



**Information concerning Aareal Bank AG's virtual
Annual General Meeting on 27 May 2020**
(non-legally binding document)

April 2020

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Agenda of the virtual Annual General Meeting on 27 May 2020

Agenda item 1 Presentation of the confirmed Annual Financial Statements and the approved consolidated financial statements, the management report for the Company and the Group, the disclosures in accordance with sections 289a and 315a of the German Commercial Code (Handelsgesetzbuch – “HGB”) as well as the Report by the Supervisory Board for the 2019 financial year

Agenda item 2 Passing of a resolution on the appropriation of net retained profit for the 2019 financial year

Agenda item 3 Passing of a resolution on the formal approval of the members of the Management Board for the 2019 financial year

Agenda item 4 Passing of a resolution on the formal approval of the members of the Supervisory Board for the 2019 financial year

Agenda item 5 Passing of a resolution on the appointment of the external auditors

Agenda item 6 New elections to the Supervisory Board

Agenda item 7 Resolution on the authorisation to acquire and to use treasury shares in accordance with section 71 (1) no. 7 of the German Public Limited Companies Act (Aktiengesetz – “AktG”)

Agenda item 8 Resolution on the authorisation to purchase and to use treasury shares in accordance with section 71 (1) no. 8 of the German Public Limited Companies Act (“AktG”), and on the exclusion of subscription and tender rights

Agenda item 9 Resolution on the authorisation to use derivatives in connection with the purchase and sale of treasury shares in accordance with section 71 (1) no. 8 of the German Public Limited Companies Act (“AktG”), and on the exclusion of subscription and tender rights

Agenda item 10 Resolution on amendments to the Memorandum and Articles of Association

Agenda item 11 Passing of a resolution regarding approval to amend existing control and profit transfer agreements

General information on Aareal Bank's virtual Annual General Meeting 2020



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The Annual General Meeting as a virtual meeting

Under the Act on Measures Affecting the Law on Corporations, Cooperatives, Associations, Foundations and Residential Property to Combat the Effects of the COVID 19-Pandemic (*Gesetz über Maßnahmen im Gesellschafts-, Genossenschafts-, Vereins-, Stiftungs- und Wohnungseigentumsrecht zur Bekämpfung der Auswirkungen der COVID-19-Pandemie* – “C19-AuswBekG”), which came into effect on 28 March 2020, it is possible for annual general meetings to be held in 2020 without the physical presence of shareholders or their representatives (**virtual Annual General Meeting**). Since the COVID-19 pandemic, and the applicability of the rules of conduct adopted by the State of Hesse for the avoidance of health risks to shareholders, internal and external employees, and the members of the Company's Supervisory Board and Management Board, are likely to persist for an unforeseeable period of time, the Management Board of Aareal Bank AG has decided – with the Supervisory Board's consent – to make use of the possibility to hold a virtual Annual General Meeting.

Important details

- **Date:** 27 May 2020, at 10:30 am CEST
- **Location:** Aareal Bank AG's registered office at Paulinenstraße 15, 65189 Wiesbaden, Germany
- **Conducted** as a virtual Annual General Meeting, without the physical presence of the shareholders and their representatives; participation via online connection
- **Streaming (audio and video) for duly registered shareholders and their representatives:**
<https://www.aareal-bank.com/en/>
(go to Investors – Annual General Meeting 2020)

Presentation of the (consolidated) financial statements, of the (Group) management report, the Explanatory Reports of the Management Board, and the Supervisory Board Report

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Presentation of the (consolidated) financial statements, and of the management reports

248

€ mn

Consolidated operating profit before taxes

2.42

€

EpS

120

€ mn

Net profit of Aareal Bank AG

8.7

per cent

RoE

145

€ mn

Consolidated net income allocated to ordinary shareholders

Key financial indicators

	01.01.–31.12.2019	01.01.–31.12.2018		31.12.2019	31.12.2018
Ergebnisgrößen					
Betriebsergebnis (Mio. €)	248	316			
Konzernergebnis (Mio. €)	163	226			
Stammaktionären zugeordnetes Konzernergebnis (Mio. €) ¹⁾	145	208			
Cost Income Ratio (%) ²⁾	41,0	40,4			
Dividende je Aktie (€) ³⁾	2,00	2,10			
Ergebnis je Stammaktie (€) ¹⁾	2,42	3,48			
RoE vor Steuern (%) ¹⁾	8,7	11,6			
RoE nach Steuern (%) ¹⁾	5,7	8,3			
Bilanz					
Immobilienfinanzierungen (Mio. €) ⁴⁾	25.882	26.395			
Eigenkapital (Mio. €)	2.861	2.928			
Bilanzsumme (Mio. €)	41.137	42.687			
Aufsichtsrechtliche Kennziffern⁵⁾					
Risikogewichtete Aktiva (Mio. €)	11.195	13.039			
Harte Kernkapitalquote (CET 1-Quote) (%)	19,6	17,2			
Kernkapitalquote (T1-Quote) (%)	22,3	19,5			
Gesamtkapitalquote (TC-Quote) (%)	29,9	26,2			
Harte Kernkapitalquote (CET 1-Quote) (%) – Basel IV (geschätzt) – ⁶⁾	13,5	13,2			
Mitarbeiter	2.788	2.748			
Moody's					
Issuer Rating	A3	A3			
Senior Preferred ⁷⁾	A3	A3			
Senior Non Preferred ⁸⁾	Baa1	Baa1			
Bank Deposit Rating	A3	A3			
Mortgage Pfandbrief Rating	Aaa	Aaa			
Fitch Ratings⁹⁾					
Issuer Default Rating	A-	A-			
Senior Preferred	A	A			
Senior Non Preferred	A-	A-			
Deposit Ratings	A	A			
Outlook	negative	stable			
Ratings zur Nachhaltigkeit¹⁰⁾					
MSCI	AA	AA			
ISS-ESG	prime (C+)	prime (C)			
CDP	Awareness Level C	Management Level B-			

https://www.aareal-bank.com/fileadmin/downloadlist/DAM_Content/IR/Finanzberichte/2019/191231_gb_en.pdf (Group Annual Report 2019)

https://www.aareal-bank.com/fileadmin/downloadlist/DAM_Content/IR/Finanzberichte/2019/191231_gb_ag_en.pdf (Aareal Bank AG Annual Report 2019)

https://www.aareal-bank.com/fileadmin/04_Investoren/04_HV-Dokumente/2020/Notes_on_those_agenda_items_that_will_not_be_resolved_on.pdf (Notes)

https://www.aareal-bank.com/fileadmin/04_Investoren/04_HV-Dokumente/2020/Takeover_disclosures.pdf (Takeover disclosures)

Proposal for the appropriation of net retained profit

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Proposal for the appropriation of net retained profit

- The confirmed financial statements include the proposal by the management for the appropriation of the Company's net retained profit to distribute a dividend of €2.00 per share, i.e. the full net retained profit of €119,714,442.00.
- In view of the express and unambiguous request by the European Central Bank, dated 27 March 2020, to refrain from paying out any dividends for the financial years 2019 and 2020, at least until 1 October 2020, the Management Board and the Supervisory Board have decided to propose that Aareal Bank AG's net retained profits of € 119,714,442.00 for the 2019 financial year be transferred in full to other retained earnings.
- The Management Board reserves the right to submit a new proposal for appropriation of profits to a potential additional General Meeting at a later point in time, when the impact of the COVID-19 pandemic can be assessed with more certainty, and provided that such proposal for appropriation of profits is feasible given the prevailing market situation.

ECB Recommendation on dividend distribution

After the financial statements of Aareal Bank AG were confirmed, the European Central Bank issued a recommendation on 27 March 2020 stating that, against the background of the COVID-19 pandemic, “that at least until 1 October 2020 no dividends are paid out and no irrevocable commitment to pay out dividends is undertaken by the [significant] credit institutions for the financial year 2019 and 2020 and that [significant] credit institutions refrain from share buy-backs aimed at remunerating shareholders (ECB/2020/19)”.

https://www.aareal-bank.com/fileadmin/04_Investoren/04_HV-Dokumente/2020/Resolution_on_the_appropriation_of_net_retained_earnings.pdf (Proposed resolution)

https://www.ecb.europa.eu/ecb/legal/pdf/oj_c_2020_102i_full_en_txt.pdf (ECB recommendation)

<https://www.aareal-bank.com/en/media-portal/newsroom/press-information/press-information/article/aareal-bank-to-comply-with-the-ecbs-recommendation-on-dividend-policy-situation-will-be-re-assess/>

(Ad-hoc disclosure by Aareal Bank, 5 April 2020)

Formal approval of the members of the Management Board for the 2019 financial year

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Aareal

The Management Board stands for the Group's success

The Management Board is responsible for Aareal Bank Group's performance.

The Group's performance is based on the strict implementation of "Aareal 2020", and will be continued through "Aareal Next Level".

Portfolio of responsibilities



Hermann J Merkens

Chief Executive Officer

His responsibilities incl. Group's strategic development, Investor Relations, HR, Legal, Audit and Corporate Communications divisions.

Mr Merkens possesses expertise – inter alia – in the areas of banking business, software and digital solutions for the housing industry, corporate IT, strategic planning, the design and assessment of risk management systems, staff and succession planning, and remuneration

Management Board experience since 2003



Marc Hess

Chief Financial Officer

His responsibilities include Finance and Treasury.

Mr Hess possesses expertise – inter alia – in the banking business, strategic planning, finance and accounting, external reporting, the management of liquidity, IRRBB and investment risks, risk management systems, and corporate IT.

Management Board experience since 2007



Dagmar Knopek

Chief Lending Officer

Her responsibilities include Credit Management, Operations, and the Workout portfolio.

Ms Knopek possesses expertise – inter alia – in Real Estate Structured Finance, and risk management – especially regarding credit, property, market and NPL risks.

Management Board experience since 2013



Christiane Kunisch-Wolff

Chief Risk Officer

Responsibilities include Risk Controlling, non-financial risks (including Compliance and information security), Regulatory Affairs

Ms Kunisch-Wolff possesses expertise – inter alia – in the banking business, the management of all material risks, along with the design and assessment of risk management systems.

Management Board experience since 2006



Thomas Ortmanns

Chief Digitalisation Officer

His responsibilities include Aareal Bank Group's business segments covering activities in the housing, property and energy industries.

Mr Ortmanns possesses expertise – inter alia – in the banking business, housing management / software & digital solutions, corporate IT, payment services, as well as management of material risks incl. IT and cyber risks

Management Board experience since 2005



Christof Winkelmann

Chief Market Officer

His responsibilities include the Sales units in Structured Property Finance.

Mr Winkelmann possesses expertise – inter alia – in Real Estate Structured Finance and the management of material risks, especially credit, property and market risks.

Management Board experience since 2016

Formal approval of the members of the Supervisory Board for the 2019 financial year

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The Supervisory Board has fulfilled its obligations

- The Supervisory Board has monitored, consulted and challenged the Management Board throughout the 2019 financial year.
- This includes the Supervisory Board's dealings with the Aareon Group.
- The Supervisory Board has considered shareholders' expectations regarding its role, together with the functioning and composition of the Supervisory Board.
- The Supervisory Board has enhanced transparency in corporate governance reporting and in the Remuneration Report within the annual report, and by publishing the Rules of Procedure for the Supervisory Board on the Bank's website.

Participation in Supervisory Board meetings during 2019

Member of the Supervisory Board	Plenary meetings attended	Quota	Committee meetings attended	Quota	Number of meetings attended (plenary & committee meetings)
Marija Korsch	9 / 9	100%	28 / 28	100%	37 of 37
Prof. Dr Stephan Schüller	9 / 9	100%	14 / 18	85%	23 of 27
Klaus Novatius (since 1 January 2019)*	9 / 9	100%	12 / 12	100%	21 of 21
Thomas Hawel*	9 / 9	100%	4 / 4	100%	13 of 13
Petra Heinemann-Specht*	9 / 9	100%	6 / 6	100%	15 of 15
Richard Peters	9 / 9	100%	16 / 16	100%	25 of 25
Dr Hans-Werner Rhein	9 / 9	100%	12 / 12	100%	21 of 21
Sylvia Seignette	9 / 9	100%	6 / 6	100%	15 of 15
Elisabeth Stheeman	9 / 9	100%	10 / 10	100%	19 of 19
Hans-Dietrich Voigtländer	9 / 9	100%	16 / 16	100%	25 of 25
Prof. Dr Hermann Wagner	9 / 9	100%	12 / 12	100%	21 of 21
Beate Wollmann*	9 / 9	100%	6 / 6	100%	15 of 15

* Employee representative

Appointment of statutory external auditors for the 2020 financial year and Q1/2021



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A change of statutory external auditors has been prepared for 2021

- PricewaterhouseCoopers (PwC) has been providing statutory audits to Aareal Bank for a long period of time. The Audit Committee has carefully monitored PwC’s independence throughout this period.
- All employees of the audit firm, including the responsible partners and audit managers, rotate the audit mandate every five years in accordance with internal regulations.
- Mr Schmitz has audited Aareal Bank as a responsible audit partner since 2018; Mr Rabeling as responsible head auditor since 2019.
- PwC is proposed as statutory external auditors for the 2020 financial year, for the last time. The Audit Committee and the plenary meeting of the Supervisory Board have already conducted the so-called rotation process.
- KPMG will be proposed as auditor for a possible audit review of the interim statement for Q1 2021 prior to the Annual General Meeting in 2021, which will resolve on the external auditors for the 2021 financial year.

Overview of audit and non-audit services in 2019

	1 Jan-31 Dec 2019	1 Jan-31 Dec 2018
€ 000's		
Auditing fees	3,987	4,616
Other attestation services	144	218
Tax advisory services	3	7
Other services	356	308
Total	4,490	5,149

- Other assurance services include the review in accordance with the German Securities Trading Act (*Wertpapierhandelsgesetz – “WpHG”*), the bank levy, software confirmations, letters of comfort, and the separate Non-Financial Statement.
- Tax advisory services, including general tax advice
- Other services, including due diligence services and regulatory advice
- The Bank has complied with the 70% fee cap (observed voluntarily until 2019) at all times.

Elections of Supervisory Board members

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All candidates possess the required skills and expertise, as defined by Aareal Bank

- **Personal reliability:**
All candidates have to show integrity, be of good reputation, and have sufficient time.
- **Professional qualification:**
All candidates must have the requisite knowledge, skills, and experience to fulfil their duties as Supervisory Board members.
- **Additional collective professional requirements**
(the Corporate Governance Statement also includes requirements in respect of diversity, international profile, etc.)
 - Experience in sectors and financial markets which are material to Aareal Bank Group
 - Digitalisation and transformation
 - Strategic planning
 - Design and assessment of risk management systems, internal control systems and corporate governance frameworks
 - Accounting and audit matters

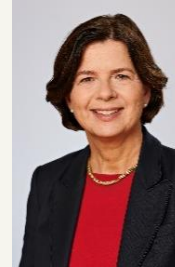
All candidates are able to commit a sufficient amount of time, and are not overburdened

- In accordance with the provisions of the German Banking Act (Kreditwesengesetz – “KWG”), members of the Supervisory Board may hold a maximum of one other Management Board office, or a maximum of three other Supervisory Board offices, in addition to their office at Aareal Bank, unless the supervisory authority approves a corresponding exception.
- Each appointment is approved by the supervisory authority. The reporting forms to the supervisory authority must include explanations on the amount of time candidates are able to commit to each mandate; this is checked by the ECB and BaFin.

In addition, candidates pass the Fit & Proper review by BaFin and the ECB

- Ms Seignette’s expertise should be retained and her work as Chair of the Risk Committee should be continued.
- Ms Stheeman’s expertise in commercial real estate and real estate finance matches the Bank’s business.
- As a former partner of Ernst & Young, Prof. Wagner should continue his work as Chair of the Audit Committee.
- Mr Voigtländer combines banking, technology, digitalisation, and transformation expertise, which is highly suitable for his position as Chair of the Technology and Innovation Committee.
- As Chief Technology Officer of a payment services provider, Ms Brendel will strengthen the Supervisory Board’s IT and digitalisation competence.
- Mr von Dryander will strengthen the banking and corporate governance expertise on Aareal Bank’s Supervisory Board.

The Nomination Committee has selected two candidates out of 90 profiles – existing members were also examined



Elisabeth Stheeman

- External Member of Financial Policy Committee & Financial Market Infrastructure, Bank of England
- Former Global Chief Operating Officer, LaSalle Investment Management



Sylvia Seignette

- Chair of the Risk Committee
- Former Chair of the Management Board, Crédit Agricole Corporate and Investment Bank
- Former Managing Director, Bank of America in Germany



Dietrich Voigtländer

- Chair of the Technology and Innovation Committee
- Entrepreneur and consultant for innovation & transformation management
- Former Chairman of the Management Board of Portigon AG; Management Board member of WestLB and DZ BANK



Prof. Dr Hermann Anton Wagner

- Chair of the Audit Committee
- Auditor and tax advisor, holding multiple supervisory board offices
- Former Partner, Global Financial Services, Ernst & Young



Jana Brendel
(new)

- Chief Technology Officer at payment services provider Nets Group
- More than 20 years’ experience as a senior manager in Deutsche Bank’s IT department (inter alia Head of Digital Solutions, Application Development etc.)



Christof von Dryander
(new)

- Lawyer for banking regulation, M&A, corporate governance and compliance
- Deputy Chair of the Supervisory Board of DWS Investment GmbH
- Former Co-General Counsel at Deutsche Bank

https://www.aareal-bank.com/fileadmin/04_Investoren/04_HV-Dokumente/2020/CVs.pdf

(CVs of Supervisory Board members to be elected by the AGM)

<https://www.aareal-bank.com/en/about-us/company-profile/supervisory-board/>

(all Supervisory Board members, Curriculum vitae, mandates)

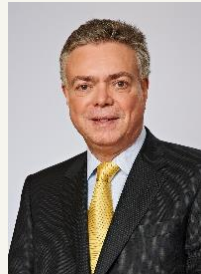
None of the Supervisory Board members holds more than four offices in total. The supervisory authorities check whether sufficient time is available to carry out their duties.



Sylvia Seignette
Chair of the Risk Committee
No further memberships on management boards, supervisory boards or comparable executive or supervisory bodies



Elisabeth Stheeman
Non-executive director of listed Edinburgh Investment Trust Plc



Prof. Dr Hermann Anton Wagner
Chair of the Audit Committee
– Supervisory Board member, Squadra Immobilien GmbH & Co. KGaA
– Supervisory Board member, PEH Wertpapier AG (listed)
– Supervisory Board member, Consus Real Estate AG ("Scale" Regulated Unofficial Market segment)



Christof von Dryander
(new)
Supervisory Board member, DWS Investment GmbH



Dietrich Voigtländer
Chair of the Technology and Innovation Committee
No further memberships on management boards, supervisory boards or comparable executive or supervisory bodies



Jana Brendel
(new)
No further memberships on management boards, supervisory boards or comparable executive or supervisory bodies

All offices and other activities are reviewed by the supervisory authority, indicating the specific time requirements





BaFin
German Federal Financial Supervisory Authority

ECB
European Central Bank

Deutsche Bundesbank
German Central Bank



The proposed candidates preserve continuity, strengthening the Supervisory Board's collective competence profile in banking, corporate governance, digitalisation, and payment services

	<p>Marija Korsch Chair of the Supervisory Board, Remuneration Control Committee, Executive and Nomination Committee</p> <p>Ms Korsch possesses expertise – inter alia – in strategic planning, banking business, succession planning, financial markets & M&A investments, together with the design and evaluation of risk management systems (including remuneration)</p>		<p>Christof von Dryander <i>(new)</i></p> <p>Mr von Dryander possesses expertise – inter alia – in banking, strategic planning, M&A, corporate governance, risk management systems (including remuneration), compliance, AML, along with accounting matters and external reporting.</p>		<p>Klaus Novatius* Deputy Chair of the Supervisory Board – employee representative</p> <p>Mr Novatius possesses expertise – inter alia – in Structured Property Financing and credit management.</p>		<p>Dietrich Voigtländer Chair of the Technology and Innovation Committee</p> <p>Mr Voigtländer possesses expertise – inter alia – in IT, digitalisation, innovation management, digital transformation, cyber risks, banking business, the design and evaluation of risk management systems (including remuneration), as well as accounting.</p>
	<p>Sylvia Seignette Chair of the Risk Committee</p> <p>Ms Seignette possesses expertise – inter alia – in banking business, strategic planning, the design and evaluation of risk management systems (including remuneration), accounting, and succession planning.</p>		<p>Prof. Dr Hermann Anton Wagner Chair of the Audit Committee</p> <p>Prof. Wagner possesses expertise – inter alia – in accounting, external reporting, and also in the design and evaluation of internal control and risk management systems, particularly with regard to accounting processes.</p>		<p>Richard Peters</p> <p>Mr Peters possesses expertise – inter alia – in risk management systems (including remuneration), managing and controlling of trading activities, IT, digitalisation, as well as cyber risks.</p>		<p>Thomas Hawel*</p> <p>Mr Hawel possesses expertise – inter alia – in housing management software & digital solutions.</p>
	<p>Petra Heinemann-Specht*</p> <p>Ms Heinemann-Specht possesses expertise – inter alia – in property financing, legal issues concerning credit business, and risk classification methods.</p>		<p>Elisabeth Stheeman</p> <p>Ms Stheeman possesses expertise – inter alia – in commercial property finance and banking business, strategic planning, the design and evaluation of risk management systems (including remuneration), IT, and digitalisation.</p>		<p>Jana Brendel <i>(new)</i></p> <p>Ms Brendel possesses expertise – inter alia – in digitalisation, innovation management, cyber risks, corporate IT as well as IT products and payment services.</p>		<p>Jan Lehmann* <i>(new)</i></p> <p>Mr Lehmann possesses expertise – inter alia – in Aareon's and First Financial's digital products, as well as in IT operations.</p>

*Employee representatives

Shortening terms of office, introducing different election dates

- Adjustments of office term, to be reduced to four years in principle
- Establishing two groups of Supervisory Board members with different election dates
- Term of office of group 1 will expire at the AGM 2023 (three-year term of office)
- Term of office of group 2 will expire at the AGM 2024 (four-year term of office)
- Afterwards, the term of office shall be four years in principle
- The different election dates will give the Supervisory Board the flexibility to adjust its composition (if necessary) at least every three years

Next Supervisory Board elections of four candidates each at the AGM 2023, and one year later

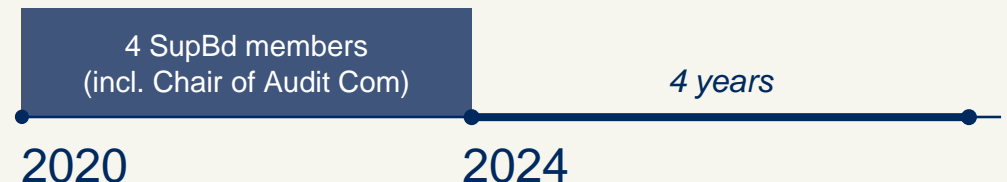
Group 1

Christof von Dryander, Sylvia Seignette



Group 2

Jana Brendel, Elisabeth Stheeman, Prof. Hermann Wagner, Dietrich Voigtländer



Acquisition and disposal of treasury shares, and corresponding use of derivatives

Acquisition and disposal of treasury shares, and corresponding use of derivatives

Agenda item 7 Acquisition and use of treasury shares for the purpose of securities trading

Agenda item 8 Acquisition and use of treasury shares for other purposes, and exclusion of subscription and tender rights

Agenda item 9 Use of derivatives in connection with the acquisition and disposal of treasury shares, and exclusion of subscription and tender rights

Currently, the Management Board does not intend to make use of these authorisations

Agenda item 7 This is an authorisation which – in principle – corresponds to the authorisation granted in 2015. The Management Board does not currently intend to make use of this authorisation.

Agenda item 8 This is an authorisation which – in principle – corresponds to the authorisation granted in 2015. The Management Board does not currently intend to make use of this authorisation. Should the Annual General Meeting grant the proposed authorisations, the Management Board will only make use of the authorisation to repurchase shares if (i) this leads to an improvement in earnings per share and/or an equity ratio of the Company that is more favourable than under prevailing market conditions, and (ii) it is also in the clear and transparent interests of the Company and its shareholders.

Agenda item 9 Nor does the Management Board currently intend to make use of this authorisation with regard to the proposed authorisation to acquire and dispose of treasury shares using derivatives, and to exclude shareholders' subscription and tender rights.

Overview of existing authorisations to acquire treasury shares and to exclude subscription rights

Circumstances of authorisation / portion of share capital (SC) (in € and %), number of shares	Authorised Capital 2017	Conditional Capital 2019	Authorisation to acquire and use treasury shares 2020
Term of the authorisation	until May 2022	until May 2024	until May 2025
Possibility to increase the SC by (€ amount), in % of the SC, and number of new shares	€89,785,830.00, corresponding to 50% of the SC, or 29,928,610 shares	€71,828,664.00, corresponding to 40% of the SC, or 23,942,888 shares	none
Possibility to reduce the SC, in % of the SC, and number of shares	none	none	€17,957,166, corresponding to 10% of the SC, or 5,985,722 shares
Amount of the exclusion of subscription rights for capital increases against contributions in cash or in kind, or use of treasury shares	€35,914,332, corresponding to 20% of the SC, or 11,971,444 shares	€17,957,166, corresponding to 10% of the SC, or 5,985,722 shares	€17,957,166, corresponding to 10% of the SC, or 5,985,722 shares
Crediting the exclusion of subscription rights when issuing shares from authorised capital to other authorisations	./.	yes	yes
Crediting the exclusion of subscription rights when issuing shares from conditional capital to other authorisations	no	./.	yes
Setting off the exclusion of subscription rights when using treasury shares against other authorisations	yes	yes	./.
Maximum permissible amount of increase in share capital (from all three authorisations) until May 2022: €89,785,830.00, corresponding to 50% of the SC, or 29,928,610 shares			
Maximum possible subscription right exclusions from all three authorisations until May 2022: 20% of the share capital or 11,971,444 shares			

Amendments of the Memorandum and Articles of Association

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Amendments of the Memorandum and Articles of Association pursuant to the SRD II Implementation Act

Proposed adjustment according to the German Act Implementing the Second European Shareholder Rights Directive (ARUG II):

In future, in the case of bearer shares in listed companies, proof of share ownership from the final intermediary will suffice for participation in the general meeting or the exercise of voting rights.

Amendments to Articles 15 and 16

Amendment to Article 15:

- Amendment to Article 15 of the Memorandum and Articles of Association that proof of shareholding by the last intermediary (pursuant to section 67c (3) of the AktG) is sufficient.
- Evidence must refer to the beginning of the 21st day before the Annual General Meeting
- Receipt by the Company in text form at least six days prior to the Annual General Meeting

Amendment to Article 16:

- Article 16 of the Memorandum and Articles of Association authorises the Management Board to provide for shareholders to participate in the Annual General Meeting by means of electronic communication (online participation)

Amendments of control and profit and loss transfer agreements



Amendments of two control and profit and loss transfer agreements

A control and profit and loss transfer agreement exists between Aareal Bank AG (as controlling entity) and the respective controlled companies of

- a) DHB Verwaltungs AG, with registered office in Wiesbaden, and
- b) Aareal Immobilien Beteiligungen GmbH, with registered office in Wiesbaden.

The Management Board and the Supervisory Board propose that the amendment agreements to the aforementioned contracts, concluded on 20 December 2019, be approved.

Editorial amendments and dynamic reference pursuant to section 302 of the AktG

DHBV:

The amendments concern the termination clause, which contained a linguistically ambiguous addition. This has been deleted.

Aareal Immobilien Beteiligungen GmbH:

Due to tax requirements, the loss assumption formulation was changed to a dynamic reference to section 302 of the AktG.

https://www.aareal-bank.com/fileadmin/04_Investoren/04_HV-Dokumente/2020/Amendment_to_the_domination_and_profit_transfer_agreement_between_Aareal_Bank_AG_and_Aareal_Immobilien_Beteiligungen_GmbH.pdf
(Amendment Agreement Aareal Beteiligungen)

https://www.aareal-bank.com/fileadmin/04_Investoren/04_HV-Dokumente/2020/Joint_report_on_the_agreement_to_amend_the_Control_and_Profit_Transfer_Agreement_between_Aareal_Bank_AG_and_Aareal_Immobilien_Beteiligungen_AG.pdf
(Joint report on agreement)

https://www.aareal-bank.com/fileadmin/04_Investoren/04_HV-Dokumente/2020/Amendment_to_the_domination_and_profit_transfer_agreement_between_Aareal_Bank_AG_and_DHB_Verwaltungs_AG.pdf (Amendment agreement DHB Verwaltungs AG)

https://www.aareal-bank.com/fileadmin/04_Investoren/04_HV-Dokumente/2020/Joint_report_on_the_agreement_to_amend_the_Control_and_Profit_Transfer_Agreement_between_Aareal_Bank_AG_andDHB_Verwaltungs_AG.pdf (Joint Report)

Further information

Transparency of remuneration already enhanced during the 2019 financial year

Say on Pay intended for AGM 2021

Remuneration element	Description	Reference to strategy and long-term development
Fixed remuneration elements		
Fixed annual salary	<ul style="list-style-type: none"> Fixed contractually agreed remuneration, paid monthly in the amount of 45% of the target total remuneration of the Management Board members Chairman of the Management Board: € 1,425,000 Ordinary Management Board members € 900,000 Members of the Management Board for whom the so-called "newcomer rule" applies: 80% of an ordinary Management Board member's fixed annual salary 	Guaranteeing the fixed income in the form of a fixed annual salary and ancillary benefits equivalent to scope and complexity of the business and the role and responsibility of the individual members of the Management Board, and competitive on the market.
Ancillary benefits	<ul style="list-style-type: none"> Company car, which may also be used for private purposes or a flat rate payment if a company car is not opted for Group accident insurance Specific costs for security measures 	
Pension obligations	<ul style="list-style-type: none"> Defined contribution commitment Annual contributions of 15% of overall target remuneration of the Management Board members Members of the Management Board who were appointed prior to 1 January 2013 entitled to claim pension benefits as of the time at which they turn 60 For members of the Management Board who were appointed after 1 January 2013: entitled to claim pension benefits as of the time at which they turn 62 In the event of permanent disability, a Management Board member is entitled to claim benefits prior to turning 60 or 62, respectively 	Granting of pension commitments for financial security in retirement and protection in case of death and disability that are in line with market requirements.
Variable remuneration elements		
	<ul style="list-style-type: none"> 40% of the Management Board members' total target remuneration The reference value for 100% target achievement amounts to € 1,250,000 for the CEO, and to € 780,000 for ordinary Management Board members Variable remuneration is determined via the achievement of targets strictly derived from the business and risk strategies (incl. ESG), and which are in line with Aareal Bank's corporate and risk culture Group (70%), sectional (15%) and individual (15%) targets Performance measurement based on criteria whose performance is determined over a three-year period No discretionary components besides the targets derived from the strategy 80% of the variable remuneration is paid out on a deferred basis (60% must be retained for five years; 50% each of deferred and non-deferred components are converted into virtual shares, to be held additionally for one year) Maximum overall target achievement level is capped at 150% of the target value Maximum variable remuneration cannot exceed fixed remuneration 	<p>Provision of a variable remuneration on the basis of annual financial and non-financial performance criteria that are relevant for Aareal Bank AG's strategy</p> <p>Provides incentives to Management Board members for implementing the business priorities of Aareal Bank and to act in the interest of the long-term and sustainable positive business development. Group performance targets account for 70% of overall target achievement, hence prioritising the entire Company's interest, including shareholder expectations.</p> <p>By granting the variable remuneration, Aareal Bank meets the regulatory requirements to which it is subject.</p>
Other rules		
Risk-bearing capacity	Before disbursing the variable remuneration, the Supervisory Board reviews it regarding its compatibility with the risk-bearing capacity.	Disbursing variable remuneration is not meant to threaten Aareal Bank's financial solidity.
Penalty and clawback	<ul style="list-style-type: none"> All components of the variable remuneration are subject to penalty and clawback provisions. Admission of an adjustment to outstanding remuneration and/or clawback of remuneration already disbursed in case of clawback events. 	Within the meaning of responsible and sustainable corporate governance, and for the purpose of implementing the regulatory requirements, penalty and clawback rules are a mandatory part of good corporate governance, which in turn is firmly enshrined in Aareal Bank's strategy.

- Summary description of the system added (see adjacent chart)
- Clearly-defined process of deriving remuneration targets from the strategy emphasised
- ESG aspects reflected
- Penalty and clawback rules shown
- Detailed description of the remuneration system (plus strict requirements imposed by supervisors) included in the report

- The company retirement provision system for Management Board members was adjusted, based on a recommendation made by the Remuneration Control Committee.
- Since this only concerned a harmonisation for all Management Board members, the Supervisory Board deems these adjustments as non-material and a submission to the AGM to be unnecessary.
- A 'say on pay' AGM resolution on Management and Supervisory Board remuneration is planned for 2021.
- Until that time, various issues need to be addressed as regards the interpretation and compatibility of the new recommendations of the recently revised German Corporate Governance Code with the very strict requirements of the German Regulation on Remuneration in Financial Institutions.

Issued share capital and number of shares

€179,571,663.00

Issued share capital

59,857,221

Number of no-par value shares

The Company does not hold any treasury shares

Shareholder Base

(As of 20 April 2020)

Shareholder structure (shareholding > 3%)	Stakes (according to most recent notifications)
DEKA	9.60%
<i>VBL</i>	6.50%
BlackRock	9.70%
<i>iShares Trust</i>	5.22%
Allianz Global Investors GmbH	4.999%
Dimensional Fund	4.93%
Petrus Advisers	3.31%
Teleios Capital Partners LLC	3.01%
<i>Teleios Global Opportunities</i>	3.01%
JPMorgan	3.07%
State of Norway (Norges Bank)	3.05%

Registration

Access to the AGM stream: anmeldestelle@computershare.de

Deadline for providing evidence of shareholding:
6 May 2020, midnight (00:00) CEST

Registration:
until 20 May 2020 (24:00 CEST) at the latest

Your questions:

- Submission of your questions until two days prior to the AGM at the latest: 24 May 2020 (24.00 CEST)
- via the shareholder portal on www.aareal-bank.com (at Investor Relations / Annual General Meeting 2020, activated from 6 May 2020 – the Record Date)

Exercise of voting rights

Postal vote / voting proxies appointed by the Company / proxies to third parties

until 26 May 2020 (18:00 CEST) at the latest

- in text form (by post)
in a notice sent to Aareal Bank AG, c/o Computershare Operations Center, 80249 Munich, Germany
- in text form (by fax)
+49 89 30903-74675
- via e-mail
AarealBank-HV2020@computershare.de, or
- still possible via the shareholder portal on the day of the Annual General Meeting

Disclaimer

- This booklet summarises the items on the agenda as well as the proposals of the management and provides additional information.
- However, only the notice convening the Annual General Meeting – published in the Federal Gazette (Bundesanzeiger) of 20 April 2020, and made available on Aareal Bank AG's website – is legally binding.

Your contacts

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