This version of the speech by Hermann J. Merkens is a translation of the German original provided for the convenience of English-speaking readers. The German text shall be authoritative and binding for all purposes.

# Speech by Hermann J. Merkens
# Chairman of the Management Board
# of Aareal Bank AG

on the occasion of the

Annual General Meeting
on 31 May 2017
in Wiesbaden

***– Check against delivery – the spoken text will prevail in the event of any differences***

## I. Welcome and introduction

Ladies and Gentlemen,

On behalf of the entire Management Board of Aareal Bank AG it is my pleasure to welcome you to this year's Annual General Meeting. I am delighted to have you here with us: your presence today demonstrates your continuing interest in the development of our Company. For all of us working day in, day out to boost Aareal Bank Group's performance, the fact that you are here today is an additional motivation.

Therefore I am happy to be able to look back on yet another very successful year for our Company, which, at the same time, was the first entire full financial year under my lead as CEO.

The figures for 2016 prove – in an impressive way – that Aareal Bank is in good shape, from whichever angle you look at it. We integrated the acquisitions of the last years smoothly and quickly, gained additional market share in both segments, and – last but not least – once again achieved a very good result for you, our shareholders.

And all of this, we managed in an environment which can be described, without exaggeration, as very challenging indeed. Never before have we encountered such a combination of unseen economic and central bank-driven new paradigms, political upheaval, and inflation of tangible and financial assets – alongside serious technological change in an environment of high intensity and speed. The pressure to change, which the entire banking sector – and thus also Aareal Bank – is currently experiencing, is great.

- Technological change has long reached the financial services sector. Digitalisation is no fashion trend; it will remain one of the largest drivers of change in the years ahead – also in our industry.
- At the same time, regulatory pressure continues unabated, and – contrary to hopes from some participants within the banking sector – there has been no break or relief in regulation. What is more: the revision of capital requirements – referred to as “Basel III fully phased-in” or optionally “Basel IV”– is actually leading to a further tightening of the regulatory framework, especially for European banks, which will also impact our own business.
- An interest rate turnaround has been launched in the US; whether this will trigger any adjustment mechanisms remains as yet unclear. Those who had expected the European Central Bank to swiftly follow suit have been disappointed. The historically low interest rate environment in Europe will probably remain unchanged, as should the high pressures especially we banks – but also protection systems in general – are still burdened with. Any relief the ECB may provide will probably come in very slowly.
- I do not want to go into the details of geopolitical crises and the overall high political uncertainty again. In any case, these factors also impact our business.

Nevertheless, I do not want to complain about adverse conditions; we at Aareal Bank, confront these conditions as we always do – in a forward-looking, proactive and determined manner.

Based on our solid foundation, and leveraging our strong position, we initiated our Group-wide programme for the future – “Aareal 2020” – in February 2016. With this programme, we hope to turn Aareal Bank from a very good company into an excellent one, from a flexible business into a truly agile one, and from a resourceful enterprise into a truly innovative one.

At last year's Annual General Meeting I explained the strategy to you in detail: within the scope of “Aareal 2020”, we will optimise our organisational structure, our IT, the entire range of processes and our deployment of equity, whilst advancing the business models of both of our segments, in order to systematically tap into new growth opportunities in a rapidly changing and digitalised world.

Our medium-term target is as clear as it is demanding: in 2020, Aareal Bank Group will be the leading provider of smart financing, software products, and digital solutions for the property sector and adjacent industries – with an attractive, value-creating return on equity of around 12 per cent before taxes. Yet we not only focus upon the financing business. Instead, we offer our clients a unique combination of IT and banking solutions, profound know-how of their processes and systems, as well as a high degree of digitalisation expertise.

We have made very good progress since I introduced our strategy at last year's Annual General Meeting.

- First of all, we completed preparations for the rapid implementation of the programme as scheduled, and created the necessary organisational and personnel structures.
- We also improved collaboration and the exchange of information within the entire Group. For me, this is one of the most important prerequisites for success.
- We defined strategic thrusts for both segments:

- In Structured Property Financing we intend to capitalise even more strongly on our potential along the entire value creation chain, deploying our financial and personnel resources even better.
- In Consulting/Services, our main objective is to achieve economies of scale through growing client relationships, gaining a foothold in adjacent markets and industries beyond the housing industry with our offerings – tapping into new sources of revenue, and additional growth opportunities for our Group.

- In the past months, we reached the first important milestones within the process of realising our strategy – by introducing or already implementing important measures:
    - We integrated Westdeutsche ImmobilienBank AG (acquired in 2015) faster than originally planned, and clarified its future role as a service provider within Aareal Bank Group – following the transfer of its remaining portfolios to Aareal Bank.
    - As announced, we significantly expanded our property financing business in the high-margin US market – without compromising our risk management: we have an experienced team of seasoned professionals in the US, and a track record of many years in this market.
    - Reducing the non-strategic portfolios stemming from the acquisitions of both WestImmo and Corealcredit is proceeding at a good pace.
    - At the same time, we have expedited our syndication activities in a targeted manner, and grown our business along the entire value creation chain in commercial property financing – for example, through

    - the strategic partnership with Mount Street, a pan-European servicer, announced in March.
    - We have refined our business software solutions for the management of business processes – in short: ERP, or Enterprise Resource Planning – within our IT subsidiary Aareon, and pursued the expansion of digital platform offers and international cross-selling.
    - On top of this, we have successfully initiated cooperations with start-ups.
- We are also optimising our refinancing techniques and capital structure, implementing extensive measures in order to anticipate – and cushion – burdens from regulatory changes.
- Last but not least, we have launched a cultural change throughout the entire Company, a core element of the transformation process lying ahead of us. The key points are: cross-divisional and -segmental cooperation within the Group, willingness to learn from each other, stronger integration and responsibility of executives in the Group, as well as strengthening agility, client focus, power to innovate, flexibility, and readiness to embrace change – across all Group entities, divisions and levels.

Ladies and Gentlemen,

as you can see, we have already made quite some progress, within a short period of time. Change does not occur overnight, and some initiatives may only completely pay out in a few years. Nevertheless, we have undoubtedly created an “atmosphere of renewal” within Aareal Bank Group. It is our intention to continue pursuing the path we have set – during the course of this year, and in the years to come. In addition, we will be accelerating the Group's transformation throughout 2017.

Before discussing our plans for this year in more detail, allow me to take a detailed look at the financial indicators of the year under review – the year on which we report to you today.

## II. Review of the 2016 financial year

We have every reason to be satisfied with the results of the financial year 2016. We achieved our objectives for the year, even exceeding some of them. Thanks to our pronounced operating profitability and robust capital base, we are not only well-prepared for any regulatory contingencies. We are also in a position to exploit market opportunities in both our segments, and to vigorously invest into our future, from a position of strength. We once again proved this in 2016.

As usual, all figures – together with detailed background information on our performance during the 2016 financial year – are provided in our annual report. Let us now focus on some key aspects.

- Despite the challenging environment, we achieved great results in the financial year 2016. Consolidated operating profit of €366 million was up 14.4 per cent from the figure for the previous year (€320 million), adjusted for negative goodwill from the acquisition of WestImmo (2015: €150 million).
- Net interest income declined within its expected range, to €701 million, after €781 million in the previous year. We had expected this decline, which was largely due to the already-mentioned planned reduction of non-strategic portfolios. In addition, the previous year's figure was positively influenced by very strong effects from early loan repayments, in the amount of €75 million, whereas in 2016 they only amounted to €41 million. However the Bank

succeeded in keeping margins in the lending business stable. This development was partly due to our new business strategy.

- The conservative risk policy maintained over recent years has led to an expected and desired decline in allowance for credit losses: at €97 million, it was markedly lower than the previous year's figure of €128 million.
- Despite continuing our very selective approach, we were able to acquire considerable new business volume at attractive margins during 2016. At €9.2 billion, it clearly exceeded the original target range of between €7 billion and €8 billion.
- Net commission income increased to €193 million (2015: €175 million), which was mainly due to higher sales revenue at Aareon. Our focus on growth in this business segment is thus already bearing fruit.
- Net income from non-trading assets was influenced by a non-recurring effect, leading to a result of €67 million, after minus €17 million in 2015. €61 million of this was attributable to the sale of our wholly-owned subsidiary Aqvatrium AB. Within Aqvatrium we had included a formerly non-performing property exposure in Sweden: after successfully developing and repositioning it, ultimately we sold it at a good price. Our professional, value-creating approach to such cases is one of our core areas of expertise in our international activities. I believe this example demonstrates that in an impressive manner.
- Administrative expenses fell to €547 million. A further decline was particularly curbed by the costs for integrating WestImmo which were still high during 2016. This trend is expected to accelerate significantly in 2017 and over the next few years.
- The reported consolidated operating profit of €366 million, less taxes and non-controlling interest income, translates into consolidated net income attributable

to shareholders of Aareal Bank AG amounting to €215 million. Assuming the *pro rata temporis* accrual of net interest payments on the Additional Tier1 (AT1) bond, consolidated net income allocated to ordinary shareholders stands at €199 million, i.e. €10 million above the previous year's figure – adjusted for negative goodwill from the acquisition of WestImmo.

These are all positive results, demonstrating that our operating business is more than solid.

This also applies to relevant balance sheet figures. Our equity base remains very comfortable indeed: as at 31 December 2016, the Bank's Tier 1 ratio was 19.9 per cent, which is high on an international level (31 December 2015: 17.2 per cent). Aareal Bank's Common Equity Tier 1 (CET1) ratio increased, from 13.8 per cent to 16.2 per cent, within a year. Thus, our so-called SREP ratio – which requires a minimum CET1 ratio of 7.53 per cent, including a buffer – is significantly higher than demanded by the ECB.

All this shows that Aareal Bank is in excellent shape, fundamentally healthy and capable of excellent performance on both an operating and a financial level.

Ladies and Gentlemen,

we would like you, dear shareholders, to participate appropriately in these very satisfactory results. Therefore, the Management Board and the Supervisory Board today propose a 21 per cent increase in the dividend per share, to €2.00 – equivalent to a payout ratio of 60 per cent. This dividend is fully in line with the dividend policy communicated in February 2016, according to which the (unchanged) ordinary dividend payment of approximately 50 per cent of earnings per ordinary share (EPS) shall be supplemented by an additional dividend of 10 per cent for the year 2016, rising to between 20 to 30 per cent for the years 2017 and 2018. In accordance with this intention, the Bank continues to envisage a payout ratio of 70 to 80 per cent for the current year.

This dividend policy will be applicable provided that the resulting dividend payments are consistent with a sustainable long-term business development, and unless we decide to invest the respective amounts in the interests of the Company – and hence, its shareholders. The policy will also be subject to the proviso that our business environment does not deteriorate significantly.

Based on yesterday's closing price, the distribution equals a dividend yield of approximately 5.3 per cent, maintaining the attractiveness of Aareal Bank shares as an investment, especially in view of the current low interest rate environment.

## III. The Aareal Bank share

The share price showed a respectable development in the past year – taking into consideration a volatile stock market year marked by currency turbulence, speculation concerning interest rate increases, Brexit, and of course the US elections.

The very first trading day of 2016 started with a stock market crash in China. Fear of a weakening Chinese economy then generated a global shock wave on equity markets, leading to a significant fall in the DAX (by nearly 20 per cent) in the first six weeks of the year. The German DAX sector Banks Total Return Index (CXPB), of which Aareal Bank is a constituent, had to deal with an even harder fall – of nearly 40 per cent.

Understandably, our shares were unable to escape this development. 9 February 2016 marked the low point of the year, when they closed at €21.66 – a loss of almost 26 per cent compared with the closing price of €29.14 as at year-end 2015.

However, mid-February brought positive economic data and rising oil prices, and not least monetary influences on both sides of the Atlantic instigating a turning point on equity markets.

It was precisely during this phase, at the end of February, that Aareal Bank published its preliminary figures for the 2015 financial year. The launch of the "Aareal 2020" programme for the future, and the modified dividend policy announced were received positively by the market.

As a result, Aareal Bank shares rose decisively off the early-February lows, and climbed to €30. Then, during the early summer lull, when many stock exchanges experienced sideways trends prior to the June 23 Brexit vote, Aareal Bank shares were able to largely decouple. When we released our quarterly figures in May, our share price rose to €34.40, i.e. 18 per cent above the year-end closing price 2015. The MDAX, in which the Bank's shares are included, had only managed to return to its year-end level; the DAX itself was still 5 per cent below this level, and the banking index CXPB had underperformed its year-end level by 23 per cent.

The shock caused by the Brexit vote in June caused share prices to plummet on exchanges around the world, followed by a relief rally in July – which, however, excluded bank shares. The high share of NPLs held by Italian banks, and concerns of another banking crisis triggered by this situation, put European banking shares massively under pressure during the third and fourth quarter. Once again, our shares managed to decouple from the general development – driven, amongst other reasons, by positive half-year figures –

and they then benefited disproportionally from the significant rally at year-end after the US elections. Only a few weeks after releasing third-quarter figures, and after raising our full-year guidance on 10 November, the Aareal Bank share price reached its high for the year of nearly €37 at the beginning of December, closing the year slightly below, at €35.765. In other words, in 2016 the share price rose by 23 per cent, outperforming not only the banking index CXPB (which was down 20 per cent), but also the DAX and MDAX indices (which were both up by just under 7 per cent).

Fortunately, the positive sentiment prevailing on stock exchanges at year-end 2016 has continued into the current year. Not only have our shares maintained their high level, they even improved: at €38.40, the share price reached its year-to-date high on 15 February 2017. After this date, the price fell again. However, at yesterday's close of trading, the share price stood at €37.78 and thus once again in the range of the year-to-date high.

This shows that the trust we earned from capital market participants in the past years – due to our hard work, good strategic decisions, transparent communication, and delivery of continuously positive results – is sustainable. We will continue to do everything in our power to maintain this trust – thus ensuring that the Aareal Bank share remains an attractive investment for you.

Ladies and Gentlemen,

I have already explained the dividend proposal for last year to you. Ms Korsch has of course already listed the other items on today’s agenda, but allow me a brief comment in addition on some of them.

Besides the presentation of the financial statements and the consolidated financial statements, the formal approval for the members of the Management Board and Supervisory Board, as well as the appointment of external auditors, we have two additional resolutions on this year’s agenda. In agenda item no. 6, we will propose a new authorised capital, of a volume permitted by law, with which we want to ensure the Management Board possesses ongoing flexibility for any capital adjustments it might deem necessary. This resolution authorises the Management Board to exclude shareholders' pre-emptive rights in certain cases. In this context, we will always ensure that the dilution of existing shareholders' positions is kept as low as possible; the resolution proposal provides for a potential exclusion of pre-emptive rights not exceeding 20 per cent of the share capital.

Under the agenda item no. 7, we propose two control and profit transfer agreements with newly-established subsidiaries, "Participation Zehnte" and "Participation Elfte". These subsidiaries are shelf companies for which we would like to enter into a profit transfer agreement as a precautionary measure. In accordance with German company law, the Management Board is required to provide a verbal explanation of such agreements at the outset of the General Meeting. I would like to do this, but I will keep my comments brief. We made the agreements – and especially the written reports concerning these agreements – available when convening the General Meeting. I herewith refer to the documents we made available.

The contents of both agreements are identical, with the exception of the contractual parties. My comments therefore apply to both agreements. These inter-company agreements are primarily entered into for tax reasons. Such inter-company agreements concluded within a corporate group are widely-used instruments to optimise a group's tax situation. Specifically, conclusion of these contracts will achieve so-called 'fiscal unity', which allows the subsidiaries to be included in Aareal Bank Group's consolidated tax group.

Moreover, each controlled subsidiary delegates its corporate management to Aareal Bank. This is necessary in order to safeguard the uniform management of the subsidiaries and their integration into Aareal Bank Group.

The agreements include a profit transfer obligation for the subsidiaries, in accordance with the provisions of section 301 of the German Stock Corporation Act (*Aktiengesetz* – "AktG") as amended, and vice versa a loss-pooling obligation for Aareal Bank AG, in accordance with the provisions of section 302 of the AktG, as amended. Beyond that, Aareal Bank AG has no further specific financial obligations.

In line with the requirements for a consolidated tax group, the agreements have been entered into for a fixed minimum term of five years, but may be terminated for good cause, as stipulated in more detail by each agreement. Due to the fact that the two companies concerned are wholly-owned subsidiaries of Aareal Bank AG, no compensation must be paid to other shareholders of these subsidiaries, nor is an examination by a court-appointed auditor required. As I already mentioned, further details concerning the two new control and profit and loss transfer agreements are available from the documents available at the information desk at this General Meeting – especially from the joint written reports on the control and profit and loss transfer agreements.

The shareholder meetings of these two wholly-owned subsidiaries have already approved the agreements. The agreements will become legally effective upon their registration in the Commercial Register at the registered office of the respective subsidiary.

Dear shareholders, on behalf of the Management Board and the Supervisory Board, I respectfully request your approval of the agenda items stated above.

## IV. Current business development and outlook

Ladies and Gentlemen,

2016 was a successful year for us, and we firmly believe the next period will be neither less challenging – nor less successful.

One thing is certain: 2017 is another important year for Aareal Bank Group:

- 2017 is the year in which we take decisive steps on the path towards a successful future;
- the year in which our strategic and cultural transformation really gathers pace;
- the year in which we convert the many ideas we have – for the further development of our business in both segments – into products and solutions.

These changes are necessary for our actions to be successful in the future; all the same, we will maintain our usual quality and positive operating performance.

I am glad to be able to tell you that, in this respect, the year has begun quite promisingly. The detailed interim report for the first quarter, which we published on 11 May, is available on our website. Hence, at this point I will only provide a brief summary of the key aspects.

- Between January and March 2017, Aareal Bank Group once again achieved good results in a still-challenging market environment. With consolidated operating profit of €71 million, we achieved another set of solid results, within the communicated range.
- Net interest income remains the most important source of income for our Group, and this has increased markedly in the previous two years on the back of the Corealcredit and WestImmo acquisitions. The scheduled, ongoing reduction of the acquired portfolios provides for an offsetting effect. Against this background, operating results for the first quarter again confirm the good shape the Group's core business is in.
- Due, amongst other things, to seasonality, allowance for credit losses amounted to €2 million, and was thus exactly as low as in the first quarter of the previous year. This in itself is extraordinary evidence of our portfolio quality, even though we can obviously not extrapolate this quarterly result onto the year as a whole.
- Without compromising our strict risk and return-oriented business strategy, we doubled our new business volume in the Structured Property Financing segment year-on-year, reaching €1.8 billion in the first quarter of 2017. The deal pipeline overhanging from the fourth quarter of 2016 also contributed to this development. Margins remained stable. Why? Because we adhered to our selective new business policy of approaching only margin-richer markets and transactions in the first few months of the year. Due to our status as an experienced and skilled bank in international business, there is still great potential for attractive new business at an acceptable level of risk. We want to continue to make use of this potential.

- Positive developments at Aareon led, amongst other things, to an increase in net commission income, compensating the decline in net interest income in the first quarter, and showing that the Consulting/Services segment is slowly but surely flourishing in its role as driver of growth for Aareal Bank Group.
- Fortunately, administrative expenses continued to show a downwards trend. The decline in the first quarter was largely due to lower integration and running costs for WestImmo. We are thus also gradually re-approaching the level seen in times before the acquisitions.

All of this demonstrates: Aareal Bank Group is staying on track in the financial year 2017. Following the positive first quarter, we remain optimistic that we will achieve our targets for 2017, even though the business environment will not change fundamentally, and we don’t expect any tailwind.

From today's perspective, we continue to see good opportunities to generate consolidated operating profit of between €310 million and €350 million in the current financial year – including a positive non-recurring effect in the amount of €50 million, to be recognised in the second quarter of 2017, from a subsidiary’s reversal of provisions against income, as communicated in April. Earnings per share should range between €2.85 and €3.30 for the full year, and RoE before taxes for the current year is anticipated between 11 per cent and 12.5 per cent; when adjusted for the non-recurring effect mentioned above, the range is between 9 per cent and 10.5 per cent.

Consolidated net interest income is expected to decline to between €620 million and €660 million within the course of the year – mainly due to the planned reduction of non-strategic portfolios. We forecast allowance for credit losses to fall to a range between €75 million and €100 million, whilst net commission income is projected to be in a range between €195 million and €210 million, slightly above the previous year's level. Administrative expenses are expected to fall, to a range between €470 million and €510 million, in spite of expected burdens posed by the optimisation of processes and structures, project costs and substantial forward-looking investments, such as for realigning the Bank's IT infrastructure.

I will return to these topics in more detail in a short while.

New business of between €7 billion and €8 billion is targeted for the Structured Property Financing segment during 2017.

Last but not least, in the Consulting/Services segment, we expect our IT subsidiary Aareon to contribute between €34 million and €35 million to results before taxes, despite continued investment.

Ladies and Gentlemen,

as you can see, 2017 is promising to be another successful year for Aareal Bank Group on an operating level. We also want this to be the case on a strategic level.

We will put great effort into accelerating our programme for the future in the upcoming months. Once again, we will expedite the already introduced forward-looking investments in this year, and significantly invest in future topics – i.e. in new products and digital solutions, but also in the modernisation of our IT infrastructure.

We will continue to follow our path of developing innovative offers, improving existing products, and unlocking new potential – all of this, hand in hand with our clients – during the months ahead.

- We are convinced that the demand for credit management and servicing will rise massively in the coming years, and we would like to be part of this development, e.g. through the partnership with Mount Street. Besides, with the know-how and technology of our strategic partner, we can increase our own balance sheet flexibility, and offer syndication partners neutral agency servicing (independent from Aareal Bank).
- In the course of the year however, our Group-wide digitalisation offensive will gain notably in breadth and depth:
    - We were able to expand our position as a leading provider of ERP solutions to the property industry in Europe, thanks to the acquisitions of the past few years. This forms the basis for our Aareon subsidiary to further expand its international product portfolio on its digital platform, benefiting from economies of scale. Aareon's most recent acquisition of Kalshoven Automation B.V. in the Netherlands also serves this objective.
    - In turn, the Bank will soon be providing its clients with more flexibility, efficiency and transparency, by offering a base platform for all digital products – which we call the “Aareal Portal“. This is also an important step along the path of digitalising the interface to our bank clients.
    - Our digitalisation campaign also includes a targeted start-up initiative that we will further intensify in the upcoming months, and which has already yielded initial cooperations. This will help enhance our product

portfolio and our business model; it will strengthen our understanding of driving factors in the digital environment, and increase the innovative strength of our Company. We can already count on some promising projects in our pipeline. I am confident that I will be able to report quite some progress in this area next year.

Ladies and Gentlemen,

After a number of very successful years in which we have created a highly resilient financial base, today we are capable of taking our destiny into our own hands. From a position of strength, we can invest into the future – boldly, and at an early stage. At the same time, we have to continually improve what we do already, thus enabling us to maintain this strength, and providing us with the resources we will need to realise the digital change throughout our Company.

Hence, we will especially focus on the optimisation of processes and structures this year, having concentrated our internal measures on the integration of the major acquisitions during previous years.

For this, we have to find the answers to these three key questions:

- Regarding optimisation: which structures and processes do we need in order to adjust to the dynamics of the digital world on the one hand, and – on the other – to work efficiently enough to generate the yields necessary for growth and sustainable success in an environment of fundamentally changing regulatory and competitive issues?
- Regarding our IT: what does our IT architecture have to look like in order to support internal processes in the best way possible, but also, and more

importantly, in order to facilitate the digitalisation of the interfaces to our clients, whilst supporting the digitalisation of our product range?

- Regarding our corporate culture: which skills, what attitude and leadership style do we need in order to support the transformation process in our business?

In the past months, we implemented three main programmes with which we will answer these questions.

The first programme aims at simplifying processes, and reducing costs, whilst enhancing agility across the entire organisation. More specifically, we are talking about optimising Group structures and realising synergies, e.g. by merging departments, and reviewing management levels. Another objective is reducing, streamlining, and enhancing the efficiency of processes, reporting, decision-making channels, and project management.

The second focus of our internal measures concerns the IT architecture which we are modernising, thus creating the technological foundation for the future of Aareal Bank Group. Our goals are clear: we also want to reduce complexity in this area, in addition to increasing flexibility and the ability to act. Following completion of preliminary studies, the first steps are already being implemented.

The third focus affects our corporate culture: we have triggered a fundamental change to the way people in our Company think and behave. We will promote collaboration, creativity, and innovation even more than before; we will strive to enhance the flexibility of teams, and establish agile methods; and we will introduce new employee career development methods.

All these steps are part of our objective to survive in tomorrow's competition; an environment which will demand agility, innovative power, and focus on our clients – on an unprecedented scale.

These three guiding concepts are the core principles of our future actions and our cooperation – within the Company and with our clients. We are developing our new mission statement along these lines, positioning it in the centre of the holistic transformation process we, as a company, will be undergoing in the upcoming months and years.

Ladies and Gentlemen,

I believe it is important to note that the three programmes are inextricably linked, as they create the decisive prerequisites for our transformation. Standing alone, they cannot be appropriately implemented, whilst together they address the factors relevant to successful change.

This year, we are pushing forward with all three programmes.

However, we also know the transformation can neither succeed overnight, nor can it be mandated from above. We will have to work hard, and as a team, in order for this change – of whose necessity we are all convinced – to become reality. And we will also have to work hard at grasping the new business opportunities we see for ourselves in a changing world.

We unite both goals in our Strategy "Aareal 2020". Its first pillar – ADJUST – describes the sometimes difficult, but rewarding adjustment process in a changed environment. The second pillar – ADVANCE – includes all the initiatives, ideas, and innovations with which we will further develop our business model in both segments.

Only by approaching both these strategic measures seriously, and with a determination to succeed, we will meet the ambitious goals we have set for ourselves under the third pillar – ACHIEVE.

## V. Conclusion

Ladies and Gentlemen, dear shareholders,

We are now building the Aareal Bank Group of the future – firstly by holding on to what has made us strong, and secondly by changing in such a way that we remain strong and successful: with our Structured Property Financing segment as the solid foundation, with our Consulting/Services segment as the driver of growth, by optimising our internal organisational structure, and - last but not least - with an increased power to innovate, and readiness to embrace change.

My colleagues on the Management Board are as convinced as I am that we can achieve these objectives. We look forward to your support along this path.

We would like to express our heartfelt gratitude for the confidence you have placed in us so far. We – and I personally – will continue to do everything in our power to justify this trust.

Thank you for your attention.