



**Aareal Bank entered into an investment agreement**  
Public tender offer for all outstanding Aareal Bank shares

Wiesbaden, 23 November 2021

**Aareal**  
YOUR COMPETITIVE ADVANTAGE.

# Executive summary

- 1** Aareal Bank concluded investment agreement with a bidder company<sup>1</sup> (“**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 profits<sup>2</sup> – proposal for dividend payment withdrawn from agenda for EGM on 9 December; Additional equity potentially available from Bidder if required to facilitate further growth beyond envisaged business plan,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 VWAP<sup>3</sup>
- 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 stakeholders<sup>4</sup>**
- **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**

<sup>1</sup> Bidder to be renamed to Atlantic BidCo GmbH

<sup>2</sup> ‘Retention of dividend’ policy not applying to payments in context of AT1 instruments

<sup>3</sup> 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

<sup>4</sup> 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

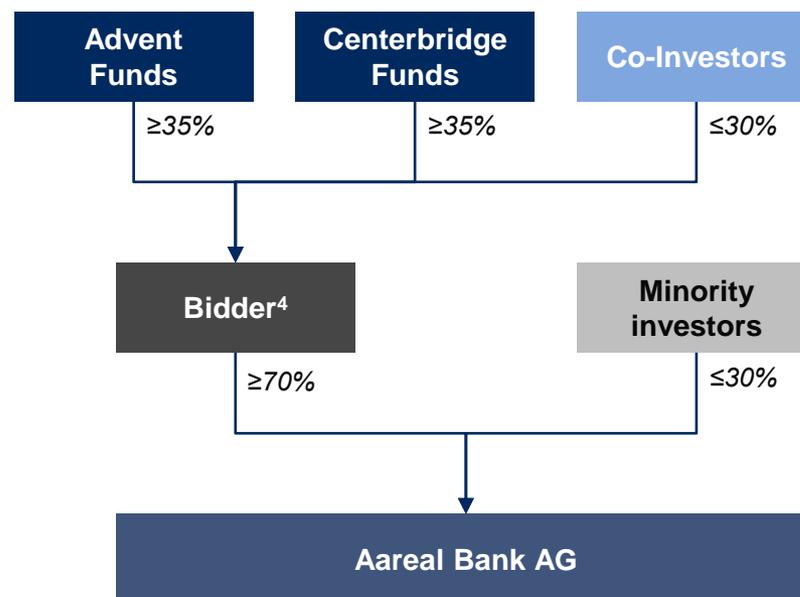
<b>“ACTIVATE”</b> Structured Property Financing	<b>Increase portfolio volume over c. 5 years to up to €40bn respecting existing risk policy</b> Growth fueled by Bank’s traditional asset classes and property types, but also by tapping new and attractive property types and adjacent segments, maintaining conservative risk / return profiles; Continuing growth of lending volume in accordance with Bank’s existing ESG criteria
<b>“ELEVATE”</b> Banking & Digital Solutions	<b>Significantly grow commission income and asset light business</b> 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
<b>“ACCELERATE”</b> Aareon	<b>Support Value Creation Programme and enhance M&amp;A roadmap developed with Advent</b> Fund further growth by M&A activities through additional capital beyond envisaged initiatives already agreed with Advent
<b>Funding and capital</b>	<b>Intention to maintain robust capital base and a long-term senior preferred rating of at least A- by Fitch Ratings</b> Intention to support organic and inorganic growth across all segments by waiving dividend payments <sup>1</sup> 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
<b>Organisation</b>	<b>Continuation of group wide efficiency measures in organisation, processes &amp; infrastructure</b> 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

## 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 VWAP<sup>1</sup>: c. 35%
- Transaction implies an Equity Value of c. €1.736bn for Aareal Bank Group
  - Implied 2022 P/E<sup>2</sup>: ~16.1x
  - Implied P/B<sup>3</sup>: ~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



<sup>1</sup> 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

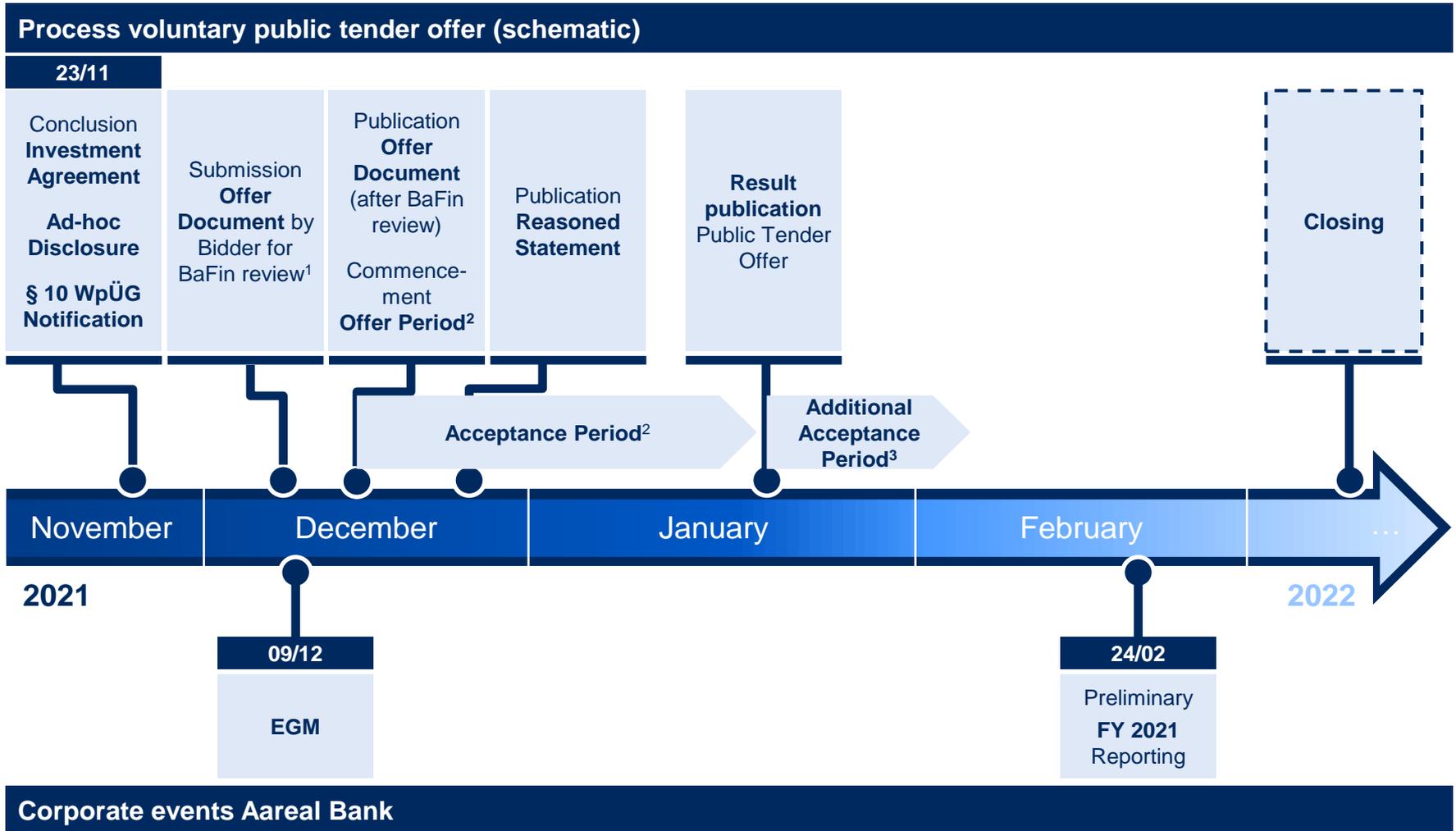
<sup>2</sup> Based on VARA consensus as of 03<sup>rd</sup> November 2021 with a consensus EPS of €1.80 for FY 2022

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

<sup>4</sup> Direct or indirect participation of investors

# 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



<sup>1</sup> BaFin review period 10 – 15 working days

<sup>2</sup> Minimum Acceptance Period of 5 weeks

<sup>3</sup> 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 stakeholders<sup>1</sup>

Shareholders	<ul style="list-style-type: none"><li>Realizing fair cash consideration of €29.00 per share with a c. 35% premium to 3 months VWAP<sup>2</sup></li><li>Immediate monetization of substantial part of Aareal's future value upside</li></ul>
Debt investors	<ul style="list-style-type: none"><li>Maintain or even improve robust capital base, even higher capital ratios compared to stand-alone plan despite accelerated growth by retention of profits<sup>3</sup> to fund growth</li><li>Intended preservation of a Fitch Ratings long-term senior preferred rating of at least A-</li><li>Frequent debt issuance incl. benchmarks to fund the accelerated growth strategy enhancing market liquidity of issued debt instruments</li></ul>
Customers	<ul style="list-style-type: none"><li>Expansion of product and service portfolio in all three segments to enhance client-centric offering</li><li>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</li><li>Development into adjacent markets and leveraging existing partner network</li></ul>
Employees	<ul style="list-style-type: none"><li>Increase size of workforce in relevant Aareal Bank Group's divisions</li><li>Expansion and growth of Aareal Bank Group across all three divisions ensuring sustainable long-term success of group</li><li>Acceleration of Aareal Bank's growth strategy "Aareal Next Level"</li></ul>
Aareal Bank Group	<ul style="list-style-type: none"><li>Leveraging Aareal Bank Group's platform</li><li>Preservation of current composition of Aareal Bank Group</li></ul>

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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, the Bidder 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.