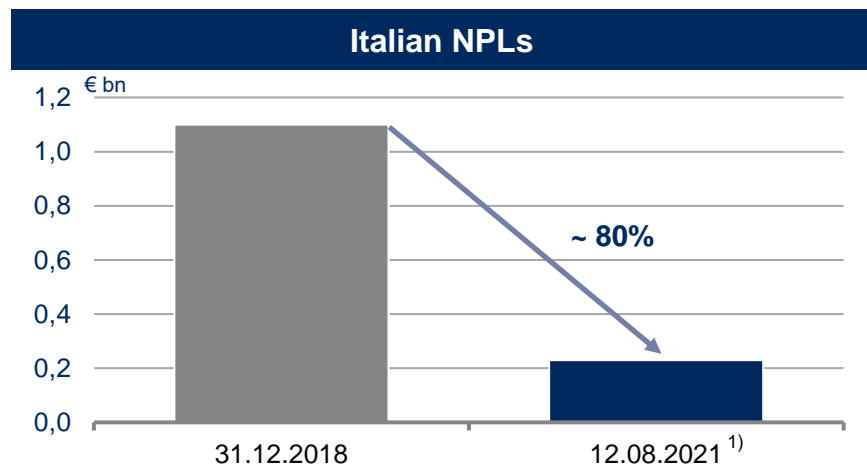
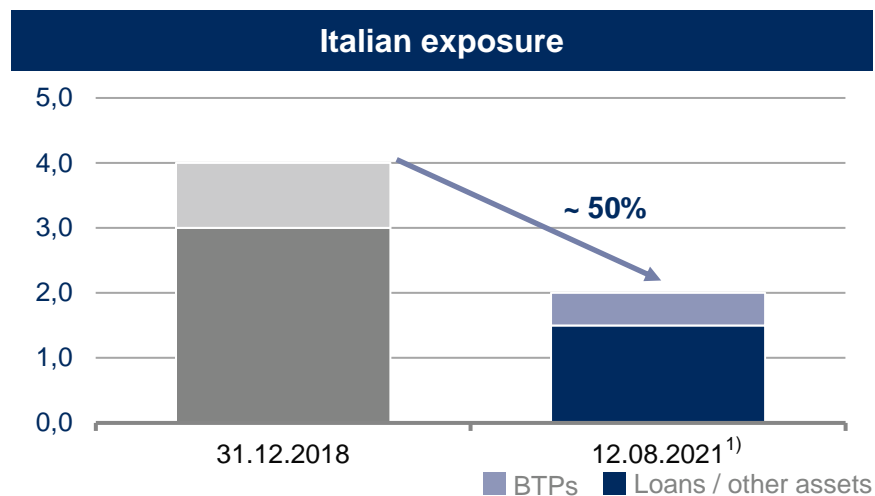


by LTV ranges¹⁾



1) Performing CREF-portfolio only (exposure)

Accelerated Italian De-Risking initiative successfully concluded



- De-Risking initiative started in 2019 which in itself led to a significant reduction of the Italian legacy exposure by € 1.6 bn
 - NPLs reduction of € 730 mn²⁾ or ~65%
 - Performing loans with LtV > 90% reduced by € 350 mn
 - BTPs³⁾ reduced by € 530 mn
- Significant net capital release resulting from de-risking initiative exceeding P&L burden
 - Net capital release eco. ICAAP: € ~150 mn
 - Net capital release reg. Capital (B3⁴⁾): € ~140 mn
 - Net capital release reg. Capital (B4⁵⁾): € ~110 mn

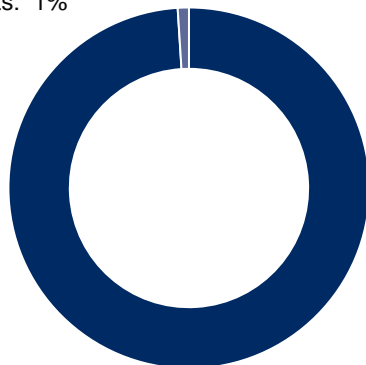
1) Figures as of 30/06/21 less two NPLs derecognised in 08/21
 2) Foreclosed Italian assets taken on own book for future development of € 137 mn not included
 3) BTP = Buono del Tesoro Poliennali
 4) Based on B3 CET1-ratio of 18.8%
 5) Based on B4 CET1-ratio (phase-in) of 17.3%

Eastern Europe CREF portfolio

Total volume outstanding as at 30.09.2021: € 1.9 bn

by product type

Developments: 1%



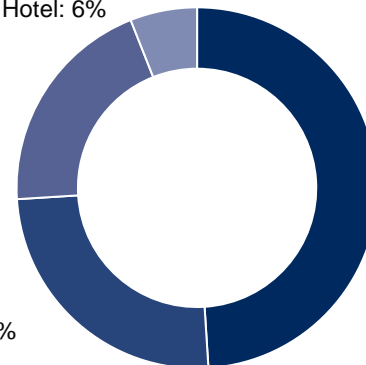
Investment
finance: 99%

by property type

Hotel: 6%

Retail: 20%

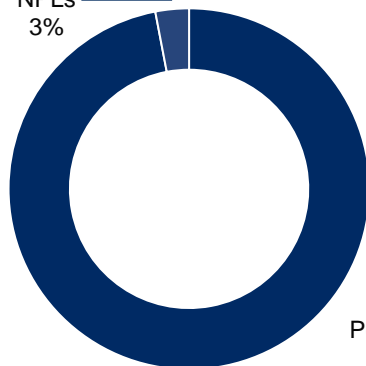
Office: 25%



Logistic: 49%

by performance

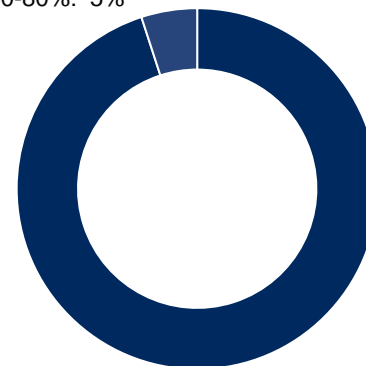
NPLs
3%



Performing
97%

by LTV ranges¹⁾

60-80%: 5%



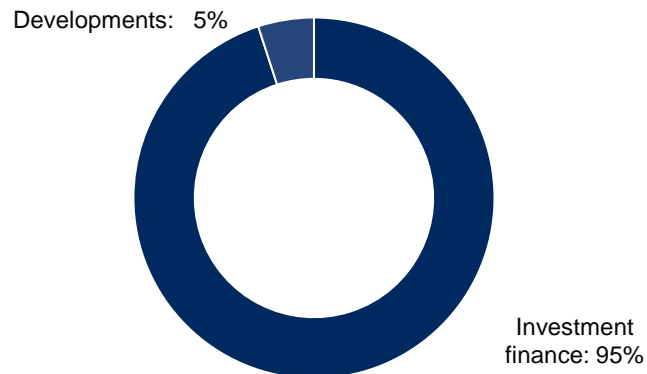
< 60%: 95%

1) Performing CREF-portfolio only (exposure)

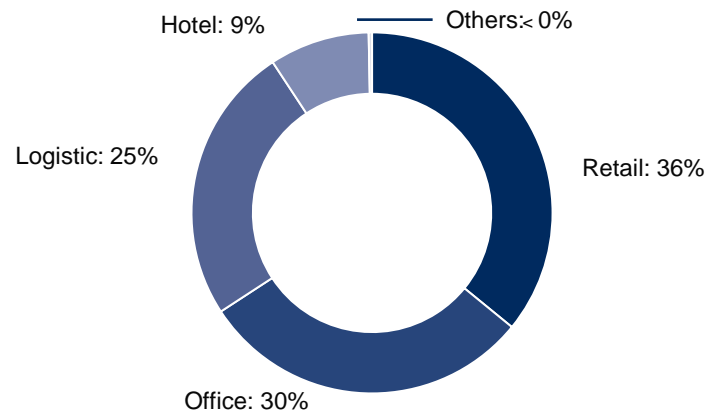
Northern Europe CREF portfolio

Total volume outstanding as at 30.09.2021: € 1.4 bn

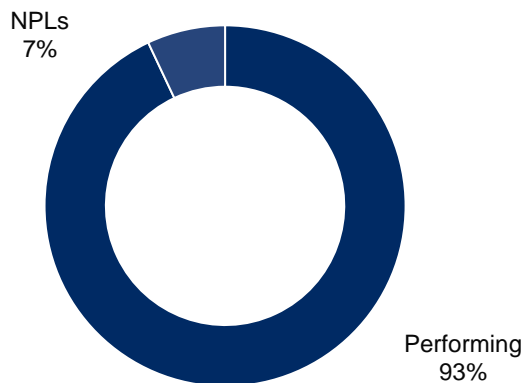
by product type



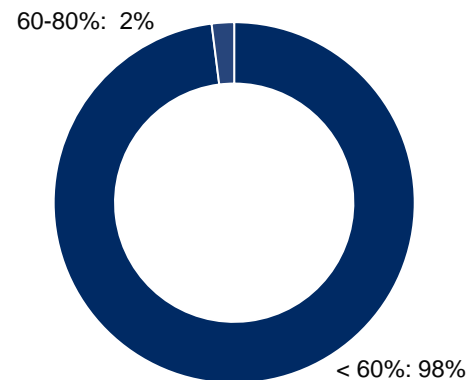
by property type



by performance



by LTV ranges¹⁾



1) Performing CREF-portfolio only (exposure)

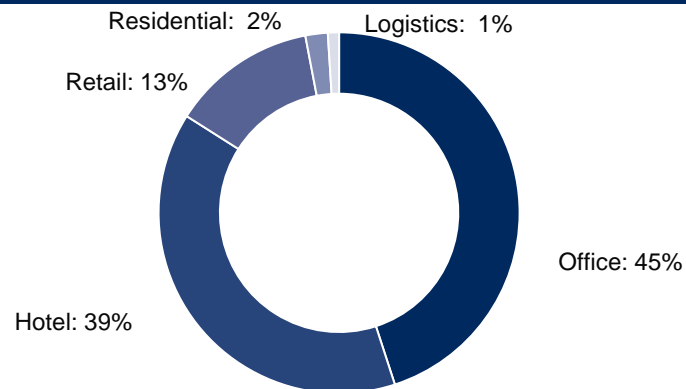
North America CREF portfolio

Total volume outstanding as at 30.09.2021: € 8.6 bn

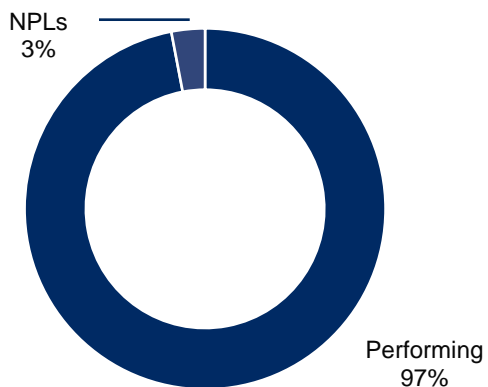
by product type



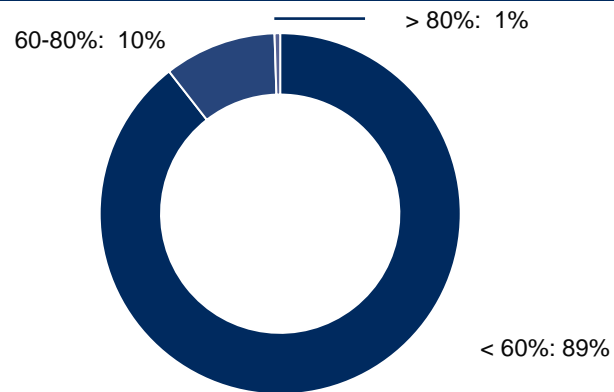
by property type



by performance



by LTV ranges¹⁾



1) Performing CREF-portfolio only (exposure)

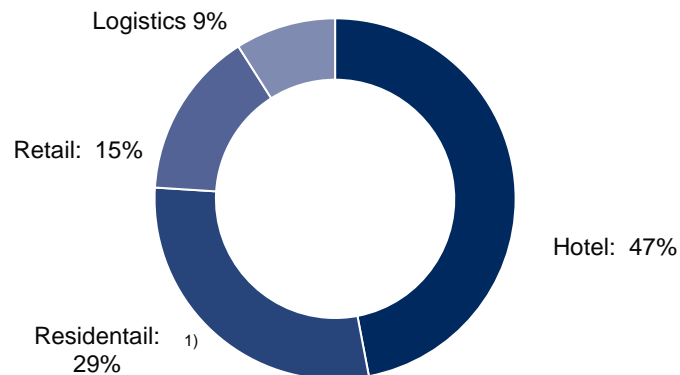
Asia / Pacific CREF portfolio

Total volume outstanding as at 30.09.2021: € 1.0 bn

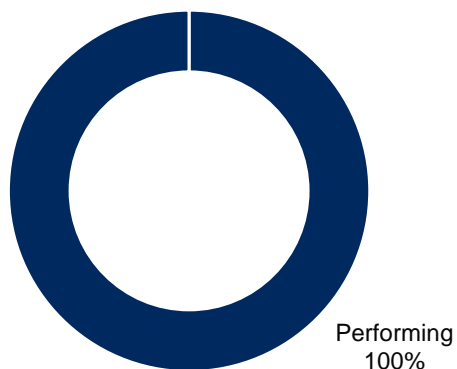
by product type



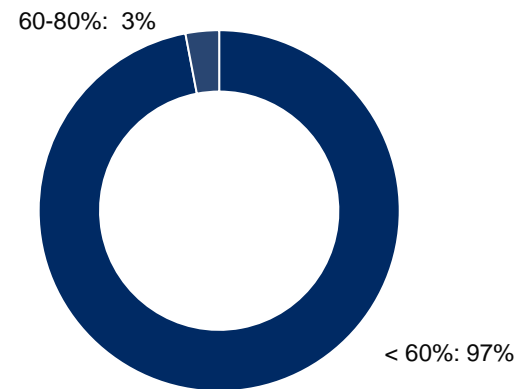
by property type



by performance



by LTV ranges²⁾



1) Incl. Student housing (UK & Australia only)

2) Performing CREF-portfolio only (exposure)

Segment: Aareon

Appendix

Segment: Aareon

P&L and other KPIs

P&L Aareon segment - Industry format ¹⁾	Q3'20	9M'20	Q3'21	9M'21	Δ Q3 '21/'20	Δ 9M '21/'20
€ mn						
Sales revenue	63	188	62	195	-2%	3%
▪ <i>Thereof ERP</i>	49	144	46	145	-6%	1%
▪ <i>Thereof Digital</i>	14	44	16	49	13%	12%
Costs ²⁾	-50	-150	-54	-169	8%	11%
▪ <i>Thereof material</i>	-10	-34	-12	-38	16%	12%
EBITDA	13	36	8	25	-40%	-31%
Adjustments ²⁾	-2	-4	-5	-16	>100%	>100%
Adj. EBITDA	15	41	13	42	-12%	2%
EBITDA	13	36	8	25	-40%	-31%
D&A / Financial result	-6	-20	-9	-24	42%	24%
EBT / Operating profit	6	17	-2	1	<-100%	-94%

R&D, RPU and operating cashflow	
Revenue per unit (RPU) – LTM (€)	22
R&D spend as % of software revenue – YTD	23%
YTD Operating Cash Flow (€ mn)	13

- RPU (last 12 months) at 22 € (H1/21: 24€)
- R&D spend picking up in line with communicated pattern of gradual increase in the short term up to 25%
- VCP- as well as M&A-related investments led to higher costs growth in relation to revenue growth as planned
- Operating Cash Flow at € 13 mn (9M/20: € 34 mn) mainly driven by lower operating result due to higher investments

1) Calculation refers to unrounded numbers

2) Incl. New product, VCP, Ventures, M&A and one-offs

Aareal Next Level – 360°-review

Appendix

Aareal enters into first stage evolution of 'Aareal Next Level'

Operating profit target of € ~300 mn to be achieved already in 2023¹⁾

January 2020	<ul style="list-style-type: none"> ▪ We introduced our strategy 'Aareal Next Level' with three strategic pillars ACTIVATE!, ELEVATE! and ACCELERATE!
Q4 2020	<ul style="list-style-type: none"> ▪ Management initiated a 360° review of 'Aareal Next Level' in the context of Covid-19 and its mid term structural implications supported by McKinsey ▪ Key focus of 360° review: i) create sustainable shareholder value in a new normal after Covid-19 with the aim of earning our CoE mid-term¹⁾ and ii) resume our track record as reliable dividend payer²⁾
Early 2021	<ul style="list-style-type: none"> ▪ 360° review confirms 'Aareal Next Level' remaining a successful and attractive strategy even in a post Covid-19 environment. Thus, we will enter into first stage evolution of 'Aareal Next Level' ▪ We identified 1 2 3 4 5 additional levers within the 'Aareal Next Level' strategic framework to significantly improve our successful performance in the future ▪ We envisage to achieve an operating profit target of € ~300 mn already in 2023³⁾ which translates into a return on equity after taxes of ~8%¹⁾ on Group as well as on Bank level ▪ Free capital retained for either M&A and/or capital management

1) 15% CET 1 reference ratio (Basel IV, phase-in, revised IRBA) exceeding the market average as a reference; excluding any potential acquisitions; subject to the Covid 19 crisis being fully overcome by then

2) Subject to ECB approval

3) Excluding any potential acquisitions, and subject to the Covid-19 crisis being fully overcome by then

Note: All 2020 figures preliminary and unaudited

'Aareal Next Level' strategy confirmed as successful and attractive

Operating profit target of € ~300 mn to be achieved already in 2023¹⁾



Strategy and business model confirmed, being successful in a normalised environment post Covid-19



First evolution of 'Aareal Next Level' enables utilising market opportunities in Covid-19 environment and increase efficiency in organisation, of processes and infrastructure



Operating profit target of € ~300 mn to be achieved already in 2023¹⁾ translating into a RoE after taxes of ~8%²⁾ on Group and Bank level



Transformation, innovation and investment budgets

- Aareal Bank: i) transformation budget of € 10 mn fully financed by related positive one-offs and ii) innovation budget for growth initiatives of on avg. € ~2 mn p.a. (2021 - 2023) to boost NCI in Banking & Digital Solutions³⁾
- Additional investment budget⁴⁾ for Aareon with growth costs in context of VCP implementation (2021: € ~8 mn) leading to a temporary dilution of EBT

1) Excluding any potential acquisitions, and subject to the Covid-19 crisis being fully overcome by then

2) 15% CET 1 reference ratio (Basel IV, phase-in, revised IRBA) exceeding the market average as a reference; excluding any potential acquisitions; subject to the Covid 19 crisis being fully overcome by then

3) Formerly known as Consulting / Services Bank: has been renamed effective from Jan. 2021

4) Excluding costs for Aareon M&A and M&A financing

Note: All 2020 figures preliminary and unaudited

ACTIVATE! Structured Property Financing

Take advantage of market opportunities, grow book and optimize funding

**We continue to leverage on expanded origination, structuring and exit opportunities – “Play the Matrix”
i .e. countries, property types and structures**

Lever	First stage evolution of 'Aareal Next Level'	Targets
1	<p>Continue to pursue risk-conscious and ESG conform, organic expansion of financing business based on attractive margins to increase our on-balance credit portfolio</p> <ul style="list-style-type: none"> As done in Q4, utilizing market opportunities in the Covid-19 environment with attractive risk / return profiles building on our USPs Increase our NII, leverage our platform and enhance profitability through RoE accretive business, syndication capability is continuously used to improve structure of new business and profitability / return We will continue to further develop our asset light strategy 	<p>REF portfolio: YE 21: € ~29 bn YE 22: € ~30 bn</p>
2	<p>Optimisation of funding mix and capital structure to enhance profitability and return</p> <ul style="list-style-type: none"> Review and fine-tune our liquidity and ALM strategy, but maintain prudent liquidity ratios Enhance our funding mix regarding new products e.g. establishing a CP programme and optimize funding costs, by speeding up our cover pool process Optimize our regulatory capital structure 	<p>Q1 21: Termination of T2 € 300 mn</p> <p>YE 22: Executed ALM / liquidity strategy</p>

ACTIVATE! We continue to strive towards greater ESG-transparency

Preliminary data on climate performance for about 85% of our existing CREF portfolio has been collected – pursuit of further data ongoing



Transparency

Improvement of ESG-Transparency

- Together with our clients we are striving to achieve maximum transparency relating to the environmental performance of our commercial real estate finance portfolio
- Through an ongoing dialogue with our clients and research in external databases we have been able to gather preliminary data on about 85% of our CREF portfolio
- For approximately 65% of our CREF portfolio we know of robust building certificates (i.e. DGNB, BREEAM, HQE, LEED, NABERS) or energy-performance certificates or both
- We continue our effort in improving the extent, level of detail and quality of our ESG-data together with our clients
- At the same time we are implementing further enhancements to our IT-Systems in order to accommodate documentation of relevant climate-performance data

Our target remains to achieve full transparency relating to climate performance in 2022

External recognition

The 'External recognition' section displays a vertical stack of logos. From top to bottom: the U.S. Green Building Council (LEED USGBC) logo, the DGNB logo, the BREEAM logo, the NABERS logo, the HQE logo, and a graphic of a house with a vertical bar chart on its right side. The bar chart is labeled 'Energy Efficiency' and has seven levels, A through G, with A at the top (green) and G at the bottom (red).

ELEVATE! Banking & Digital Solutions¹⁾

Leverage on our deeply embedded customer integration and increase NCI

We continue to leverage and grow our housing and adjacent industries business through elevation and expansion of our product suite with focus on NCI based income and take opportunities in cooperation with customers and other partners

Lever	First stage evolution of 'Aareal Next Level'	Targets
3	<p>Increase our opportunities for a further expansion with a particular focus on our net commission income in our Digital Solutions business</p> <ul style="list-style-type: none"> ▪ Sharpening our strategic profile and enhance our development capabilities ▪ Continue to leverage and grow our housing and adjacent industries business through cross selling with an increasing contribution of our innovation portfolio <ul style="list-style-type: none"> ➤ grow NCI with a CAGR of 13% until 2023 ▪ On top: Innovation budget for growth initiatives of on average € ~2 mn p.a. between 2021 and 2023 together with pursuing selected M&A opportunities with the ambition to double NCI until 2025 <p>We reconfirm the attractiveness of our deposit base in our Banking business which is deeply imbedded in our clients' processes</p> <ul style="list-style-type: none"> ▪ Sticky deposit base at attractive terms and costs from group perspective, further upside in a rising rate environment and the opportunity of additional cross selling 	<p>Ø 23: Deposit volume of € >11 bn</p> <p>Grow NCI with a CAGR of 13% until 2023</p> <p>Ambition to double NCI until 2025</p>

1) Formerly known as Consulting / Services Bank: has been renamed effective from Jan. 2021

ACCELERATE! Aareon

VCP to increase mid-term adj. EBITDA target to € 135 mn, M&A on top

We continue to strengthen Aareon's position as the leading and independent software company for the property industry with a strong value proposition

Lever	First stage evolution of 'Aareal Next Level'	Targets
4	<p>VCP, developed with Advent, Aareon and Aareal, to increase mid-term adj. EBITDA target from € >110 mn to € 135 mn and M&A on top</p> <ul style="list-style-type: none"> ▪ Accelerate investment in developing new digital products and offerings to add to Aareon's growing portfolio of Digital Solutions ▪ Go to market excellence and accelerate "new logo" wins ▪ Leveraging Aareon's core ERP installed base to upsell / cross sell new modules and digital solutions from Aareon's Smart World ▪ Additional investment budget¹⁾ for Aareon with growth costs in context of VCP implementation (2021: € ~8 mn) leading to a temporary dilution of EBT 	<p>YE 23: VCP with add. positive EBT impact (organic)</p> <p>YE 25: Increase adj. EBITDA from € >110 mn to € ~135 mn; achieve Rule of 40²⁾</p>
M&A	<p>Implementing Aareon's strategic M&A roadmap</p> <ul style="list-style-type: none"> ▪ Execution of strategic M&A roadmap and EBITDA contribution from M&A activities on top ▪ Initially up to € 250 mn debt funding of M&A roadmap negotiated ▪ Recent acquisition of SaaS company Arthur being the first evidence of the successful partnership with Advent 	<p>EBITDA from M&A on top</p>

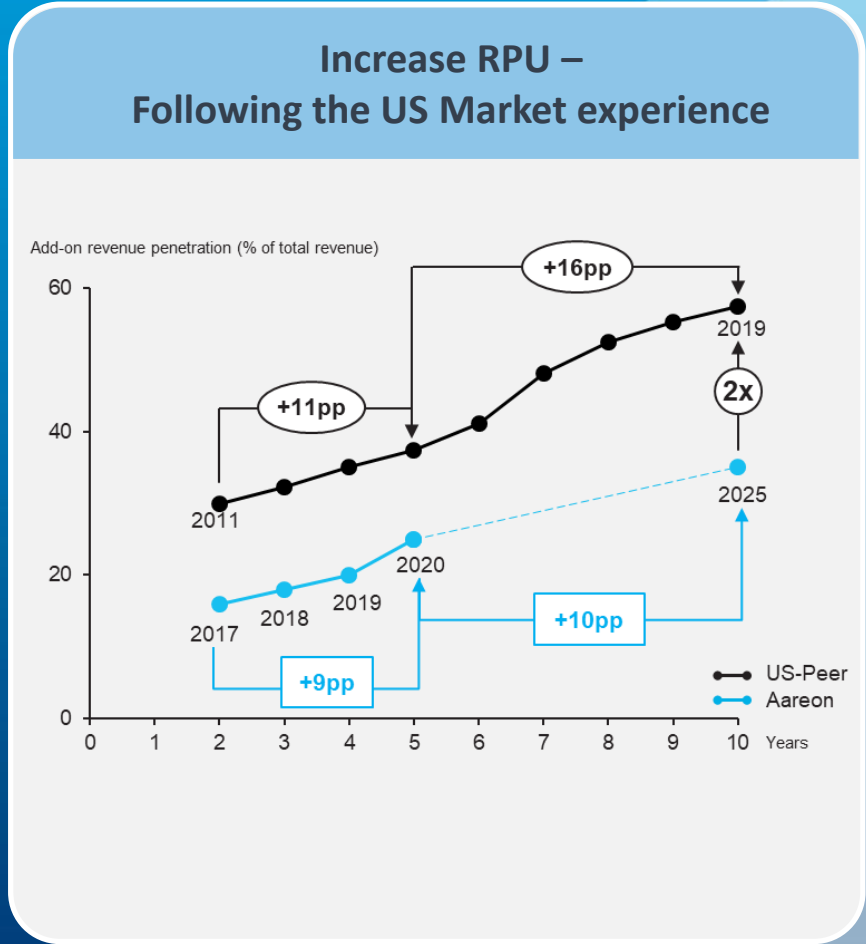
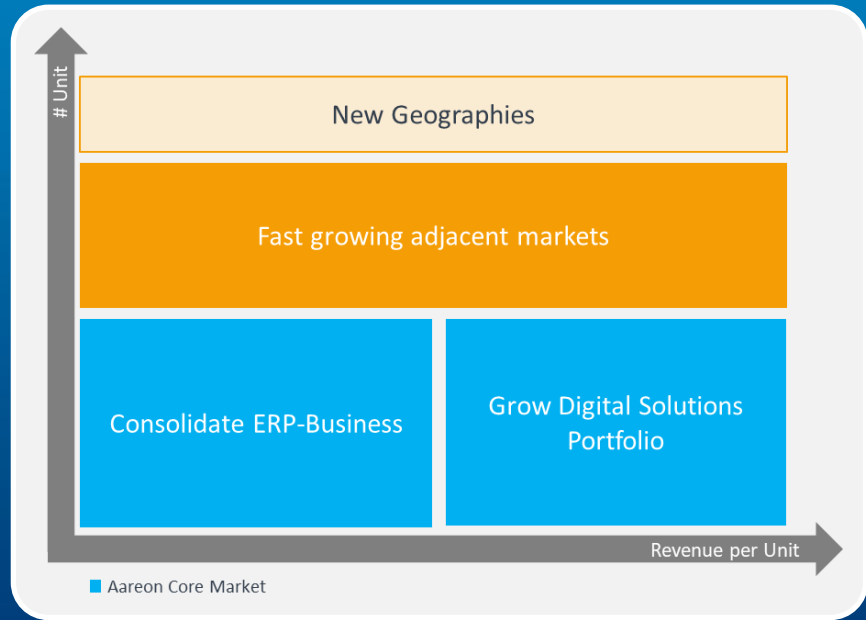
1) Excluding costs for Aareon M&A and M&A financing

2) Rule of 40: Sum of Aareon's annual revenue growth and adj. EBITDA margin will at least reach 40%

Aareon unmatched growth opportunity

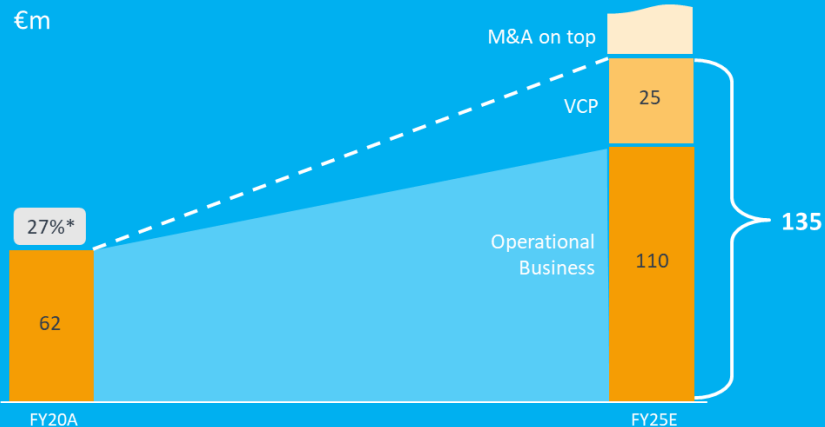
Substantial upside unlocked through a combination of RPU growth and unit expansion

- Highly integrated digital ecosystem Aareon Smart World
- End-to-end product suite and roadmaps, from ERP to Digital Solutions
- Strong pan-European M&A roll-up platform



Aareon elevated to a “Rule of 40 company”

Adjusted EBITDA evolution



Operational business (as presented at Investor Day)

- ERP 2025: Ambitious continuation of implementation of new ERP product generations
- Offer Digital Solutions, continued investment in developing innovative and competitive digital products
- Employee Engagement Program: Empower people for success

Well structured M&A process

- Highly attractive M&A platform, with opportunity to further scale internationally
- New M&A and PMI teams implemented
- Sharpened & expanded M&A pipeline is systematically pursued – considering mature business & high growth ventures
- Financing structure for M&A has been negotiated (€250m)

Value Creation Program

- Go-To-Market: Improve GTM excellence with focus on targeting new logos and driving up-/cross-sell. Opportunity to extend value based packages to customers while driving digitalisation of industry
- SaaS Acceleration: Drive SaaS to realise higher share of recurring revenues
- Software Implementation Efficiency: Accelerate growth from recurring software through highly efficient software implementations
- Operations Excellence: Leverage potential organisational value creation levers that could support growth
- 36One: Provide a data lake for reporting excellence. Improve back office performance and automation

Aareon further increased strong financial outlook

Published
Feb 2021

Despite Covid-19 pandemic KPIs remained rather solid in 2020

	2020A	Former Mid-Term	2025E
Revenue growth	2%	7-9%	10%*
% Recurring revenues of total revenue	67%	-	70%
Revenue per unit (RPU) in €	24	35-40	40
Adj. EBITDA in €m (without M&A)	62	110	135
Rule of 40	27%	-	≥40%
% R&D spend** (of software revenue)	22%	20%	20%

**short-term up to 25%

*CAGR 20/25



Organisation: Implementation of group wide efficiency measures

Maintaining strict cost discipline and implement further efficiency measures

Lever	First stage evolution of 'Aareal Next Level'	Targets
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5

Objective of further efficiency measures in organisation, processes & infrastructure

- IT Next Level: Further reduction of specific internal developments and implementation of standardized applications in our S4 Hana environment will i) further reduce complexity of Aareal's IT platforms and ii) enable cloud-based business and IT operating models. Thus, leading to lower running and change costs
- Efficiency measures optimising marginal costs of portfolio expansion, i.e. automatisaton of the credit and adjacent processes as well as reporting procedures
- Campus: i) recalibrate workflow concepts to address new way of working, ii) optimise self-owned real estate incl. residential development realising a related capital gain of € ~10 mn and iii) create an attractive source of income for our CTA (pensions)
- Implementation of young talent programme already started in 2020; first positive effects already achieved
- Cost reduction through streamlining of management structure: number of members of first management level (Managing Director) to be reduced by 15 percent; Supervisory Board to consider size and composition of Executive Board

YE 23:
SPF CIR
of <40%¹⁾

Transformation
budget financed
by related one
off effects



Continued cost discipline, additional efficiency measures and growth at low marginal costs underlines our compared to peers best in class Cost/Income Ratio

1) Excluding bank levy; 2020 ARL ex Aareon incl. bank levy 54% / 2020 ARL SPF incl. bank levy 48%

2) Euro StoxxBanks plus Deutsche Pfandbriefbank as of 15.02.2021, total non-interest expense LTM divided by revenue before loan losses LTM (excluding unusual Items like goodwill impairments, restructuring costs etc.); Source: S&P Capital IQ

'Aareal Next Level': Our KPIs and targets

Operating profit target of € ~300 mn to be achieved already in 2023¹⁾

	2020	On track to achieve 'Aareal Next Level' objectives (February 2020)	Our KPIs and targets	
			2023	2025
Aareal Bank Group				
▪ Revenues ²⁾	€ 746 mn	✓	Mid-single digit growth CAGR	
▪ Operating profit	€ -75 mn		€ ~300 mn ¹⁾ Incl. positive impact of VCP	
▪ RoE post tax Group	-3.5%		~8% ³⁾	
▪ Dividend policy	Announced	Unchanged, 50% base dividend plus 20-30% supplementary dividend ⁴⁾		
Aareal Bank				
▪ CIR SPF ⁵⁾	44%		<40%	
Aareon				
▪ Revenue	€ 258 mn	✓	10% CAGR	
▪ Adj. EBITDA	€ 62 mn	✓	➡	€ ~135 mn Achieve rule of 40
			EBITDA from M&A on top	

1) Excluding any potential acquisitions, and subject to the Covid-19 crisis being fully overcome by then

2) Net interest income and net commission income

3) 15% CET 1 reference ratio (Basel IV, phase-in, revised IRBA) exceeding the market average as a reference; excluding any potential acquisitions; subject to the Covid-19 crisis being fully overcome by then

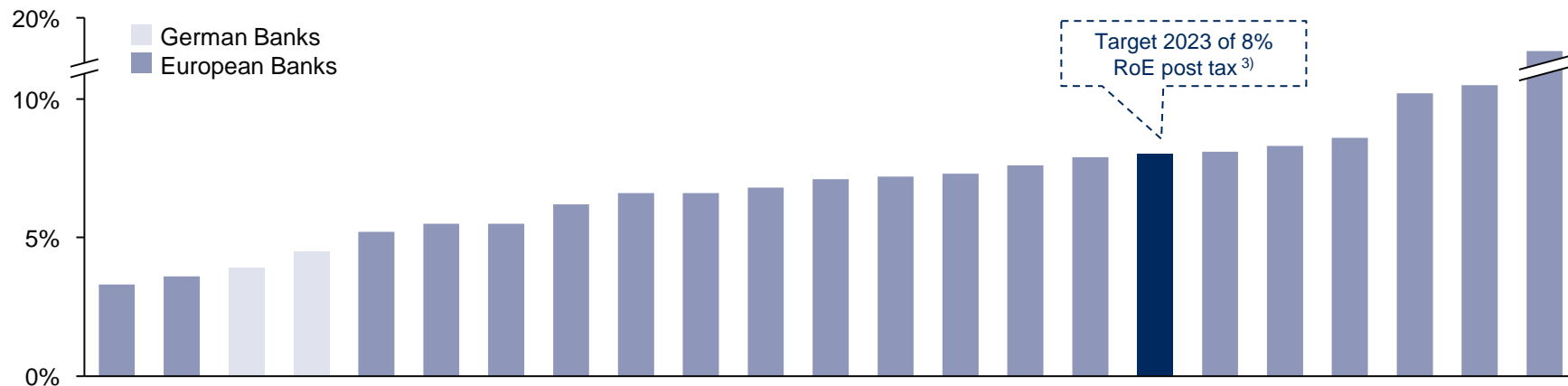
4) Subject to ECB approval according to conditions mentioned on page 68

5) Excluding bank levy

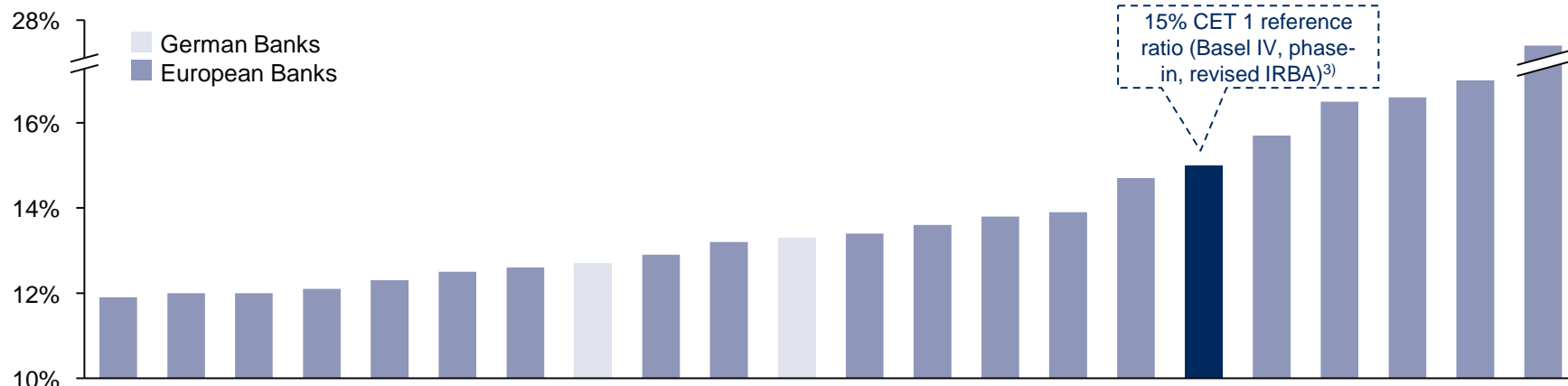
2023 Target RoE post tax above peers...

...despite higher CET1 Ratio

2023 RoE post tax – Broker estimates¹⁾



2023 CET1 Ratio – Broker estimates²⁾



1) Euro Stoxx Banks as of 18.02.2021, Average FactSet Consensus, where available: EPS divided by average book value per share (Source: Factset)

2) Euro Stoxx Banks as of 18.02.2021, Average FactSet Consensus, where available: (Source: Factset)

3) 15% CET 1 reference ratio (Basel IV, phase-in, revised IRBA) exceeding the market average as a reference; excluding any potential acquisitions; subject to the Covid 19 crisis being fully overcome by then

Note: All 2020 figures preliminary and unaudited

Next Steps in our ESG Journey

Strengthening ESG as an integral part of our DNA by refining our strategy and setting ambitious goals and targets



1) e.g. Building certificates (i.e. DGNB, BREEAM, HQE, LEED, NABERS) or energy-performance certificates based on an ongoing dialogue with our clients as well as research in external databases

Dividend Policy

Appendix

Dividend Policy and BVPS-development

Base Dividend¹⁾

Distribute **approx. 50%** of the earnings per ordinary share (EpS) as base dividend

Potential Supplementary Dividend¹⁾

A supplementary dividend **up to 20 - 30%** of the EpS to be considered, if

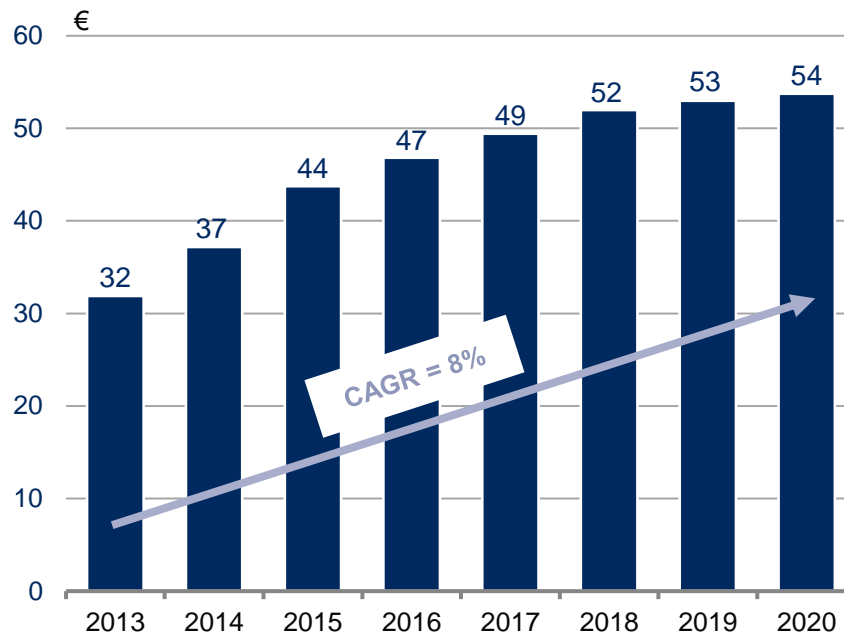
- No material deterioration of the environment (with longer-term and sustainably negative effects) **and**
- No material changes in regulation incl. sufficient capital buffers in a forward looking perspective **and**
- No attractive investment opportunities **and**
- No positive growth environment beyond current planning

For FY 2021, payable in 2022:

Further development of Covid-19 and above-mentioned factors to be considered regarding supplementary dividend

1) ECB approval required

Significant book value per share growth incl. dividend



Attractive dividend policy and significant book value growth created sustainable value for Aareal and hence our shareholders

AT1: ADI of Aareal Bank AG

Appendix

Interest payments and ADI of Aareal Bank AG

Available Distributable Items (as of end of the relevant year)

	31.12. 2016	31.12. 2017	31.12. 2018	31.12. 2019	31.12. 2020
€ mn					
Net Retained Profit	122	147	126	120	90
▪ <i>Net income</i>	122	147	126	120	90
▪ <i>Profit carried forward from previous year</i>	-	-	-	-	-
▪ <i>Net income attribution to revenue reserves</i>	-	-	-	-	-
+ Other revenue reserves after net income attribution	720	720	720	720	840
= Total dividend potential before amount blocked ¹⁾	842	870	846	840	930
./. Dividend amount blocked under section 268 (8) of the German Commercial Code	235	283	268	314	320
./. Dividend amount blocked under section 253 (6) of the German Commercial Code	28	35	42	40	43
= Available Distributable Items ¹⁾	579	552	536	486	566
+ Increase by aggregated amount of interest expenses relating to Distributions on Tier 1 Instruments ¹⁾	46	32	24	23	21
= Amount referred to in the relevant paragraphs of the terms and conditions of the respective Notes as being available to cover Interest Payments on the Notes and Distributions on other Tier 1 Instruments ¹⁾	625	584	560	509	587

1) Unaudited figures for information purposes only

Definitions and contacts

Definitions

New Business	New business = Newly acquired business + renewals
Common Equity Tier 1 ratio	$\frac{\text{CET 1}}{\text{Risk weighted assets}}$
Pre tax RoE	$\frac{\text{Operating profit/income ./. loss attributable to non-controlling interests ./. AT1 coupon}}{\text{Average IFRS equity excl. non-controlling interests, AT1 and dividends}}$
CIR	$\frac{\text{Admin expenses (excl. bank levy, et al.)}}{\text{Net income}}$
Net income	net interest income + net commission income + net result on hedge accounting + net trading income + results from non-trading assets + results from investments accounted for at equity + results from investment properties + net other operating income
Net stable funding ratio	$\frac{\text{Available stable funding}}{\text{Required stable funding}}$
Liquidity coverage ratio	$\frac{\text{Total stock of high quality liquid assets}}{\text{Net cash outflows under stress}}$
Earnings per share	$\frac{\text{operating profit ./. income taxes ./. income/loss attributable to non controlling interests ./. net AT1 coupon}}{\text{Number of ordinary shares}}$
Yield on Debt	$\frac{\text{NOI x 100 (Net operating income, 12-months forward looking)}}{\text{Outstanding incl. prior/pari-passu loans (without developments)}}$
CREF-portfolio	Commercial real estate finance portfolio excl. private client business and WIB's public sector loans
REF-portfolio	Real estate finance portfolio incl. private client business and WIB's public sector loans
NPL-ratio	$\frac{\text{NPL-exposure acc. CRR (excl. exposure in cure period)}}{\text{Total REF Portfolio}}$

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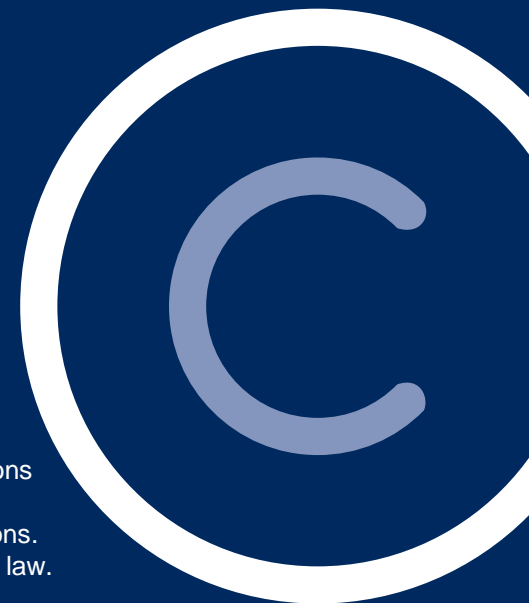
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Thank you.

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