

## PRESS RELEASE

### **Aareal Bank concludes investment agreement – bidder company with participation of Advent International and Centerbridge Partners announces takeover offer**

- **Announced cash consideration of € 29.00 per Aareal Bank share equals a premium of approx. 35 per cent on the volume-weighted three-month average price prior to the confirmation of talks on a potential transaction**
- **Management Board and Supervisory Board support the offer on the basis of an investment agreement for a long-term partnership**
- **Investors support Aareal Bank's strategy and want to accelerate the Group's growth**
- **Investments in growth set to be financed henceforth through retained profits – against this background, the proposal for a dividend payment will be withdrawn from the agenda for the Extraordinary General Meeting on 9 December**
- **Clients to benefit from broader product and service offering and enhanced innovative power – this is made possible in all three segments through access to investors' additional expertise**
- **Chief Executive Officer Jochen Klösger: "The announced offer is in the best interests of our Company and its stakeholders."**

Wiesbaden, 23 November 2021 – Today, Aareal Bank signed an investment agreement with an entity to be named Atlantic BidCo GmbH, the "Bidder", a company established and held indirectly by financial investors Advent International Corporation and Centerbridge Partners, L.P., as well as co-investors, setting out the requirements for, and conditions of, a voluntary public tender offer by the Bidder to the shareholders of Aareal Bank AG for the acquisition of all outstanding shares against a cash consideration of € 29.00 per share. The investment agreement is based on the prerequisite that until closing there will be no distribution in cash or in kind by Aareal Bank. The Management Board and Supervisory Board of Aareal Bank AG have unanimously approved the signing of the investment agreement supporting the long-term business strategy. They support the intended offer, subject to examination of the offer document following its publication and the issue of their reasoned statement, which is mandatory under applicable law, thus providing the Company's shareholders with a new option.

The offer announced today includes a premium of around 35 per cent on the volume-weighted average XETRA Aareal Bank share price over the last three months prior to 7 October 2021, when talks with the financial investors on the acquisition of a potential majority interest were confirmed by way of an ad-hoc disclosure. Based on this offer price, Aareal Bank Group is valued at € 1.736 billion. Alongside other customary terms and conditions, the offer is conditional upon a minimum acceptance level of 70 per cent, and will be subject to merger control approval and other regulatory clearances. The Bidder is expected to publish the offer document in mid-December, following approval by the German Federal Financial Supervisory Authority (BaFin).

## **Aareal Bank Group to be developed further, based on its existing strategy**

Today's announcement was preceded by constructive talks between Aareal Bank and Advent and Centerbridge after they approached the Management Board. In the investment agreement, the Bidder commits to support Aareal Bank AG's strategic ambitions to strengthen its position as a leading international provider of property financings as well as software, digital solutions and payments services – based on its “Aareal Next Level” strategy and associated, publicly-announced goals, as well as to expedite growth in all of Aareal Bank Group’s segments, set to be financed henceforth through retained profits. The Bidder has also committed to continue Aareal Bank Group in its current structure.

Accelerated growth will be made possible, in particular, by bringing together significant joint experience in the financial services, software and payments sectors, and by retaining profits for investment in future growth.

Jochen Klösger, CEO of Aareal Bank, commented on the potential transaction: "The great interest shown by Advent and Centerbridge, and the intended offer by the Bidder, are testament to the attractiveness and sustainability of our business model. We have considerable growth potential in all three segments. During the talks it became clear that we could even better leverage this potential together, through significant investments as well as our combined expertise and market access. Therefore, the announced offer is in the best interests of the Company and its stakeholders."

Marija Korsch, Chairman of the Supervisory Board, said: “We were closely involved in the process and as per our fiduciary duty we carefully scrutinised the potential offer, also seeking external advice. On that basis and after thorough discussions, the Supervisory Board unanimously voted in support of signing the investment agreement.”

The Company obtained two expert opinions, commissioned from two investment banks, which confirm the offer price as being fair. Therefore, Aareal Bank will provide its shareholders with the opportunity to decide in favour of this offer.

## **Investment agreement: taking advantage of opportunities, accelerating growth**

Specifically, in the event of a successful tender offer, the Bidder intends to support organic and inorganic growth across all segments by retaining profits in the years to come. Against the background of the intended tender offer and in accordance with the investment agreement signed, the Management Board has decided, with the consent of the Supervisory Board, to withdraw agenda item no. 1 for the Extraordinary General Meeting convened for 9 December 2021, which was intended to resolve on the further distribution of profits for the 2020 financial year of € 1.10 per share.

The retention of profits, based on a business plan supported by the Bidder for the coming years, would generate substantial additional equity for exploiting attractive growth opportunities in all three segments. The Bidder and the Management Board agree that the

Bank should maintain a robust capital base. Specifically, the Bidder seeks to retain a long-term rating of at least A- from Fitch for the Bank's senior debt capital. The Bidder is prepared to provide additional equity, subject to customary approvals, to facilitate further growth beyond the envisaged business plan.

On the basis of the signed investment agreement, Aareal Bank Group will remain a reliable partner to its clients in all three segments. Thanks to the investors' sector expertise and market access, the proposed collaboration will enable Aareal Bank Group to expand its offering, to better serve its clients, and to further increase its innovative power. "Aareal Bank Group intends to – and will – grow with its clients. The potential acquisition of a majority interest by the Bidder will provide the foundations to further improve the conditions for serving our clients", stated CEO Jochen Klösger. The investors have a proven track record in the long-term development of their portfolio companies and in the areas of banking, real estate, payments and software that are of relevance to Aareal Bank Group.

One focus of the jointly identified growth opportunities is the banking business, where considerable economies of scale can be realised over the coming years through accelerated growth. In the Structured Property Financing segment, additional capital available would allow Aareal Bank to broaden and diversify the volume of its portfolio, in a market phase that offers manifold opportunities for attractive new business to an even greater extent than is projected at present, whilst maintaining its conservative risk policy. The Bank contemplates to increase the lending portfolio to up to € 40 billion over the next five years approximately. This growth is to be fuelled by broadening the lending business in the Bank's traditional asset classes and property types, but also by tapping new and attractive market segments and property types with the support of the investors. An essential part of the corporate strategy is the Group's long-term alignment with ESG criteria. This will include continued growth of the lending volume in accordance with sustainability criteria, as already announced by the Management Board.

The consensus view amongst management and the financial investors is that the Banking & Digital Solutions segment harbours considerable potential for further capital-efficient growth in net commission income. The focus here will be on the expansion of Aareal Bank's core offering in payment services – also through further M&A activities, and supported by the investors' market access and attractive cooperation models, also with their portfolio companies.

The Value Creation Plan for Aareon jointly developed with Advent as minority shareholder of the Aareon software subsidiary, is expected to be accelerated. It aims for significant earnings growth by 2025. With the support of the Bidder, Aareon will be able to access additional funds for M&A activities, thus accelerating its successful M&A roadmap even further.

### **Long-term partnership proposed**

The Bidder has agreed with Aareal Bank to enter into a long-term partnership. Future growth driven by the realisation of the business plan will also increase the size of the workforce in

the relevant divisions. The Bidder not only supports the Company's strategy, but also the existing management team. The Bidder undertook in the Investment Agreement not to cause Aareal Bank AG to conclude a domination and/or profit and loss transfer agreement with the Bidder or any affiliated company to the Bidder. Following the successful conclusion of the tender offer, transaction closing is expected in mid-2022, subject to regulatory processes being completed. The offer will be solely financed with equity.

The Bidder is expected to publish the offer document in mid-December, following approval by the German Federal Financial Supervisory Authority (BaFin). Following BaFin's approval, the Bidder will publish the offer document and further information on the voluntary public tender offer, making them available on the following website: [www.atlantic-offer.com](http://www.atlantic-offer.com).

Aareal Bank's Management Board is advised by Perella Weinberg Partners as financial advisors and Freshfields Bruckhaus Deringer as legal counsel. The Supervisory Board of Aareal Bank is advised by Deutsche Bank as financial advisors and Latham & Watkins as legal counsel.

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#### **About Aareal Bank Group**

Aareal Bank Group, headquartered in Wiesbaden, is a leading international property specialist. It provides smart financings, software products, and digital solutions for the property sector and related industries, and is present across three continents: Europe, North America and Asia/Pacific. Aareal Bank AG, whose shares are included in Deutsche Börse's SDAX index, is the Group's parent entity. It manages the various entities organised in the Group's business segments: Structured Property Financing, Banking & Digital Solutions, and Aareon. The Structured Property Financing segment encompasses all of Aareal Bank Group's property financing and funding activities. Here, the Bank supports its clients in making large-volume commercial property investments. The investment properties mostly comprise office buildings, hotels, shopping centres, logistics and residential property, as well as student apartments. In the Banking & Digital Solutions segment, Aareal Bank Group supports businesses from the housing, property management and energy industries as a digitalisation partner – combining extensive advisory services and product solutions with traditional corporate banking services and deposit-taking. Subsidiary Aareon, a leading provider of ERP software and digital solutions for the European property industry and its partners, forms the third business segment. Aareon is digitalising the property industry by offering user-oriented software solutions that simplify and automate processes, support sustainable and energy-efficient operations and interconnect all process participants.