

Invitation to the Annual General Meeting of Shareholders

Dear Shareholders,

We are pleased to invite you to our Annual General Meeting to be held on Wednesday, 23 May 2018, at 10:30 a.m., at the "Kurhaus Wiesbaden", Kurhausplatz, 65189 Wiesbaden, Germany.

We have convened this year's General Meeting by way of publication in the German Federal Gazette (Bundesanzeiger) dated 11 April 2018, publishing the agenda set out below.

This version of the Notice to Shareholders (invitation to the Annual General Meeting) 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.



Aareal Bank

Agenda

Agenda item 1: Presentation of the confirmed annual financial statements and the approved consolidated financial statements, of 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 2017 financial year

In accordance with section 172 of the German Public Limited Companies Act (Aktiengesetz – AktG), on 22 March 2018 the Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Management Board; the financial statements have thus been confirmed. Therefore, it is not necessary to pass a resolution on this agenda item 1.

Agenda item 2: Passing of a resolution on the appropriation of net retained profit for the 2017 financial year

The Management Board and Supervisory Board recommend that Aareal Bank AG's net retained profit of € 149,643,052.50 for the financial year 2017 be appropriated as follows:

Distribution of a dividend of € 2.50 per no-par-value bearer share entitled to dividend payment (currently: 59,857,221 shares)	€ 149,643,052.50
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At the time of this proposal for the appropriation of profit, the Company does not hold any treasury shares. Should the number of no-par-value bearer shares entitled to dividend payment for the financial year 2017 alter prior to the Annual General Meeting, an appropriately amended resolution will be presented to the Annual General Meeting for approval. Said resolution

will provide for an unchanged dividend of € 2.50 per no-par-value share entitled to dividend payment and, if applicable, a proposal for carrying forward the balance.

According to section 58 (4) sentence 2 of the AktG, the entitlement to payment of the dividend falls due on the third business day following the resolution of the Annual General Meeting, i. e. on 28 May 2018.

Agenda item 3: Passing of a resolution on the formal approval of the members of the Management Board for the 2017 financial year

The Management Board and Supervisory Board propose that formal approval be granted, for the 2017 financial year, for the members of the Management Board who were in office during that period.

Agenda item 4: Passing of a resolution on the formal approval of the members of the Supervisory Board for the 2017 financial year

The Management Board and Supervisory Board propose that formal approval be granted, for the 2017 financial year, for the members of the Supervisory Board who were in office during that period.

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

- a) Based on the recommendation of the Audit Committee, the Supervisory Board proposes that auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, be appointed as the external auditors for the Company's annual financial statement and the Group's consolidated financial statement for the 2018 financial year, and as the external auditors for the review of the condensed financial statements and the interim management report as at 30 June 2018.

b) Based on the recommendation of the Audit Committee, the Supervisory Board furthermore proposes that auditors PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, be appointed as the external auditors for the review, if applicable, of additional financial information required within the meaning of section 115 (7) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) during the financial year 2018 and the financial year 2019 until the next Annual General Meeting takes place.

The Audit Committee has declared that its recommendation was not improperly influenced by any third party and that no clauses exist that restricted the choice within the meaning of Article 16 (6) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

Agenda item 6: Passing of a resolution on the election of the members of the Supervisory Board

The regular term of office of two shareholder representatives on the Supervisory Board (Ms Marija Korsch and Mr Richard Peters) will end with the close of the Annual General Meeting of 23 May 2018. Therefore, a corresponding number of new representatives must be elected to the Supervisory Board during this year's Annual General Meeting. In agreement with the requirements of the German Corporate Governance Code, the elections shall be made on an individual basis.

Pursuant to section 2 (1) of the Co-Determination Agreement in conjunction with Article 9 of the Memorandum and Articles of Association and sections 96 (1) and 101 (1) of the AktG, the Supervisory Board consists of eight members to be elected by the Annual General Meeting and four members to be elected by staff. The Annual General Meeting is not bound by nominations when electing shareholder representatives.

The following nominations of the Supervisory Board take into account the guidelines regarding the selection of members of the Management Board and the Supervisory Board which have been defined by the Supervisory Board. These guidelines comprise requirements regarding the suitability of the candidates and can be found in the current Corporate Governance Statement at www.aareal-bank.com (under Investors/General Meeting 2018/Documents on General Meeting). In the opinion of the Supervisory Board, both candidates possess the personal reliability and the professional qualifications which are necessary to fulfil their tasks on the Supervisory Board of Aareal Bank. The goals regarding the composition of and the diversity on the Supervisory Board would be achieved by the reelection of these persons.

Based on the recommendation of the Executive and Nomination Committee, the Supervisory Board proposes that the following candidates be elected to the Supervisory Board as shareholder representatives:

- a) Ms Marija Korsch, Frankfurt/Main, formerly a Partner of Bankhaus Metzler seel. Sohn & Co. Holding AG;
- b) Mr Richard Peters, Kandel, President and Chairman of the Management Board of Versorgungsanstalt des Bundes und der Länder – "VBL".

Said candidates would be elected for a term of office commencing after the close of this year's Annual General Meeting until, in accordance with Article 9 (2) of the Company's Memorandum and Articles of Association, the close of the Annual General Meeting that resolves on the formal approval for the 2022 financial year.

Please note that it is intended to suggest that Ms Marija Korsch – subject to her election by the Annual General Meeting – shall again be appointed Chairman of the Supervisory Board.

Disclosure pursuant to section 5.4.1 (6) of the German Corporate Governance Code

To the Supervisory Board's knowledge, none of the proposed candidates for the Supervisory Board have personal or business relations with the Company or its affiliates, the executive bodies of the Company or with a significant shareholder of the Company within the meaning of section 5.4.1 (6) of the German Corporate Governance Code.

Disclosure pursuant to section 5.4.1 (5) of the German Corporate Governance Code

Under the item **Information on the elections to the Supervisory Board** at the end of this agenda please find the curricula vitae of the candidates providing details on their relevant respective knowledge, abilities, experiences, and key activities.

Agenda item 7: Passing of a resolution on the amendment to Article 18 of the Memorandum and Articles of Association

To the extent permitted by law, the simple majority vote defined in the Memorandum and Articles of Association shall uniformly apply to all resolution types. Article 18 (1) of the Memorandum and Articles of Association currently reads as follows:

"The resolutions of the Annual General Meeting may be passed by a simple majority vote unless mandatory statutory provisions provide otherwise. Where the law requires that a majority of the share capital represented at the Annual General Meeting approves of the resolution, a simple majority of the share capital so represented will suffice unless mandatory statutory provisions require a larger majority. This excludes any resolutions on the increase of the share capital through contributions pursuant to section 182 of the AktG that require a majority vote of no less than three quarters of the share capital represented during the passing of the relevant resolution."

The last sentence of Article 18 (1) shall therefore be deleted. In addition, the remaining sentences shall be adapted to current spelling conventions.

The Management Board and Supervisory Board therefore propose the following resolution:

Article 18 (1) shall be amended and reworded as follows:

"The resolutions of the Annual General Meeting may be passed by a simple majority vote unless mandatory statutory provisions provide otherwise. Where the law requires that a majority of the share capital represented at the Annual General Meeting approves the resolution, a simple majority of the share capital so represented will suffice unless mandatory statutory provisions require a larger majority."

Information on the candidates for the Supervisory Board proposed under agenda item 6

Curriculum vitae Marija Korsch

1. Personal details

Ms Marija Korsch was born on 16 July 1948. She is a US citizen and lives in Frankfurt/Main, Germany.

2. Function(s) at Aareal Bank

Marija Korsch was judicially appointed as a member of the Supervisory Board in 2012. In 2013 she was elected by the Annual General Meeting for the period ending with the close of the Annual General Meeting 2018. She is thus in her first term of office. She has been Chairman of the Supervisory Board since 2013. Furthermore, she is the Chairman of the Executive and Nomination Committee and the Remuneration Control Committee, and a member of the Risk Committee, the Committee for Urgent Decisions, the Audit Committee, and the Technology and Innovation Committee.

3. Professional Career

As a partner in German private bank Bankhaus Metzler seel. Sohn & Co. Holding AG until 2008, Marija Korsch was responsible for the bank's Corporate Finance business, having headed the business as a Managing Director from 1993 to 1998. Previously, she was a Managing Director at Bankers Trust Company, responsible for the bank's Corporate Finance and Merchant Banking activities in Germany, Austria and Switzerland; at Vereins- und Westbank AG, she was responsible for the business in North America and Latin America.

Ms Korsch started her career in 1973, with European American Bank, New York, Los Angeles and San Francisco, before joining Bankers Trust Company in New York. She studied Mathematics at St Peters College, New Jersey, USA; and Economics at Università di Roma, Italy.

Due to her professional training and career path, Marija Korsch has expertise in strategic planning, the banking business, property finance, staff and succession planning, accounting matters and corporate reporting of financial institutions, risk management, and the assessment and design of risk management systems (including remuneration systems which are consistent with the standards defined by such systems).

4. Further mandates and activities pursuant to section 125 (1) sentence 5 of the AktG and section 5.4.1 (5) of the German Corporate Governance Code

Marija Korsch is a member of the statutory Supervisory Boards of Just Software AG and Instone Real Estate Group N.V. Beyond these mandates she does not hold offices on comparable controlling bodies in Germany or abroad in line with section 125 (1) sentence 5 of the AktG.

In addition to the activities already mentioned, Marija Korsch is a shareholder and member of the Board of Trustees of FAZIT – Stiftung Gemeinnützige

Verlagsgesellschaft mbH, a member of the Board of Trustees of Institut für Bank- und Finanzgeschichte (IBF), a member of the administration of Städelsches Kunstinstitut and Städtische Galerie, Deputy Chairman of the Management Board of the Gesellschaft der Freunde der Alten Oper Frankfurt e.V., and Chairman of the Management Board of Stiftung Centrale für private Fürsorge.

Curriculum vitae Richard Peters

1. Personal details

Richard Peters was born on 27 March 1957, he is a German citizen and lives in Kandel, Germany.

2. Function(s) at Aareal Bank

Richard Peters was elected member of Aareal Bank AG's Supervisory Board by the Annual General Meeting in 2013. The appointment is valid for the period ending with the close of the Annual General Meeting 2018; he is thus in his first term of office. Furthermore, he is a member of the Executive and Nomination Committee, the Audit Committee, and the Technology and Innovation Committee.

3. Professional Career

Richard Peters is Chairman of the Management Board of Versorgungsanstalt des Bundes und der Länder (VBL) in Karlsruhe. He has been a member of the VBL Management Board since January 1998. During his first ten years with VBL, he was responsible for VBL's investments, followed by five years' responsibility for VBL's insurance products and benefits.

Having studied law, Mr Peters began his professional career at the head office of Karstadt AG in Essen, as head of the social and wage policies department. Following his appointment as a government official by the German State of Thuringia at the beginning of 1992, he worked as Human Resources officer at the Regional Tax Office in Erfurt for three years, followed by three years as head of the Collective Bargaining and Labour Law Department at the Thuringia Ministry of Finance.

Due to his professional training and career path, Richard Peters has expertise in strategic planning, risk management systems (including remuneration systems which are consistent with the standards defined by such systems), managing liquidity and investment risks, managing and controlling trading activities, assessing the efficiency of governance frameworks, staff and succession planning, corporate communications, accounting matters and corporate reporting, facility and organisation management, information technology, transformation, as well as cyber risks.

4. Further mandates and activities pursuant to section 125 (1) sentence 5 of the AktG and section 5.4.1 (5) of the German Corporate Governance Code

Furthermore, Richard Peters is a member of the Supervisory Board of DePfa Holding Verwaltungsgesellschaft mbH. As the liquidation of this company is being prepared, the mandate is inactive. Richard Peters holds no other memberships in comparable domestic or international supervisory bodies in line with section 125 (1) sentence 5 of the AktG.

Furthermore, he is a member of the Board of Directors of EAOSPI (European Association of Public Sector Pension Institutions) and Chairman of the Management Board of VBLU e.V.

The curricula vitae of all members of the Supervisory Board are published on the Aareal Bank website under www.aareal-bank.com and updated annually.

Company website and documents available for download

The invitation to the Annual General Meeting, the documents to be made available to the Annual General Meeting as well as further information in connection with the Annual General Meeting will be available on the Company's website at www.aareal-bank.com

(specifically: Investors/General Meeting 2018) as from the date of convocation of the Annual General Meeting.

Any counter-proposals, nominations or requests for amendments by shareholders that are received by the Company and require publication will also be made available on the above website. Following the Annual General Meeting, the voting results will be published on the same website.

The documents to be provided will be available for inspection by shareholders at Aareal Bank AG's offices (Paulinenstrasse 15, 65189 Wiesbaden) from the date of convocation of the Annual General Meeting, and will also be available at the Annual General Meeting on 23 May 2018. As a special service, the Company will send these documents to shareholders free of charge, upon request. It should be noted that the Company has complied with its legal obligation by making the information available on its website.

Total number of shares and voting rights

At the time of convening the Annual General Meeting, the Company's share capital amounts to € 179,571,663.00 and is divided into 59,857,221 no-par-value bearer shares. Each share carries one vote at a General Meeting. Therefore, at the time of convening the Annual General Meeting, the total number of voting rights amounts to 59,857,221. At the time of convening the Annual General Meeting, the Company does not hold any treasury shares.

Preconditions for attendance at the Annual General Meeting and for the exercise of voting rights

Those shareholders who register with the Company for this purpose prior to the Annual General Meeting

and provide the Company with evidence of their shareholding issued by their custodian institution are entitled to attend and to vote at the Annual General Meeting. Registration to attend and specific evidence of the shareholding must be submitted to the Company by no later than **16 May 2018 (24:00 hours CEST)** at the following address:

Aareal Bank AG
c/o Computershare Operations Center
80249 Munich, Germany
Fax: +49 89 30903-74675
E-mail: anmeldestelle@computershare.de

The registration and specific evidence of shareholding must be supplied in written form (as defined in section 126b of the German Civil Code (Bürgerliches Gesetzbuch – BGB)). Specific evidence of shareholding must be supplied in either German or English and refer to **2 May 2018 (00:00 hours CEST)**, the record date for submission of proof.

Only those shareholders who have provided specific evidence of their shareholdings will be deemed a shareholder of the Company for the purposes of attending the Annual General Meeting and exercising their voting rights.

Importance of the record date

The right to attend the Annual General Meeting and the scope of voting rights depend solely on the shareholding extent at the record date for submission of proof (the "record date"). However, this record date does not in any way restrict the disposability of shareholdings. Even where shareholdings are sold, in whole or in part, after the record date, the shareholder's right to attend and vote will be based solely on his/her respective shareholding on the record date. This means that the disposal of shares after the record date does not in any way affect the shareholder's right to attend or the scope of his/her voting rights. Corresponding

provisions apply to the initial or further acquisition of shares after the record date. Anyone who does not own Company shares at the record date, but afterwards becomes a shareholder of the Company, may attend and vote at the Annual General Meeting (and shareholders who acquire further shares after the record date are entitled to vote only for such additional shares) only to the extent that they have been authorised to act as a proxy. The record date has no bearing on dividend rights. Following receipt by the Company of registration and specific evidence of shareholding, admission tickets for the Annual General Meeting (as organisational aids for the meeting) will be forwarded to the shareholders. To ensure timely receipt of the admission tickets, shareholders should request them from their custodian banks at their earliest convenience.

Voting by proxy

Shareholders can exercise their vote through an authorised proxy, which may be a credit institution, a shareholders' association, or another third party. However, even when being represented by a proxy, shareholders must still register their attendance and submit specific evidence of their shareholdings by the prescribed deadline. If a shareholder appoints more than one person as proxy, the Company is entitled to reject one or more of these proxies.

The granting of a voting proxy, its revocation and the submission of proof thereto vis-à-vis the Company, require written form (as defined in section 126b of the German Civil Code (BGB)). In case a credit institution, a shareholders' association or any other individual or entity of equivalent standing under section 135 (8) and (10) of the AktG shall be authorised to act as a proxy, section 134 (3) sentence 3 of the AktG as well as the provisions in the Company's Memorandum and Articles of Association do not require written form. It should be noted, however, that the individual, entity or institution to be authorised may request that they be issued with a specific form of proxy in these cases,

since section 135 of the AktG requires them to record any proxy in a verifiable manner. If you wish to authorise a credit institution, a shareholders' association or any other individual or entity of equivalent standing under section 135 (8) and (10) of the AktG to act as a proxy, you should check with them as to what form of proxy they require.

The authorisation may be granted either to the proxy or to the Company.

Proof of proxy authorisation may be provided by the proxy handing over proof of the proxy (e.g. the original proxy document, or a copy thereof) at the entrance to the Annual General Meeting. When forwarding proof of proxy by regular mail or fax, shareholders or shareholder representatives should use the registration address provided above. Alternatively, the Company allows the proof of proxy to be e-mailed to **Aarealbank-HV2018@computershare.de**. These dispatch options are also available in cases where the shareholder grants a proxy to the Company; in these cases, no separate proof of proxy is required. Similarly, shareholders may use any of the above transfer channels to notify the Company directly of the revocation of an existing proxy. Proof of a proxy authorisation granted during the Annual General Meeting may be provided by the shareholder handing over proof of the proxy when exiting the Annual General Meeting.

Shareholders wishing to appoint a proxy can use the proxy form provided by the Company for this purpose. This form will be forwarded to duly registered persons along with their admission tickets and can be requested from the above registration address, either by regular mail, fax or e-mail. In addition, proxy forms may be downloaded from the Company's website at www.aareal-bank.com (under Investors/Annual General Meeting 2018).

A proxy may also be granted electronically, using the Company's Internet-based proxy system. Specific details regarding this proxy system are available for shareholders

on the Company's website at www.aareal-bank.com (under Investors/Annual General Meeting 2018).

Where a proxy is granted, proof of such proxy provided, or a proxy revoked by way of a declaration to the Company by regular mail or by fax, the Company must, for organisational reasons, receive such declaration by no later than **22 May 2018 (18:00 hours CEST)**. Transmission of such declaration by e-mail, as well as the granting of a proxy via the Company's Internet-based proxy system will also be possible on the day of the Annual General Meeting, as will the presentation of such proxy form at the entrance to the meeting.

Procedure for exercising voting rights through a proxy appointed by the Company

The Company offers duly registered shareholders the option of being represented by Company representatives bound by the relevant shareholder's instructions. However, even when being represented by a proxy, shareholders must still register their attendance and submit specific evidence of their shareholdings by the prescribed deadline. The granting of a voting proxy, its revocation and the submission of proof thereto vis-à-vis the Company, require written form (as defined in section 126b of the German Civil Code (BGB)).

To authorise the proxy, shareholders can use the form sent to them with their admission ticket. Along with the proxy document, the proxies nominated by the Company also require voting instructions. Voting proxies are obliged to vote in accordance with instructions given to them; they cannot exercise voting rights at their own discretion. If the meeting votes on a topic for which a shareholder did not give express instructions, that shareholder's proxy will abstain from voting. To facilitate organisation, shareholders who wish to authorise voting proxies appointed by the Company must forward their proxy forms and instructions by no later than **22 May 2018 (18:00 hours CEST)** to the afore-

mentioned registration address, either by regular mail or fax or e-mail them to **Aarealbank-HV2018@computershare.de**.

Voting proxies nominated by the Company may also be authorised using the Company's above-mentioned Internet-based proxy system until **22 May 2018 (18:00 hours CEST)**. Details of how to authorise Company-nominated voting proxies using this proxy system are available for shareholders on the Company's website at www.aareal-bank.com (specifically: Investors/General Meeting 2018).

In addition, shareholders who attend the Annual General Meeting but have to leave the meeting prior to voting, will, upon leaving, have the option of authorising a voting proxy nominated by the Company by means of another form provided by the Company for this purpose and of giving this proxy corresponding voting instructions.

Information on shareholder rights pursuant to sections 122 (2), 126 (1), 127, 131 (1) of the AktG

Requests for amendments to the agenda as per section 122 (2) of the AktG

Shareholders whose combined shareholdings amount to one-twentieth of the registered share capital, or a proportional amount of shares amounting to € 500,000.00 (rounded up, this equates to 166,667 shares), may request that certain items be included in the agenda and made public (section 122 (2) of the AktG). Each new item to be added must be accompanied by an explanation or a proposal. Applicants must prove that they have been holders of the relevant shares for a minimum of 90 days prior to the day the request is received and that they will continue to hold them until the Management Board has made a decision on their application. Evidence can be provided in form of a certificate issued by the custodian bank.

The application must be addressed in writing (section 126 of the German Civil Code (BGB)) or in electronic form, i.e. using the qualified electronic signature (section 126a of the German Civil Code (BGB)), to the Management Board of Aareal Bank AG and must be received by the Company no later than **22 April 2018 (24:00 hours CEST)**, at the following address:

Vorstand der Aareal Bank AG
Paulinenstrasse 15
65189 Wiesbaden, Germany
E-mail: HV2018@aareal-bank.com

Unless already communicated at the date of convocation, amendments to the agenda requiring publication must be published, without undue delay following receipt, in the electronic German Federal Gazette (Bundesanzeiger) and in such other media that can be assumed to distribute information throughout the entire European Union. In addition, they are also published on the internet at www.aareal-bank.com (specifically: Investors/General Meeting 2018) and communicated to the shareholders.

Motions and nominations by shareholders under section 126 (1) and section 127 of the AktG

Shareholders may lodge counter-proposals to the proposals submitted by the Management Board and/or the Supervisory Board regarding agenda items, and submit nominations for the appointment of external auditors and Supervisory Board members. Any such counter-proposals must also state their reasons; nominations for elections do not require any substantiation. Counter-proposals and nominations must be sent to the following address only:

Aareal Bank AG
CSEC-Board Office
Paulinenstrasse 15
65189 Wiesbaden, Germany
Fax: +49 611 348-2965
E-mail: HV2018@aareal-bank.com

Any counter-proposals and nominations received by the Company at the aforementioned address by no later than **8 May 2018 (24:00 hours CEST)** will be made available on the Internet at (specifically: Investors/General Meeting 2018), including the shareholder's name and the reasons for the counter-proposal, taking the further stipulations set forth in sections 126 and 127 of the AktG into consideration. Any management statements will be published on the same website.

Right to disclosure pursuant to section 131 (1) of the AktG

At the Annual General Meeting, every shareholder or shareholder representative may request information from the Management Board regarding the Company's affairs, its legal and business relationships with affiliated companies and the situation of the Group and the companies within the Group's scope of consolidation, provided that such information is necessary to make a reasonable assessment of the relevant agenda item. Disclosure requests at Annual General Meetings must generally be made verbally during the debate.

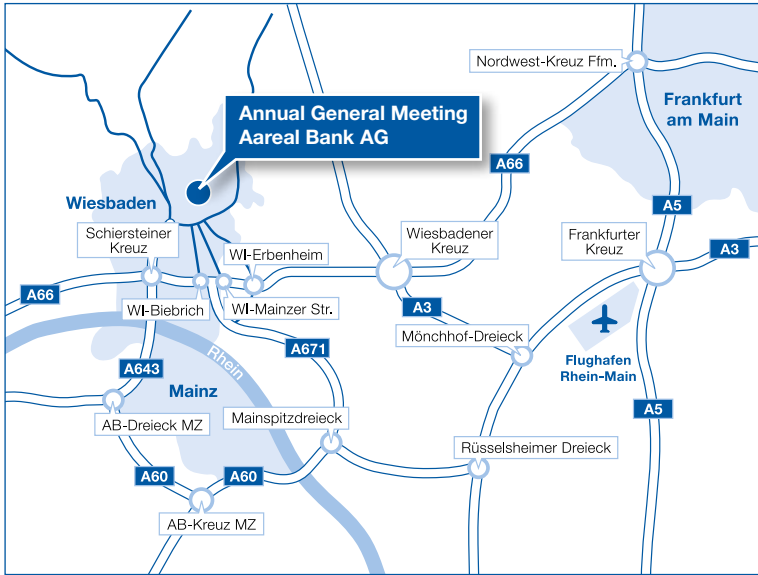
Further explanations concerning shareholders' rights

Further information on shareholder rights pursuant to sections 122 (2), 126 (1), 127 and 131 (1) of the AktG can be viewed on the Internet at www.aareal-bank.com (specifically: Investors/General Meeting 2018).

Aareal Bank AG

The Management Board

Wiesbaden, April 2018



Venue of the Annual General Meeting

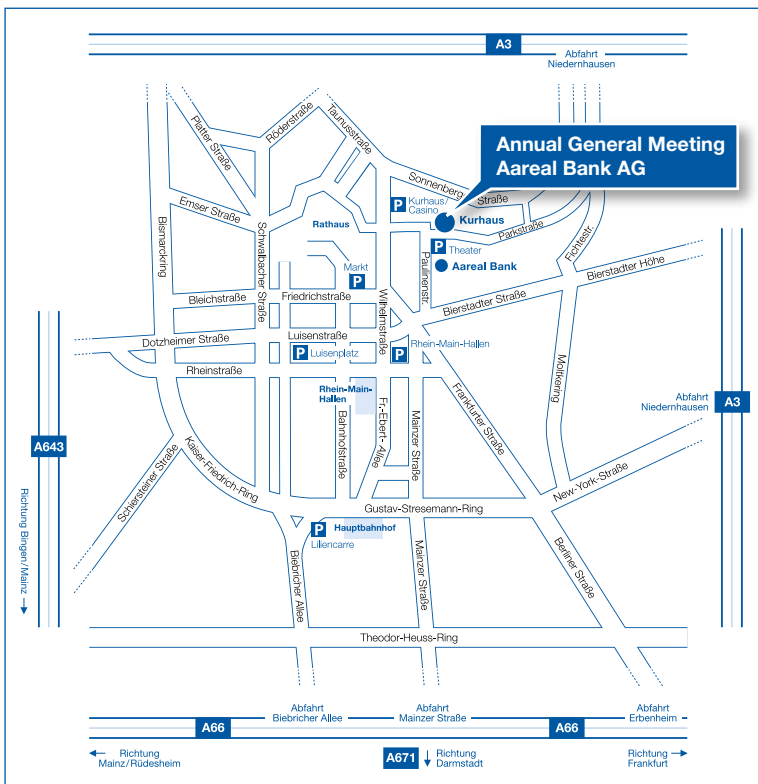
Kurhaus Wiesbaden
 Kurhausplatz 1
 65189 Wiesbaden, Germany

Map and directions

Coming via the A66 motorway from Frankfurt/Wiesbadener Kreuz:

Take the "Wiesbaden-Erbenheim" exit. Head towards Wiesbaden-Sonnenberg via Moltkering, taking the first left to "Stadtmitte/Kurhaus".

Parking facilities (subject to charges) are available at signposted on-street parking spaces (pay & display), and also at the "Theater" and "Kurhaus" car parks.



Using public transport from

Wiesbaden main railway station:

Bus (lines 1 and 8) to stops "Friedrichstrasse" or "Theater/Kurhaus"

Aareal Bank AG
Paulinenstrasse 15
65189 Wiesbaden, Germany

www.aareal-bank.com

04/2018



Aareal Bank