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
Aareal Bank AG

on the occasion of the

Annual General Meeting
on 27 May 2020

I. Welcome and introduction

Ladies and gentlemen, dear shareholders,

I, too, would like to welcome you warmly on behalf of Aareal Bank AG's entire Management Board to this year's Annual General Meeting.

The virtual Annual General Meeting format that we have adopted in these unusual times to protect both your health and that of our staff is just as unfamiliar to us here in Wiesbaden as it is for you watching it on your monitors. And to be frank we really don't want to get used to it. We value being able to talk to you directly. And we hope that next time round we'll be able to hold a face-to-face discussion again.

Nevertheless, we are naturally pleased that so many people registered for this event. At a good 53 percent of the share capital, this virtual participation rate is only slightly lower than the physical attendance seen in past years.

Many things are different to normal this time, and that also applies to what I shall say. Of course, a large part of my speech will – as always – cover recent business developments and our Company's future prospects. But before I get to that I need to talk about the Covid-19 pandemic. This subject dominates everything at the moment and is naturally also affecting Aareal Bank Group in many different ways.

II. Covid-19: How we are meeting the challenge

Ladies and gentlemen,

As you all know and have experienced first-hand in recent months, both personally and professionally: the measures taken to combat the medical effects of this virus have triggered sweeping changes. Unparalleled restrictions were implemented almost simultaneously right across the world. These have massively impacted the economy, working environments and our social lives alike. As a result, the global economy has seen an almost synchronous slump in economic output around the world. The financial markets initially reacted by pre-empting this crash before laboriously stabilising again. Nevertheless, high volatility has persisted down to today – a reflection of the ongoing immense uncertainty over the intensity, depth and above all the duration of the pandemic's effects.

The easing of the restrictions in recent weeks is an encouraging sign. It holds out hope of a gradual return to normality. At the same time, however, we all need to be clear how fragile the equilibrium is that Germany, and some other countries, seem to have found regarding the spread of the virus.

As an organisation, we have focused right from the start – and are continuing to do so – on our **responsibility for our staff**, on protecting their health and on **ensuring the continuity of our business operations**. This is why we held test runs early on to see if we could keep operating smoothly with a large majority of our staff working from home for an extended period.

Then, from 23 March onwards, this became our reality. And the good news is that it has worked very well indeed. Our staff have risen brilliantly to the challenge: they are flexible, motivated, cooperative and constructive. We can all of us be proud of this achievement. What's more, our IT staff coped consistently with the unfamiliar need to make sure nearly 3,000 people could work together remotely from home at the same time. They deserve our special praise for this.

Phase 2 started on 18 May: we are gradually moving from working from home to a rolling staff presence in our offices. In doing so, we are taking account of issues such as those posed by staff who are in high-risk groups or who have to look after family members. Our goal is to facilitate more personal interaction again while naturally also observing health and safety requirements.

Ladies and gentlemen,

our responsibility for our staff in this exceptional situation goes hand in hand with our **responsibility for our clients**. The pandemic has led to difficult situations for many of them; in some cases they are fighting for their economic survival.

For **Aareal Bank,** I can say that the client account managers in our Structured Property Financing segment have never before been in such close contact with so many clients at one and the same time as they have in the last few weeks and months. We have literally talked with all our clients about each and every loan! We can do this because we have always been close to our clients, both geographically and in terms of the issues involved. We understand the markets, we understand our clients, and we know about the unique cultural and market features of the individual regions. This approach really comes into its own at times like these!

What do we actually talk to our clients about if problems arise or are to be expected? In almost all cases such conversations are about how to tide over the period until "relative normality" returns. The good news is that at present a large majority of payment obligations are being met as agreed. This demonstrates the quality of our portfolio – and how strong our clients are. Where problems do arise nevertheless, we are working with them to find pragmatic solutions aimed at letting them carry on during the crisis and start again once it is over.

This is what we mean by responsibility: we are a reliable partner for our clients. We don't finance soulless commercial real estate – we contribute to the success of companies that do business with or in their properties. By doing so, we also help secure the jobs of many thousands of people who work there. This is another key motivation for our hard work in this coronavirus period, quite apart from our own legitimate economic interests.

The starting point for **Aareon** is different. The solutions provided by our software subsidiary are now actively helping its housing industry clients to continue their businesses smoothly from home. For example, clients already using Aareon CRM as a tenant portal or app benefit from this when communicating with tenants and owners. Equally, Aareon was able to offer users of the Wodis-Sigma and SAP®/Blue-Eagle ERP systems its Aareon Cloud Connect solution for working at home: all that they need here is a simple Internet connection.

In this exceptional situation, Aareon is benefiting from the fact that it had already developed special offerings such as its "Green Consulting" concept in recent years as part of its drive to digitalise operations and reduce travel costs. These solutions are now being deployed more and more. Work on client projects is continuing using the full range of digital options such as videoconferencing and conference calls. We have also migrated Aareon's training courses to the web, while virtual design thinking workshops are being conducted and Aareon client events such as the Wodis Sigma Meeting were held online. All these things put Aareon in a good position to continue working successfully with its clients in these challenging times for us all.

Summing up, we can say that not only is Aareon charting a very successful course through the crisis thanks to its traditionally high level of flexibility, but that clients are also happy to take advantage of its offerings. In fact there are even grounds for assuming that Aareon may actually benefit from some aspects of the crisis. The reason is that, thanks to the coronavirus crisis, workplaces are going digital faster and more comprehensively than ever. This clearly plays to Aareon's strengths, since it has long since morphed from a pure-play ERP provider to a successful supplier in the new digital world.

Dear shareholders,

Aareal Bank Group is able to take such wide-ranging responsibility in this crisis because we went into it from a position of strength. There are four key reasons for this:

- Firstly because the risk profile for our loan book is particularly conservative, with average loan-to-value ratios at historically low levels. This gives us the security we need to be able to withstand the crisis even if things take a turn for the worse. I shall come back to this point later.
- Secondly, we have an extremely strong capital base. This gives us substantial room to absorb potential negative developments.
- Thirdly, our funding and liquidity position is sound. Not only did we go into the crisis with a strong liquidity buffer, but our deposits from the housing industry also provide a stable additional source of funding.
- And fourthly because the diversified nature of our business model – thanks to the continuing growth in commission income that the Bank and especially Aareon generate – offers a clear competitive advantage in times like these.

All in all, therefore, Aareal Bank Group has the preconditions in place to successfully master the current crisis and its economic impacts, which can be felt across all economies and sectors, well together with its clients.

We worked hard in recent years to achieve this strong starting position. Not least by systematically implementing our "Aareal 2020" initiative for the future, which we launched in 2016.

We have met the key financial targets we set, despite the ever-growing challenges posed by the market and the regulatory environment. Even more important though: we have developed our structures and organisation, and enhanced our corporate culture, in the ways we had aimed for. Successfully implementing "Aareal 2020" has made us more powerful, robust, efficient and agile than ever before.

These are all qualities that help immensely in the current situation, of course.

III. Review of 2019

Ladies and gentlemen,

once again, we worked hard in financial year 2019 to drive forward with our strategy, optimise our positioning and ensure our Group is as robust and resilient as we are currently proving ourselves to be in this crisis.
You can find all the details of what needs to be said about 2019 in the annual report that we published on 26 March.

But to put it in a nutshell, we can best describe the last financial year as follows: 2019 was another important – and successful – year for Aareal Bank Group at an operational, financial and strategic level.

Once again, we delivered what we had promised, despite challenging conditions. We achieved our goals and targets. I would like to extend our sincere thanks to all staff for this on behalf of the entire Management Board. This would not have been possible in this way without your unflagging commitment. We would also like to thank our clients warmly for placing their trust in us. Trust that we have to continue earning every day and without which we could not succeed.

Our numbers speak for themselves: we generated an operating profit of € 248 million, despite what remained an extremely demanding market and competitive environment and despite the integration costs for Düsseldorfer Hypothekenbank. As a result, we landed fair and square in the target corridor that we forecast at the beginning of the year. Despite the fact that we recognised expenses of roughly € 50 million for accelerated de-risking – in other words for reducing risk exposures.

Our earnings for 2019 demonstrate how robust our operating business is. They are also more proof of the proactive approach that we always take.

We started de-risking at a time when there were no more than slight signs that the economy was softening. As we know now, our timing could hardly have been better. Not only did we enhance our starting position for the coming years even further by de-risking. We also created a strong base from which to weather the current crisis.

We stepped up our extremely successful de-risking strategy in the second half of the year. We were able to massively reduce the volumes involved within a very short time and on extremely reasonable terms. For example, we slashed our exposure to Italy by roughly one-third, or € 1.3 billion, to € 2.7 billion. And we cut our non-performing loans (NPLs) by around 40 per cent compared to the mid-year point, pushing the total down to € 1.1 billion as at 31 December 2019.

De-risking also positively affected our capital base and led to an improvement in average loan-to-value ratios (LTVs). The key indicator for this – which is important for assessing the risks associated with our financing business – is currently at 57 percent. This is the lowest figure for many years. What is more, a large proportion of our portfolio is grouped extremely closely around this average. Put concretely, this means we could cope well even with very sharp falls in prices on our markets – although there are no hard indications of this at present.

Stable net interest income, a moderate loss allowance despite our de-risking activities, the expected clear rise in net commission income thanks in particular to Aareon's ongoing success, only a modest increase in administrative expenses, and a continuing sound capital and liquidity base as at the year-end: all these things round off what was, from an economic perspective, another successful financial year for Aareal Bank Group.

Ladies and gentlemen,

in view of these positive developments, we had initially announced that we would be distributing a dividend of € 2.00 per share. This announcement was made, after the necessary preliminary work, on 26 February – some time before the full extent of the Covid-19 pandemic and its consequences started to become clear. The European Central Bank – the supervisory authority responsible for us – reacted to this dramatic change in the situation, and to its still highly unpredictable impact on the banking sector in particular, with a clear demand. No dividends should be paid, and no other measures that reduce capital taken, until October 2020 at the earliest. We have analysed the situation and have complied with the ECB's request – as have almost all the banks that it supervises. In line with this, we announced on 5 April that – in contrast to our original plans – we would propose to today's Annual General Meeting that net retained profit for the 2019 financial year should not be used at present to distribute a dividend. Instead, we propose to transfer it to retained earnings. At the same time, we announced the following in connection with the ECB's recommendation: the Management Board reserves the right to make a new proposal on the appropriation of profits at another, later potential general meeting – if it is possible to assess the impact of the Covid-19 pandemic more reliably and if the situation on the market permits.

This statement continues to apply. We shall continue to monitor developments closely and will reassess the situation as appropriate. And we shall take your interests as Aareal Bank AG's shareholders and owners into account when doing so.

Nevertheless, at the moment it is impossible to predict what the results of such an assessment could be and when it could be made. The uncertainty as to how severe the effects of Covid-19 will be and as to the timing and speed of any potential recovery is still too great. However, there are growing indications that the hoped-for V-shaped recovery scenario (in other words, a slump followed by a rapid recovery) is not on the cards. Equally, the risk of a renewed intensification of the crisis with a much more negative development – something that the central banks are repeatedly drawing attention to – has not been banished.

Our own forecasts assume a longer period before we see a tangible recovery. I shall return to this point in more detail later.

We are very much aware that our dividend is a key reason why many shareholders invest in our Company. This is all the more so in view of the recent developments in our share price, which fell sharply in March of this year as a result of the coronavirus outbreak, even though we are completely convinced that this slump in no way reflects our Company's actual position and prospects.

Despite this, we hope that you will support our dividend proposal. It does justice to the extremely uncertain environment and complies with our supervisor's expectations. At the same time, we are reiterating that our basic dividend policy still applies and that we would like to return to it as soon as possible.

Ladies and gentlemen,

let me now make a few other remarks on today's agenda that go above and beyond the topics Ms. Korsch and I have already mentioned.

In addition to a variety of standard topics, we are submitting changes to the control and profit and loss transfer agreements with DHB Verwaltungs AG and Aareal Immobilien Beteiligungen GmbH to a vote in item 11. Both companies are wholly-owned subsidiaries of Aareal Bank AG and both are headquartered in Wiesbaden. German stock corporation law requires a brief explanation of these changes to be given in the Annual General Meeting.

We announced the wording of the amending agreements that have now been submitted for resolution and, in particular, the written reports on them when we convened this Annual General Meeting. I am referring to these.

The Agreement to Amend the Control and Profit Transfer Agreement with DHB Verwaltungs AG relates to the provision governing extraordinary termination. According to a notification from the Wiesbaden I tax office, the wording had to be changed to clarify that good cause always has to exist for extraordinary termination of the Control and Profit Transfer Agreement to take place.

The Agreement to Amend the Control and Profit Transfer Agreement with Aareal Immobilien Beteiligungen GmbH relates firstly to the wording of the provision governing the assumption of losses. The revision now makes clear that the requirements of section 302 of the German Public Limited Companies Act (Aktiengesetz – AktG) as amended apply in all cases. In addition, the Control and Profit Transfer Agreement was entered into for a further period of five years to eliminate any doubts as to its minimum duration.

The two amendment agreements have already been approved by DHB Verwaltungs AG's annual general meeting and Aareal Immobilien Beteiligungen GmbH's shareholders' meeting respectively. The agreements will only become legally effective following their approval by this Annual General Meeting and their entry in the commercial register applicable to the registered office of the subsidiary concerned.

Ladies and gentlemen,

after this brief digression I shall return to the main body of my speech and continue my concise overview of the past financial year.

As we have already seen, 2019 was another successful financial year for Aareal Bank Group. But we also made considerable strategic progress.

Let me give just two examples out of the many initiatives and measures with which we have further improved our business and our chances of being successful in future, too:

The first is Aareon's Investor Seminar, which was held last May. This marked a milestone in how our subsidiary is perceived on the capital market. We presented Aareon's growth programme there for the first time and showed in full how our subsidiary could increase its value. The second is the acquisition of software and consulting company CalCon, which we announced in November. This – along with Aareon's large number of new and enhanced products and systematic expansion of its digital solutions – clearly reinforced our subsidiary's high ambitions.

However, from a strategic perspective, the most important achievement for the Group as a whole was our in-depth preparations for life after our "Aareal 2020" initiative. We focused so intensively on this throughout much of 2019 that we were able to communicate the key messages in January of this year.

What are the key points here? How exactly do we want to continue Aareal Bank Group's success story in the years to come? Hopefully in a world that can overcome the coronavirus shock as fully as possible.

First of all, there will be no fundamental change to our strategy in the foreseeable future. Purely and simply because it's not necessary. The strategic vision behind our “Aareal 2020” initiative remains valid. As of the present, there is no reason to question our basic positioning, which combines commercial property finance and property sector services within a single entity. We don't have to reinvent ourselves but can build on what we have already achieved.

We aim to raise our Company to a new level in the medium term. This is why we have chosen "Aareal Next Level" as the strategic slogan for this Group development plan.

This opens up not only new strategic options but also considerable potential for additional growth, especially through systematically growing the commission income generated both by the Bank itself and by Aareon. We shall focus on developing our individual business activities so as to strengthen their independent profiles and add value for both our shareholders and other stakeholders.

In the Structured Property Financing segment that forms the Group's backbone, our main aim is to secure our past successes and best-in-class position despite the adverse environment using the "Activate!" slogan. We shall do this by systematically exploiting the flexibility we have achieved in recent years in terms of regions, asset classes, structures, and exit channels, and by expanding activities along the entire value creation chain.

The goal for what to date has been our Consulting/Services segment is for both areas – our Bank business and Aareon – to continue their growth in the coming years. In the process, we shall successively reduce overlaps and interdependencies while strengthening the independence of the brands and business models involved. And we aim to do this while also securing existing synergies.

The new segment reporting structure that we introduced as at Q1 2020 is the first tangible external expression of this more differentiated and more transparent approach. This is increasing our focus on the large number of extremely different activities performed within the former C/S segment. Each of these has substantial potential – which we shall now leverage even more specifically.

In concrete terms, this means that Aareal Bank – as a leading provider of integrated payment services for the housing industry – will reposition itself under the slogan "Elevate!": in addition to focusing on its deposit-taking business, it will grow into a supplier of additional products and services – and lift its commission income in the process. To do this, the Bank not only plans to extend its product range, but also envisages expanding into new markets where specific payments expertise is required.

We have a large number of projects for this in the pipeline, but they are not yet at the stage where we can announce them. We are certain of one thing: not only will this segment grow in the coming years, but it will also attract attention thanks to our many good ideas.

As for Aareon, it is already THE growth driver for the Group today. And we want to boost its rate of growth still further as an integral part of our revised strategy. Our slogan here is "Accelerate!". As a software company with a standalone market position, Aareon will develop a strong value proposition that is independent of its parent company, and will systematically implement its programme. The plan is to double its earnings in the medium term, primarily by expanding our high-growth digital business. Highly focused M&A activities are expected to generate additional growth.

In recent weeks, we started underpinning the strategic thrusts underlying "Aareal Next Level" with measures and initiatives in all segments. And we are making progress here, despite Covid-19!

A few days ago, on 19 May, we took a major decision in this respect. We will be entering into a process of structured talks with selected long-term financial investors interested in acquiring a significant minority interest in Aareon. We ourselves want to retain a majority interest but to further strengthen Aareon's growth prospects going forward with the help of a partner.

However, we shall only do this if the conditions are right. Apart from the economic aspects of a possible transaction, key criteria will be the potential partner's support for Aareon's growth strategy, including an increase in its M&A activities, and the ability to contribute transaction- and sector-specific expertise. Our strategic goal remains to grow Aareon from a subsidiary of a strong group into a strongly-positioned standalone software company serving the European property industry.

Ladies and gentlemen,

why have decided to launch this process? Why are we seriously considering this possibility, and why now?

- Firstly, because this progresses and underpins the enhanced strategy that we announced in January under the "Aareal Next Level" slogan. Aareon is an integral part of this strategy, but we stressed at the time that we are examining options to further steepen our subsidiary's growth trajectory. And that we could take a minority shareholder on board as a partner if this makes sense.
- Secondly, because acquiring a minority investor would make Aareon's true value more transparent. At present, this is inadequately reflected in the share price. This could change with a transaction.
- Thirdly, a potential partner could help Aareon with its development, such as by providing the transaction- and sector-specific expertise mentioned earlier and – last but not least – financially as well. It would be possible to examine potential additional M&A opportunities together and leverage them more rapidly. This would accelerate the increase in Aareon's value that we are hoping for and expect, make products available to clients more quickly and potentially allow Aareon itself to enter new areas. I think this is both in your own interests as Aareal Bank shareholders and in the interests of the company's clients, who would benefit from even faster and more comprehensive support for their digital transformation.
- Fourthly, we have launched this process because the time is right for it. Internally, because we have focused on unbundling the Bank and Aareon in recent months.

  From an external perspective, because companies such as Aareon can use the drive towards digitalisation triggered by the coronavirus and are therefore in particularly high demand at present. Among other things, this can be seen from the remarkable stability of the multiples in the software sector at present. In addition, there are clear signs that consolidation in the market on which Aareon is active is accelerating at the moment. Aareon aims to further extend its active role in this area and remain what it is: Europe's number one! A partner could help to leverage additional opportunities for increasing the company's value as part of this process.

In addition, long-term financial investors, who have recently been through a housekeeping phase, are increasingly on the lookout again for new business opportunities. We have received a number of firm or tentative expressions of interest in cooperation over the past twelve months, some of them involving a participation in Aareon. And there has been a further tangible increase recently.

Ladies and gentlemen,

the process we have launched makes strategic sense and its timing is just right. We shall move forward speedily with it, but will keep the outcome open. Nothing has been fixed in advance on our part – apart from the clear criteria that we have asked potential investors about in our specifications. If we don't reach agreement with anyone on this basis, then we shall stick with the status quo. That is also a perfectly valid option. Aareon has performed excellently under our umbrella in recent years and we are convinced that it could continue to do so.

It also goes without saying that one important question is how we would spend the money from any successful transaction. In the current environment we see good opportunities for using cash inflows on this scale. Firstly, we could work with our new partner to provide additional support for Aareon's growth trajectory. Secondly, we are expecting opportunities to arise in the area of property finance as well. And finally, we could also use the money for capital management across the entire range of regulatory capital options. As you can see, cash inflows on this scale could be used relatively quickly to add value. Both to support our existing strategic initiatives and in the capital management area, since the deployment of free capital within the Company is naturally not affected by the ECB's current and potential future restrictions on distribution.

One other key thing that needs to be said in this context is that – regardless of what happens at the end of the process that we have now launched – Aareon will remain the reliable, dynamic and innovative partner for its German and European clients that it is today. We shall make sure of this. And last but not least: by kicking off a structured process to potentially sell a minority interest in Aareon, we are also demonstrating that Aareal Bank Group is systematically pursuing its strategic priorities even in the middle of the Covid-19 pandemic. In other words: this decision also reflects our confidence that we shall come through the current crisis well.

IV. Developments in Q1 and outlook

Ladies and gentlemen,

despite what I have just said, the task of navigating through such a crisis more or less unscathed is an extremely challenging one. We already felt this in the first quarter of this year. The last month of the quarter was the first in which we felt the full impact of the coronavirus pandemic. But what we also saw during this period is that Aareal

Bank Group is much more resilient than it is sometimes perceived to be. Conversely, our susceptibility to the impact of the crisis is substantially lower than has been assumed to date.

As I said at the beginning of this speech: we went into this crisis from a position of strength. We made this transparent when we published our figures for the first quarter of 2020. Since you are already aware of the detailed reporting for the quarter, I shall restrict myself here to the key facts.

The core message is that, at present, the slowdown in our business isn't too severe. All three segments are generating sound levels of revenue. We are firmly on top of our costs. Our risks are also absolutely manageable: our portfolio is making work for us at the moment but is not giving us cause to worry.

Overall, we succeeded in generating a positive result despite the impact of the Covid-19 pandemic and our normal recognition in full in the first quarter of the expenses for the banking levy and the deposition protection schemes. Group operating profit declined to € 11 million and consolidated net income attributable to ordinary shareholders to € 2 million. This is a respectable performance, especially if you bear in mind what some of the other players in our sector are reporting.

It goes without saying that the Covid-19 pandemic impacted our risk provisions in the first quarter, with our loss allowance rising to € 58 million.

This figure reflects elevated uncertainty about the deterioration in economic forecasts due to Covid-19 and resulting longer realisation periods for borrowers in default. It also relates to one newly defaulted borrower in the United States, where restructuring measures had already been negotiated but could not be implemented in the wake of the Covid-19 crisis. This last item – a single loan default in the USA – represents a considerable portion of the loss allowance in the first quarter. For this reason alone the figure cannot be extrapolated to the year as a whole.

In contrast, we had reckoned with another effect in the first quarter: net interest income declined. The main reason was that we naturally also reduced interest-bearing assets as part of our de-risking operations. This income is no longer being received. However, we are confident that net interest income will stabilise in the coming quarters at a higher level than for Q1. In addition, we are assuming that we shall be able to win new, attractive business over the rest of the year despite the current environment. We are still aiming for a portfolio volume as at the year-end that is within our target corridor of € 26 billion to € 28 billion.

At the beginning of the year – before the outbreak of the coronavirus – our new business was doing extremely well, incidentally. The volume was large enough to lift the entire quarter well above the previous year, while margins remained strong. In the meantime, we are still willing in principle to provide clients with finance. However, we are adopting a relatively cautious approach to new loans until it is possible to assess the future more clearly.

Another positive point is that Aareon continued on its growth path in the first quarter, both in terms of revenue and as regards its adjusted EBITDA. As can be seen, we are benefiting at present from the stabilising effect on our revenue streams of our diversified income base.

Ladies and gentlemen,

where do we go from here and what do we expect for the rest of the year?

Just like everybody else, I'm afraid we don't have a crystal ball to tell the future with. Instead, we are having to draw up a plausible scenario from our discussions with clients and external experts, from a large number of available analyses, and above all from our own observations and assessments – in other words, from our expertise.

It will come as no surprise to you that, given all of the above, we are expecting market volatility to continue. Along with all of the associated uncertainties regarding key inputs for our business such as property prices and funding costs. As for ourselves, the focus during the rest of the 2020 financial year will be on working with our clients to cope with the impact of the Covid-19 pandemic in the best way possible.

We are confident that we can do this.

However, everything depends on when a broad-based economic recovery sets in and how fast it progresses. This will ultimately also be a decisive factor determining future property price trends in the markets and sectors that are relevant for us.

As I already mentioned briefly, hopes of a V-shaped recovery – in other words that the economy will bounce back extremely quickly after slumping – will probably prove illusory. If we combine all our insights to date and add a shot of optimism, the following scenario is more likely to emerge: the economy will start to normalise slowly as from the middle of the current year, with no tangible recovery before 2021. We think this is the most probable scenario overall.

The consequences for our operating business are as follows:

- We're not in the clear yet, but nor is a catastrophe looming
- We shall continue monitoring our client relationships closely
- We're not looking for adventure; instead, we shall take more of a wait-and-see approach to commercial property finance for the foreseeable future.
- We shall preserve our liquidity and protect our capital base

- And we shall try to use the current situation to continue driving forward with Aareon's digital business.

Let me now turn to our results. It would not be serious of us to continue giving you our normal detailed forecasts of how specific performance indicators will develop over the year as a whole. There are just too many imponderables in such calculations. That is why shall not be doing this at present – and we had already made clear when we published our annual report that the original forecasts did not include the potential consequences of the crisis.

What we can say, however, is that – from today's perspective and based on our underlying assumption as to how the crisis will progress – we think we can achieve a clearly positive operating profit in financial year 2020.

Nevertheless – and we need to be honest here, too – nothing is certain in the current situation. Rather, there is considerable uncertainty surrounding our forecast in the current environment.

- Firstly as regards the assumed duration and intensity of the crisis, and the speed of the recovery I already mentioned that at present the central banks in particular are repeatedly drawing attention to the possibility of a significant deterioration in the situation.
- Secondly, in view of existing uncertainties regarding accounting and regulatory issues.
- And thirdly due to the possibility of individual loan defaults that cannot be reliably predicted. Given the structure of our business these can never be ruled out and also cannot be modelled.

I know this list of caveats is long. But this is what reality looks like.

However, if our assumptions are right we shall end up clearly in the black even in this extraordinary year. Compared with other companies in many different sectors this would not be a bad result at the end of the day.

V. Conclusion

Ladies and gentlemen,

for us, too, the pandemic and its impact are our top priority this year. Nevertheless, we are not neglecting our strategic topics. You can see this from the process we have just launched to potentially find an external investor for a minority interest in Aareon, for example.

We shall be working over the coming months to successively make "Aareal Next Level" a reality. In line with this, we shall once again be launching a large number of initiatives and measures in all segments this year. I am confident that I shall be able to report to you in a year's time – and I hope that by then we'll be back in our normal surroundings – on the progress we've made in many areas.

We are not letting ourselves be paralysed by this crisis. Instead, we are meeting its challenges and continuing on the path we have set ourselves. Buoyed up by the knowledge that we have made the right strategic choices – choices that will allow us to rapidly resume our positive trend once the crisis is over.

Of course, in the end this is not just up to us. But we shall do what we can. I promise you that.

Thank you for listening.