

**Common merger report**  
**pursuant to section 8 of the German Transformation Act (Umwandlungsgesetz –**  
**"UmwG")**

of

**Aareal Estate AG,**  
Paulinenstrasse 15, 65189 Wiesbaden, Germany,  
registered under no. HRB 12806 in the commercial register at the Wiesbaden local court  
(Amtsgericht Wiesbaden),

– hereinafter also referred to as the "**Transferring Company**" –

and

**Aareal Bank AG,**  
Paulinenstrasse 15, 65189 Wiesbaden, Germany,  
registered under no. HRB 13184 in the commercial register at the Wiesbaden local court  
(Amtsgericht Wiesbaden),

– hereinafter also referred to as the "**Acquiring Company**" –

on the merger by way of absorption  
of Aareal Estate AG as the Transferring Company  
with Aareal Bank AG as the Acquiring Company

The management boards of Aareal Estate AG and Aareal Bank AG intend to sign a merger agreement between Aareal Estate AG as legal entity being acquired with Aareal Bank AG as acquiring legal entity, by absorbing Aareal Estate AG into Aareal Bank AG following approval by the general meetings of Aareal Bank AG and of Aareal Estate AG, and to have the agreement notarised ("**Merger Agreement**"). The resolutions on the approval of the final draft agreement are due to be taken at the extraordinary general meeting of Aareal Estate AG on 7 May 2024 and at the Annual General Meeting of Aareal Bank AG on 3 May 2024. The management boards of Aareal Estate AG and Aareal Bank AG requested the appointment of a joint merger auditor pursuant to section 10 (1) of the German Transformation Act (Umwandlungsgesetz - "**UmwG**") with Frankfurt am Main District Court. In its decision dated 4 March 2024, the Frankfurt am Main District Court appointed IVA Valuation & Advisory AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as the joint merger auditor.

To inform the shareholders and to prepare the resolutions to be passed at both general meetings the management boards of Aareal Estate AG and Aareal Bank AG have issued the following common merger report pursuant to section 8 of the UmwG.

- (1) The core tasks of Aareal Estate AG include preparing a domestic and international inventory, strategic advice, management and the marketing coordination of properties acquired and held by Aareal Bank AG in the form of foreclosed assets. So far, Aareal Estate AG has mainly looked after the foreclosed property assets and ensured operational capability while also managing and coordinating various restructuring and development projects. In future, the activities provided by Aareal Estate AG will be performed directly by Aareal Bank AG. This means that the regulatory requirements resulting from the provision of services by Aareal Estate AG (including outsourcing controlling) and further organisational expenditure can be reduced and the existing knowledge of Aareal Estate AG employees can be pooled with the competencies of Aareal Bank AG. In the wake of the merger, the intended cross-task processing of matters that are currently looked after by Aareal Estate AG will mean that the property risk of Aareal Bank AG is managed more efficiently and directly in future. Finally, the streamlining of the investment portfolio held by Aareal Bank AG will reduce the costs involved in the monitoring and management of the investment portfolio and thereby free up resources for other projects.
- (2) The merger is due to be completed such that Aareal Estate AG transfers the entirety of its assets with all rights and obligations, and in particular excluding liquidation, to Aareal Bank AG. Internally, the transfer will take effect at the start of the financial year and on the basis of the annual financial statements of Aareal Estate AG as at 31 December 2023 as the closing balance sheet.
- (3) The draft of the Merger Agreement includes the following material provisions, which are explained in detail below:

a) Contracting parties

At the beginning of the Merger Agreement the companies involved in the merger are detailed, stating their full company names and registered offices (section 5 (1) number 1 of the UmwG).

b) Transfer of assets

Through the merger by way of absorption Aareal Estate AG transfers all of its assets including all rights and obligations to Aareal Bank AG pursuant to section 2 (1), 60 et seqq. of the UmwG. Aareal Estate AG is dissolved without being wound up, the company's assets are transferred to Aareal Bank AG by way of universal succession. Aareal Estate AG will cease to exist once the merger takes effect.

c) Closing balance sheet, merger cut-off date, basis rollover

The assets will be transferred on the basis of the balance sheet of Aareal Estate AG as at 31 December 2023, issued with the auditor's unqualified audit opinion. This balance sheet will be used as the basis for the merger as so-called closing balance sheet within the meaning of section 17 (2) of the UmwG. The closing balance sheet has been prepared according to the standards of annual financial statements and includes all statutory components. It has been issued with an unqualified audit opinion from KPMG AG Wirtschaftsprüfungsgesellschaft.

The proposed merger cut-off date is 1 January 2024, 0:00 hours. From this time onwards, all actions, measures and transactions of Aareal Estate AG will be considered to have been taken for the account of Aareal Bank AG. The effects of the merger are therefore referred back to the end of 31 December 2023 internally, that is, in the relationship between Aareal Bank AG and Aareal Estate AG. This means that all transactions of Aareal Estate AG performed during the period between 1 January 2024 and the entry of the merger in the commercial register at the registered offices of Aareal Bank AG (that is, the date on which the merger takes effect) will be taken into account in the annual financial statements of Aareal Bank AG as at 31 December 2024.

In commercial law terms Aareal Bank AG will take on the values of the transferred assets and liabilities set out in the closing balance sheet of Aareal Estate AG and roll them over (basis rollover). Where permitted by law, Aareal Estate AG or Aareal Bank AG as its legal successor will apply to the competent tax office for recognition of the transferred assets in the tax closing balance sheet of Aareal Estate AG to be prepared pursuant to section 11 (1) of the German Reorganisation Tax Act (Umwandlungs-

steuergesetz - "**UmwStG**") using the tax carrying amounts (section 11 (2) of the UmwStG) with the aim of allowing a basis rollover in tax terms.

d) 3. Consideration

No consideration is granted for the asset transfer.

e) Special privileges and advantages

According to section 5 (1) number 7 of the UmwG, the Merger Agreement must include the rights conferred by the acquiring legal entity upon individual owners of shares as well as upon the holders of special privileges (such as shares without voting rights, preference shares, multiple voting shares, debt securities and participatory rights) and/or the measures intended for these persons. At the legal entities involved no such special privileges within the meaning of section 5 (1) number 7 of the UmwG exist.

Furthermore, pursuant to section 5 (1) number 8 of the UmwG the Merger Agreement must specify the special advantages granted to the persons named there (in particular, members of the representative body, supervisory body, auditors or merger auditors). At the legal entities involved no such special advantages within the meaning of section 5 (1) number 8 of the UmwG are granted.

f) Consequences of the merger for employees and their representatives

According to section 5 (1) number 9 of the UmwG, the repercussions of the merger on the employees and the bodies representing them, as well as the measures intended to be taken in that regard must be set out in the Merger Agreement. According to section 5 (3) of the UmwG, the Merger Agreement is to be forwarded to the responsible works councils of the legal entities involved in the merger not less than one month prior to the day on which the respective assembly of the owners of shares in each legal entity involved convenes to adopt a resolution, pursuant to section 13 (1) of the UmwG, consenting to the Merger Agreement. The relevant information in the Merger Agreement is set out in more detail under (4) below.

g) Consequences of the merger for the Control and Profit Transfer Agreement

The Control and Profit Transfer Agreement entered into between Westdeutsche Immobilien Servicing AG with registered offices in Mainz, business address: Kantstrasse 1, 55122 Mainz, entered in the commercial register of Mainz District Court under HRB number 40640, as the controlling company, and Aareal Estate AG

as the controlled company, on 18 February 2020 shall expire once the merger takes effect.

h) Effective date of the Merger Agreement / the merger

Shareholder approval of the draft Merger Agreement means that the merger agreement subsequently signed by the management boards of Aareal Bank AG and Aareal Estate AG must correspond to the draft version. Changes to the content that go beyond mere editorial adjustments are not permitted. The corresponding resolutions are due to be adopted at the Annual General Meeting of Aareal Bank AG on 3 May 2024 and the extraordinary general meeting of Aareal Estate AG on 7 May 2024.

The merger takes effect on entry of the merger in the commercial register at the registered offices of Aareal Bank AG as the acquiring legal entity (section 20 of the UmwG).

i) Costs

The Merger Agreement must be recorded by a notary as stipulated in section 6 of the UmwG. The costs incurred as a result form part of the (technical) costs of the merger. The Merger Agreement provides that the costs incurred as a result of this Agreement and its implementation are borne by Aareal Bank AG even if, contrary to expectations, the merger were not to take effect.

j) Miscellaneous

The final provisions of the Merger Agreement include the severability clause commonly found in contractual practice, according to which invalid or unenforceable provisions of the merger agreement do not affect the validity of the remaining provisions, and that in their place provisions should apply that come as close as possible to the (economic) objectives of the Parties.

(4) The merger has the following consequences for the employees of Aareal Estate AG and Aareal Bank AG:

- a) Aareal Bank AG takes over all Aareal Estate AG employees. All employees of Aareal Estate AG will continue to be employed at Aareal Bank AG at the terms and conditions applicable at Aareal Estate AG provided that no collective agreement provisions of Aareal Bank AG apply to the transferred employees. For the Aareal Estate AG employees the length of their service at Aareal Estate AG will be considered to be their length of service at Aareal Bank AG.

- b) The legal positions of Aareal Bank AG employees will not be affected by the merger.
- c) The General Works Agreements applicable in the operations of the Transferring Company will not continue; this includes individual rights. For the employees transferred by way of universal succession the provisions of the General Works Agreements of the Acquiring Company will apply.
- d) With regard to the employee representatives, the following applies:
- With the merger, the responsibility of the Works Council of Aareal Estate AG for the transferred employees comes to an end. On absorption the Works Council of Aareal Bank AG becomes responsible for the transferred employees.
  - The same applies to the Representatives for Disabled Staff and the Executive Staff Representative Committee of Aareal Bank AG (if the employees include executive staff).
- (5) The Acquiring Company has a Supervisory Board whose composition is in line with the provisions of a Co-Determination Agreement signed on 18 February 2010 according to the German Act on Employee Participation in the Event of a Cross-Border Merger (Gesetz über die Mitbestimmung der Arbeitnehmer bei einer grenzüberschreitenden Verschmelzung - "MgVG"). This agreement will remain in force. Even after the merger takes effect, the Acquiring Company will not have more than 2,000 employees; this means that no changes will be made to the composition of the Supervisory Board. Following the transfer of their employment relationship the employees of the Transferring Company will have active and passive voting rights until the next elections to the Supervisory Board of the Acquiring Company.

Wiesbaden, 15 March 2024

<b>Aareal Estate AG</b>		<b>Aareal Bank AG</b>	
Dominik Dürschlag	Marcus Adler	Jochen Klösges	Nina Babic
Management Board	Management Board	Management Board	Management Board