

THE INTERNATIONAL
PROPERTY SPECIALIST

Unicredit
German Investment Conference
September 28, 2006



Aareal Bank



Aareal Bank

Introduction to Aareal Bank

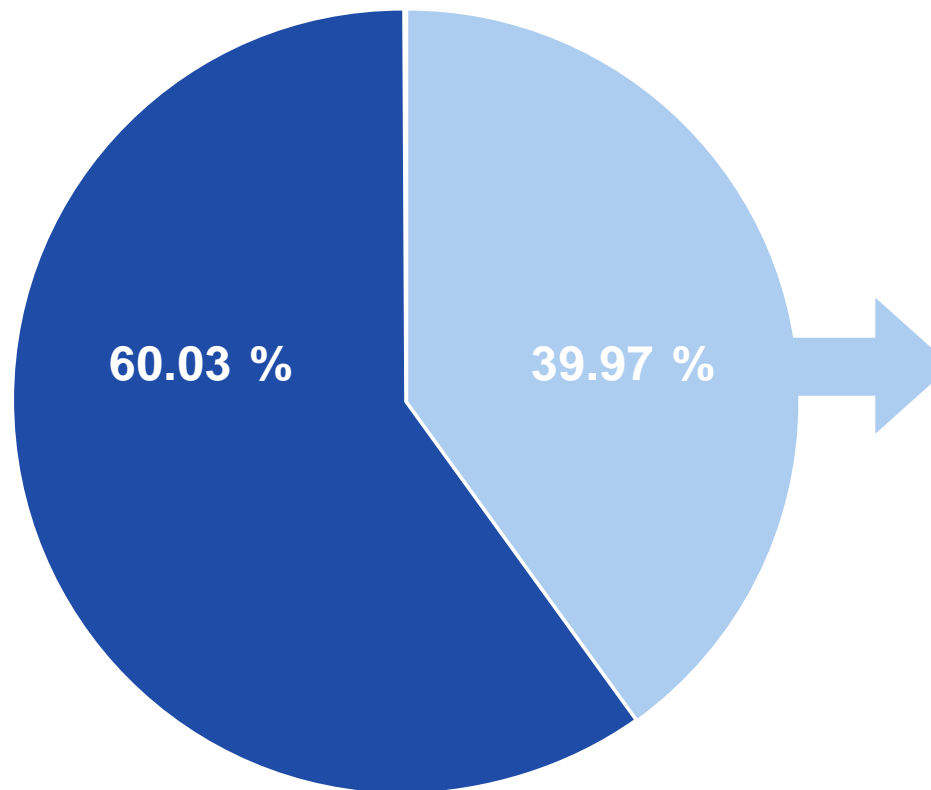


Key strategic statements

1. We focus on our core competence:
 - Property finance and services around property
2. We are more than a bank, we are a property specialist with a highly diversified revenue stream:
 - Diversification by country and sector
 - Diversification by Consulting / Services and Property Asset Management
3. We are not balance sheet driven:
 - Buy & Manage: exit-strategies are a compulsory part of our process in writing new business
4. We are an international player: Europe is our home-market



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
2.74%	AGF Holding S.A.
1.36%	Condor Lebensversicherung

■ Free float

■ Aareal Holding Verwaltungsgesellschaft mbH



Acreal Bank

Structured Property Financing



International presence

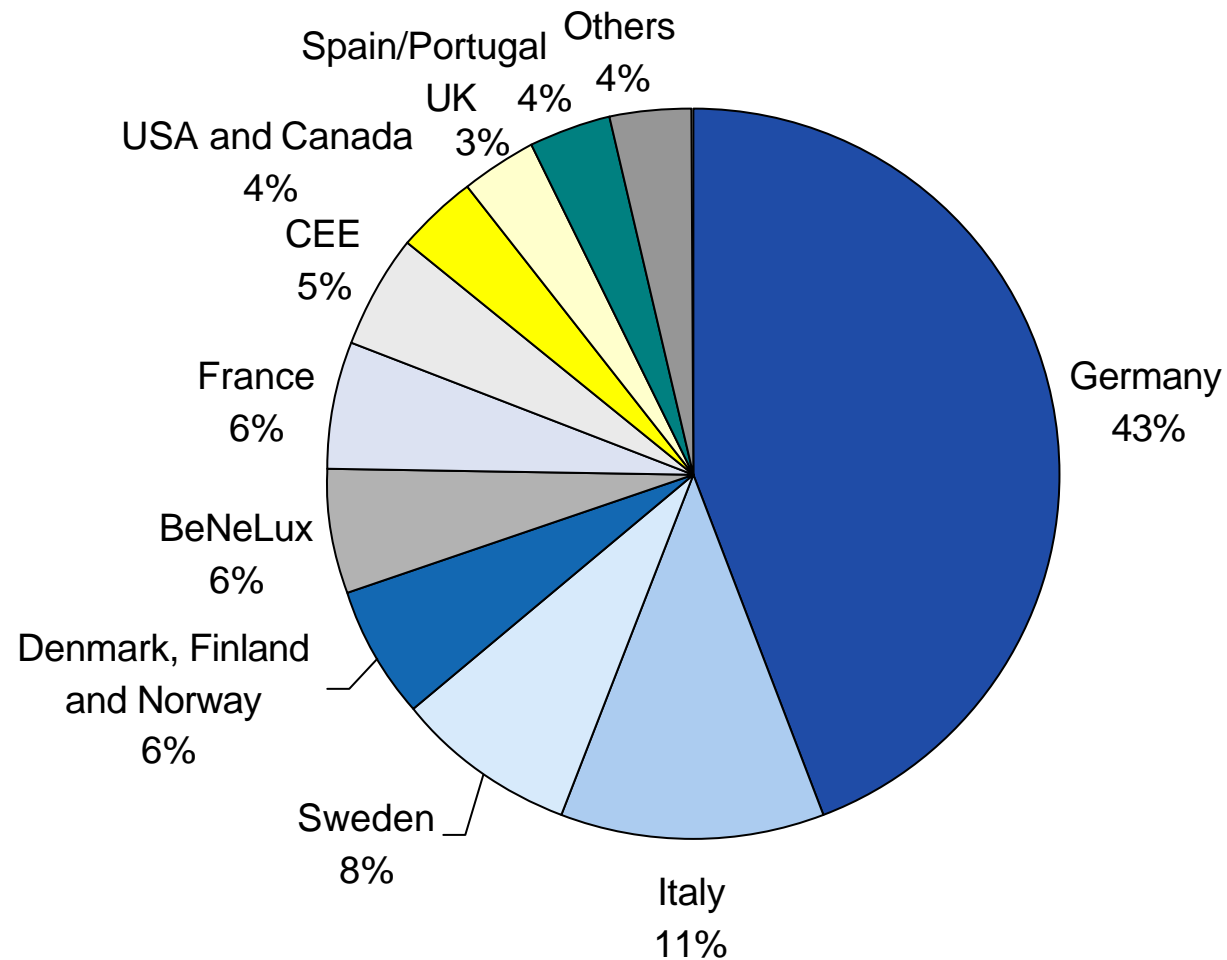


-  Treasury activities
-  locations Real Estate Structured Finance
-  countries with lending operations



Property financing portfolio by region

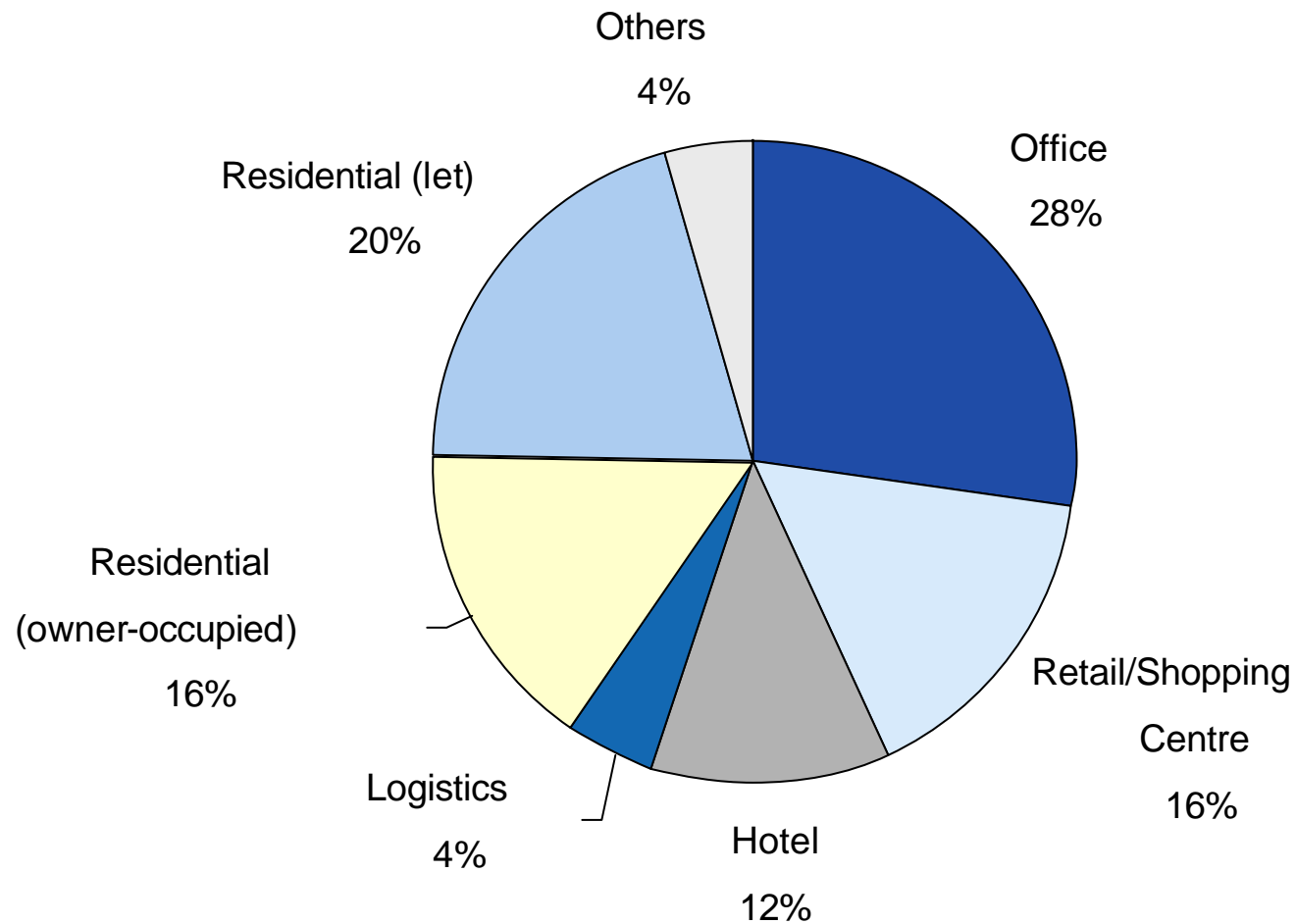
Total portfolio 30.6.2006: € 23.6 bn





Property financing portfolio by industry

Total portfolio 30.6.2006: € 23.6 bn

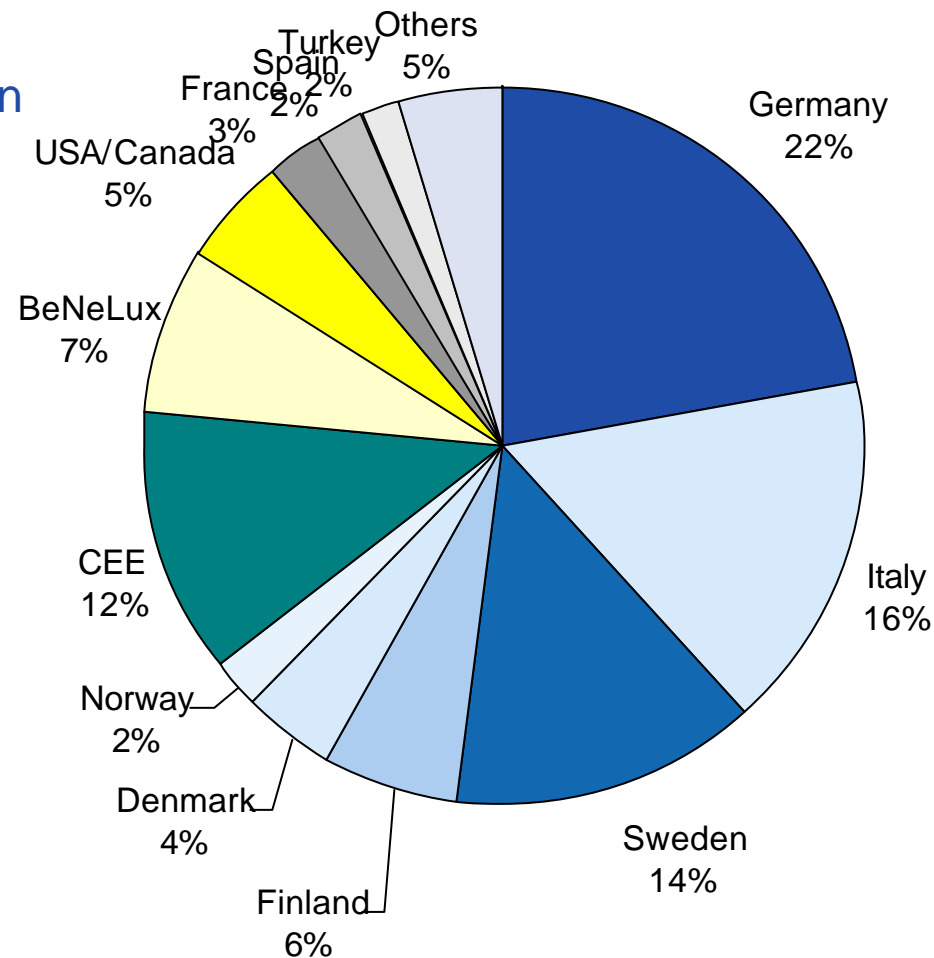




New business by region: High degree of diversification

Total new business

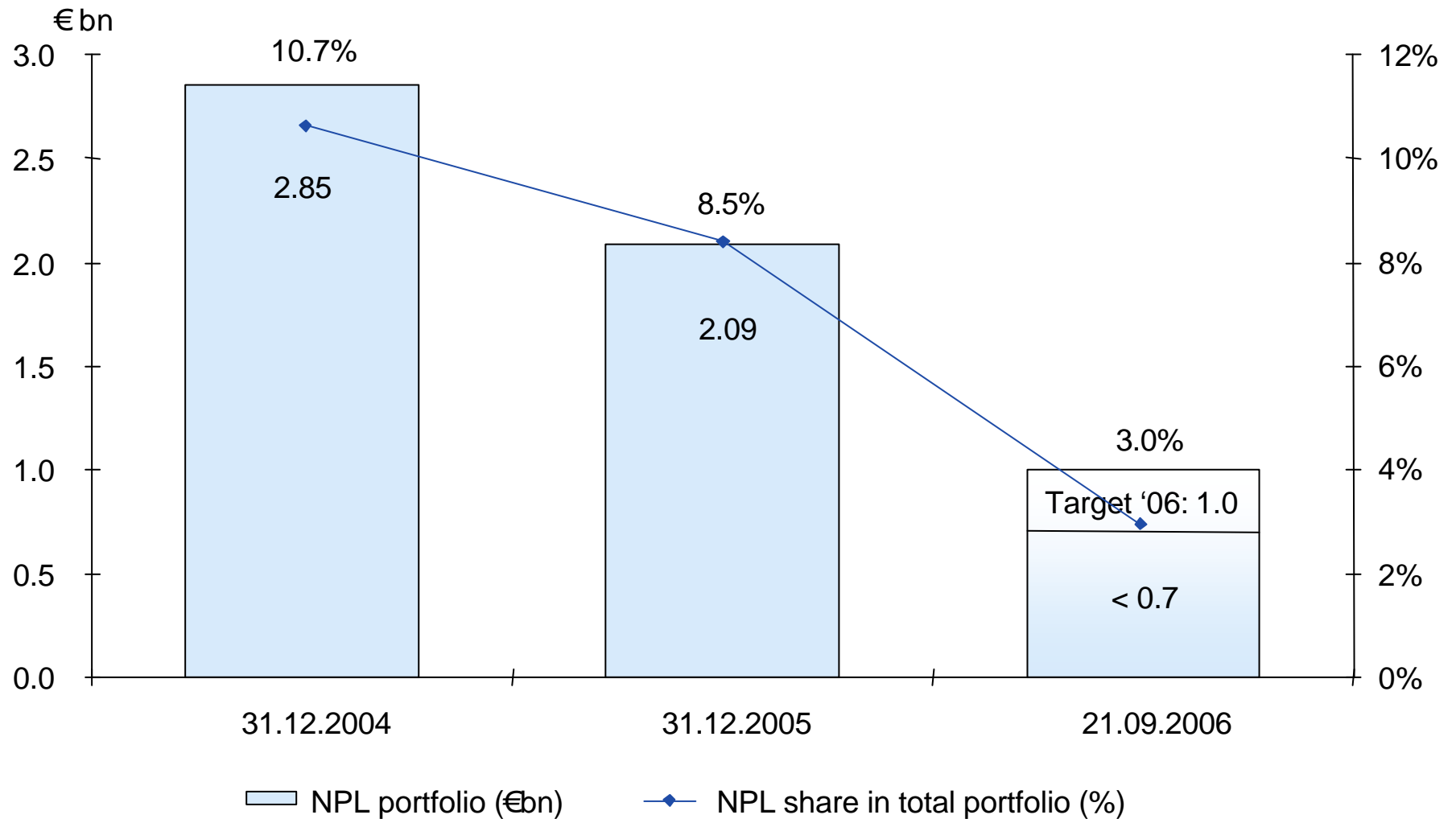
1.1.-30.6.2006: € 4.3 bn



Others = GB, Spain, Switzerland



Target reduction of our NPL portfolio outperformed





Further reduction of our NPL portfolio in progress

Poseidon

- NPL True Sale in June 2005
- Commercial portfolio with a total volume of € 583¹⁾ mn



Athene

- NPL True Sale in Dezember 2005
- Commercial portfolio with a total volume of € 325¹⁾ mn



Minerva

- NPL True Sale in March 2006
- Retail portfolio with a total volume of € 257¹⁾ mn



Aartemis

- NPL portfolio sale in September 2006 with a total volume of € 1.4²⁾ billion
- Economic risk transfer with immediate effect
- Successful reduction of NPL portfolio to < € 0.7 billion
- No impact on 2006 guidance



¹⁾ Excluding arrears in interest and fees

²⁾ Including arrears in interest and fees and uncollateralized receivables (with no book value)

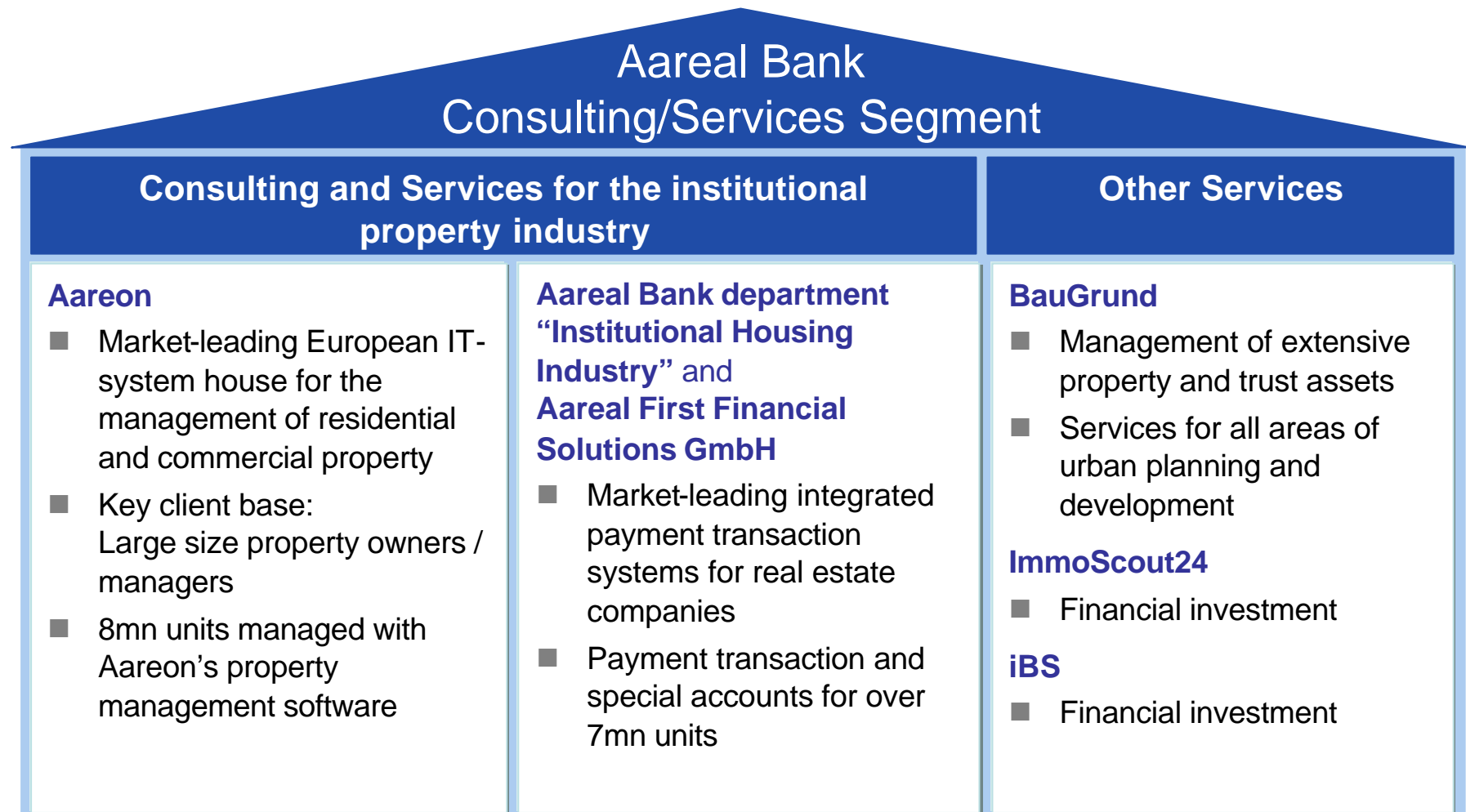


Areal Bank

Consulting / Services



Consulting/Services – major activities





Realignment of the Institutional Housing Sector: Status Quo 2005

Aareal Bank ¹⁾ - Housing Sector department -			Aareal First Financial Solutions AG ²⁾			Aareon Group ²⁾		
	2004	2005		2004	2005		2004	2005
Gross result (€ mn)	7.8	2.0	Gross result (€ mn)	-8.5	-9.8	EBIT (€ mn)	12.3	8.2
Employees	95	96	Employees	75	74	Employees	1009	1029

- Insufficient profitability during the past years
- Insufficient coordination of sales and marketing activities, product development and investments
- Unclear positioning in the group
- Implementation of the virtual Management Board „Consulting and Services to the institutional housing industry”

1) According to internal profit centre calculation

2) Single / Sub-group financial statements according to IFRS



Realignment of the Institutional Housing Sector: Target

Consulting / Services to the institutional housing sector

Banking business

Institutional Housing department / AFFS

1. Establishment of a joint profit centre calculation
2. Integrated product and sales strategy
3. Strict cost management

IT-Services business

Aareon

1. Review of product strategy with focus on customer needs
2. Focusing on core competences and core business
3. Strict cost management
4. Product costing analysis of all sub segments

Target from 2008:

Group profit contribution of €40 - 50 mn before tax



Realignment of the Institutional Housing Sector: Target Breakdown

Banking business				IT-Services business			
Institutional Housing department / AFFS ¹⁾				Aareon Group ¹⁾			
	2006	2007	2008		2006	2007	2008
Revenues (€ mn)	50-55	55-60	60-65	Revenues (€ mn)	170-175	140-150 ²⁾	170-180
Direct Expenses (€ mn)	45-50	40-45	35-40	Expenses (€ mn)	165-170	130-135	140-145
Gross result ²⁾ (€mn)	(5) - 0	0-5	10-20	EBIT (€mn)	5-10	10-20	30-40
Employees	ca. 160	ca. 150	ca. 140	Employees ³⁾	ca. 1050	ca. 940	ca. 910

- 1) Internal profit centre calculation
- 2) after bank overheads
gross profits before bank overheads:
€5-10 mn (2006), €10-15 mn (2007),
€20-30 mn (2008)

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

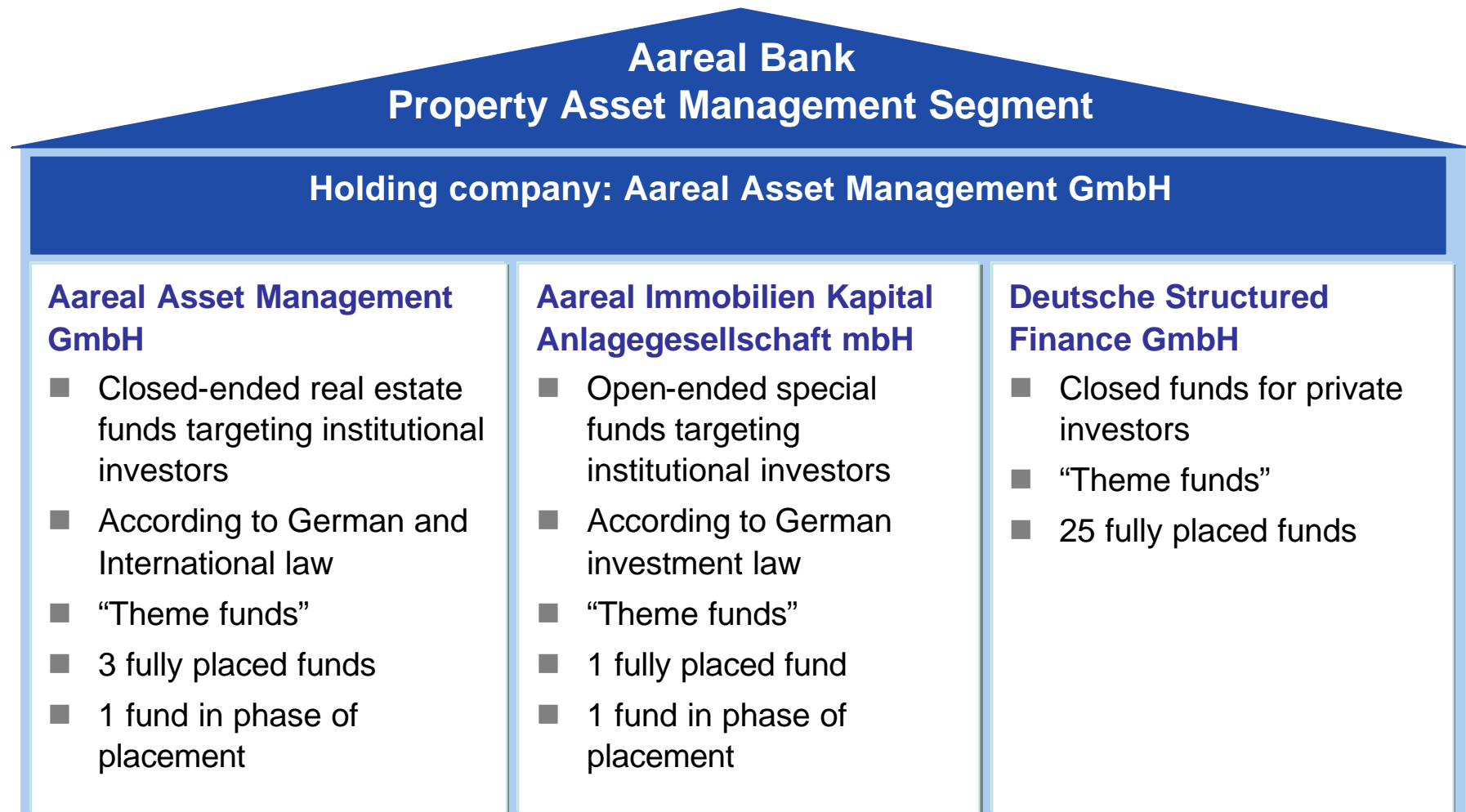


Acreal Bank

Property Asset Management



Property Asset Management – major activities



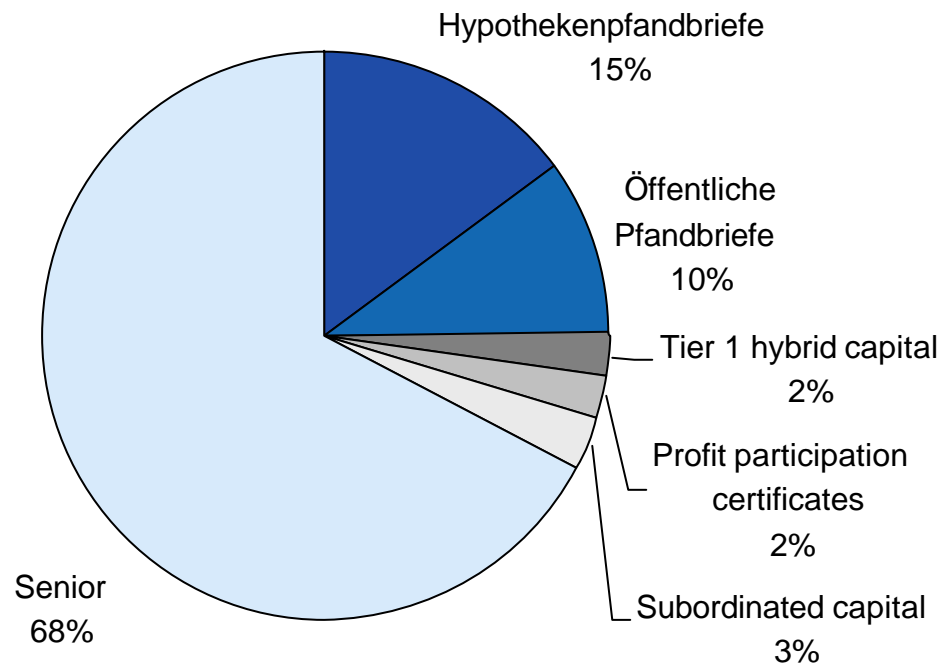


Funding



Long-term refinancing structure

Group Refinancing structure
as at 30.06.2006



- Issue of more than 2.5 bn € long term funding in H1 2006
 - Of which > 50% Pfandbriefe (covered bonds)
- Pfandbriefe will gain a much more important role in Aareal Bank Group's refinancing structure resulting in a significant funding advantage



Development of capitalisation

Capital ratios (according to BIS)	30.06.06	31.03.06	31.12.05	30.09.05	31.12.04	31.12.03	31.12.02
	€mn	€mn	€mn	€mn	€mn	€mn	€mn
Core capital	1,295	1,282	1,281	1,281	1,270	1,340	1,332
Total capital	2,266	2,260	2,260	2,285	2,238	2,206	2,019
RWA	18,553	18,549	17,926	18,531	18,502	19,218	21,312
Tier 1 Ratio	7.1%	7.0%	7.2%	6.9%	6.9%	7.0%	6.3%
Total capital Ratio	12.2%	12.2%	12.6%	12.2%	12.1%	11.5%	9.5%



Targets and Outlook



Target results 2006

	2006 (target)	H1 2006
Net loan loss provisions (€ mn)	80 - 90	44
Operating Profit (€ mn)	130 - 150	79
Net RoE (%)	7.5 - 8.0	9.9
Tier I ratio (%)	7.1	7.1

- Normalised risk provisioning in 2006
- Slight interest and commission income increase in 2006
- Administrative expenses reduction in 2006
- Net RoE target: capital costs in 2006

Disclaimer

© 2006 Aareal Bank AG. All rights reserved.

- This document has been prepared by Aareal Bank AG, exclusively for the purposes of a corporate presentation by Aareal Bank AG. The presentation is intended for professional and institutional customers only.
- It must not be modified or disclosed to third parties without the explicit permission of Aareal Bank AG. Any persons who may come into possession of this information and these documents must inform themselves of the relevant legal provisions applicable to the receipt and disclosure of such information, and must comply with such provisions. This presentation may not be distributed in or into any jurisdiction where such distribution would be restricted by law.
- This presentation is provided for general information purposes only. It does not constitute an offer to enter into a contract on the provision of advisory services or an offer to purchase securities. Aareal Bank AG has merely compiled the information on which this document is based from sources considered to be reliable – without, however, having verified it. Therefore, Aareal Bank AG does not give any warranty, and makes no representation as to the completeness or correctness of any information or opinion contained herein. Aareal Bank AG accepts no responsibility or liability whatsoever for any expense, loss or damages arising out of, or in any way connected with, the use of all or any part of this presentation.
- This presentation may contain forward-looking statements of future expectations and other forward-looking statements or trend information that are based on current plans, views and/or assumptions and subject to known and unknown risks and uncertainties, most of them being difficult to predict and generally beyond Aareal Bank AG's control. This could lead to material differences between the actual future results, performance and/or events and those expressed or implied by such statements.
- Aareal Bank AG assumes no obligation to update any forward-looking statement or any other information contained herein.



Aareal Bank