



Atlantic BidCo announced intention to publish a new public tender offer for all outstanding Aareal Bank shares

Wiesbaden, 08. April 2022

Aareal
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Executive summary – Key terms of intended offer

1

Atlantic BidCo GmbH (“**Atlantic BidCo**”), a company indirectly held by funds managed by Advent International and Centerbridge Partners, Canada Pension Plan Investment Board (CPPIB) and funds managed by Goldman Sachs (“**Investors**”), has announced its intention to publish a new voluntary public tender offer to acquire all outstanding Aareal Bank shares

2

Cash consideration of €33.00 per Aareal Bank share (incl. €1.60 dividend)¹
Offer values Aareal Bank Group at c. €2.0 billion for 100% of share capital

3

Funds managed by Advent International, Centerbridge Partners, CPPIB and funds managed by Goldman Sachs to hold indirectly 100% of Atlantic BidCo’s voting rights (“**Voting Shareholders**”) through individual holdings in its parent entity

4

Atlantic BidCo has entered into irrevocable undertakings (“**Irrevocables**”) to tender 37% of Aareal Bank shares with Petrus Advisers, Talomon, Teleios and Vesa
These shareholders will reinvest proceeds partially into acquisition company non-voting shares

¹ Management Board and Supervisory Board have decided to postpone the ordinary Annual General Meeting initially scheduled for 18 May 2022 to a later date in accordance with legal requirements

Executive summary – Highlights of new investment agreement

1 Atlantic BidCo highly supportive of “Aareal Next Level” strategy and existing Aareal Bank Group composition

2 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 Atlantic BidCo

3 Investments in growth set to be financed henceforth through retained profits¹; Additional equity potentially available from Atlantic BidCo if required to facilitate further growth beyond envisaged business plan, subject to customary approvals

4 Investors’ sector expertise, experience and market access will support Aareal Bank Group’s accelerated growth ambitions

5 Unanimous support by Aareal Bank’s Management Board and Supervisory Board



- Offer considered highly beneficial for further development of Aareal Bank Group and its stakeholders²
- 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 'Retention of dividend' policy not applying to payments in context of AT1 instruments

² Subject to reasoned opinion of Management Board / Supervisory Board

Supporting and enhancing “Aareal Next Level” strategy

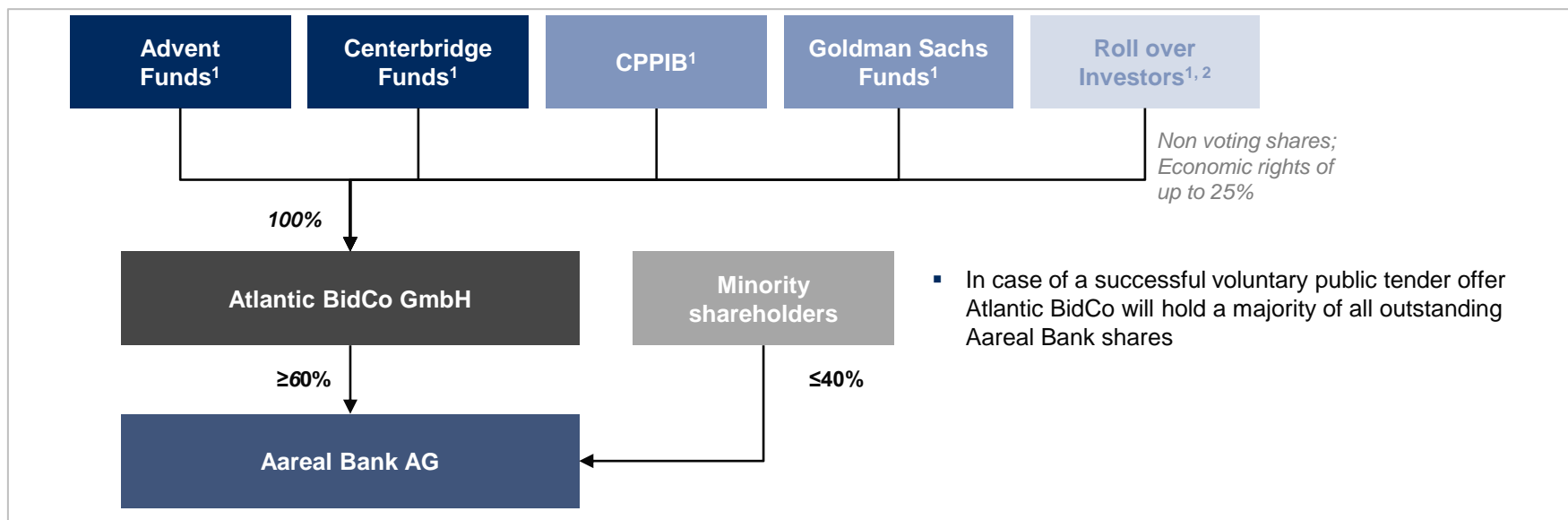
Aareal to leverage on expertise and global market access

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 Atlantic BidCo 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

Key transaction terms and structure of voluntary public tender offer

Envisaged transaction structure post closing



Key transaction terms

- Cash consideration of €33.00 per Aareal Bank share (incl. €1.60 dividend)
- Key offer conditions:
 - Minimum acceptance threshold of 60%
 - Anti-trust clearances and regulatory approvals
 - Other customary offer conditions, incl. market MAC
- Transaction consideration implies an equity value (100%) for Aareal Bank Group of c. €2bn
 - Implied 2022 P/E³: ~14.7x
 - Implied P/B⁴: ~0.73x

¹ Indirect holding of participation in Atlantic BidCo GmbH

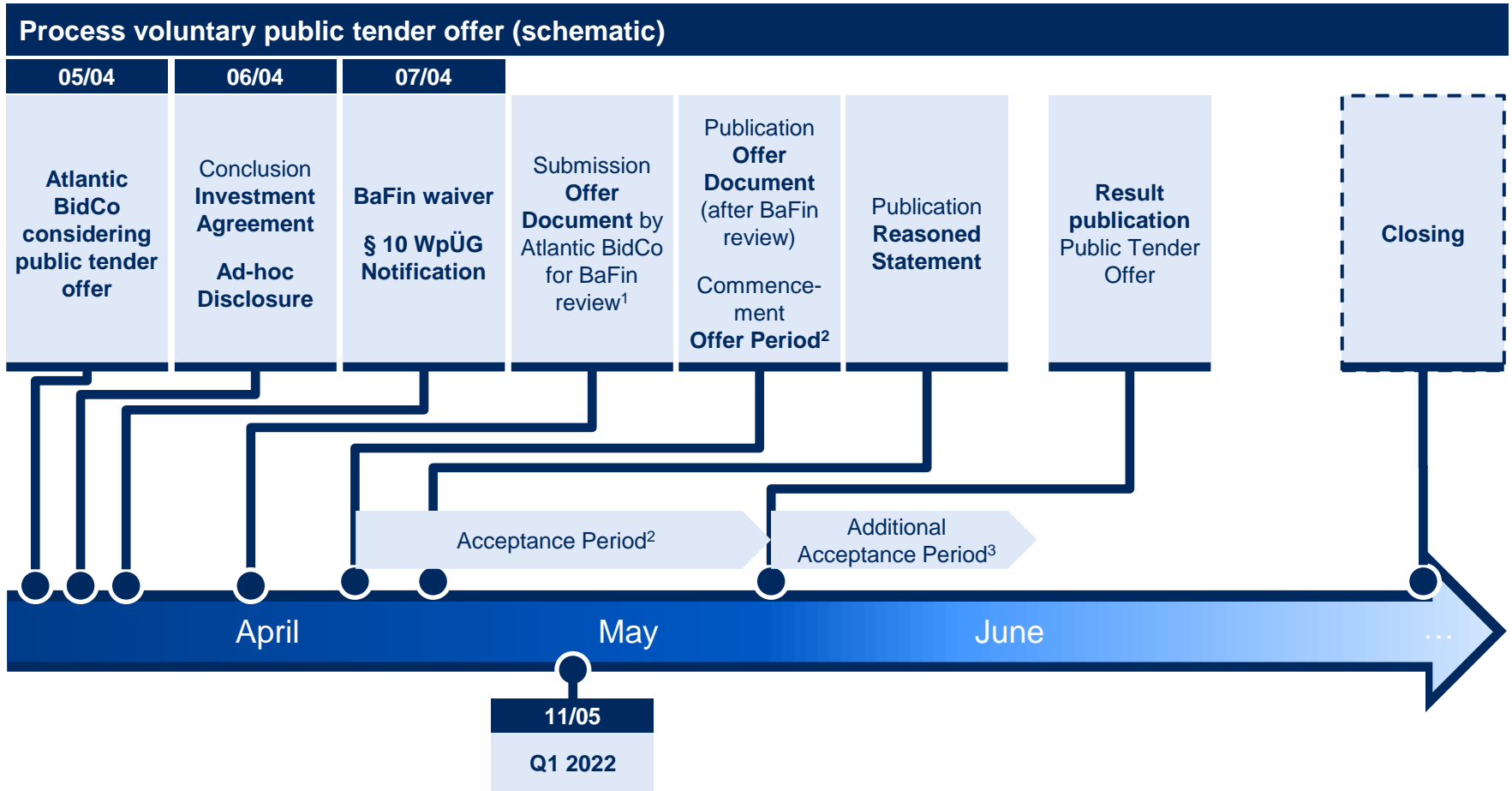
² Minority representation in governance structure

³ Based on midpoint EPS guidance as communicated on 24 February 2022 of €2.25 for FY 2022

⁴ Based on IFRS equity attributable to Aareal Bank shareholders of € ~2,695mn as of 30.12.2021

Envisaged timeline with regard to voluntary public tender offer

In case of successful voluntary public tender offer timing of closing is subject to finalisation of regulatory clearances by BidCo



Corporate events Aareal Bank

¹ BaFin review period 10 – 15 working days
² Acceptance Period of c. 4 weeks
³ In case of reaching minimum acceptance threshold, 2 weeks additional tender period

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 €33.00 per Aareal Bank share, incl. previously announced cumulative dividend proposal of €1.60 per Aareal Bank share▪ Immediate 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 growth▪ Intended preservation of a Fitch Ratings long-term senior preferred rating of at least A-▪ Frequent debt issuance 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 offering▪ Clients 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 segments▪ Development 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 divisions▪ Expansion and growth of Aareal Bank Group across all three divisions ensuring sustainable long-term success of group▪ Acceleration of Aareal Bank's growth strategy "Aareal Next Level"
Aareal Bank Group	<ul style="list-style-type: none">▪ Leveraging Aareal Bank Group's platform▪ Preservation of current composition of Aareal Bank Group

Contacts

Jürgen Junginger

Managing Director Investor Relations
Phone: +49 611 348 2636
juergen.junginger@aareal-bank.com

Sebastian Götzken

Director Investor Relations
Phone: +49 611 348 3337
sebastian.goetzken@aareal-bank.com

Carsten Schäfer

Director Investor Relations
Phone: +49 611 348 3616
carsten.schaefer@aareal-bank.com

Karin Desczka

Manager Investor Relations
Phone: +49 611 348 3009
karin.desczka@aareal-bank.com



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The receipt of cash pursuant to the offer by a US holder of Aareal Bank shares may be a taxable transaction for US federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Aareal Bank shares is urged to consult his independent professional advisor immediately regarding the tax consequences of acceptance of the offer.

It may be difficult for US holders of Aareal Bank shares to enforce their rights and claims arising out of the US federal securities laws, since Aareal Bank is located in a country other than the United States, and their officers and directors are residents of a country other than the United States. US holders of Aareal Bank shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

To the extent permissible under applicable law or regulation, and in accordance with German market practice, Atlantic BidCo or its brokers may purchase, or conclude agreements to purchase, Aareal Bank shares, directly or indirectly, outside of, if made, the scope of the public takeover offer, before, during or after the acceptance period. This applies to other securities that are directly convertible into, exchangeable for, or exercisable for Aareal Bank shares. These purchases may be completed via the stock exchange at market prices or outside the stock exchange at negotiated conditions. Any information on such purchases will be disclosed as required by law or regulation in Germany or any other relevant jurisdiction.