



## Transaction Report - Sector: Banks (Wholesale) AAREAL BANK AG (100%)

### Summary

<b>Target</b>	<b>AAREAL BANK AG</b>		
<b>Industrial Sector</b>	Banks (Wholesale)	<b>SIC Codes</b>	6162 6289 7371 7372 8748
<b>Activities</b>	PROPERTY FINANCING, MORTGAGE LENDING & PROPERTY SERVICES	<b>Country</b>	Germany
<b>Stock Exchange Index</b>	SDAX		
<b>Bidder</b>	<b>ADVENT INTERNATIONAL &amp; CENTERBRIDGE PARTNERS LP</b>		
<b>Country</b>	USA	<b>SIC Codes</b>	6799
<b>Activities</b>	PRIVATE EQUITY		
<b>Bidding Subsidiary</b>	<b>ATLANTIC BIDCO GMBH</b>		
<b>Country</b>	Germany	<b>SIC Codes</b>	6726
<b>Activities</b>	ACQUISITION VEHICLE		
<b>Date Announced</b>	06/04/2022	<b>Date Completed</b>	22/05/2023
<b>Deal Status</b>	Completed	<b>Deal Type</b>	Pub. MBO/MBI
<b>Deal Attitude</b>	Friendly	<b>Cross Border</b>	Yes
<b>% Capital Owned</b>	0	<b>% Capital Bid For</b>	100
<b>Competitive Status</b>	Single Bidder	<b>French Public Type</b>	
<b>Regulatory Referral</b>	No Referral		
<b>Consideration Type</b>	Cash		

Deal Value(m)			Target Financials (m)		
	Exchange Rate to Sterling ("STG") = 1.190			Exchange Rate to Sterling ("STG") = 1.190	
	1) EUR	2) STG		1) EUR	2) STG
Ordinary Offer Value	1879.517	1579.426	Bank Earnings	67	56.303
Other Equity Value	0	0	Shareholders Funds	2995	2516.807
Total Equity Value	1879.517	1579.426	Risk Weighted Assets	12817	10770.588
Minorities	0	0			
Total Equity Value + Minorities	1879.517	1579.426	Tier 1 Capital Ratio	20.5	20.5
			Total Capital Ratio	23.6	23.6

Deal Value Ratios		Target Performance Ratios			
Price/Bank Earnings	28.05	Cost/Income Ratio	65.22	Return on Equity	2.24
Price/Book	0.63	Interest Income Ratio	72.1	Return on Avg. Equity	2.27
		Bad Debt Ratio	0.45	Return on Assets	0.14
		Net Interest Margin	1.36	Return on Avg. Assets	0.14

<b>Accounts Source</b>	AAREAL BANK ANNUAL REPORT	<b>Reliability</b>	Audited
<b>Deal Value Source</b>	AAREAL BANK PRESS RELEASE 06/04/22	<b>Reliability</b>	Accurate

### Advisors

Advisors	To bidder	To Target/Divestor
<b>Financial</b>	Morgan Stanley and Bank of America	Perella Weinberg Partners and Deutsche Bank
<b>Legal</b>	Sullivan & Cromwell and Gibson, Dunn & Crutcher	Freshfields Bruckhaus Deringer and Latham & Watkins LLP

### Target Financials

Income Statement	31/12/2021	Balance Sheet	30/09/2021
<b>In Millions</b>		<b>In Millions</b>	
Interest & Discount Income	790	Loans & Advances to Customers	29540
Interest Expense	183	Loans & Advances to Banks	0
Net Interest Income	597	Cash & Treasury Deposits	16579
Commission Income	297	Equity Investments	4
Commission Expense	52	Intangible Assets	394
Net Commission Income	245	Long Term Business Assets	0
Profit(Loss) on Financial Transactions	0	Associates / JVs	19
Other Operating Income	-14	Tangible Fixed Assets	278
Total Other Income	0	Other Assets	1914
Total Income	828		
Staff Costs	323	Customer Accounts (Current)	9409
Depreciation	46	Customer Accounts (Term/Savings)	2308
Amortisation	0	Deposits by Banks	0
Other Admin Costs	171	Debt Securities Issued	31206
Total Costs	540	Provisions	558
<b>OPERATING PROFIT</b>	288	Other Liabilities	2130
Bad Debt Charge	133	Deferred Tax	56
Provisions/Adjustments	0	Long Term Business Liabilities	0
Exceptionals	0		
Impairment of goodwill	0		
<b>NET PROFIT BEFORE TAX</b>	155	Ordinary Share Equity	2995
Tax	87	Preference Share Equity	0
<b>NET PROFIT AFTER TAX</b>	68	<b>SHAREHOLDER FUNDS</b>	2995
Minority Items	1	Minority Interests	66
Preference Share Dividends	0	<b>TOTAL ASSETS</b>	48728
Attributable Profit	67	Risk Weighted Assets	12817
Financial Currency	EUR	Tier 1 Capital Ratio	20.5
Exchange Rate to £ STG	1.19	Total Capital Ratio	23.6

Accounts Source	AAREAL BANK ANNUAL REPORT	Reliability	Audited
Deal Value Source	AAREAL BANK PRESS RELEASE 06/04/22	Reliability	Accurate

## Deal Value

Deal Value Source	AAREAL BANK PRESS RELEASE 06/04/22
Deal Value Reliability	Accurate
Deal Value Currency	EUR

	Deal Value Breakdown	
	Value of Cash Offer (m)	Value of Share Offer (m)
Ordinary Shares	1879.517	0
Ordinary Shares Agreement	0	0
Options	0	0
Preference Shares	0	0
Convertible Shares	0	0
Redeemable Shares	0	0
Other Equity Shares	0	0
Total Equity Value	1879.517	0
Minorities	0.000	0.000
<b>Total Equity Value + Minorities</b>	<b>0.000</b>	<b>0.000</b>

## Share Data

No. of Ordinary Shares	59857221	Currency of Cash/Share Offer	EUR
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	Initial	Final
Cash Offer Value	31.4	31.4
Share Offer Value	0	0
	Target Shares	Bidder Shares
Initial Offer Ratio	0	0
Final Offer Ratio	0	0
	Initial	Final
Extra Payment Value	0	0
Ratio For Ords	0	0
Ratio For Prefs	0	0
Ratio For Others	0	0
	Number of Options	Exercise Price of Options
1)	0	0
2)	0	0
3)	0	0

Type	Number of	Cash Offer Per Share	Share Ratio	
			Target	Bidder
Preference Shares	0	0	0	0
Convertible Shares	0	0	0	0
Redeemable Shares	0	0	0	0
Other Equity Shares	0	0	0	0

## Share Prices

Share Prices						
Time	BEFORE			AFTER		
	Target	Bidder	Bid Premia %	Target	Bidder	Bid Premia %
1 Day	30.88	0	1.68	30.98	0	1.36
1 Week	27.58	0	13.85	30.9	0	1.62
2 Weeks	27	0	16.30	30.96	0	1.42
3 Weeks	25.3	0	24.11	32.56	0	-3.56
4 Weeks	22.9	0	37.12	32.42	0	-3.15
30 Day Average	25.556	0	22.87	-	-	-
2 Months	27.56	-	13.93	-	-	-
3 Months	27.12	-	15.78	-	-	-
Day Before Final Increased Offer	-	0	-	-	-	-
1 Day Before Completion	-	-	-	30.6	0	2.61
Target's Share Prices Currency	EUR					
Bidder's Share Prices Currency						

Pre-Bid Speculation Data		
Pre-Bid Speculation Date	Target Share Price	Bid Premia %
06/10/2021	22	42.73

## Offer History

	Date	Cash Value	Share Value
First Offer	06/04/2022	31.4	0
Second Offer		0	0
Third Offer		0	0
Fourth Offer		0	0
Fifth Offer		0	0

## Disclosure Table (or Equivalent) /Indicative Offer Data

Date Added	Date Removed			
Offeror Named				
	Date	Cash Value	Share Value	Published?
Indicative Offer 1		0	0	NO
Indicative Offer 2		0	0	NO
Indicative Offer 3		0	0	NO
Indicative Offer 4		0	0	NO
Indicative Offer 5		0	0	NO

## PUSU Details

PUSU ?	PUSU Deadline Extended ?	Offer Made ?

## Synergy Data & Industry Specific Multiples

Synergy Data (m)		Industry Specific Multiples (ISM)	
	Exchange Rate to Sterling ("STG") = 1.000	ISM Term	
	UK Sterling		
Reported Revenue Synergies	0	ISM in Native Currency (Enterprise Value Basis)	0.00
One Off Charge	0	ISM in Native Currency (Equity Value Basis)	0.00
Reported Cost Synergies	0	ISM in Sterling (Enterprise Value Basis)	0.00
Total Synergies	0	ISM in Sterling (Equity Value Basis)	0.00
Date Synergies Achieved by		ISM Native Currency	
		ISM Native Currency X Rate / STG	0

## Comments

### OVERVIEW

On 6 April 2022, Aareal Bank AG ("Aareal Bank"), a listed German wholesale bank specialising in property financing, announced that it had entered into a new agreement with Atlantic BidCo GmbH ("Atlantic BidCo"), held indirectly by financial investors Advent International Corporation ("Advent") and Centerbridge Partners, L.P. ("Centerbridge"), as well as co-investors, setting out a voluntary public offer by Atlantic BidCo to the shareholders of Aareal Bank. The offer would be €33 per share (including a dividend of €1.60 per share). Excluding the dividend, the offer valued 100% of Aareal Bank's equity at €1.88 billion.

The offer came after a previous failed offer by Atlantic Bidco that expired on 7 February 2022 (see "Background").

Atlantic BidCo had received irrevocable tender commitments from shareholders Petrus Advisers, Talomon, Teleious and Vesa, covering approximately 37% of all shares in Aareal Bank. The minimum acceptance level would be 60%.

On 30 May 2022, Atlantic Bidco announced that it had secured a total of 74.62% of Aareal Bank's shares after the end of the initial acceptance period.

An additional acceptance period ran from 31 May 2022 to 13 June 2022, after which Atlantic Bidco had secured 83.8% of Aareal Bank's equity. Settlement of the offer was still subject to approval from bank regulatory authorities, and antitrust authorities, with completion expected in the fourth quarter of 2022 or the first quarter of 2023.

On 22 May 2023, Atlantic BidCo announced that, following the approval by the European Central Bank, it had now obtained all regulatory clearances. Accordingly all offer conditions had now been fulfilled and the settlement of the offer would take place by 7 June 2023. Following closing of the offer, Atlantic BidCo would own approximately 90% of the share capital and the voting rights of Aareal Bank.

## BIDDER PROFILE

### 1) Atlantic BidCo

Atlantic BidCo was a wholly-owned subsidiary of Atlantic Lux HoldCo, S.à r.l., Luxembourg ("Atlantic HoldCo"). All shares in Atlantic HoldCo were held in the form of independent minority participations by funds managed and advised by Advent and its affiliates, by funds managed and advised by Centerbridge and by other minority shareholders. It was envisaged that Advent funds would hold 35 or more% of Atlantic BidCo, Centerbridge funds would likewise hold 35% or more and co-investors would hold up to 30%.

### 2) Advent

Founded in 1984, Advent was a global private equity investor. The firm had invested US\$ 64 billion in over 390 private equity transactions in 41 countries, and as of 31 December 2021, the firm had US\$ 88 billion in assets under management. With 15 offices in 12 countries, Advent had established a globally integrated team of over 245 private equity professionals across North America, Europe, Latin America and Asia. The firm focused on investments in five core sectors, including business and financial services; health care; industrial; retail, consumer and leisure; and technology.

### 3) Centerbridge

Centerbridge was a US private investment management firm with activities in the areas of private equity, private credit and real estate. It was founded in 2005 and had approximately US\$ 33 billion in capital under management with offices in New York and London. Its primary investment sectors were consumer; health care; real estate; financial services; industrials and technology, media & telecom. It had three platforms:

#### \* Private Equity

The private equity platform totalled approximately US\$ 16.9 billion in capital commitments across four closed-end funds. Centerbridge consistently looked to back strong management teams.

#### \* Credit, Distressed Strategies & Special Situations

The credit, distressed strategies & special situations platform totalled over US\$ 13.01 billion in capital under management across one open-end and four closed-end funds. Employing an active investment approach across private credit and related strategies, it sought to identify instruments and assets that had been either overlooked or misunderstood by the market.

#### \* Real Estate

The real estate platform totalled approximately US\$ 3.2 billion in capital commitments across two closed-end funds. Since Centerbridge's inception, approximately US\$ 10 billion had been deployed in real estate investments across three investment types: properties, companies and loans & securities.

## BACKGROUND

### 1) Prior acquisition of 30% of Aareal Bank's subsidiary Aareon by Advent

On 14 August 2020, Aareal Bank announced that it had signed a share purchase and a shareholders' agreement regarding a long-term partnership with Advent to further strengthen the growth of Aareal Bank's IT subsidiary Aareon AG ("Aareon") (transaction written up separately elsewhere on this database). Within the scope of this agreement, Aareal was to sell a 30% minority stake in Aareon to Advent. The financial terms of the sale were based on an enterprise value for Aareon of approximately €960 million.

Following the signing, Aareal and Advent were fully aligned on Aareon's governance framework, with Advent being represented on Aareon's supervisory board.

The transaction was completed on 30 October 2020.

### 2) Pre-bid speculation

On 7 October 2021, Aareal Bank confirmed in an ad hoc disclosure that its management board had entered into talks whose outcome was open regarding a potential acquisition of a majority interest in Aareal Bank by a group of financial investors led by Centerbridge and TowerBrook, and with the participation of Advent, after having been approached by them with the aim of exploring potential strategic opportunities for Aareal Bank.

In this context, these investors had raised the possibility of submitting a public offer for an indicative price of €29.00 per share. This represented a premium of ca. 35% over the volume weighted average Aareal Bank share price during the previous three months. The investors were to be given access to business information of Aareal Bank, but as of 7 October 2021, it was uncertain whether these talks would result in a transaction or an offer to Aareal Bank shareholders.

### 3) Previous offer

On 23 November 2021, Aareal Bank announced that it had signed an investment agreement with Atlantic BidCo. The offer of €29.00 per share in cash valued 100% of Aareal Bank's equity at €1.736 billion.

On 26 January 2022, Atlantic BidCo announced that it was increasing its offer to €31 per share, which valued 100% of Aareal Bank's equity at €1.856 billion. This offer was final and no further price increase would be made. The minimum acceptance threshold was now 60%.

On 4 February 2022, Atlantic BidCo announced that upon expiry of the offer on 2 February 2022, it had not reached the minimum acceptance threshold of 60%. Therefore, its offer had lapsed.

On 7 February 2022, Atlantic BidCo disclosed that the acceptance level of its offer had been 42.55%.

On 5 April 2022, it was announced that Advent and Centerbridge had informed Aareal that Atlantic BidCo had concluded talks with shareholders holding in total approximately 37% of voting rights in the company, with a view towards making a potential new takeover offer at €33 per share (including a €1.60 dividend).

To overcome the statutory one-year blocking period for a renewed bid, the bidder company required approval from Aareal Bank's corporate bodies and committees as well as from the German Federal Financial Supervisory Authority ("BaFin"). For this purpose, a new takeover offer had to be in the best interests of the Bank and its stakeholders, which in turn required that the success of such a takeover offer seemed predominantly probable.

In accordance with their legal obligation, the corporate bodies and committees of Aareal Bank Group would carefully examine the situation - including the prospective offer price as well as other possible conditions of the offer, such as the minimum acceptance level. Moreover, any approval was subject to the conclusion of an investment agreement supporting a possible new offer.

#### REASONS FOR THE OFFER

Atlantic BidCo's strategic objectives and intentions remained unchanged from the first offer. For reference, Atlantic BidCo's press release of 23 November 2021 included the following reasons for the offer:

- \* Advent and Centerbridge had extensive investment experience in the financial services, real estate, software and payments sectors and a proven track record in developing companies, which made Atlantic BidCo with them as shareholders an ideal long-term partner for Aareal Bank. The management and supervisory boards of Aareal Bank supported the offer and intended, subject to final review of the offer document, to recommend that Aareal Bank shareholders accepted the offer.

- \* The objective of the transaction was to support the existing strategic ambitions of Aareal Bank to strengthen its position as a leading international provider of real estate and other property-based financing as well as software, digital solutions and payment services in particular for the property sector and related industries. Atlantic BidCo was to assist the management of Aareal Bank in further developing the "Aareal Next Level" programme through increased investment.

- \* Advent and Centerbridge brought significant experience in the financial services, real estate, software and payments sectors. They planned to increase investment in the group in order to further develop the bank's segments in these areas. This transaction built on the collaboration already ongoing at Aareon. Advent and Centerbridge were firmly convinced that, as reliable partners, they would enhance the development of Aareal Group.

- \* Centerbridge was pleased that Aareal Bank's management board supported the offer and was very confident for the future of the business under the strong leadership of the company with the support of Centerbridge and Advent. Centerbridge and Advent had had constructive interactions with Aareal Bank's leadership. With a stable shareholder base, Centerbridge and Advent believed Aareal Bank would be better positioned to focus on its longer-term objectives and accordingly accelerate management's "Next Level" agenda.

- \* Advent and Centerbridge as indirect shareholders of Atlantic BidCo could support the future development of Aareal Bank, in part by drawing from their extensive experience of supporting more than 100 investments in the banking, real estate, software and payments sectors.

- \* Advent had a strong track record in the European financial services sector with growth investments in leading payment companies like Worldpay, Nets and Concardis Payment Group (both now part of Nexi), Planet and Addiko, an international banking group focusing on Southeastern Europe. An investment in Aareal Bank would follow the acquisition of a 30% stake in Aareon in 2020, the leading pan-European provider of innovative software solutions for the real estate sector and a subsidiary of Aareal Bank. In general, Advent's approach was to provide significant support to management teams by assisting with operating resources and expertise from its Portfolio Support Group and third-party Operating Partner program.

- \* Centerbridge had an equally strong track record investing in financial services and real estate in Europe, with investments including BFF Banking Group, which was listed on the Milan Stock Exchange; Williams & Glyn in partnership with RBS; auxmoney GmbH the German digital credit platform; and Phoenix Holdings, listed on the Tel Aviv Stock Exchange, amongst others. Globally, Centerbridge had invested over US\$ 20 billion in financial services and over USD 9 billion in real estate.

#### TARGET RESPONSE

Aareal Bank's press release of 23 November 2021 included the following response and information from Aareal Bank:

- \* The announced offer was in the best interests of Aareal Bank and its stakeholders.

- \* Aareal Bank's management board and supervisory board had unanimously approved the signing of the investment agreement supporting the long-term business strategy. They supported the intended offer, subject to examination of the offer document following its publication and the issue of their reasoned statement, which was mandatory under applicable law, thus providing Aareal Bank's shareholders with a new option.

- \* The announcement was preceded by constructive talks between Aareal Bank and Advent and Centerbridge after they approached Aareal Bank's management board. In the investment agreement, Atlantic BidCo

committed to support Aareal Bank's strategic ambitions to strengthen its position as a leading international provider of property financing 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. Atlantic BidCo had also committed to continue Aareal Bank Group in its existing structure.

\* Accelerated growth would 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.

\* The great interest shown by Advent and Centerbridge, and the intended offer by Atlantic BidCo, were testament to the attractiveness and sustainability of Aareal Bank's business model. Aareal Bank had considerable growth potential in all three segments. During the talks it became clear that the parties could even better leverage this potential together, through significant investments as well as their combined expertise and market access. Therefore, the announced offer was in the best interests of Aareal Bank and its stakeholders.

\* Aareal Bank obtained two expert opinions, commissioned from two investment banks, which confirmed the offer price as being fair. Therefore, Aareal Bank would provide its shareholders with the opportunity to decide in favour of this offer.

\* In the event of a successful tender offer, Atlantic BidCo intended 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, Aareal Bank's management board had 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 Atlantic BidCo for the coming years, would generate substantial additional equity for exploiting attractive growth opportunities in all three segments. Atlantic BidCo and Aareal Bank's management board agreed that Aareal Bank should maintain a robust capital base. Specifically, Atlantic BidCo sought to retain a long-term rating of at least A- from Fitch for Aareal Bank's senior debt capital. Atlantic BidCo was 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 would remain a reliable partner to its clients in all three segments. Thanks to the investors' sector expertise and market access, the proposed collaboration would enable Aareal Bank Group to expand its offering, to better serve its clients, and to further increase its innovative power. Aareal Bank Group intended to grow with its clients. The potential acquisition of a majority interest by Atlantic BidCo would provide the foundations to further improve the conditions for serving its clients. The investors had 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 were of relevance to Aareal Bank Group.

\* One focus of the jointly identified growth opportunities was the banking business, where considerable economies of scale could 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 offered manifold opportunities for attractive new business to an even greater extent than was projected at present, whilst maintaining its conservative risk policy. Aareal Bank was contemplating increasing the lending portfolio to up to €40 billion over the next five years approximately. This growth was to be fuelled by broadening the lending business in Aareal 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 was the Aareal Bank Group's long-term alignment with environmental, social and corporate governance (ESG) criteria. This would 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 was that the Banking & Digital Solutions segment harboured considerable potential for further capital-efficient growth in net commission income. The focus here would 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, was expected to be accelerated. It aimed for significant earnings growth by 2025. With the support of Atlantic BidCo, Aareon would be able to access additional funds for M&A activities, thus accelerating its successful M&A roadmap even further.

\* Atlantic BidCo had agreed with Aareal Bank to enter into a long-term partnership. Future growth driven by the realisation of the business plan would also increase the size of the workforce in the relevant divisions. Atlantic BidCo not only supported Aareal Bank's strategy, but also the existing management team. Atlantic BidCo undertook in the Investment Agreement not to cause Aareal Bank to conclude a domination and/or profit and loss transfer agreement with Atlantic BidCo or any affiliated company to Atlantic BidCo.

#### ADVISORS

Atlantic BidCo was advised by Morgan Stanley and Bank of America as financial advisors and Sullivan & Cromwell LLP, Gibson, Dunn & Crutcher LLP and Linklaters LLP as legal counsels.

Aareal Bank's management board was advised by Perella Weinberg Partners as financial advisors and Freshfields Bruckhaus Deringer as legal counsel. The supervisory board of Aareal Bank was advised by Deutsche Bank as financial advisors and Latham & Watkins as legal counsel.

## OVERVIEW

Atlantic BidCo's offer for Aareal Bank consisted of a cash offer, including an ordinary dividend payment. Excluding the dividend, the offer valued 100% of Aareal Bank's equity at €1.88 billion.

N.B. It is the policy on the M&A Monitor database not to include dividend payments in the calculation of an offer equity value unless the dividend payment was dependent upon the offer's success (which was not the case with Atlantic BidCo's offer).

## OFFER TERMS

The terms of the offer were as follows:

for each Aareal Bank share      €31.40 in cash

## DIVIDENDS

Aareal Bank shareholders would receive a final dividend of €1.60 for the financial year 2021. This dividend was subject to approval by the Annual General Meeting on 18 May 2022.

## EQUITY VALUE

M&A Monitor has calculated an equity value for Aareal Bank by reference to:

- \* Aareal Bank's 59,857,221 shares in issue; and
- \* the ex-dividend offer price of €31.40 per share.

N.B. To the knowledge of M&A Monitor, Aareal Bank had no options in issue.

## BID PREMIA / SHARE DATA PAGE

The following points relate to the bid premia and the share data from which they were calculated:

### 1) Basis of calculation

Bid premia figures on the M&A Monitor database are based on the closing share prices of a target company during a defined period or in relation to a defined date, rather than on the basis of weighted average prices of trades in a target company's shares during a defined period or on a defined date.

### 2) Source of share prices/Currency

Share prices on the Share Data page for Aareal Bank are taken from Xetra and are quoted in EUR.

### 3) Pre-bid speculation date

The pre-bid speculation share price is from 6 October 2021, the last day of trading before Aareal Bank confirmed its management board had entered into talks whose outcome was open regarding a potential acquisition of a majority interest in Aareal Bank.

### 4) Dividend adjustment

To ensure consistency between the offer price, which is stated ex-dividend in this report, and the share prices used to calculate bid premia, all of Aareal Bank's share prices have been reduced by the €1.60 per share dividend.

## FINANCING

The offer would be solely financed with equity.

## TARGET FINANCIALS

### \* Loans and advances to customers

This comprises property loans, public-sector loans and other loan receivables, including deferred interest, less a loss allowance.

### \* Cash and treasury

The figure in the cash and treasury field comprises cash funds plus all money market and capital receivables.

### \* Associates/JVs

The figure in the associates/JVs field represents investments accounted for using the equity method.

\* Equity investments

Aareal Bank's equity instruments (fvoci) figure has been entered in the Equity investments field.

BANK PERFORMANCE RATIOS

1) Net interest Margin

According to M&A Monitor's own calculation, the net interest margin for Aareal Bank was 1.36%. This was calculated by expressing Aareal Bank's net interest income figure of €597 million in 2021 as a percentage of its average interest earning assets figure of €44,019 million during the 12 months to 31 December 2021. This latter figure was calculated by aggregating the bank's interest earning assets totals as at both 31 December 2020 and 31 December 2021, then dividing the sum of that calculation by two. The table below provides information about the breakdown of the bank's interest earning assets at the dates shown:

As at 31/12 € millions	2021	2020
Cash funds (ac)	6,942	4,744
Loan receivables (ac)	29,434	27,277
Less loss allowance	(492)	(592)
Money market and capital market receivables (ac)	5,884	5,884
Money market and capital market receivables (fvoci)	3,749	3,667
Loan receivables (fvpl)	598	856
Money market and capital market receivables (fvpl)	4	93
	-----	-----
Total	44,449	42,521

N.B. It should be appreciated that the methodology used by M&A Monitor for its net interest margin calculation may differ from that used by banks when calculating a net interest margin figure for inclusion in their annual report insofar as a bank's own calculation will typically be based on a more accurately weighted average interest bearing assets figure (e.g. derived by taking measures of its interest earning assets totals at a more regular interval (e.g. weekly or monthly) than is available to those relying on publicly available information). Accordingly, care should be taken when comparing net interest margin figures calculated by M&A Monitor itself with net interest margin figures published by parties to a transaction.

2) Return on Average Equity

This figure of 2.27% was calculated by expressing the €67 million "Attributable Profit" figure (recorded in the profit and loss portion of the "Target Financials" section) as a percentage of Aareal Bank's average balance sheet total ORDINARY shareholders funds figure over the 12 months to 31 December 2021 - this latter figure was calculated by aggregating the bank's ORDINARY shareholders funds totals as at both 31 December 2020 and 31 December 2021, then dividing the sum of that calculation by two.

3) Return on Average Assets

This figure of 0.14% was calculated by expressing the €67 million million "Attributable Profit" figure (recorded in the profit and loss portion of the "Target Financials" section) as a percentage of Aareal Bank's average total assets figure over the 12 months to 31 December 2021 - this figure was calculated by aggregating the bank's total assets as at both 31 December 2020 and 31 December 2021, then dividing the sum of that calculation by two.

4) Capital Ratios & Risk Weighted Assets

These figures were sourced from page 2 of Aareal Bank's annual report.

## Target Details

### OVERVIEW

Aareal Bank Group, headquartered in Wiesbaden, was an international property specialist bank. It provided smart financing, software products and digital solutions for the property sector and related industries, and was present across three continents: Europe, North America and Asia/Pacific. Aareal Bank, whose shares were included in Deutsche Börse's SDAX index, was the Group's parent entity. It managed the various entities organised in the Aareal Bank Group's business segments: Structured Property Financing, Banking & Digital Solutions, and Aareon.

### OPERATIONS

\* Structured Property Financing

The Structured Property Financing segment encompassed all of Aareal Bank Group's property financing and funding activities. Here, Aareal Bank supported its clients in making large-volume commercial property investments. The investment properties mostly comprised office buildings, hotels, shopping centres, logistics and residential property, as well as student apartments.

\* Banking & Digital Solutions

In the Banking & Digital Solutions segment, Aareal Bank Group supported 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.

\* Aareon

The subsidiary Aareon was a provider of enterprise resource planning (ERP) software and digital solutions for the European property industry and its partners, formed the third business segment. Aareon was digitalising the property industry by offering user-oriented software solutions that simplified and automated processes, supported sustainable and energy-efficient operations and interconnected all process participants.

SEGMENT INFORMATION

The following table shows a breakdown of net interest income by segment:

Y-E 31/12 € million	2021	2020
Structured Property Financing	560	474
Consulting/Services Bank	43	39
Aareon	(6)	(1)
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	597	512

The following table shows a breakdown of net commission income by segment:

Y-E 31/12 € million	2021	2020
Structured Property Financing	8	8
Consulting/Services Bank	28	26
Aareon	221	213
Consolidation/reconciliation	(12)	(13)
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	245	234

The following table shows a breakdown of loan receivables:

Y/E 31/12 € million	2021	2020
Property loans (ac)	29,059	26,852
Public-sector loans (ac)	323	360
Other loan receivables (ac)	52	65
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	29,434	27,277

FINANCIAL PERFORMANCE

The following table shows Aareal Bank's income statement for 2021:

Y-E 31/12 € million	2021	2020
Interest income from financial instruments (ac and fvoci)	769	720
Interest income from financial instruments (fvpl)	20	34
Market-driven modification gains	1	0
Interest expenses for financial instruments (ac)	64	75
Interest expenses for financial instruments (fvpl)	126	166
Market-driven modification losses	3	1
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Net interest income	597	512
Loss allowance excluding credit-driven net modification gain or loss	131	343
Credit-driven net modification gain or loss	2	1
Loss allowance	133	344
Commission income	297	283
Commission expenses	52	49
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Net commission income	245	234
Net gain or loss on the derecognition of financial assets (ac)	20	19
Net gain or loss on the derecognition of financial liabilities (ac)	3	7
Net gain or loss on the derecognition of financial assets (fvoci)	0	2
Net derecognition gain or loss	23	28
Net gain or loss from financial instruments (fvpl)	-30	-32

Net gain or loss from hedge accounting	-5	6
Net gain or loss from investments accounted for using the equity method	-2	1
Administrative expenses	528	469
Net other operating income/expenses	-12	-11
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Operating profit	155	-75
Income taxes	87	-6
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Consolidated net income	68	-69
Consolidated net income attributable to non-controlling interests	1	5
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Consolidated net income attributable to shareholders	67	-74

N.B. fvpl = fair value through profit or loss, ac = amortised cost, and fvoci = fair value through other comprehensive income.

#### SOURCES USED

Aareal Bank ad-hoc disclosures 07/10/2021, 23/11/2021  
Aareal Bank press release 23/11/2021  
Aareal Bank press release 06/04/22  
Atlantic BidCo press release 23/11/2021  
Atlantic BidCo press release 26/01/2022  
Atlantic BidCo press release 04/02/2022  
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Aareal Bank presentation 23/11/2021  
Aareal Bank annual report 31/12/2021  
Atlantic BidCo offer document 26/04/2022

www.aareal-bank.com  
atlantic-offer.com  
www.adventinternational.com  
www.centerbridge.com

#### Further Information on M&A Monitor Ltd.

M&A Monitor produces a database which analyses selected corporate mergers and acquisitions. This can be found at [www.ma-monitor.co.uk](http://www.ma-monitor.co.uk). The M&A Monitor database was launched as a web-based product in the second half of 1997, since which time it has established itself as the most reliable source commercially available for analytically rigorous M&A data. The database analyses and interprets all relevant publicly available information about a transaction and presents it in a user-friendly format which combines rigorous valuation analysis with detailed textual sections, thus providing a "one-stop-shop" for deal specific information. Different sector and deal-specific templates are used to reflect the type of transaction (e.g Public or Private) and target sector (e.g. Banking or Industrial). The information used on the database for transaction analysis is sourced from original materials published by the parties to the transaction and regulatory bodies including additional information which comes into the public domain subsequent to completion of a transaction. Transactions are typically analysed by analysts with the necessary language skills or sector experience. M&A Monitor can be contacted on (+44) 20 8944 9700 and at [enquiries@ma-monitor.co.uk](mailto:enquiries@ma-monitor.co.uk)