

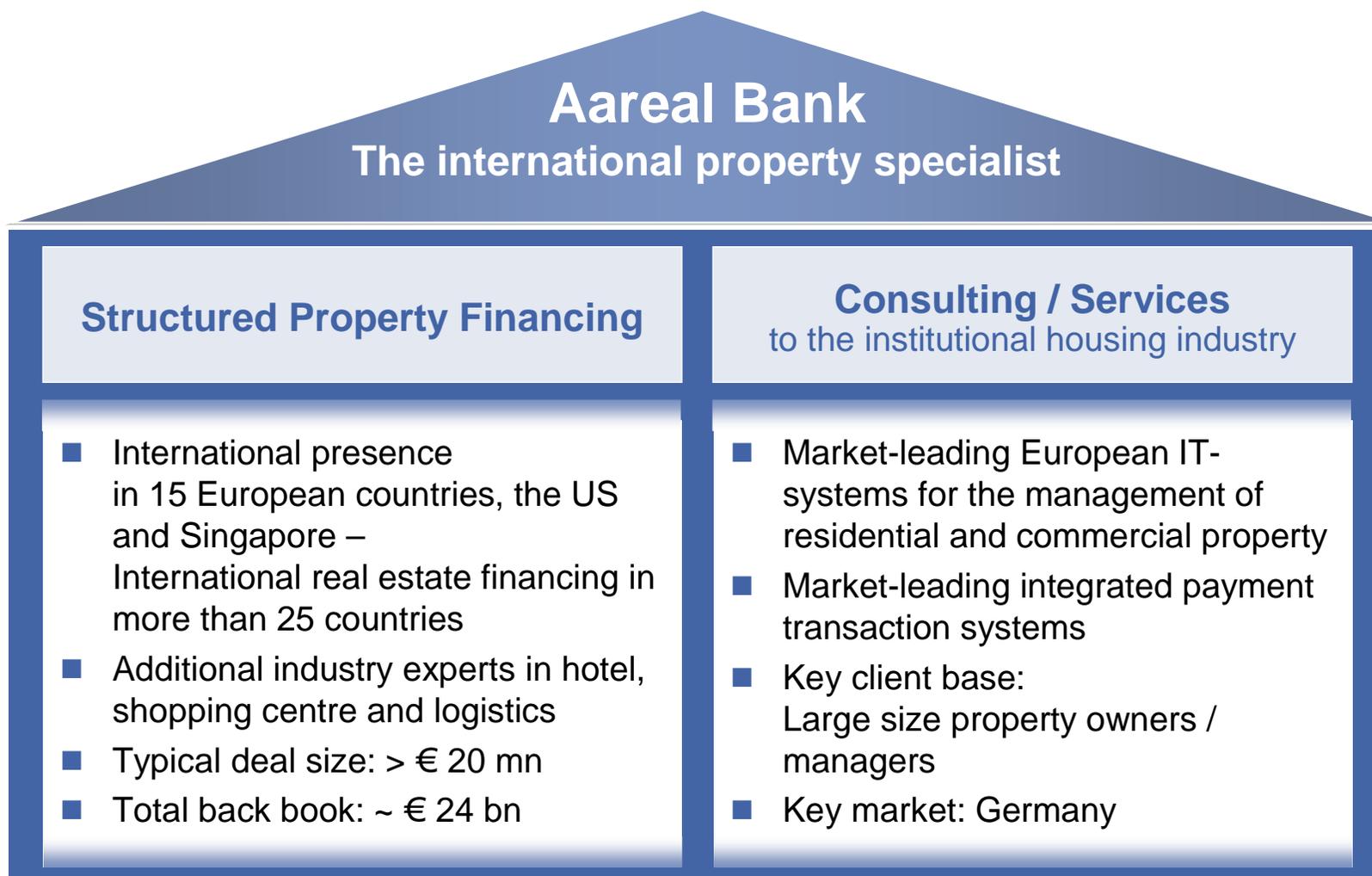
THE INTERNATIONAL
PROPERTY SPECIALIST

Cheuvreux
7th German Corporate Conference
Frankfurt am Main, January 2008



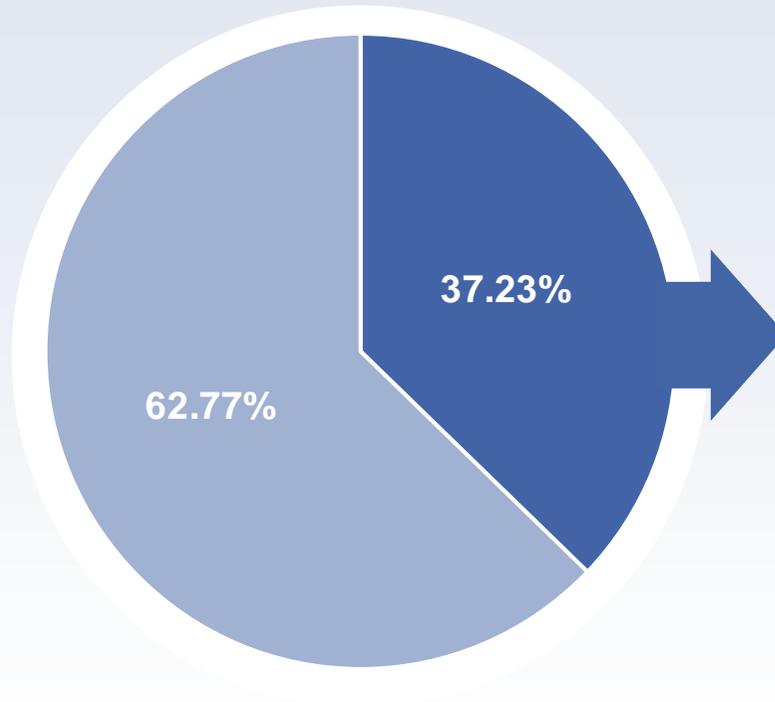
Aareal Bank

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



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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

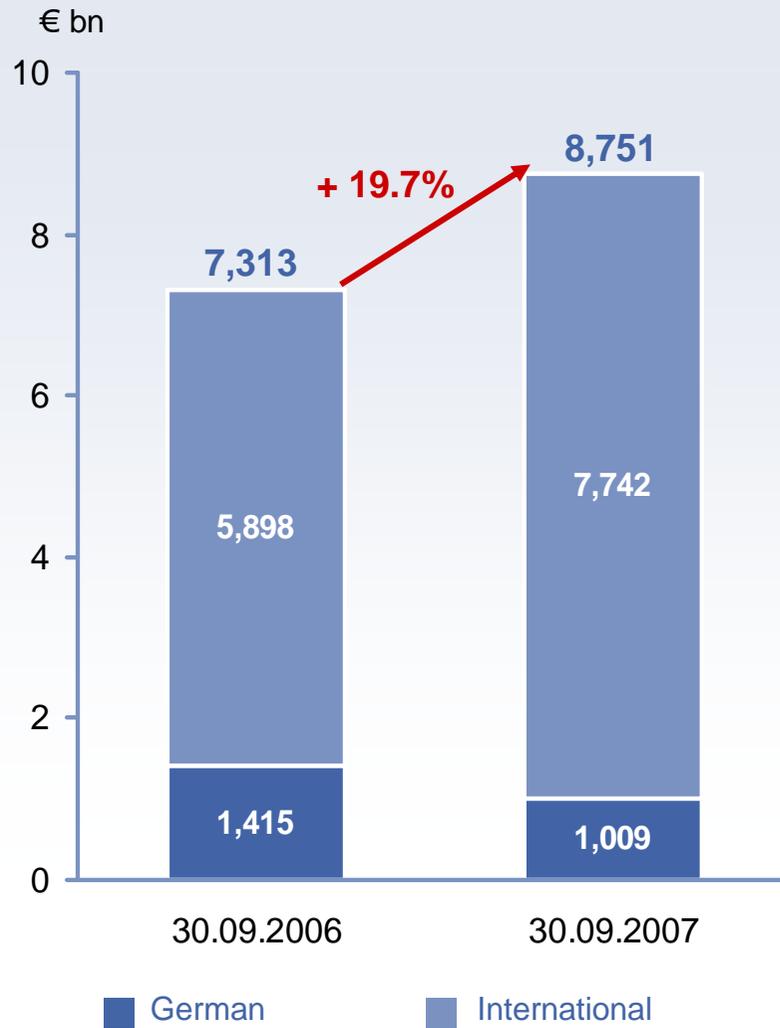
- International Presence in 15 European countries, the US and Singapore
- Additional industry experts in hotel, shopping centre and logistics
- In-depth know-how in local markets and special properties
- International experience with employees from 31 nations
- Typical deal size: > € 20 mn
- Typical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

Network of regional market experts and sector specialists

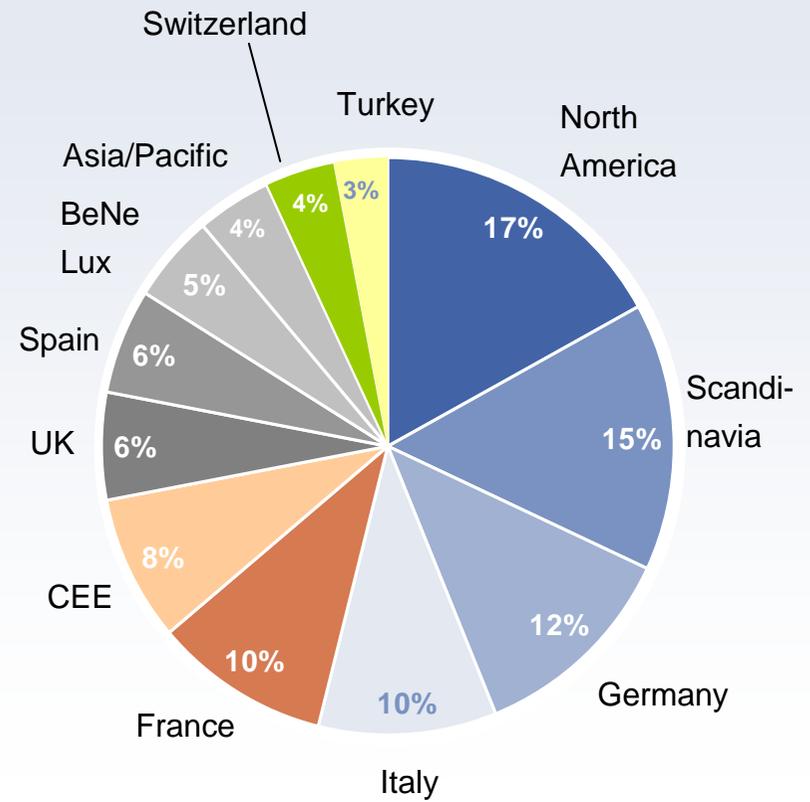


New business development

Growth year on year

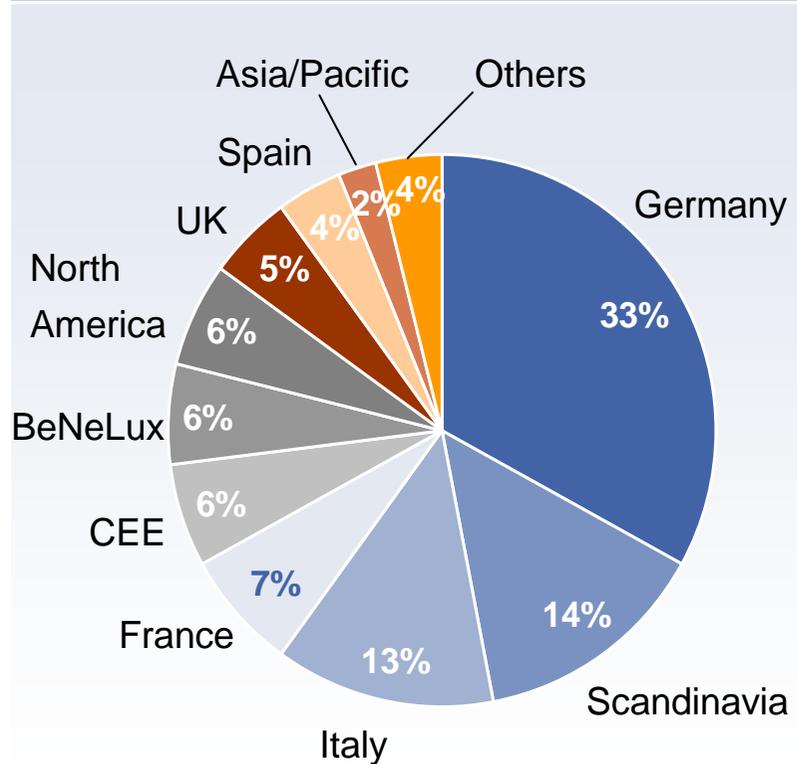


Diversification by region

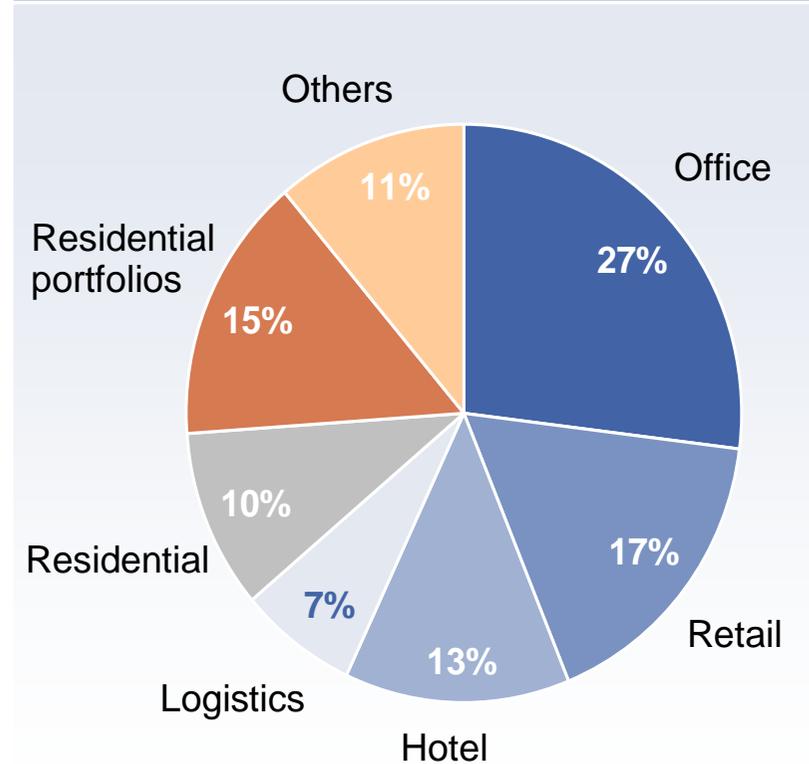


Portfolio diversification by region and object type

Portfolio by region 30.09.2007
Total volume : € 23.7 bn

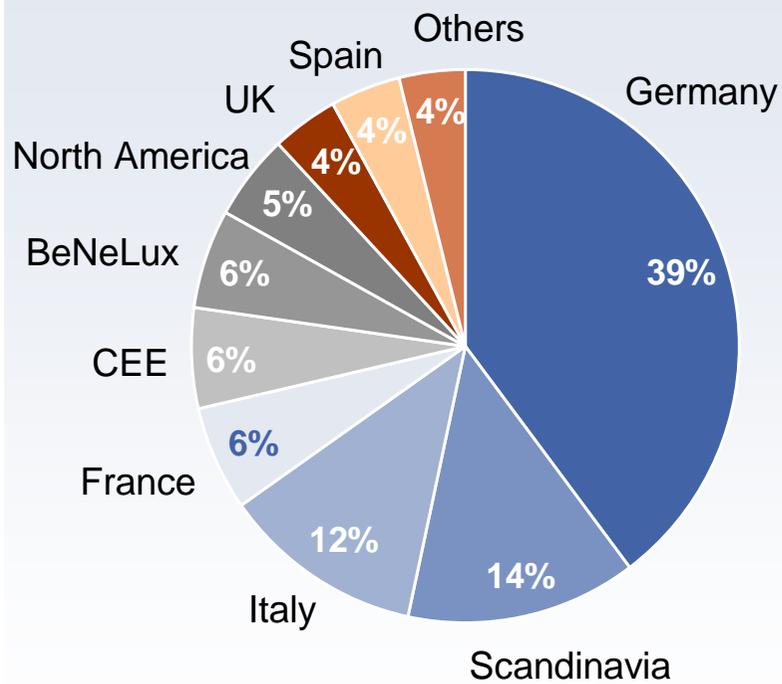


Portfolio by object type 30.09.2007
Total volume : € 23.7 bn

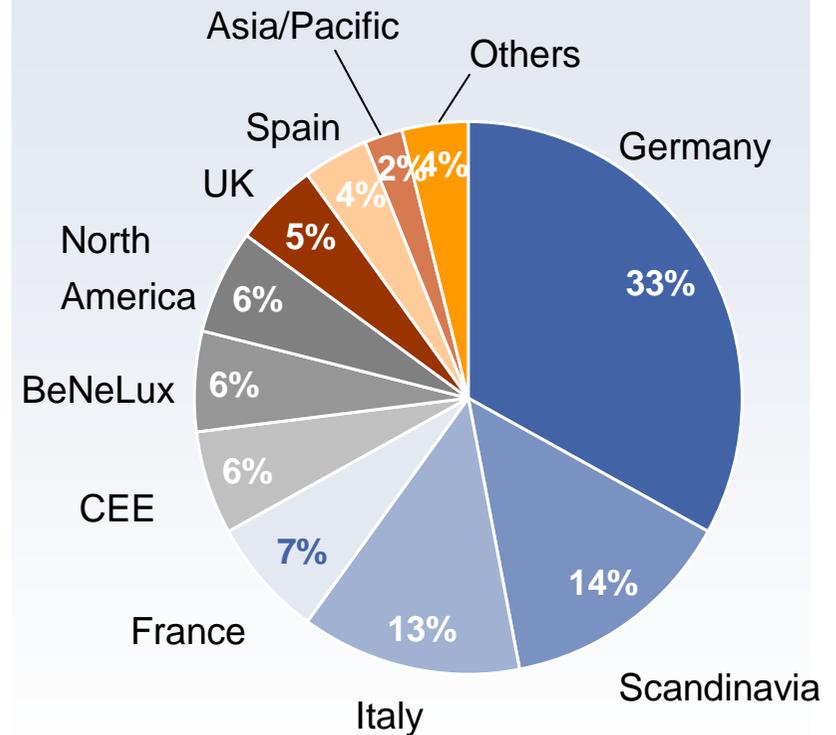


Development of portfolio diversification by region

Portfolio by region 30.09.2006
Total volume : € 22.2 bn

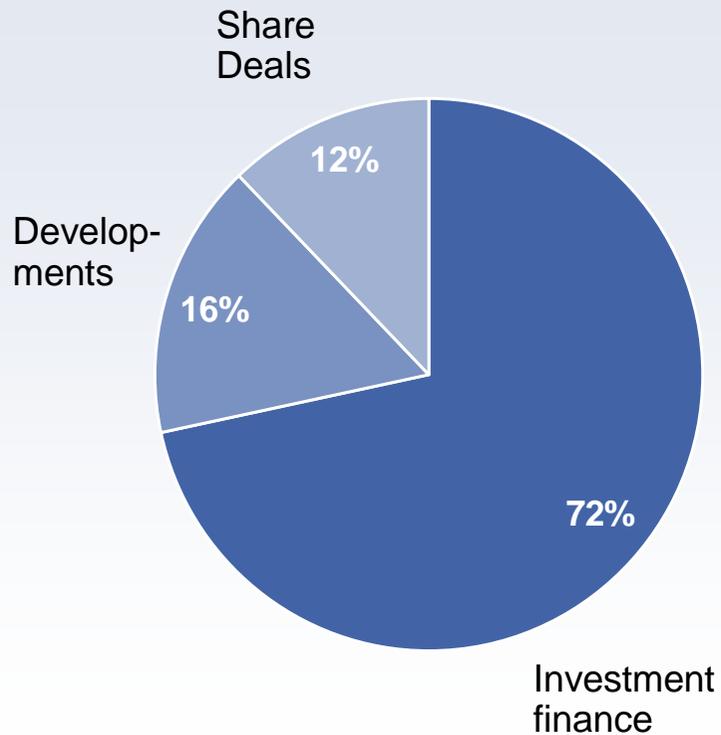


Portfolio by region 30.09.2007
Total volume : € 23.7 bn

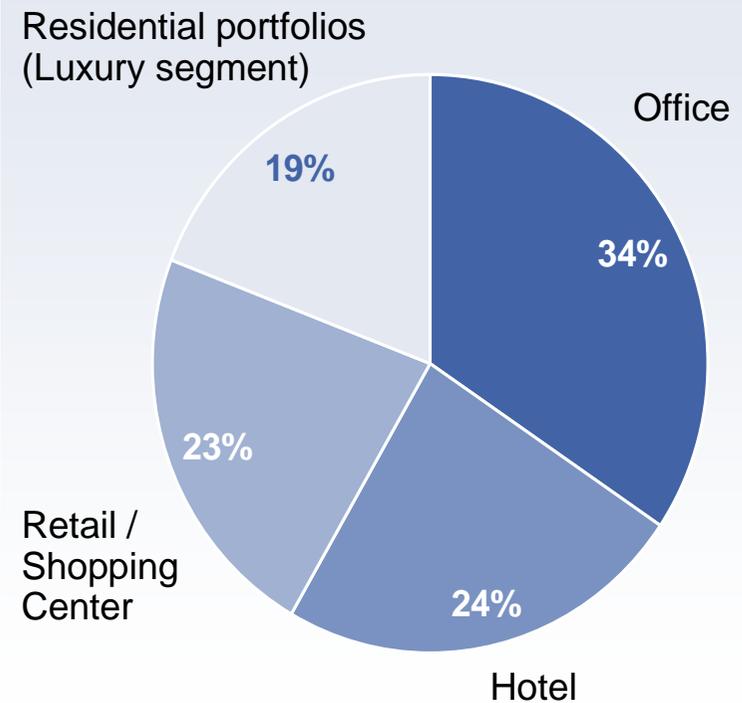


Aareal US credit portfolio as at 30.09.2007

Portfolio by product type
Total outstanding volume : € 0.95 bn



Portfolio by object type
Total outstanding volume : € 0.95 bn

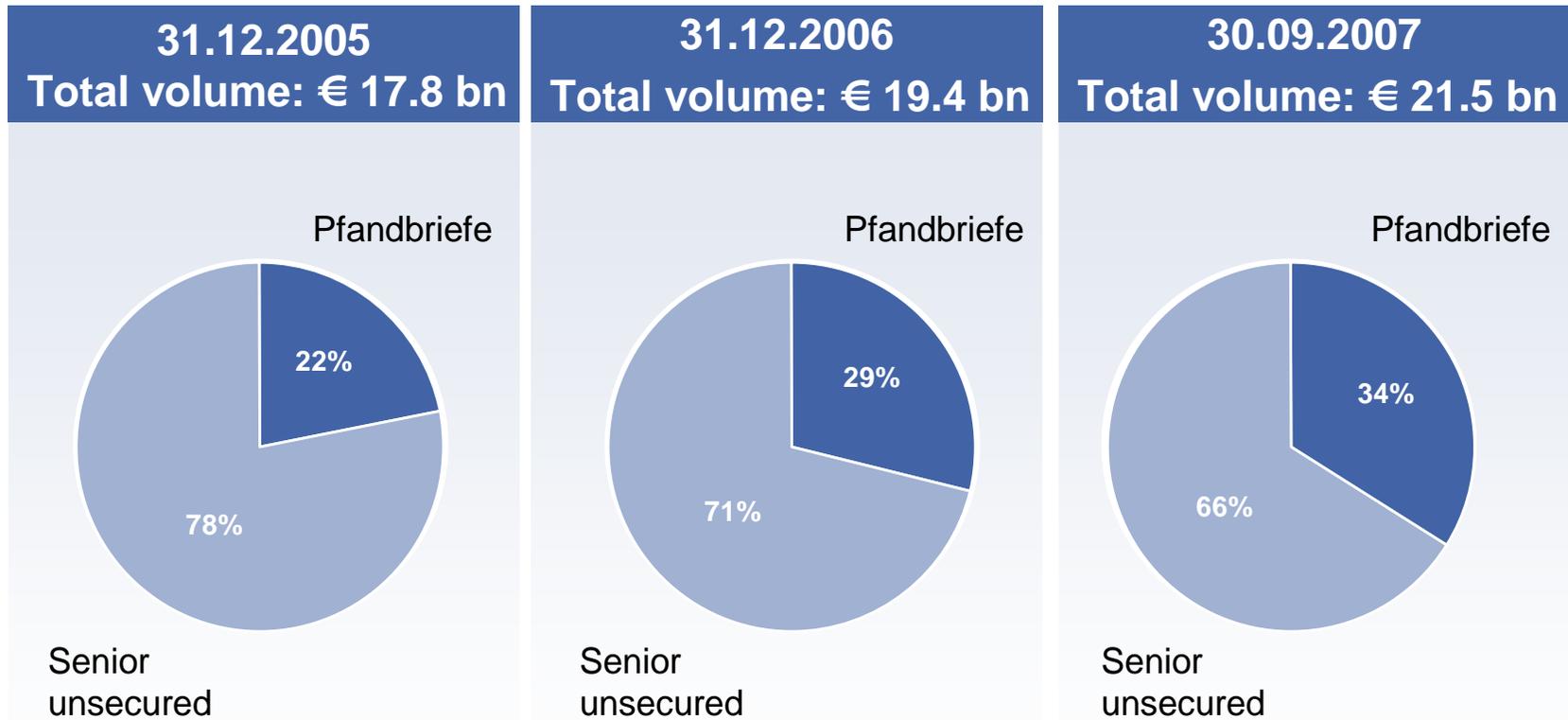


Special asset classes in current discussions: exposure as at 30.09.2007

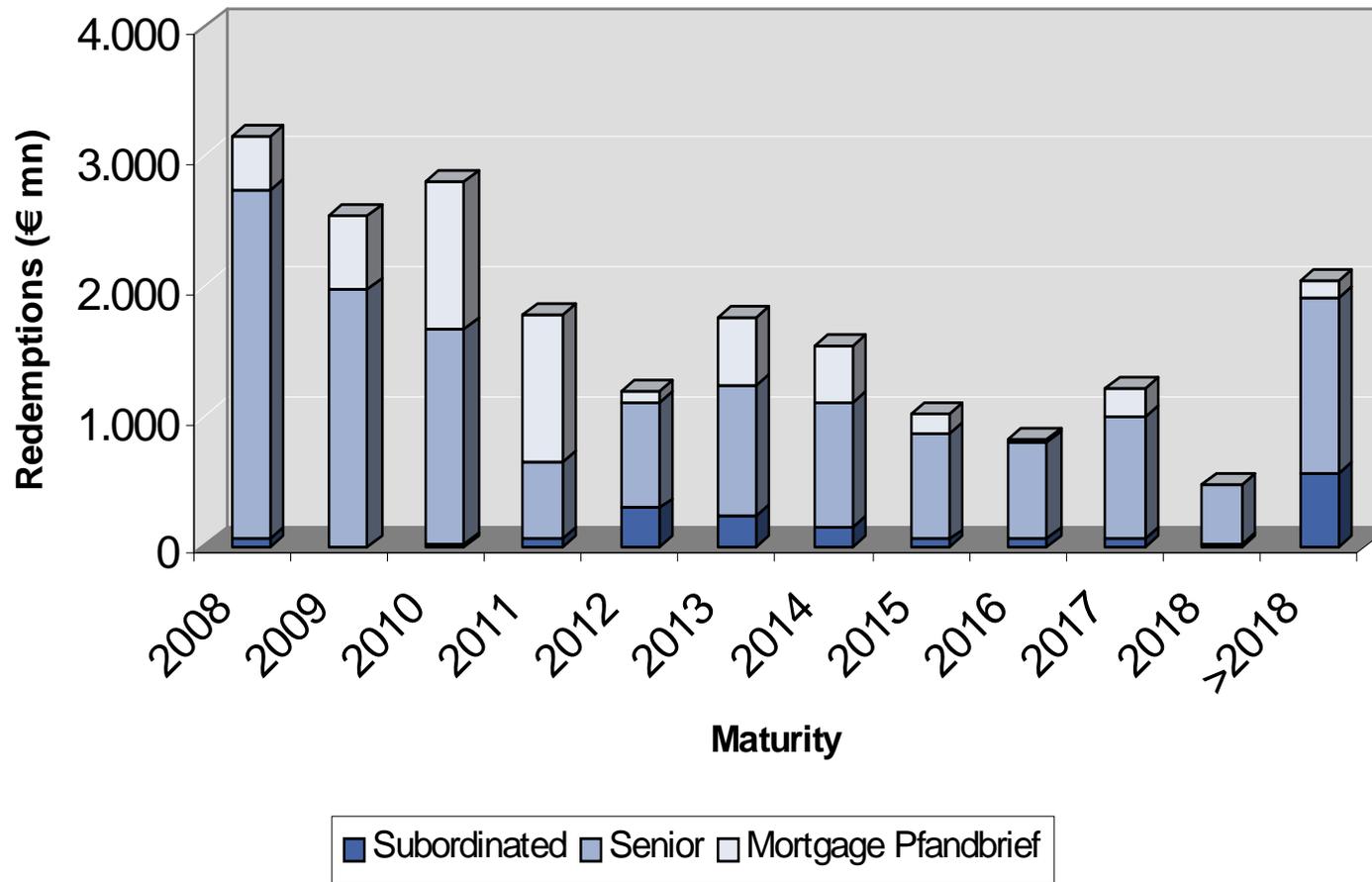
Asset Class	Exposure Aareal Bank
US Subprime	None
US RMBS	None
CDOs	None
ABCPs / SIVs	None
Exposure insured by Monoliners	None
Total ABS	~ € 650 mn
- of which AAA rated	~ 90%
- of which US CMBS	< € 50 mn



Development of long-term refinancing mix



Long-term refinancing mix - maturity profile

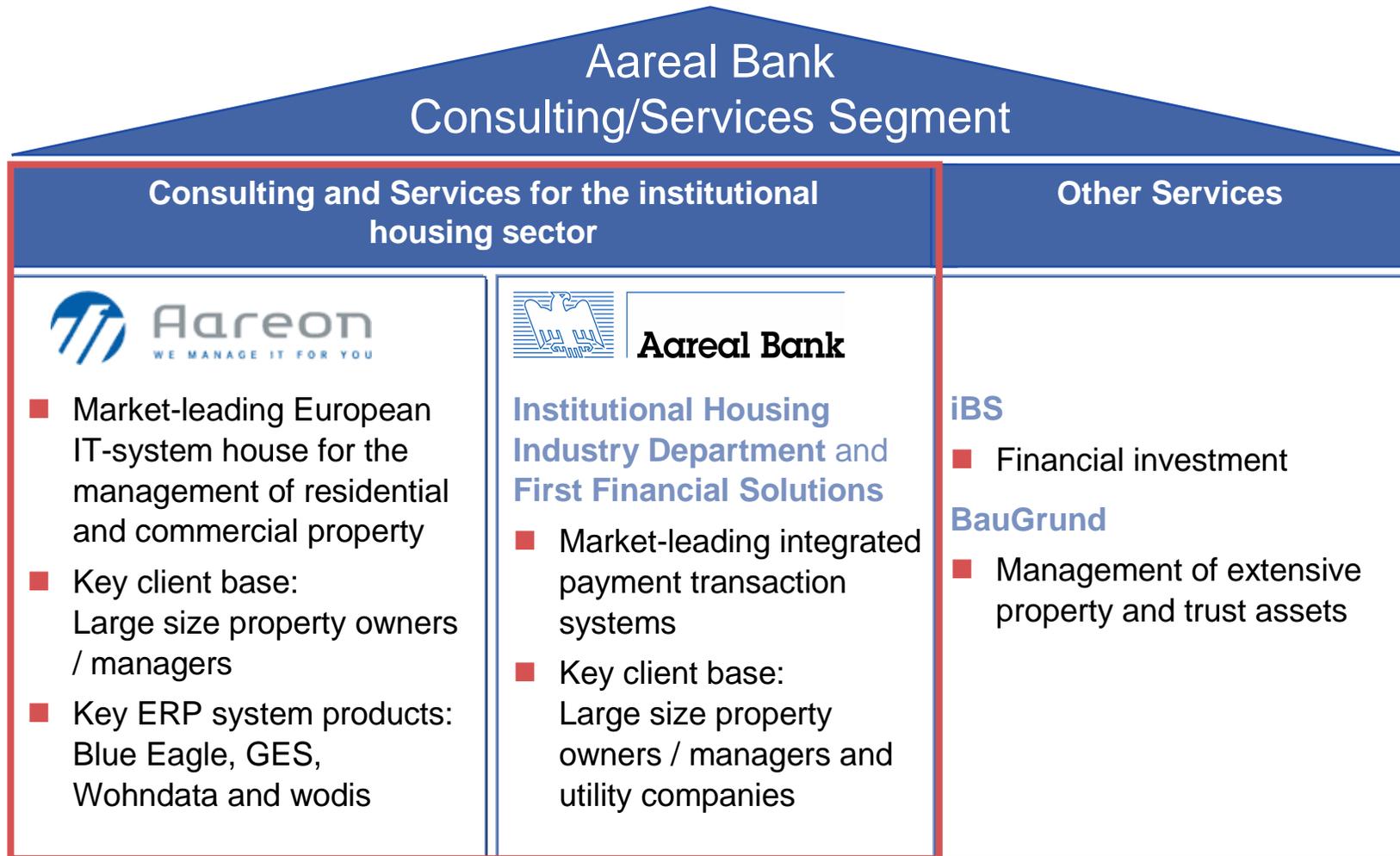


Consulting/Services



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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



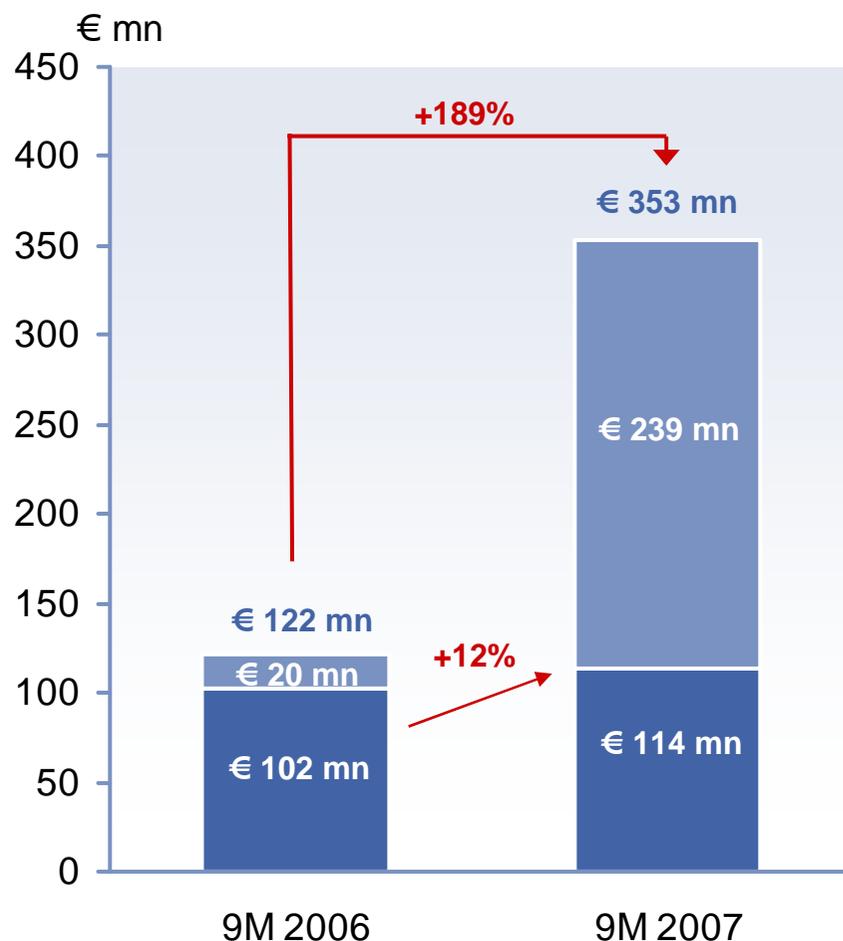
Facts and Figures



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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**

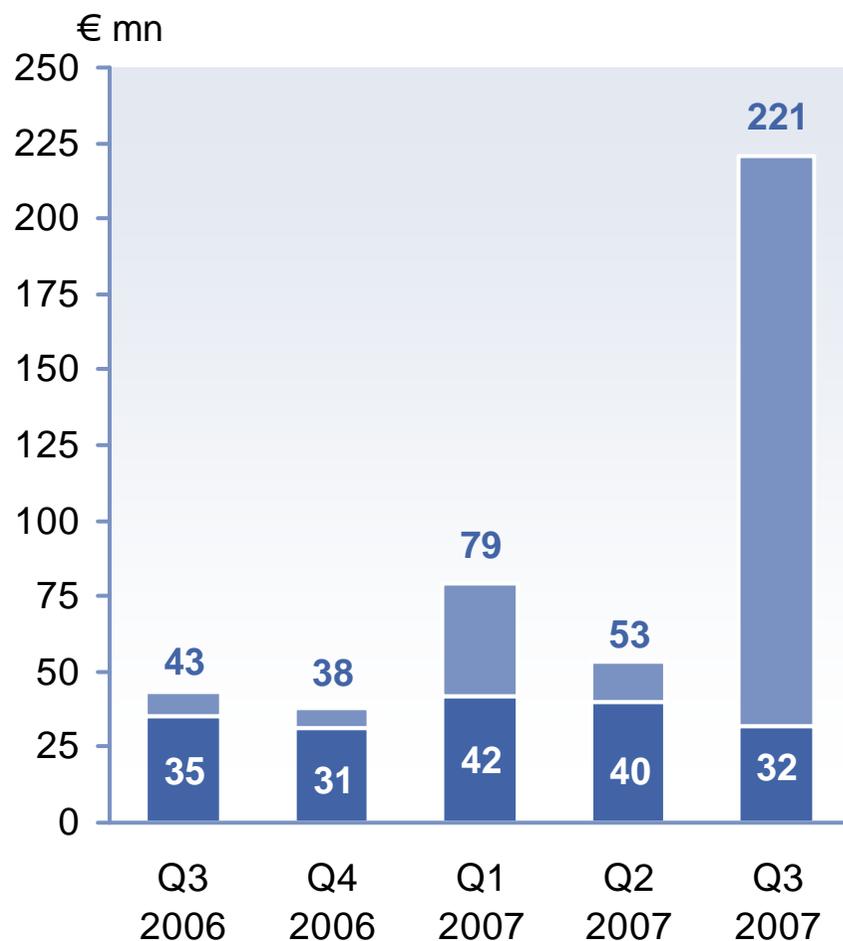
■ One-off effects 9M 2006 (pre-tax) :

- 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

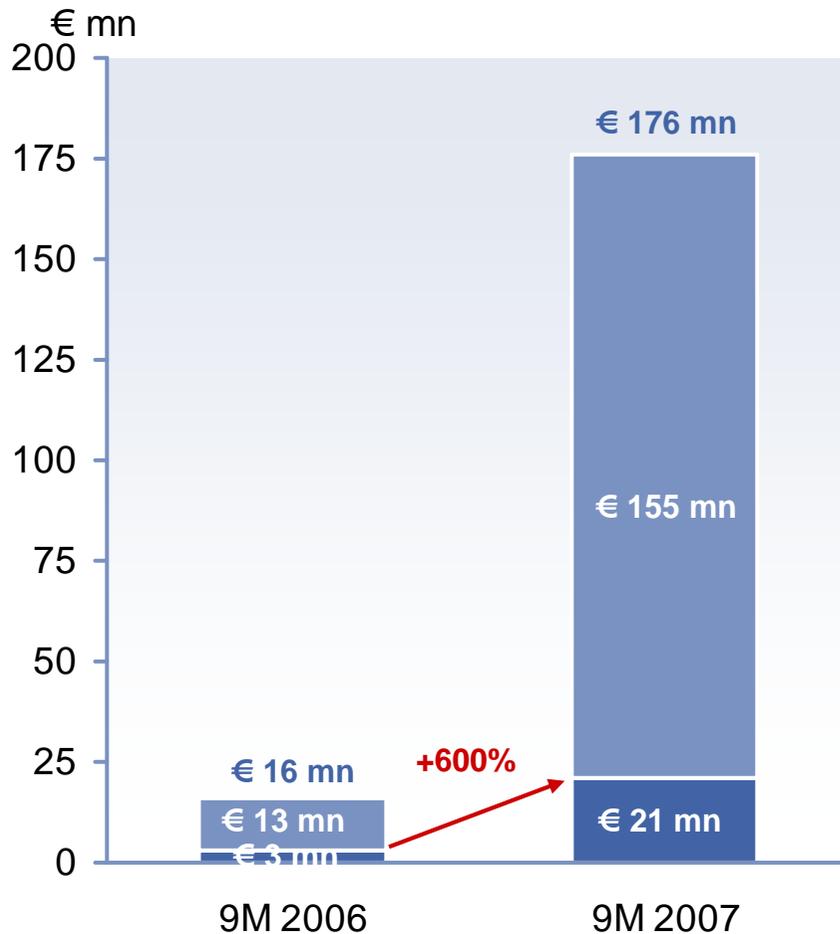


- Nearly stable admin expenses in Aareal Bank Group despite investment into growth and high one-off effects from compensation payments and portfolio sale preparation



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



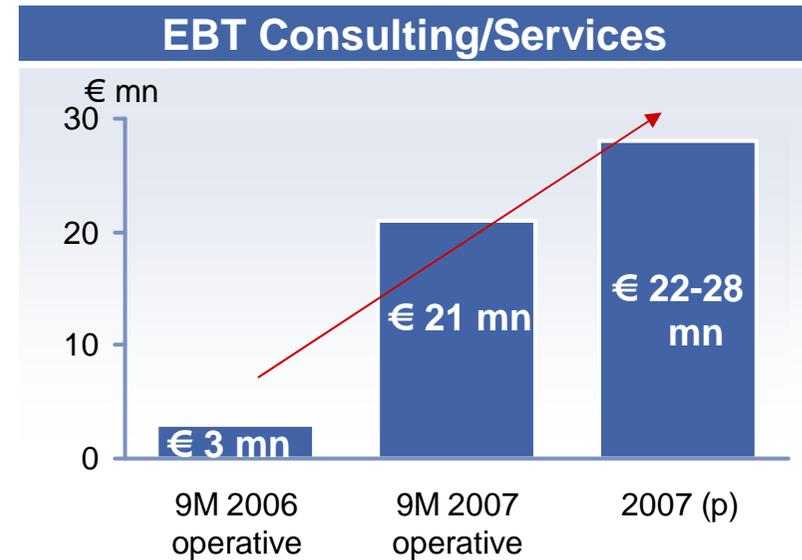
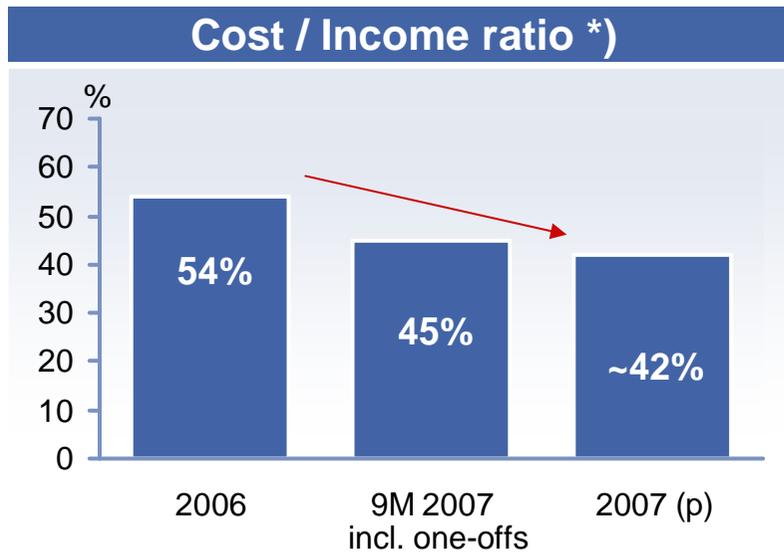
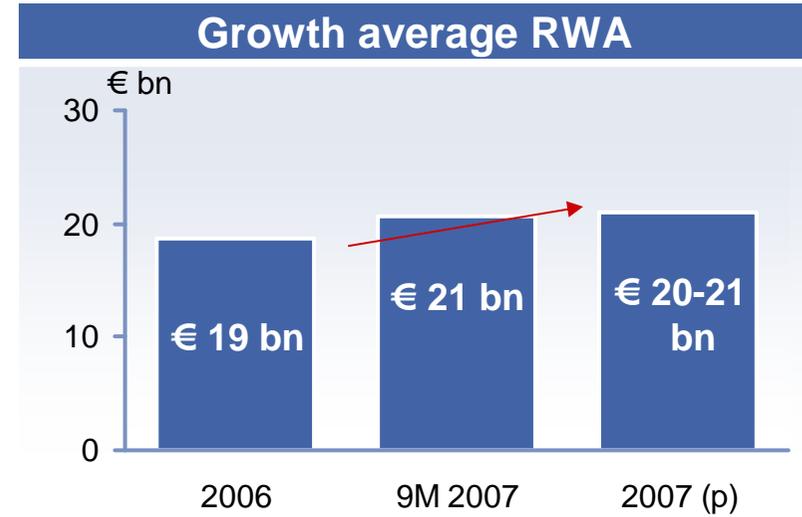
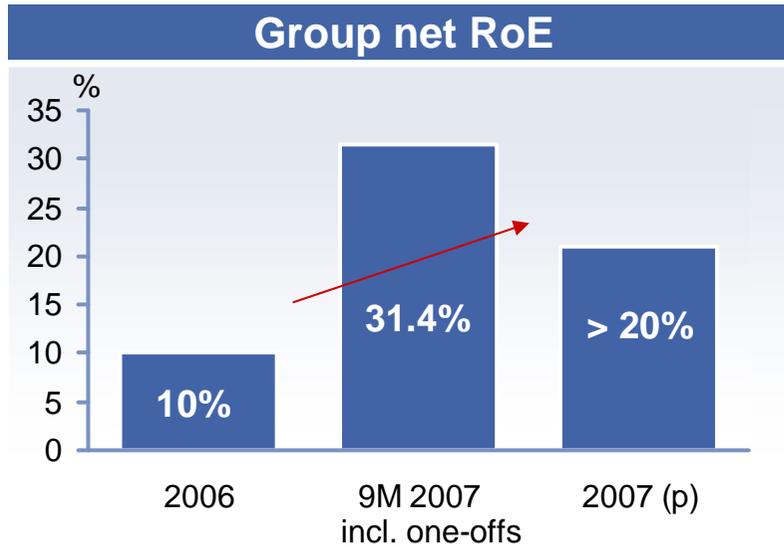
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Targets



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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
- Legacy private clients portfolio

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

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

■ 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)

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

■ 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



Contact

- **Jürgen Junginger**
Managing Director Investor Relations
Phone: +49 611 348 2636
juergen.junginger@aareal-bank.com
- **Alexandra Beust**
Senior Manager Investor Relations
Phone: +49 611 348 3053
alexandra.beust@aareal-bank.com
- **Nicole Schüttforth**
Investor Relations
Phone: +49 611 348 3044
nicole.schuettforth@aareal-bank.com

