

THE INTERNATIONAL
PROPERTY SPECIALIST

Roadshow Presentation

January 2008



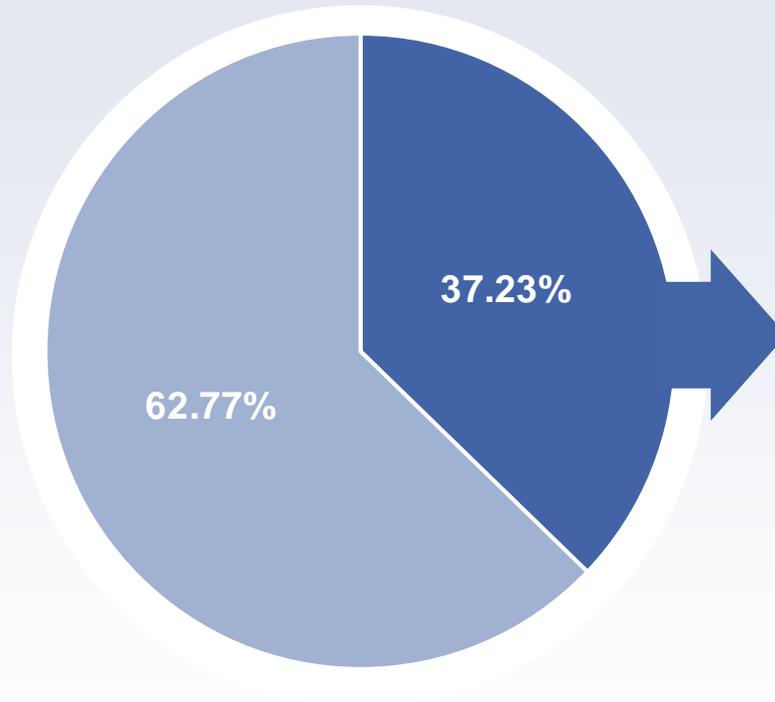
Aareal Bank

Business segments – Major activities



Shareholder structure

Aareal Holding Verwaltungsgesellschaft mbH



- 8.94%** Bayerische Beamten Lebensversicherung a.G.
- 8.94%** Schweizerische Lebensversicherungs- und Rentenanstalt
- 6.68%** Versorgungsanstalt des Bundes und der Länder
- 6.06%** Bankhaus Lampe KG
- 5.25%** Deutscher Ring Beteiligungs-Holding
- 1.36%** Condor Lebensversicherung

■ Free float

■ Aareal Holding Verwaltungsgesellschaft mbH



Structured Property Financing



Acreal Bank

The Aareal Bank Network



New York



in 15 European countries, the US and Singapore –
International Property Financing in more than 25 countries



Aareal Bank

Aareal Bank – One of the leading international specialists in structured property financing

- International Presence in 15 European countries, the US and Singapore
- Additional industry experts in hotel, shopping centre and logistics
- In-depth know-how in local markets and special properties
- International experience with employees from 31 nations
- Typical deal size: > € 20 mn
- Typical products, for example:
 - single asset investment finance
 - portfolio finance (local or cross-boarder)
 - construction finance

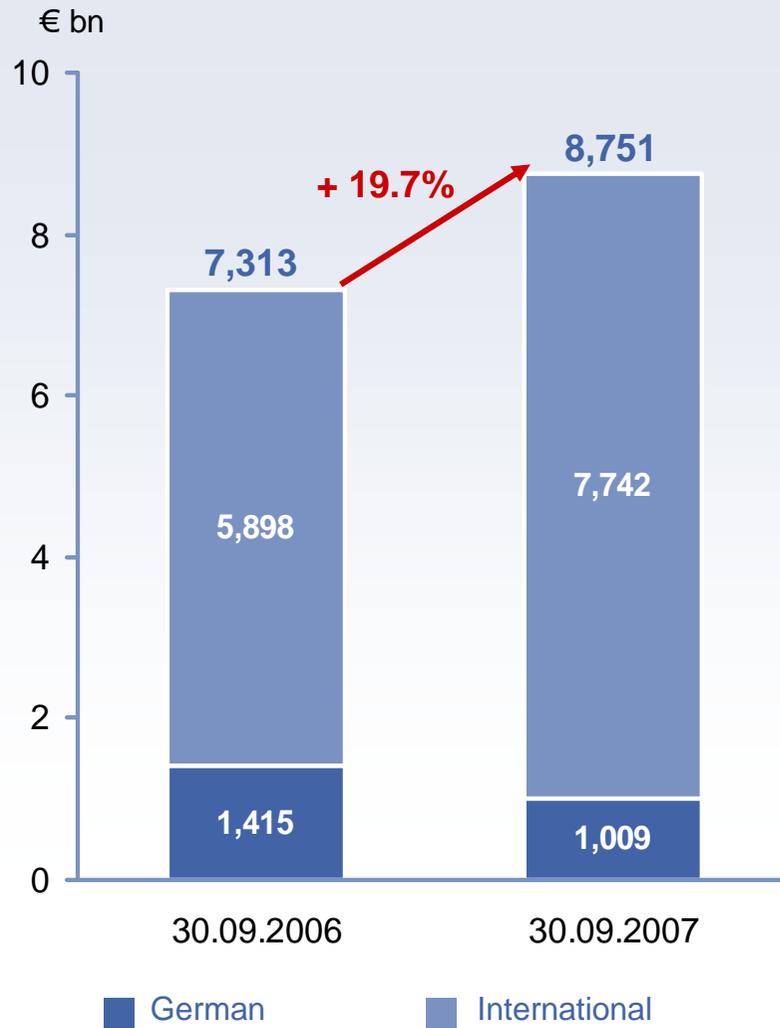
Network of regional market experts and sector specialists



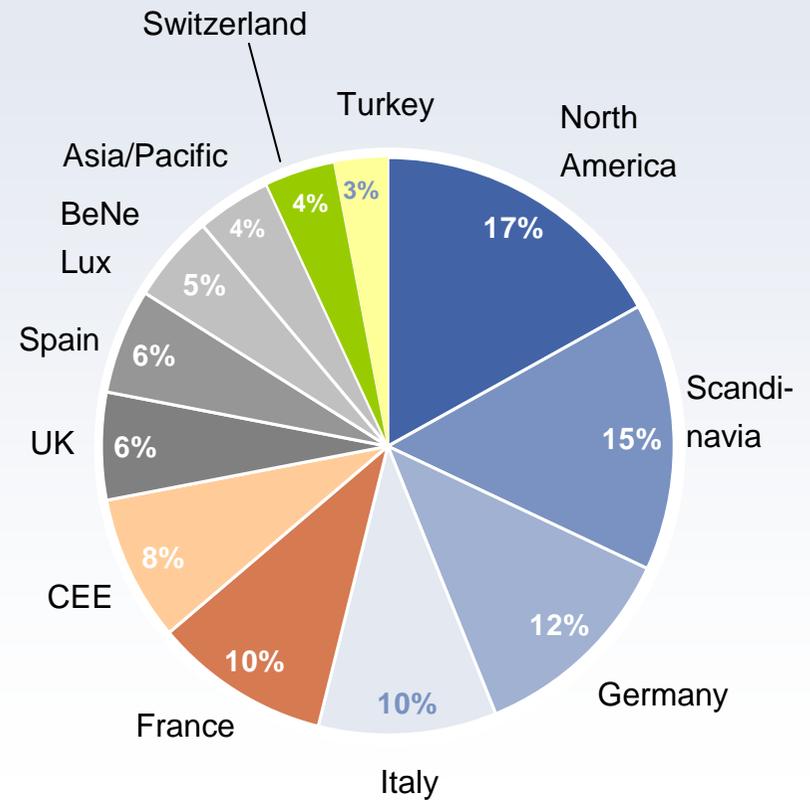
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New business development

Growth year on year

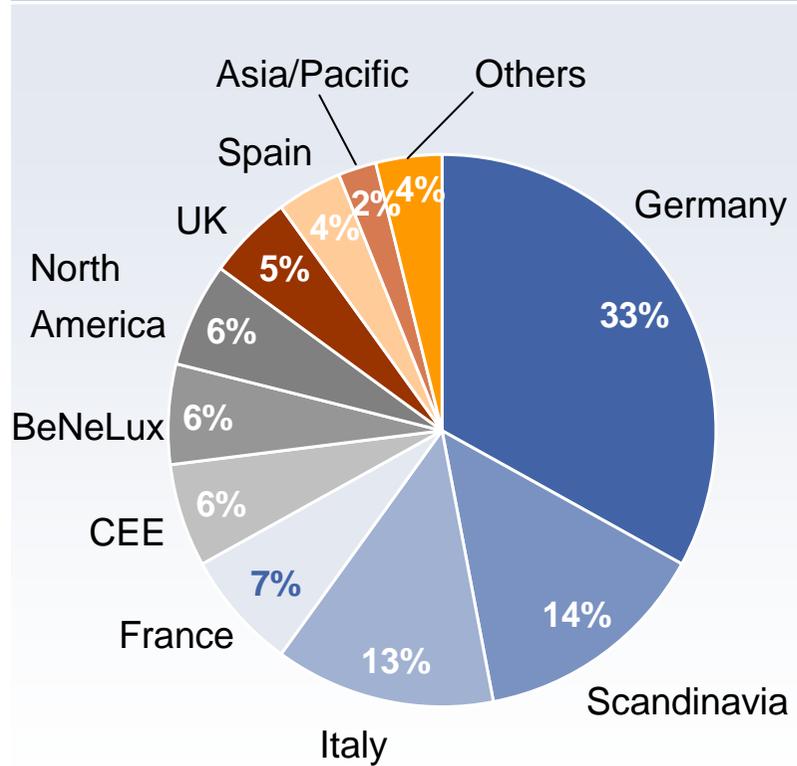


Diversification by region

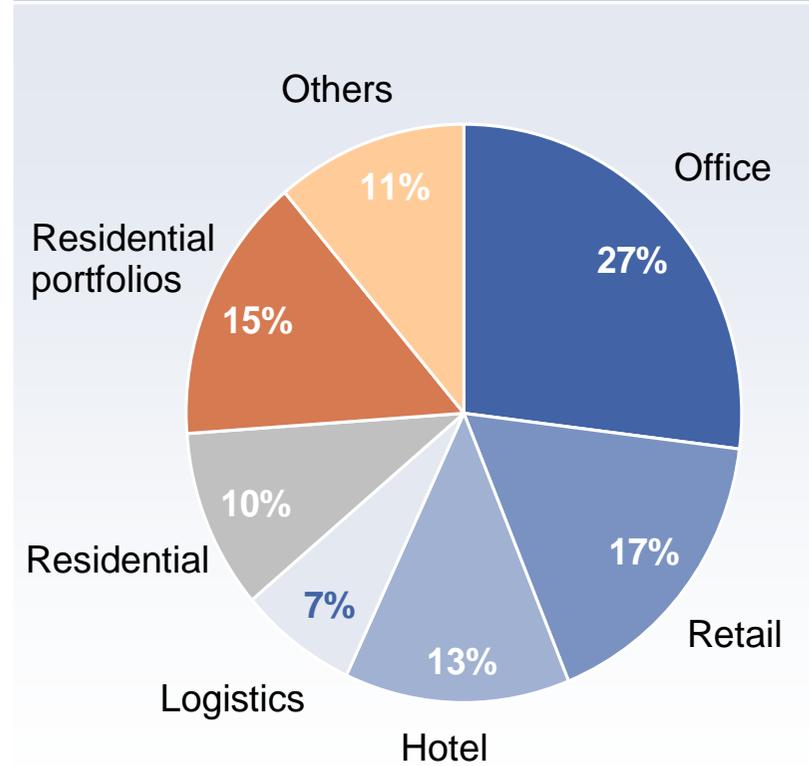


Portfolio diversification by region and object type

Portfolio by region 30.09.2007
Total volume : € 23.7 bn

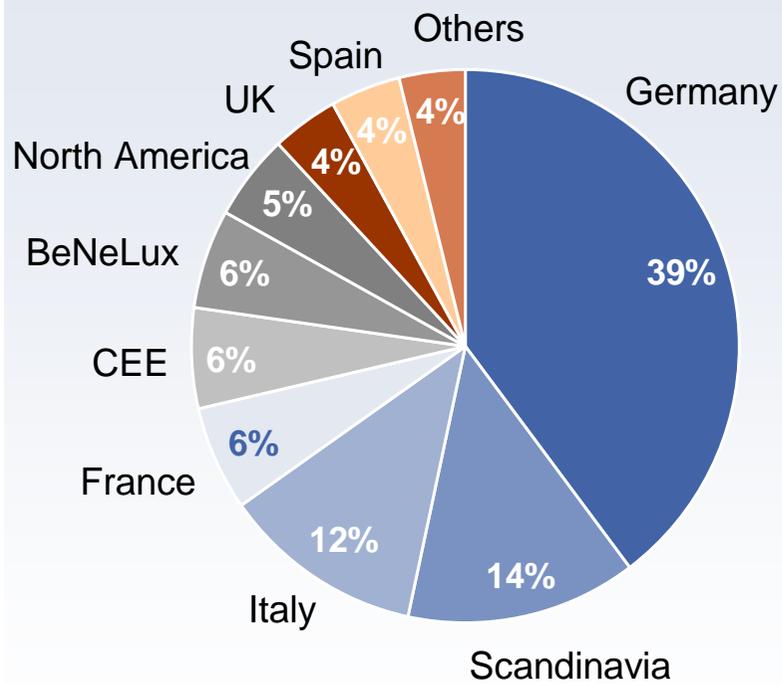


Portfolio by object type 30.09.2007
Total volume : € 23.7 bn

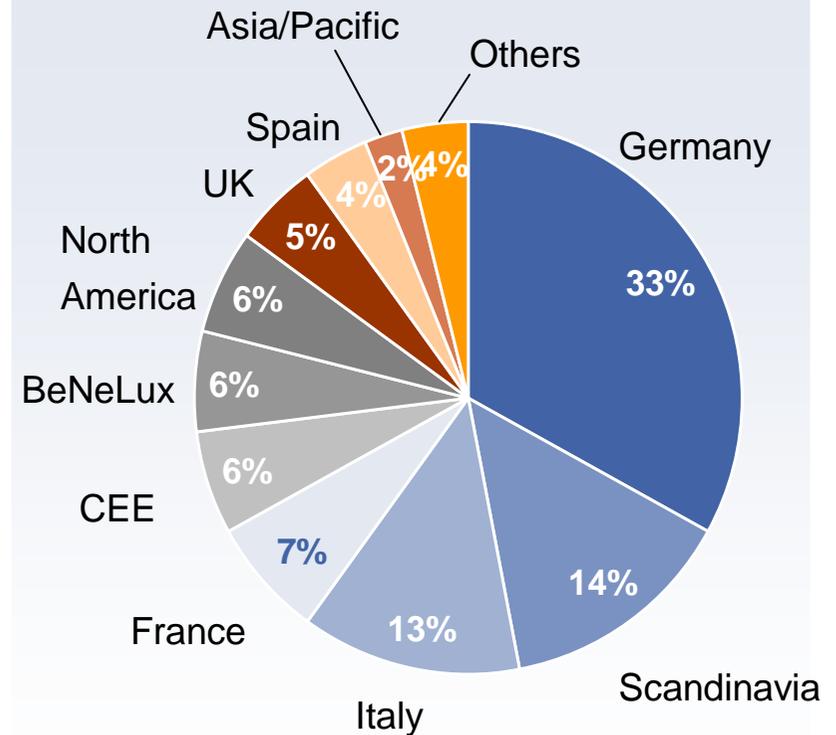


Development of portfolio diversification by region

Portfolio by region 30.09.2006
Total volume : € 22.2 bn

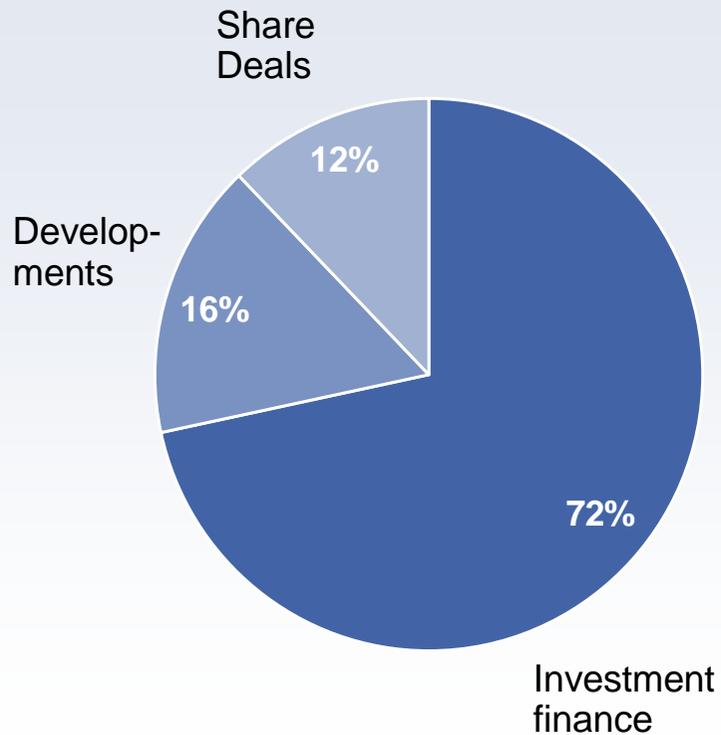


Portfolio by region 30.09.2007
Total volume : € 23.7 bn

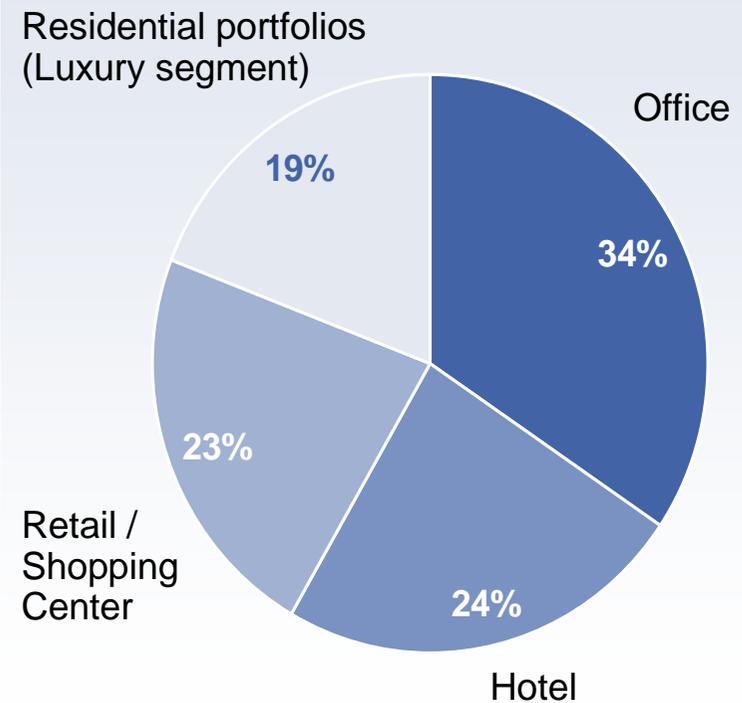


Aareal US credit portfolio as at 30.09.2007

Portfolio by product type
Total outstanding volume : € 0.95 bn



Portfolio by object type
Total outstanding volume : € 0.95 bn

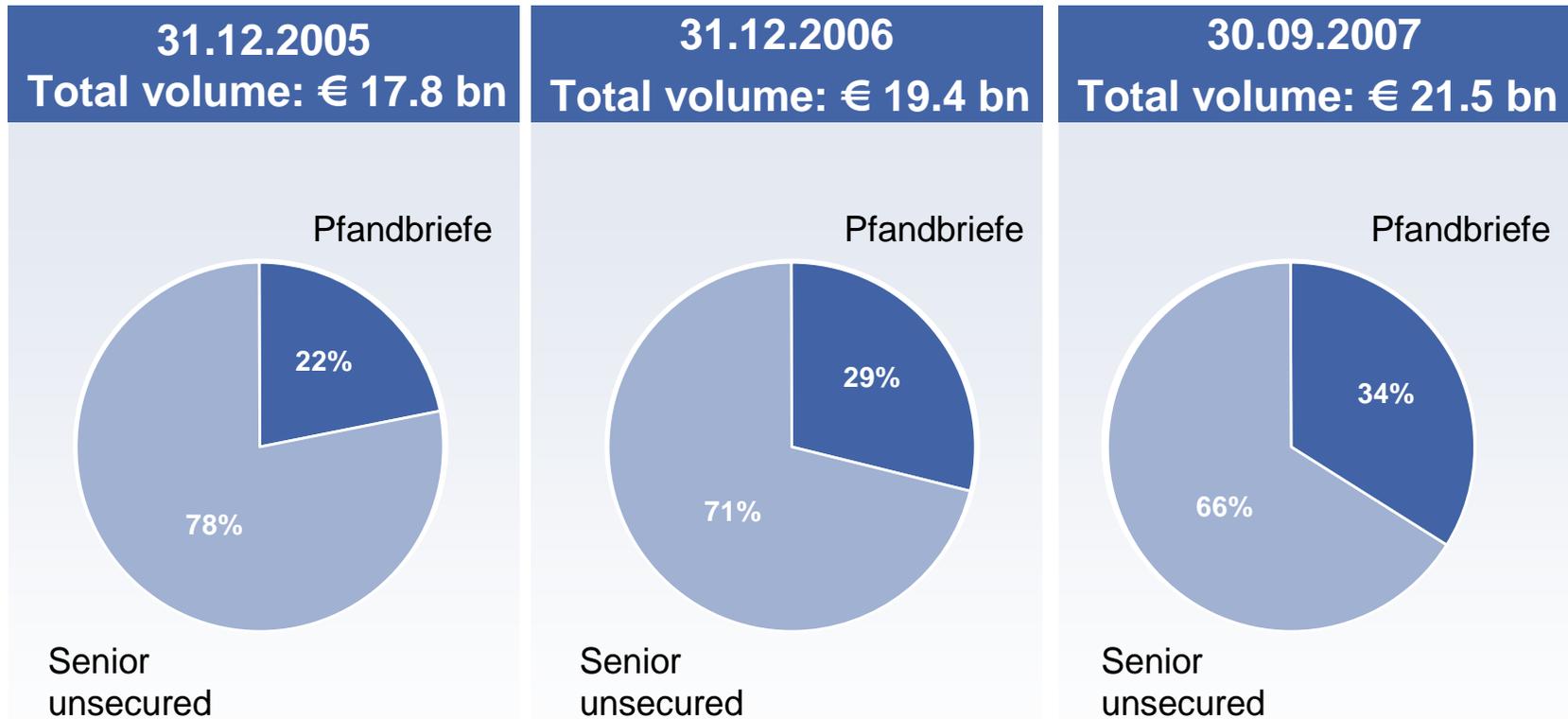


Special asset classes in current discussions: exposure as at 30.09.2007

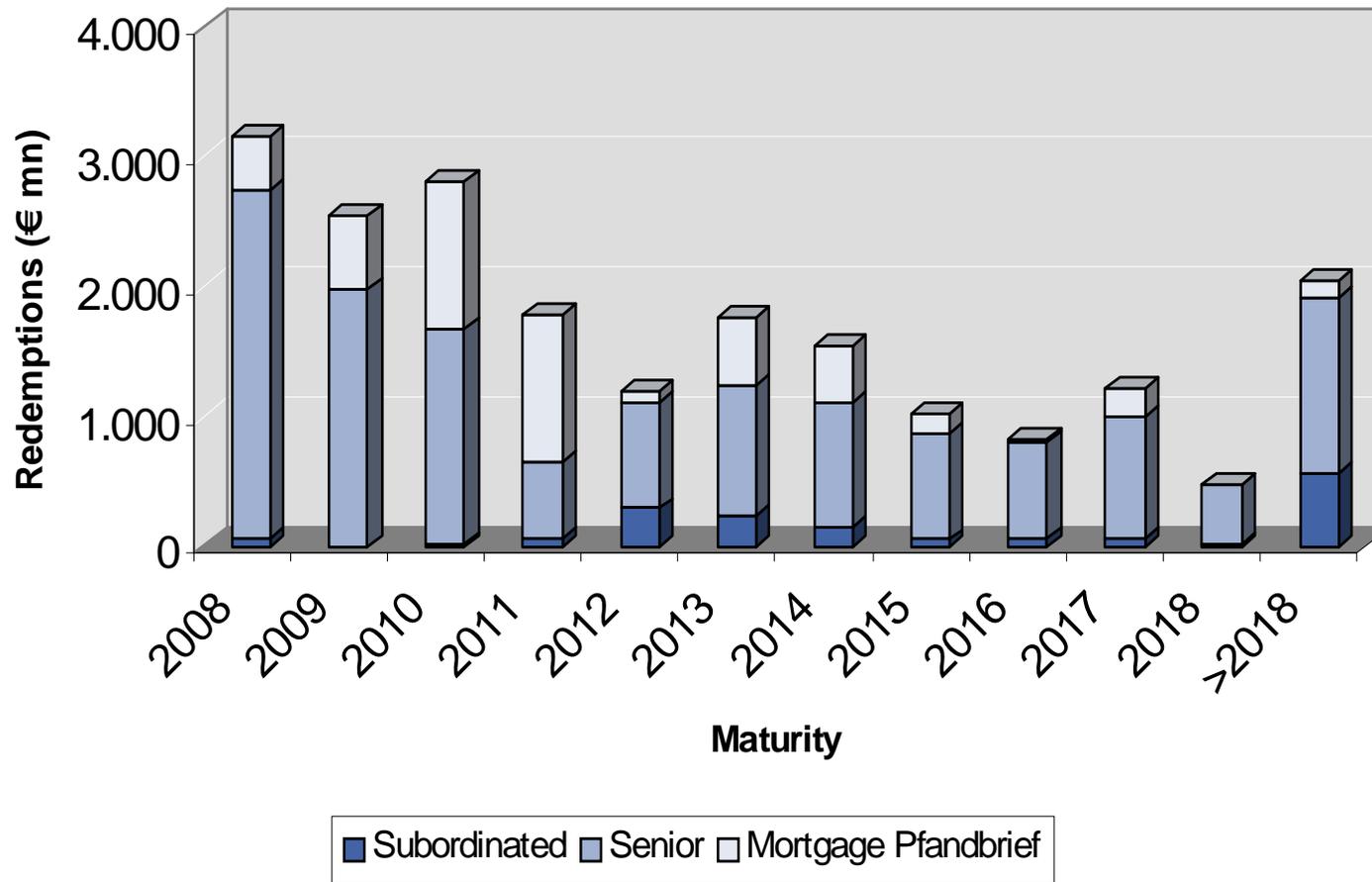
Asset Class	Exposure Aareal Bank
US Subprime	None
US RMBS	None
CDOs	None
ABCPs / SIVs	None
Exposure insured by Monoliners	None
Total ABS	~ € 650 mn
- of which AAA rated	~ 90%
- of which US CMBS	< € 50 mn



Development of long-term refinancing mix



Long-term refinancing mix - maturity profile

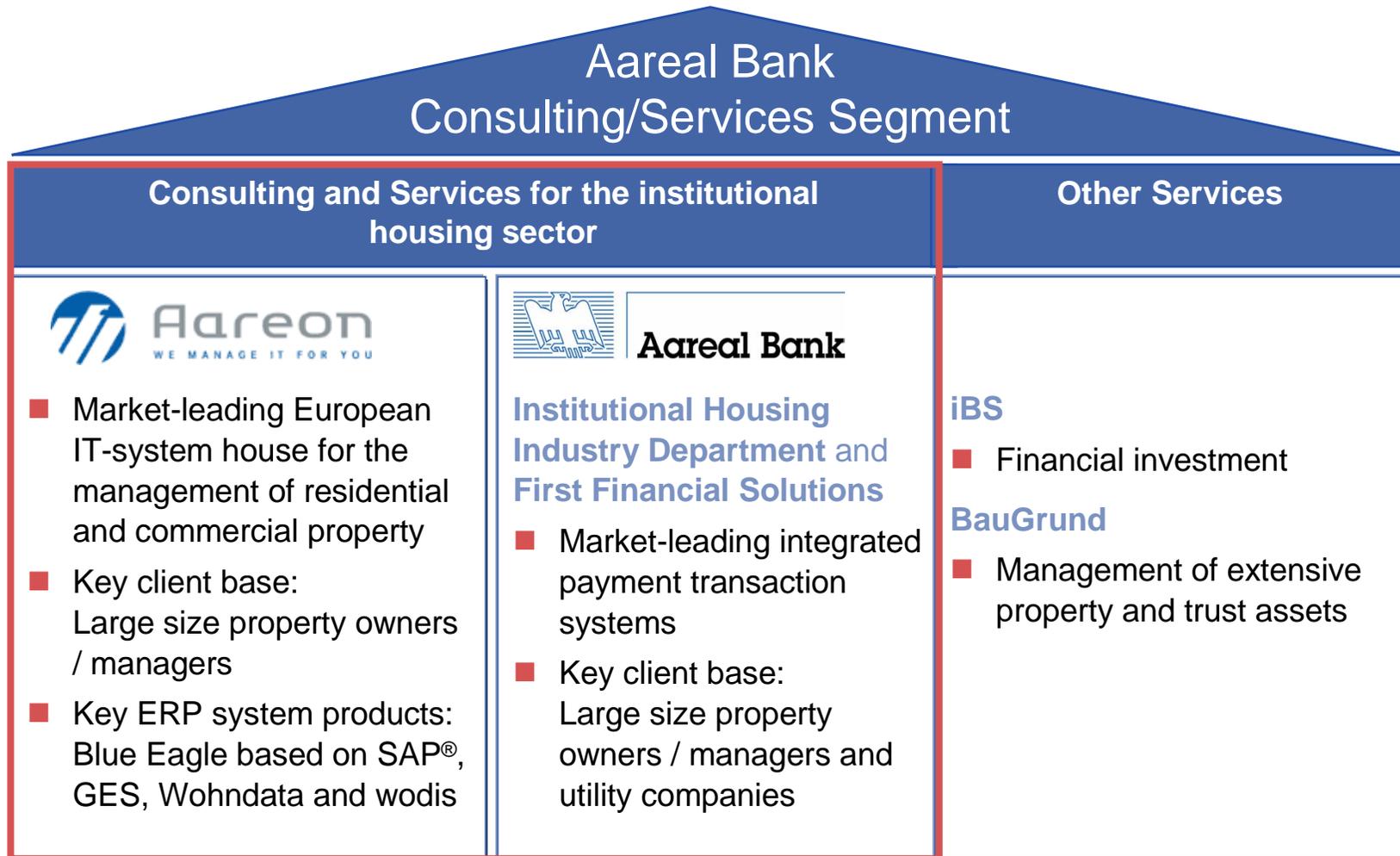


Consulting/Services



Acreal Bank

Consulting/Services – Major activities



Services provided to the institutional housing sector



Institutional housing sector: Integral element of group strategy

1. Customer Deposits	Highly stable customer deposits without expensive branch network <ul style="list-style-type: none">➤ ~ € 1.5 bn stable current account money➤ ~ € 3 bn stable term deposits➤ Increasing tendency
2. Earnings Stability	Non-cyclical and stable group earnings contributions <ul style="list-style-type: none">➤ devoid of credit risk➤ 60% market share of Aareon in Germany➤ Long-established customer base➤ Long-running contracts
3. Group RoE	Group RoE enhancement <ul style="list-style-type: none">➤ Very low equity engagement➤ Segment EBT Target 2009: € 50 – 60 mn



Institutional housing sector: Breakdown of performance targets

IT-Services business Aareon Group ¹⁾					Integrated Payment Solutions Institutional Housing department / AFFS ¹⁾				
	2006	2007p	2008p	2009p		2006	2007p	2008p	2009p
Revenues (€ mn)	178	140 -150 ²⁾	170 -180	175 - 185	Revenues (€ mn)	47	50-60	60-65	60-70
Expenses (€ mn)	167	130-135	140 -145	140 -145	Direct Expenses (€ mn)	35	35-40	35-40	35-40
EBIT (€ mn)	11	10-20	30-40	35-40	Gross result ²⁾ (€ mn)	1	5-10	10-20	15-20
Head Counts ³⁾	1040	ca. 940	ca. 910	ca. 925	Head Counts	160	ca. 150	ca. 140	ca. 140

→ **Clear positive contribution to segment EBT achieved in 2006**

- 1) Sub-group financial statements acc. to IFRS
- 2) Decrease due to strategic sale of Energy-
Management
- 3) Including Techem deal

- 1) Internal profit centre calculation
- 2) after bank overheads



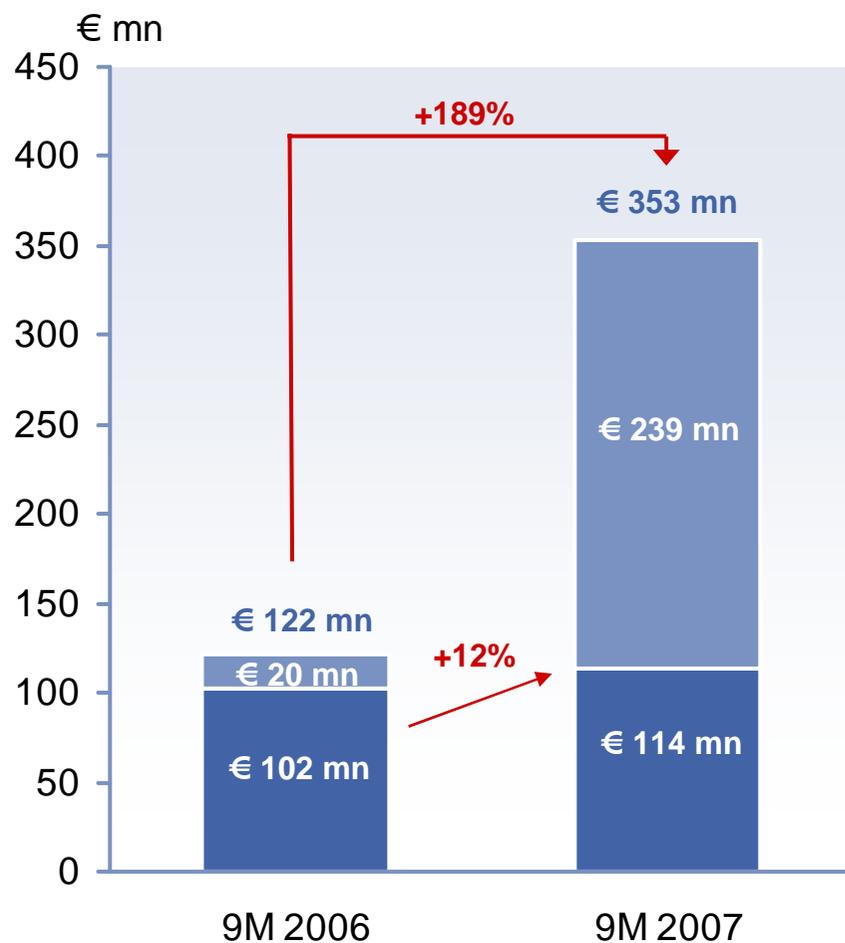
Facts and Figures



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Performance

Profit before tax and special effects



■ Operating profit without one-offs ■ One-off effects

■ One-off effects 9M 2007 (pre-tax) :

- Compensation payment from DEPFA for a tax refund arising from a tax audit of Interhotel Holding: **€ 37 mn**
- Further proceeds from sale of Asset Management activities: **€ 6 mn**
- Immoscout dividend: **€ 5 mn**
- Proceeds from Interhotel transaction: **€ 65 mn**
- Proceeds from Immoscout transaction: **€ 153 mn**
- Marked-to-market valuation effect: **€ -15 mn**
- Special expenses (compensation payments, preparation of legacy portfolio sale): **€ -12 mn**

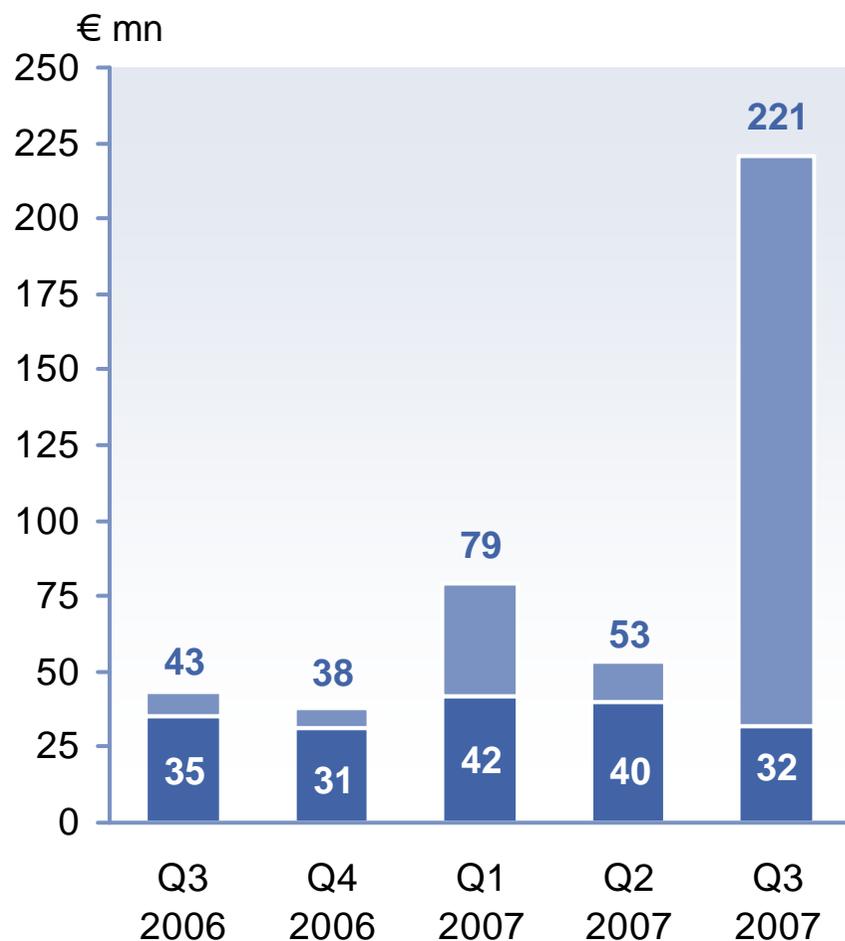
■ One-off effects 9M 2006 (pre-tax) :

- Sale of Aareal Hypotheken Management: **€ 2 mn**
- Immoscout dividend: **€ 3 mn**
- One-off gain from asset sale by the subsidiary DSF: **€ 7 mn**
- Book gain from Techem deal: **€ 11 mn**
- Book gain from Baugrund Stadtentw.: **€ 3 mn**
- Social plan Aareon: **€ -6 mn**



Performance

Profit before tax and special effects by quarter



■ Operating profit without one-offs ■ One-off effects

- Pre tax one-off effects Q3 2007:
 - Proceeds from Interhotel transaction: **€ 63 mn**
 - Proceeds from Immoscout transaction: **€ 153 mn**
 - Bond marked-to-market valuation effect: **€ -15 mn**
 - Special expenses (compensation payments, preparation of legacy portfolio sale): **€ -12 mn**
- Pre tax one-off effects Q2 2007:
 - Further proceeds from sale of Asset Management activities: **€ 6 mn**
 - First proceeds from Interhotel transaction: **€ 2 mn**
 - ImmoScout dividend: **€ 5 mn**
- Pre tax one-off effects Q1 2007
 - Compensation payment from DEPFA for a tax refund arising from a tax audit of Interhotel Holding: **€ 37 mn**
- Pre tax one-off effects Q4 2006
 - Book gain from sale of Asset Management activities: **€ 20 mn**
 - Write-down foreclosed assets: **€ 13 mn**
- Pre tax one-off effects Q3 2006
 - Book gain Techem deal: **€ 11 mn**
 - Book gain from Baugrund Stadtentw.: **€ 3 mn**
 - Aareon social plan costs: **€ 6 mn**

Performance

Administrative expenses

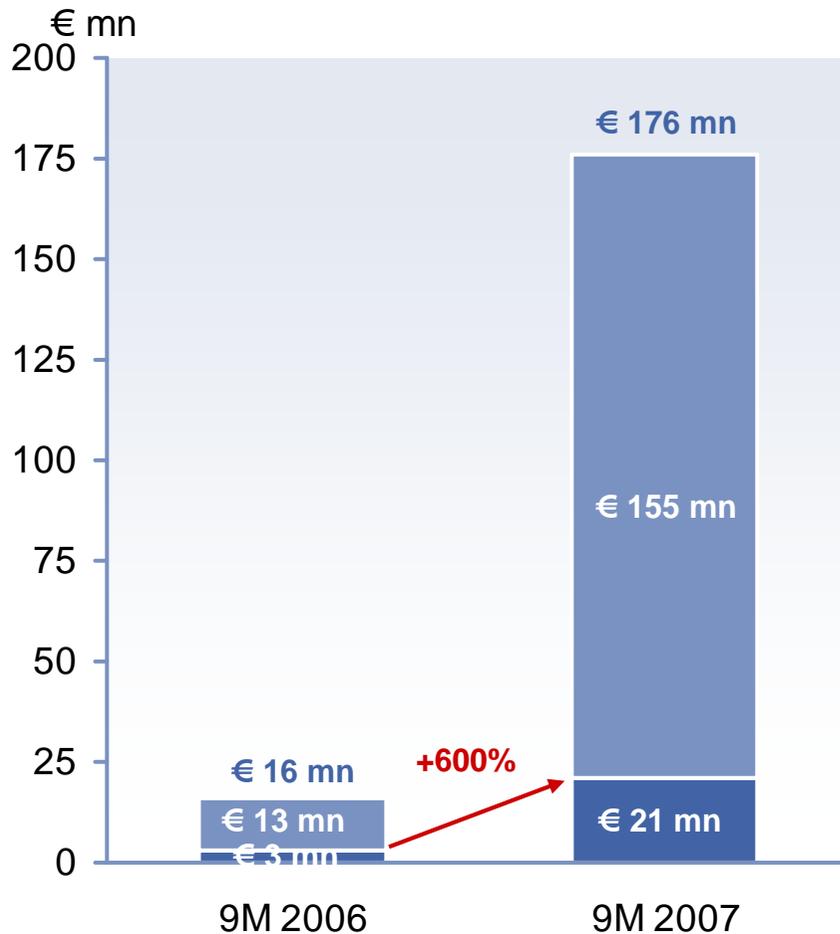


- Nearly stable admin expenses in Aareal Bank Group despite investment into growth and high one-off effects from compensation payments and portfolio sale preparation



Performance

Consulting / Services Segment



■ Profit before tax Consulting/Services

■ Segment one-off effects 9M 2007 (pre-tax) :

- ImmoScout dividend: € 5 mn
- Proceeds from ImmoScout transaction: € 153 mn
- Paco sale: € -3 mn

■ Segment one-off effects 9M 2006 (pre-tax) :

- € 2 mn book gain from sale of Aareal Hypotheken Management
- ImmoScout dividend: € 3 mn
- Book gain Techem deal: € 11 mn
- Book gain from sale of Baugrund Stadtentwicklung: € 3 mn
- Aareon social plan costs: € -6 mn



Group figures 9M 2007

	1.1.-30.09.2007	1.1.-30.09.2006	Change
	€ mn	€ mn	%
Net interest income	302	297	1.7%
Net loan loss provisions	63	66	-4.5%
Net interest income after net loan loss provisions	239	231	3.5%
Net commission income	105	111	-5.4%
Net result on hedge accounting	4	6	-33.3%
Net trading income	-6	6	-
Results from non-trading assets	188	39	382.1%
Results from companies accounted for at equity	68	4	-
Results from investment properties	1	-1	-
Administrative expenses	273	268	1.9%
Net other operating income	27	-6	-
Impairment of goodwill		0	-
Operating Profit	353	122	189.3%
Income taxes	67	35	91.4%
Results from discontinued operations		0	-
Consolidated net income / loss	286	87	228.7%
Allocation of results			
Consolidated net income / loss attributable to minority interests	14	14	0.0%
Consolidated net income / loss attributable to shareholders of Aareal Bank AG	272	73	272.6%



Segment reporting 9M 2007

	Structured Property Financing		Consulting/ Services		Consolidation/ Reconciliation/ Other		Aareal Bank Group	
	€ mn		€ mn		€ mn		€ mn	
	30. Sep 2007	30. Sep 2006	30. Sep 2007	30. Sep 2006	30. Sep 2007	30. Sep 2006	30. Sep 2007	30. Sep 2006
Net interest income	256	262	0	0	46	35	302	297
Provision for loan losses	63	66					63	66
Net interest income after net loan loss provisions	193	196	0	0	46	35	239	231
Net commission income	20	30	133	120	-48	-39	105	111
Net result on hedge accounting	4	6					4	6
Net trading income / expenses	-6	6					-6	6
Results from non-trading assets	34	23	154	16			188	39
Results from companies accounted for at equity	63	1	5	3			68	4
Results from investment properties	1	-1					1	-1
Administrative expenses	164	146	112	127	-3	-5	273	268
Net other operating income / expenses	32	-9	-4	4	-1	-1	27	-6
Impairment of goodwill				0				0
Operating profit	177	106	176	16	0	0	353	122
Income taxes	58	30	9	5		0	67	35
Results from discontinued operations						0		0
Consolidated net income / loss	119	76	167	11	0	0	286	87
Allocation of results								
Consolidated net income / loss attributable to minority interests	12	12	2	2			14	14
Consolidated net income / loss attributable to shareholders of Aareal Bank AG	107	64	165	9	0	0	272	73
Allocated equity	844	744	73	90	237	133	1,154	967
Cost/income ratio in %	45.3	54.5	41.0	89.8			43.4	64.1
RoE after taxes in %	16.8	11.5	301.5	13.2			31.4	10.0

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- Structured Property Financing:
Other operating income: € 68 mn
Other operating expenses: € 36 mn

- Consulting/Services:
Other operating income: € 6 mn
Other operating expenses: € 10 mn



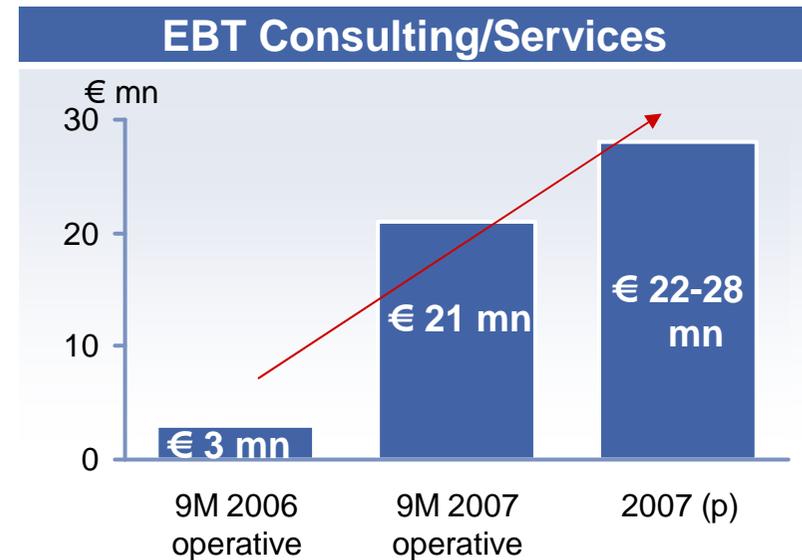
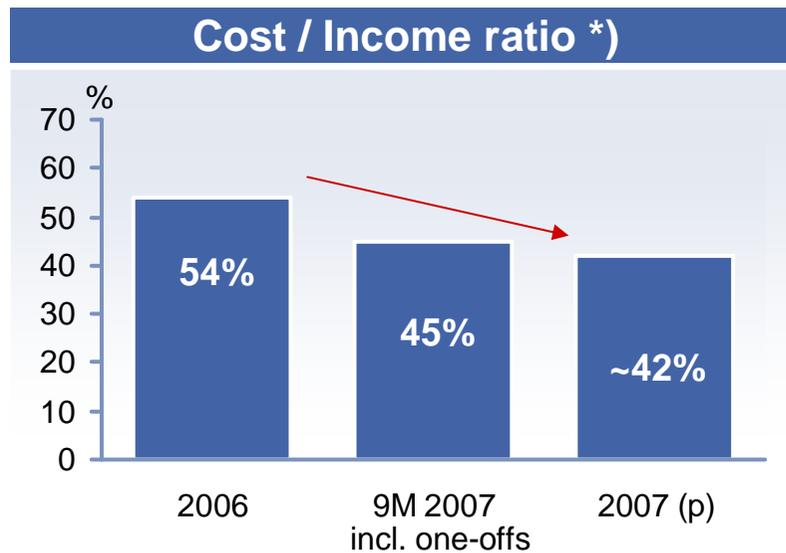
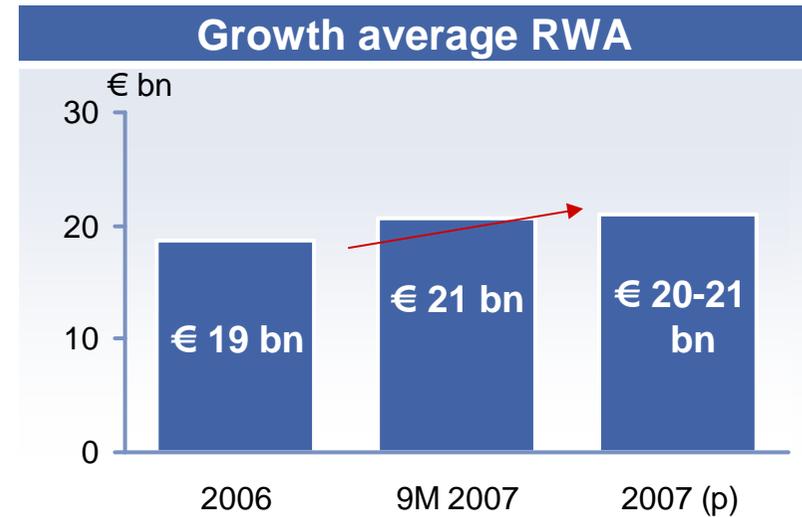
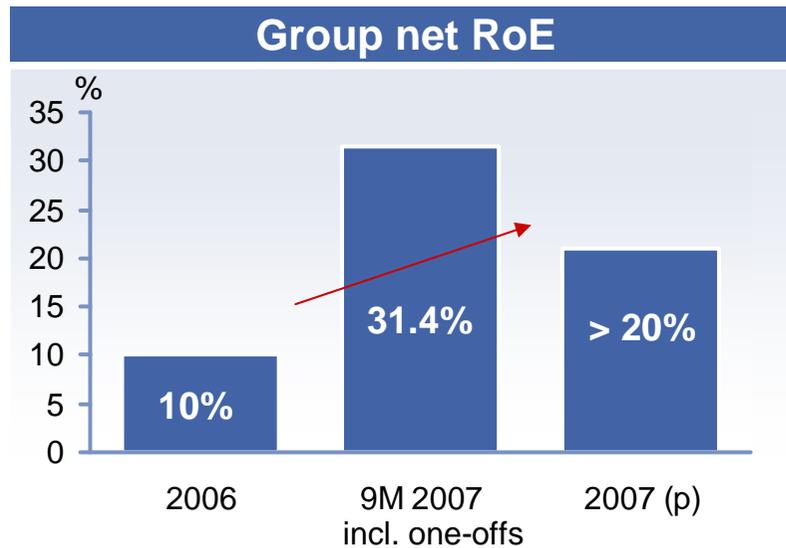
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Targets



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Financial targets: milestones 2007



*) Structured Property Financing segment



Appendix



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Group structure

Core Business

Clear commitment to two core business segments:

1. Structured Property Financing

- Commercial property lending business with offices in 17 countries on three continents
- All treasury activities

2. Consulting / Services

- IT systems and related advisory services (Aareon AG)
- Integrated payment services and deposit taking business

Non-core business

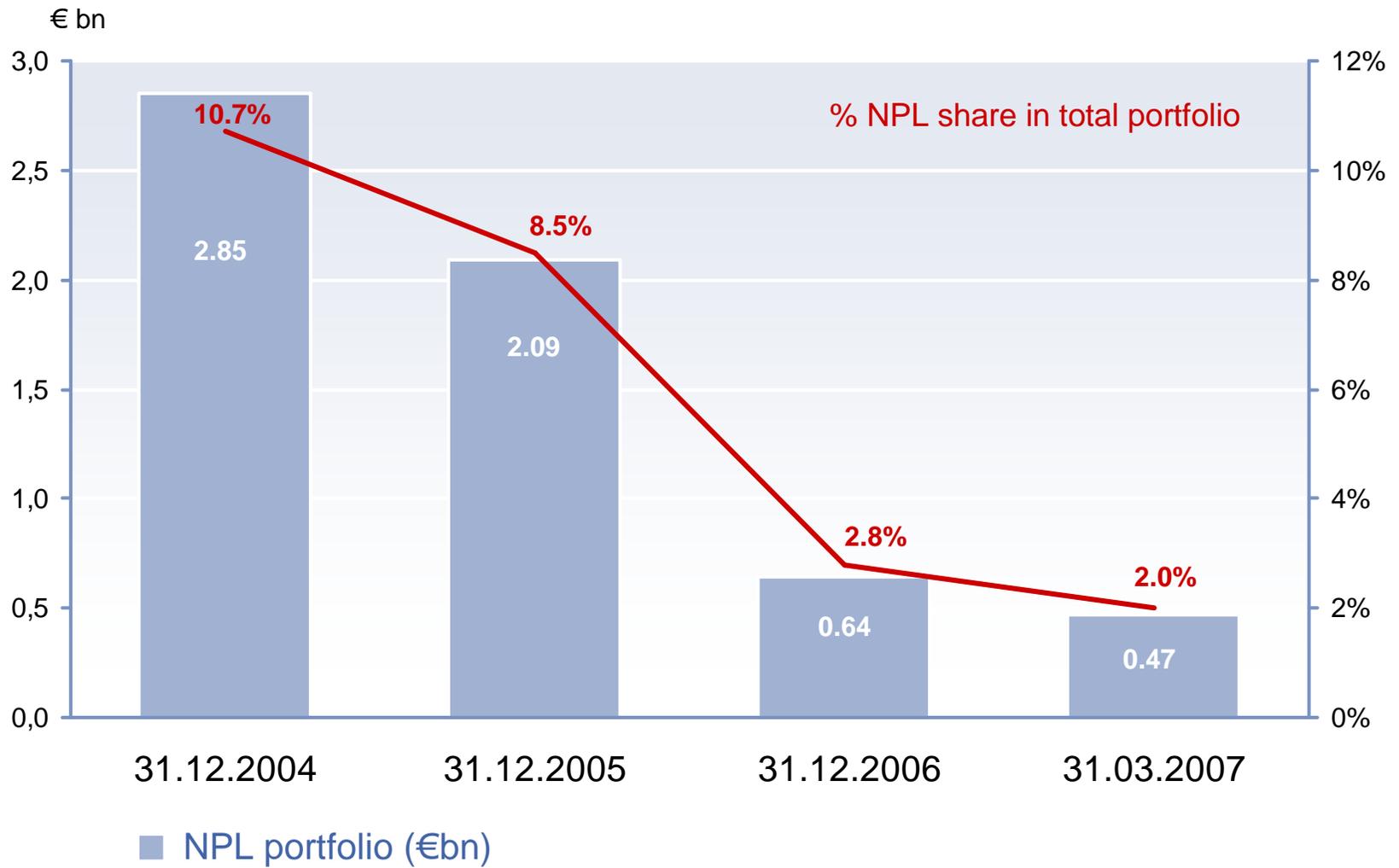
- ✓ Legacy NPL portfolio
- ✓ Aareal Hypotheken Vermittlung
- ✓ Aareal Hypotheken Management
- ✓ Via Capital
- ✓ Aareal Asset Management
- ✓ BauGrund Stadtentwicklung
- ✓ Interhotel properties and SPVs
- ✓ Further foreclosed assets and investment properties
- BauGrund Immobilien-Management und -Service
- Deutsche Structured Finance

Financial investments

- ✓ ImmoScout24
 - iBS
- Value maximisation by retaining the earnings or sale of these participations (under regular monitoring)



NPL portfolio reduction concluded



Conclusion 6 step program

Bottom line achievements of the past 1.5 years

- Core business activities strong and clear positioned
- Origination strengthened and portfolios further diversified
- Asset quality strongly enhanced
- Corporate and organisational structures streamlined
- Ability to pay out dividends regained
- Credit Rating upgraded to A- by Fitch Ratings
- Employee commitment and spirit kept high at the same time

Solid basis for growth



Definitions and Contacts



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Definitions

■ Property Financing Portfolio

- Paid-out financings on balance sheet
- Incl. remaining property loans on DEPFA books

■ New Business

- Newly acquired business incl. renewals (excl. interest rate prolongations)
- Contract is signed by customer
- Fixed loan value and margin

■ **Net RoE** =
$$\frac{\text{Group net income after minorities}}{\text{Allocated (average) equity}}$$

■ Allocated Equity

Average of:

- Equity minus minorities and revaluation surplus (start of period less dividends) and
- Equity minus minorities and revaluation surplus (end of period less expected dividends)

■ **CIR** =
$$\frac{\text{Admin expenses} + \text{other operating expenses}}{\text{Net income}}$$

■ Net Income

- net interest income + net commission income + net result from hedge accounting + net trading income + results from non-trading assets + results from investments accounted for at equity + results from investment properties + other operating income



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