

THE INTERNATIONAL
PROPERTY SPECIALIST

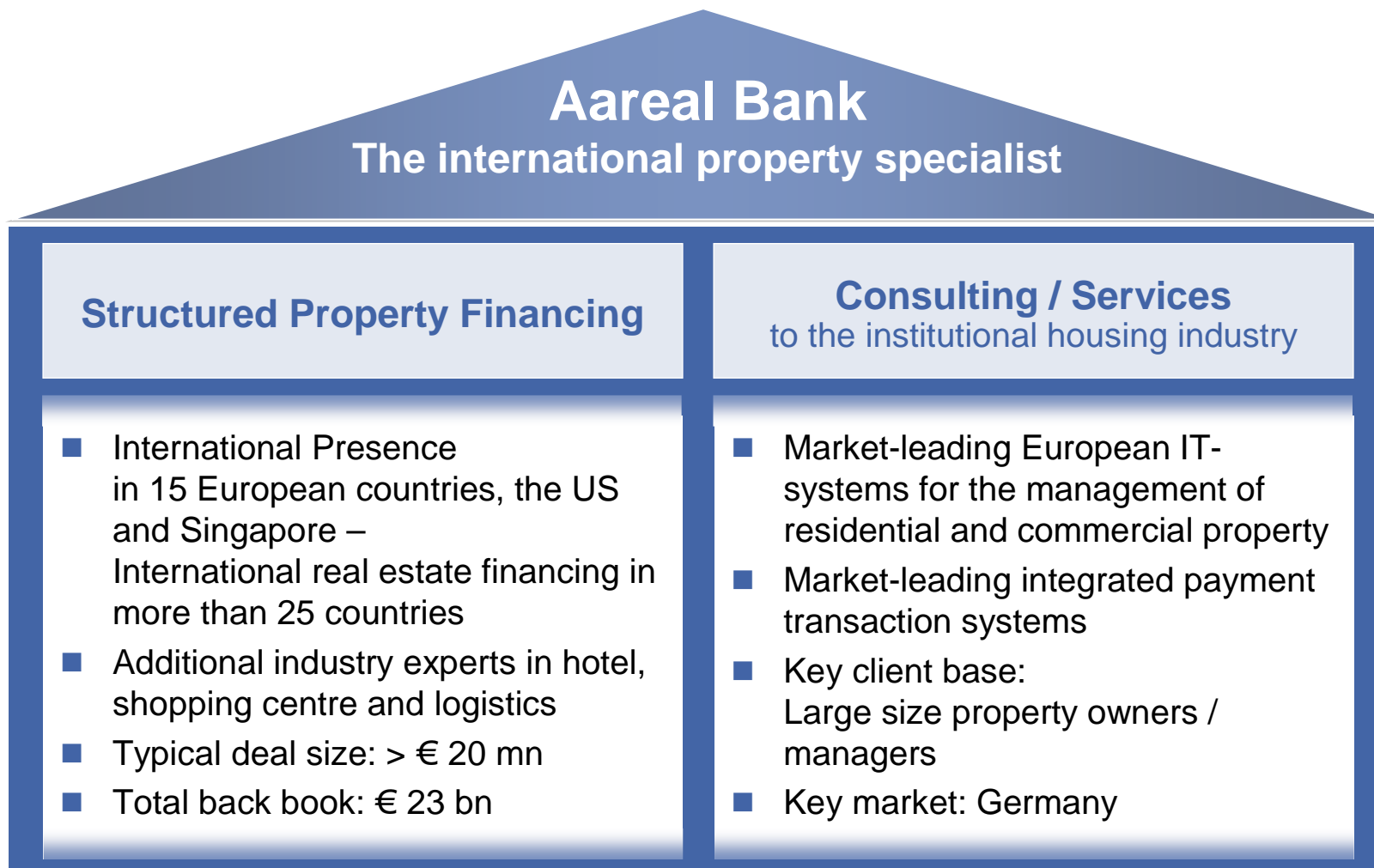
UniCredit
German Investment Conference

Munich, 25 – 27. September 2007

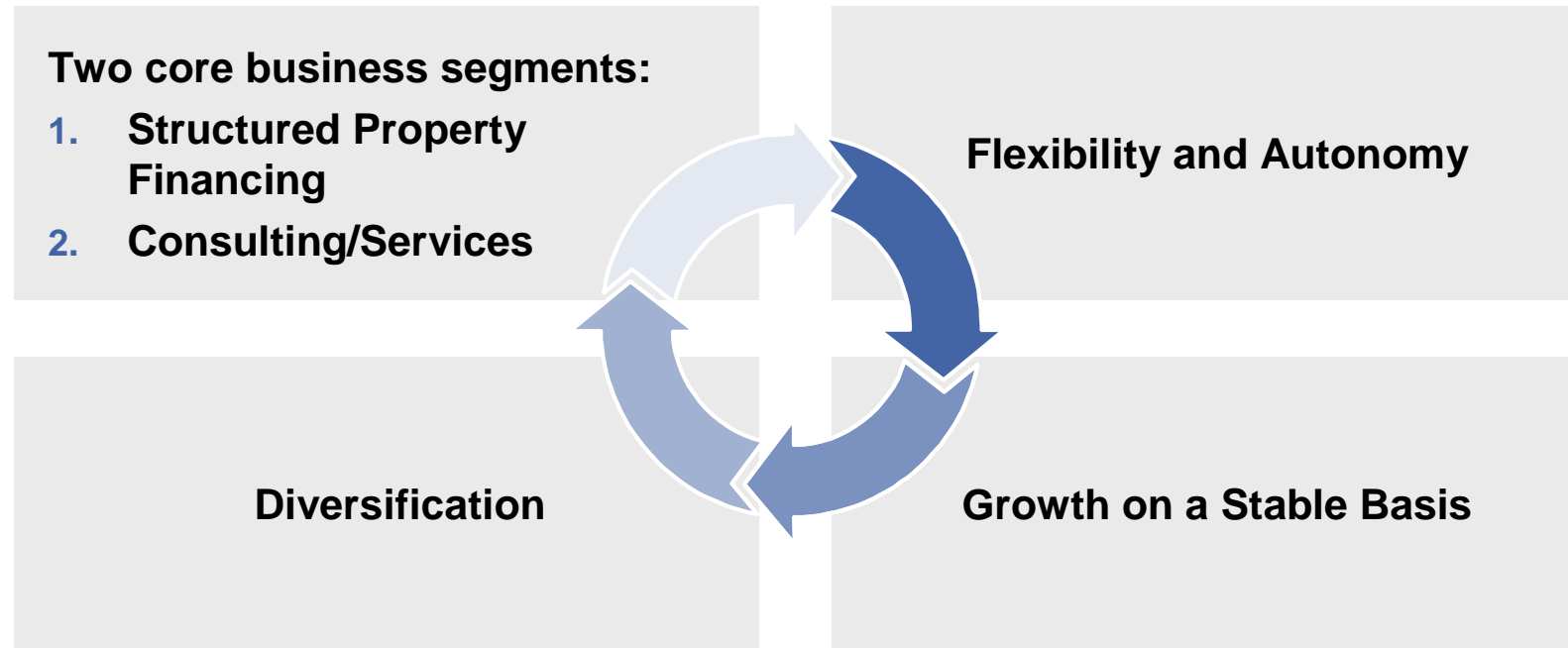


Aareal Bank

Business Segments – Major Activities



Aareal Bank Group: The Specialist for Real Estate Professionals



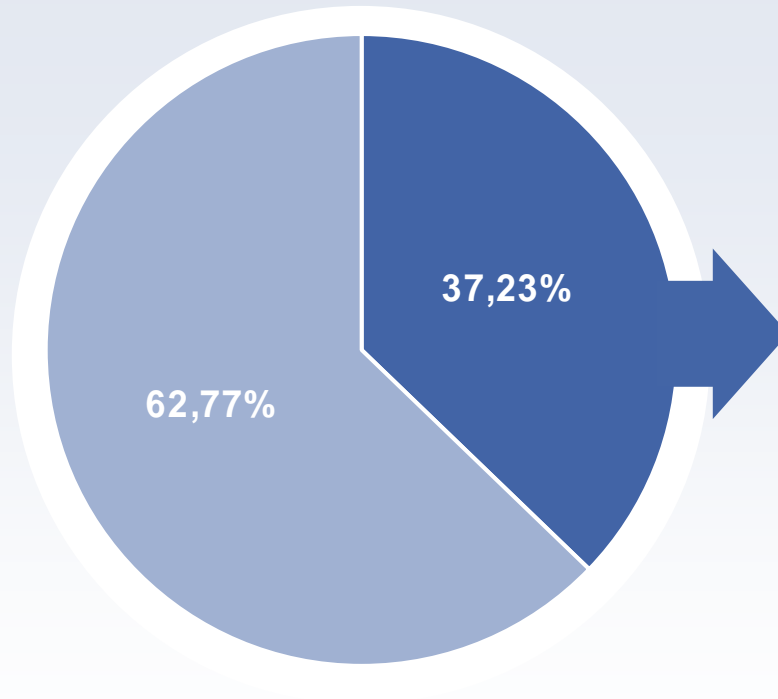
Our target for a 3 year time horizon (2009):

- Net earnings growth in order to reach a net RoE of ~13 %
- Whilst maintaining high diversification, flexibility and autonomy



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



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Aareal Bank – One of the leading international specialists in structured real estate finance

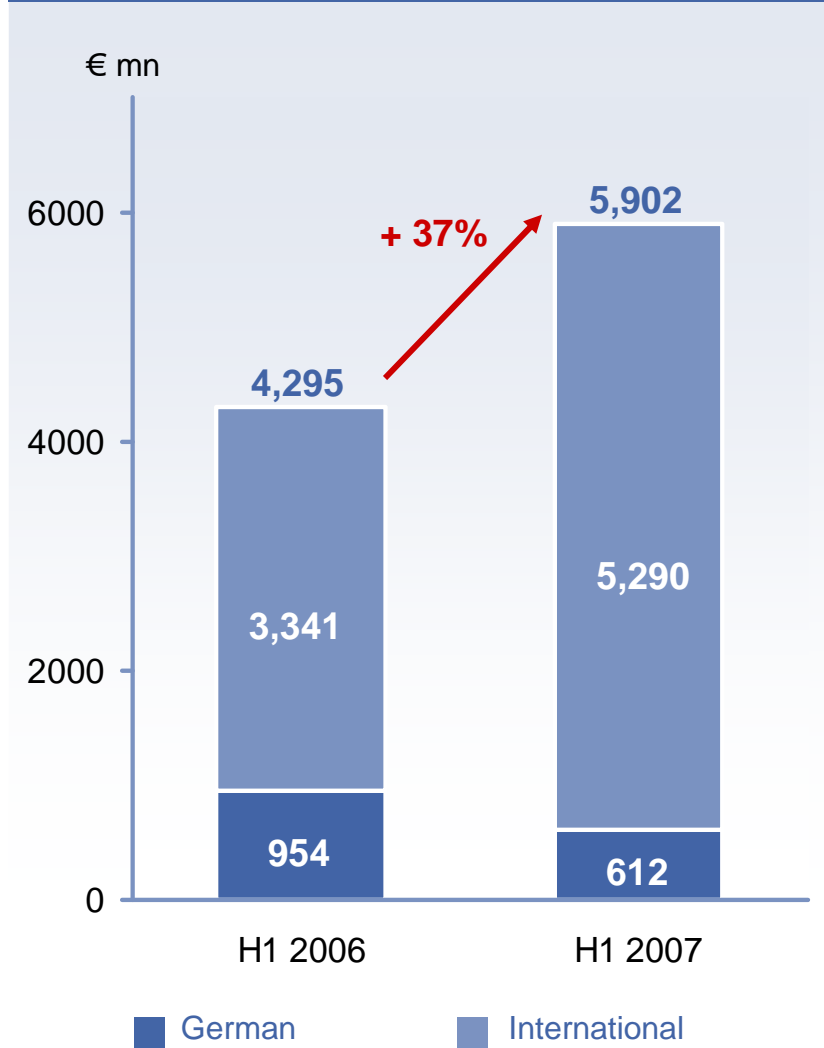
- International Presence in 15 European countries, the US and Singapore
- Additional industry experts in hotel, shopping centre and logistics
- In-depth know-how in local markets and special properties
- International experience with employees from 31 nations
- Typical deal size: > € 20 mn
- Typical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

Network of regional market experts and sector specialists

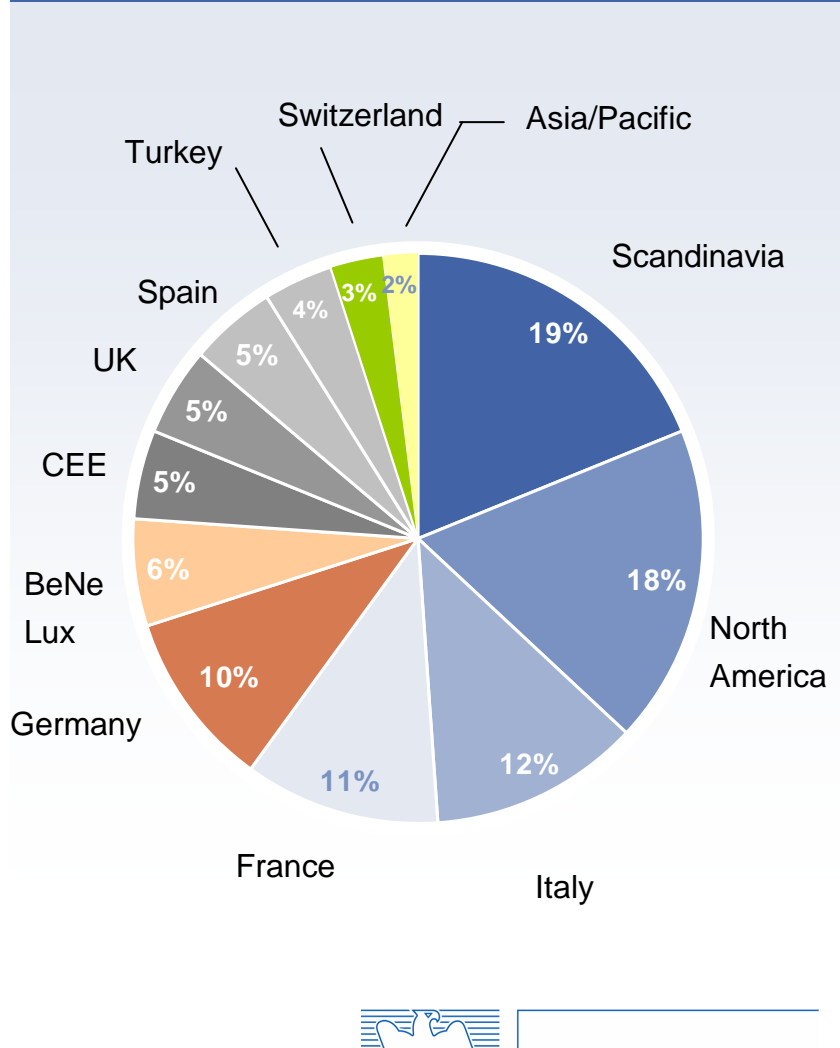


New business development

Growth year on year

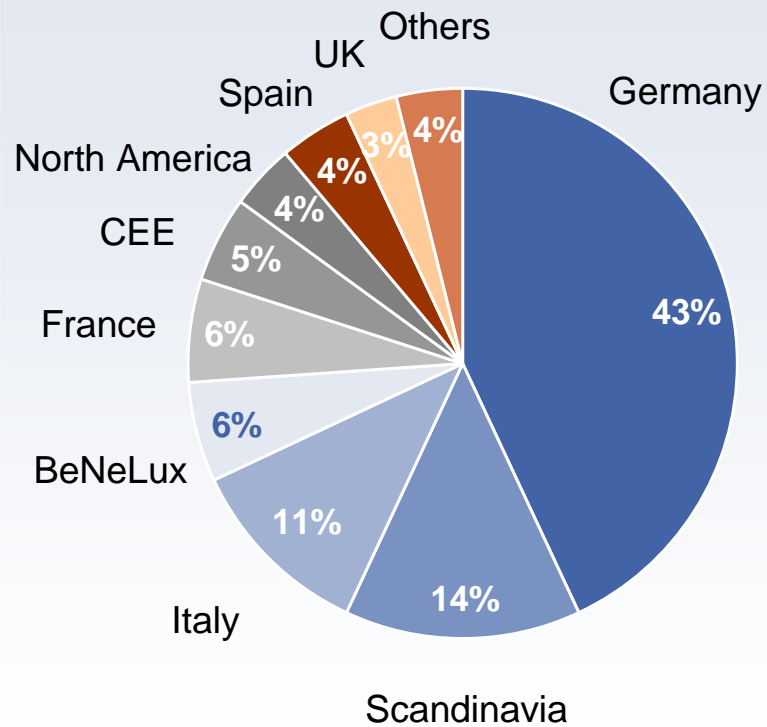


Diversification by region

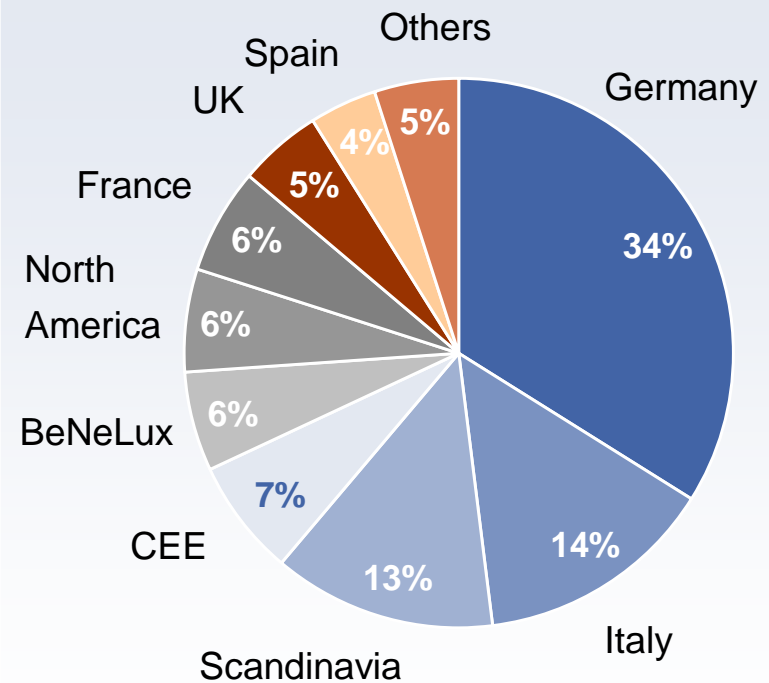


Development of portfolio diversification by region

Portfolio by region 30.06.2006
Total volume : € 23.6 bn

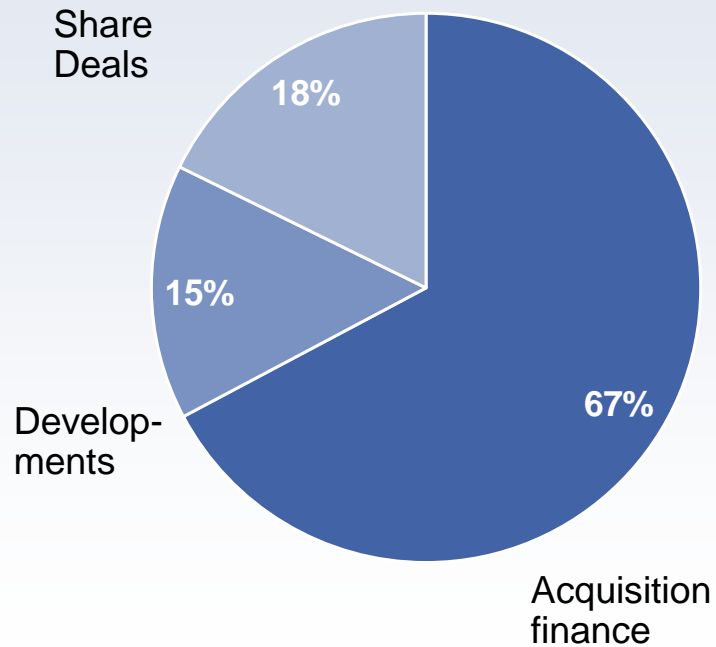


Portfolio by region 30.06.2007
Total volume : € 23.1 bn

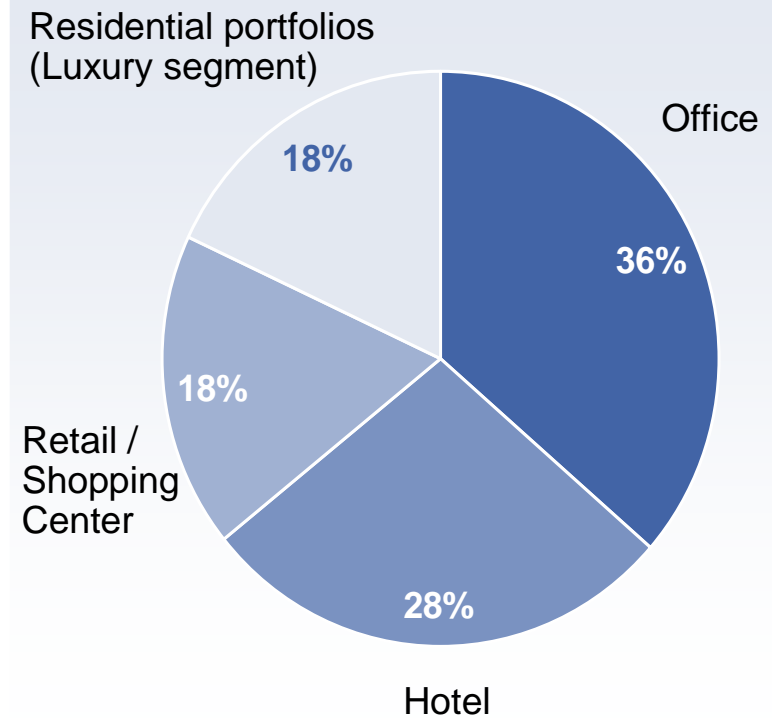


Aareal US credit portfolio as at 31.07.2007

Portfolio by product type
Total outstanding volume : € 0.8 bn



Portfolio by object type
Total outstanding volume : € 0.8 bn

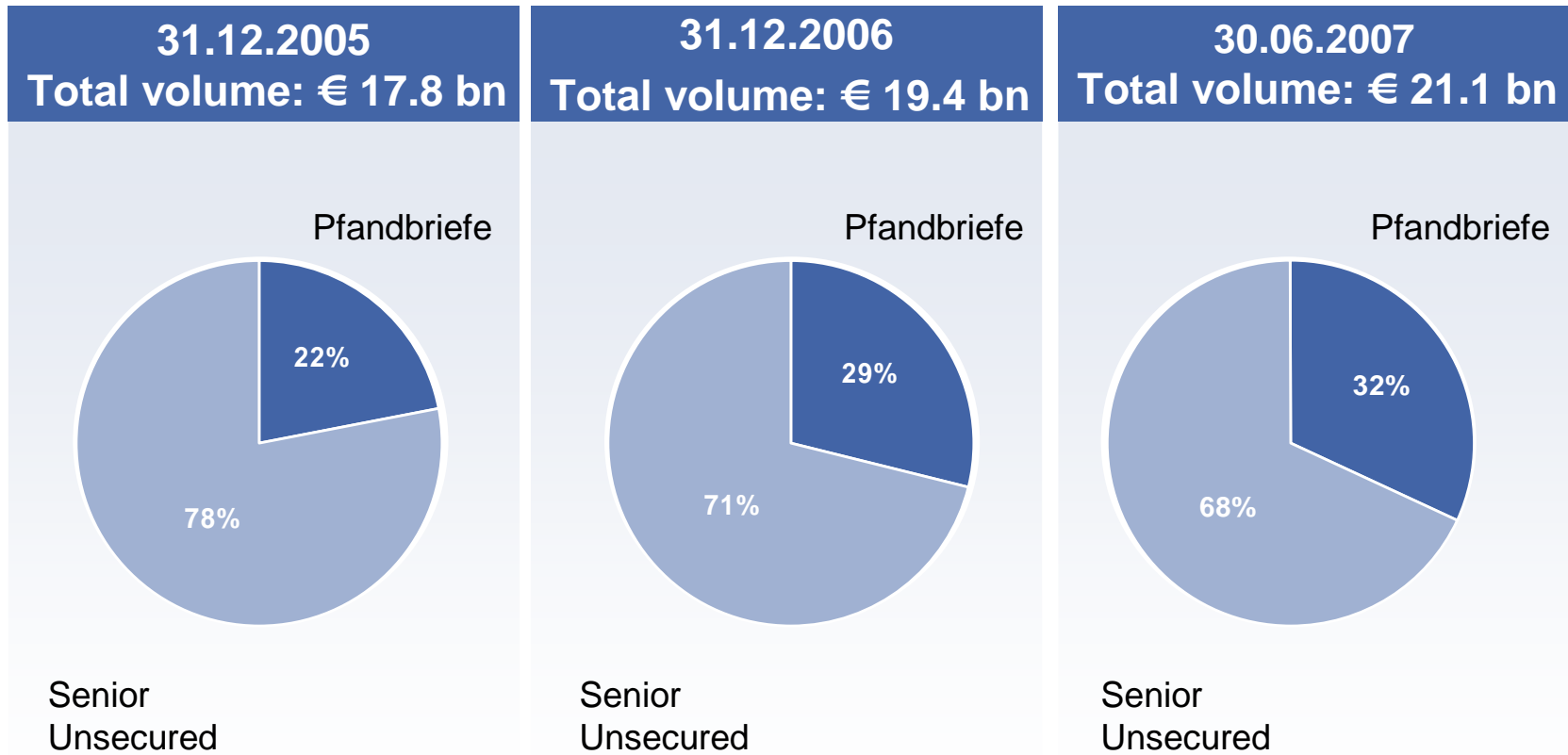


Special asset classes in current discussions: exposure as at 31.07.2007

Asset Class	Exposure Aareal Bank
US Subprime	none
US RMBS	none
CDOs	none
Total ABS	~ € 650 mn
of which AAA rated	~90%
of which US CMBS	< 50 mn



Development of long-term refinancing mix

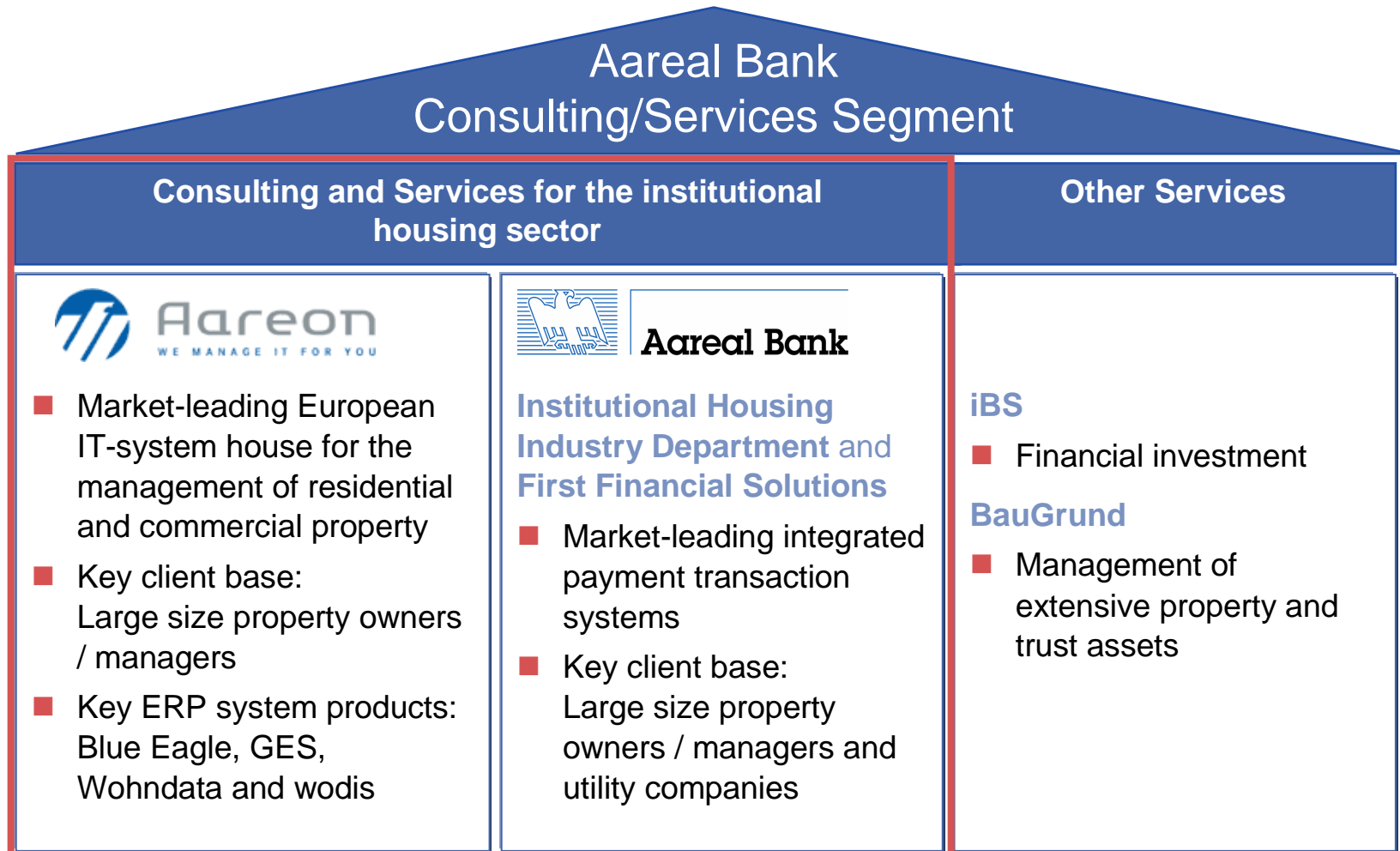


Consulting/Services



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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



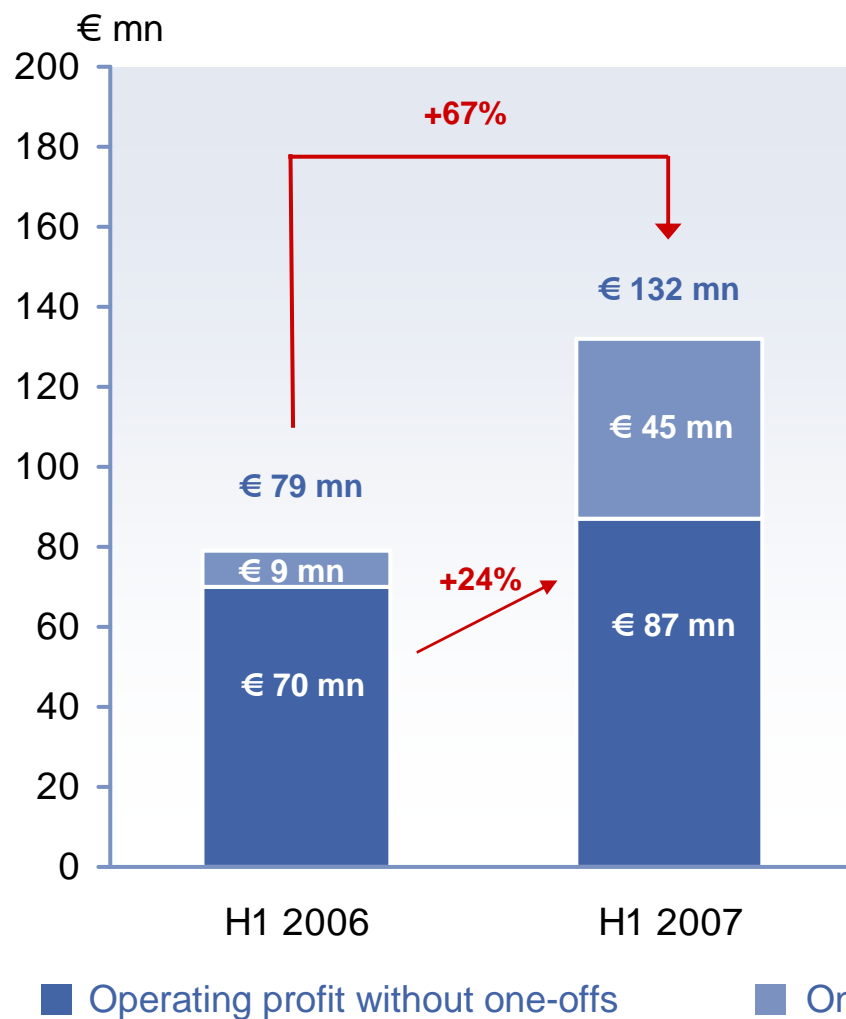
Facts and Figures



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Performance

Profit before tax and special effects



■ One-off effects H1 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**
- First proceeds from Interhotel transaction: **€ 2 mn**

■ One-off effects H1 2006

(pre-tax) :

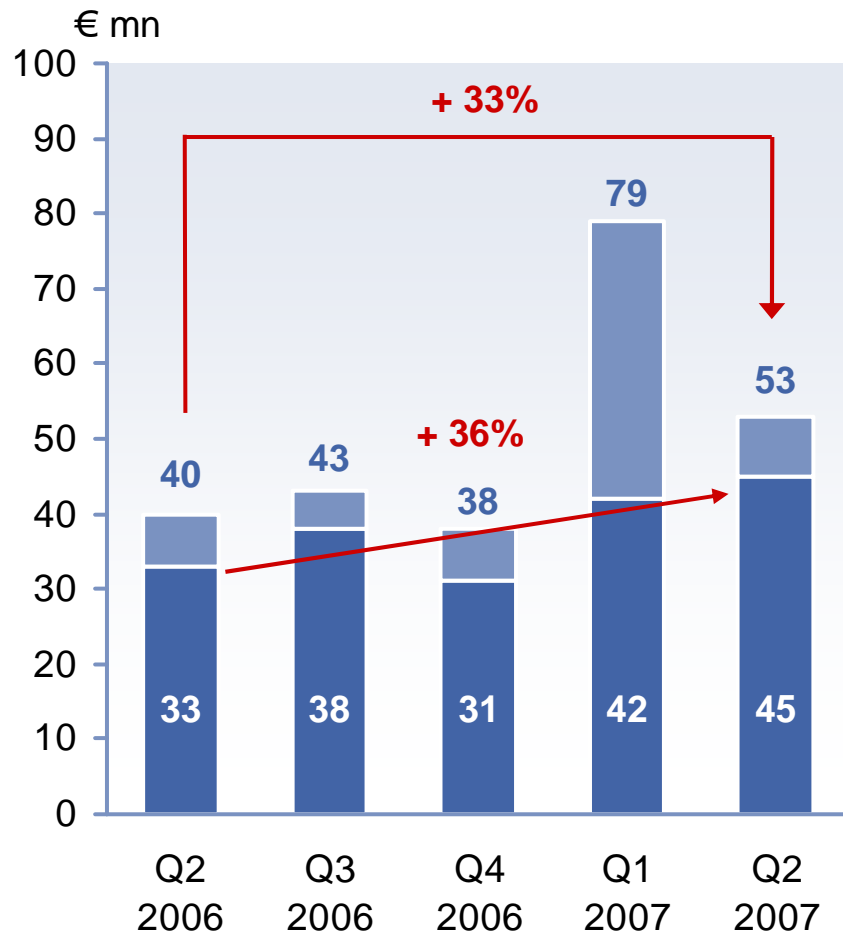
- Sale of Aareal Hypotheken Management: **€ 2 mn**
- One-off gain from asset sale by the subsidiary DSF: **€ 7 mn**



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Performance

Profit before tax and special effects by quarter

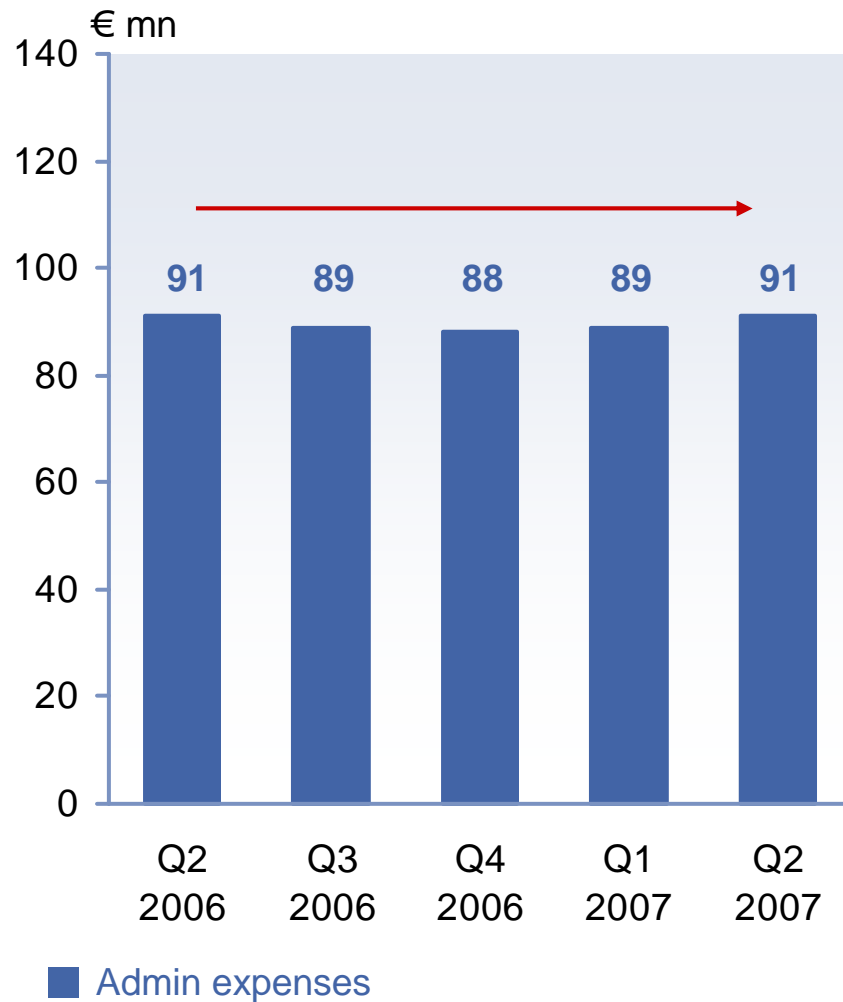


■ Operating profit without one-offs ■ One-off effects

- Pre tax one-off effects Q2 2007:
 - Further proceeds from sale of Asset Management activities: **€ 6 mn**
 - First proceeds from Interhotel transaction: **€ 2 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**
 - Aareon social plan costs: **€ 6 mn**
- Pre tax one-off effects Q2 2006
 - One-off gain from asset sale by the subsidiary DSF: **€ 7 mn**

Performance

Stable administrative expenses



- Stable admin expenses in Aareal Bank Group

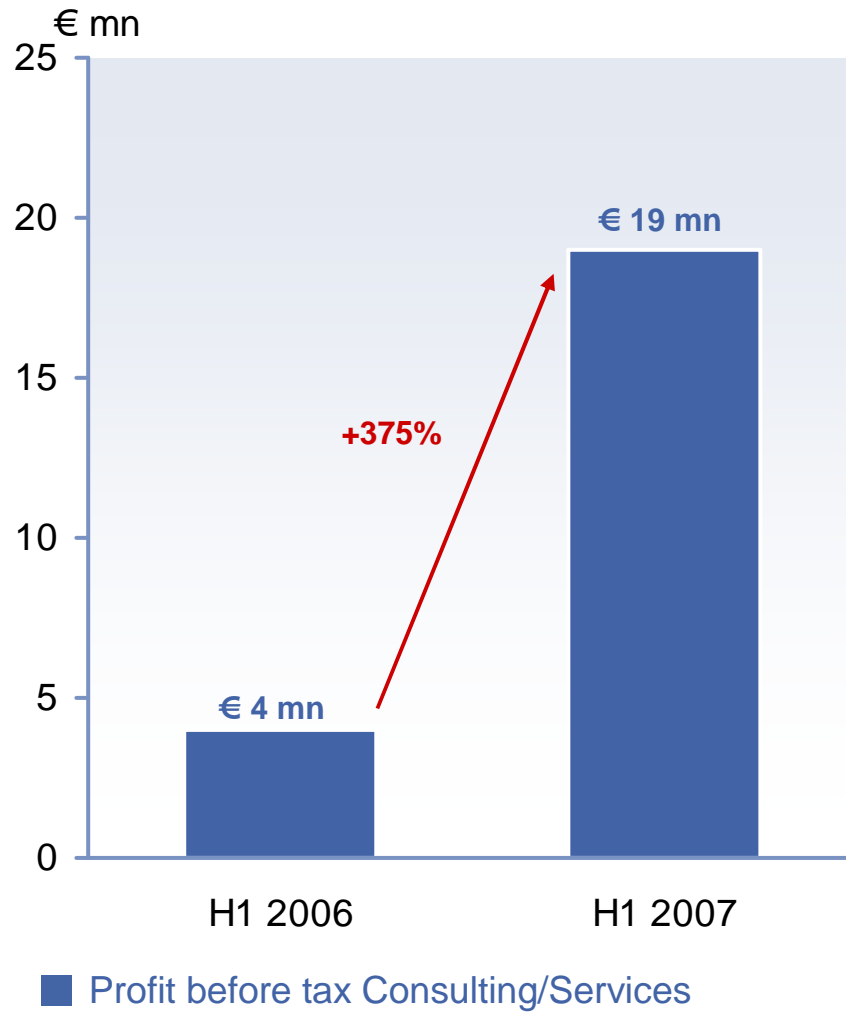
- Structured Property Financing Segment:

- Cost/income ratio down to 45% in H1 2007 from 52% in H1 2006 despite investments into growth



Performance

Consulting / Services Segment



- H1 2007 includes
 - € 5 mn dividend from ImmoScout24 participation
- H1 2006 includes
 - € 3 mn dividend from ImmoScout24 participation
 - € 2 mn book gain from sale of Aareal Hypotheken Management



Group figures H1 2007

	1.1.-30.06.2007	1.1.-30.06.2006	Change
	€ mn	€ mn	%
Net interest income	202	200	+ 1.0%
Net loan loss provisions	44	44	---
Net interest income after net loan loss provisions	158	156	+ 1.3%
Net commission income	73	76	- 3.9%
Net result from hedge accounting	5	2	+ 150.0%
Net trading income	7	1	+ 600.0%
Results from non-trading assets	26	24	+ 8.3%
Results from companies accounted for at equity	5	3	+ 66.7%
Results from investment properties	1	-1	---
Administrative expenses	180	179	+ 0.6%
Other operating income	37	-3	---
Depreciation of goodwill			---
Operating Profit	132	79	+ 67.1%
Income taxes	34	18	+ 88.9%
Results from discontinued operations			---
Group net income	98	61	+ 60.7%
Allocation of results			
Minority interest income / loss	9	10	- 10.0%
Gains / losses attributable to shareholders of Aareal Bank AG	89	51	+ 74.5%



Segment reporting H1 2007

	Structured Property Financing		Consulting / Services		Consolidation/ Reconciliation/ Other		Aareal Bank Group	
	€ mn		€ mn		€ mn		€ mn	
	1.1.- 30.06.2007	1.1.- 30.06.2006	1.1.- 30.06.2007	1.1.- 30.06.2006	1.1.- 30.06.2007	1.1.- 30.06.2006	1.1.- 30.06.2007	1.1.- 30.06.2006
Net interest income	173	178	0	0	29	22	202	200
Net loan loss provisions	44	44					44	44
Net interest income after net LLP	129	134	0	0	29	22	158	156
Net commission income	16	19	87	81	-30	-24	73	76
Net result from hedge accounting	5	2					5	2
Net trading income	7	1					7	1
Results from non-trading assets	25	22	1	2			26	24
Results from companies accounted for at equity			5	3			5	3
Results from investment properties	1	-1					1	-1
Administrative expenses	109	101	72	81	-1	-3	180	179
Other operating income	39	-1	-2	-1	0	-1	37	-3
Depreciation of goodwill				0			0	0
Operating Profit	113	75	19	4	0	0	132	79
Income taxes	29	18	5	0			34	18
Results from discontinued operations						0	0	0
Group net income	84	57	14	4	0	0	98	61
Allocated shareholders' equity	804	730	76	84	179	147	1,059	961
Cost / income ratio (%)	44.9	52.0	80.6	95.2			53.9	63.3
RoE after taxes (%)	19.0	13.1	33.6	6.3			16.8	10.5

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- Structured Property Financing
Other operating income: € 60 mn
Other operating expenses: € 21 mn

- Consulting/Services
Other operating income: € 4 mn
Other operating expenses: € 6 mn



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Group figures Q2 2007

	Q2 2007	Q2 2006	Change
	€ mn	€ mn	%
Net interest income	104	102	+2,0
Net loan loss provisions	22	22	0,0
Net interest income after net loan loss provisions	82	80	+2,5
Net commission income	36	41	-12,2
Results from hedges	3	3	---
Net trading income	5	-4	---
Results from non-trading assets	14	13	+7,7
Results from companies accounted for at equity	5	0	---
Results from investment properties	1	-1	---
Administrative expenses	91	91	0,0
Other operating income	-2	-1	---
Depreciation of goodwill	0	0	---
Operating Profit	53	40	+32,5
Income taxes	11	9	+22,2
Results from discontinued operations	0	0	---
Group net income	42	31	+35,5
Allocation of results			
Minority interest income / loss	4	5	-20,0
Gains attributable to share-holders of Aareal Bank AG	38	26	+46,2



Segment reporting Q2 2007

	Structured Property Financing		Consulting / Services		Consolidation/ Reconciliation/ Other		Aareal Bank Group	
	€ mn		€ mn		€ mn		€ mn	
	Q2 2007	Q2 2006	Q2 2007	Q2 2006	Q2 2007	Q2 2006	Q2 2007	Q2 2006
Net interest income	89	90	0	0	15	12	104	102
Net loan loss provisions	22	22					22	22
Net interest income after net LLP	67	68	0	0	15	12	82	80
Net commission income	8	12	43	41	-15	-12	36	41
Net result from hedge accounting	3	3					3	3
Net trading income	5	-4					5	-4
Results from non-trading assets	13	13	1				14	13
Results from companies accounted for at equity			5				5	0
Results from investment properties	1	-1					1	-1
Administrative expenses	55	52	36	40		-1	91	91
Other operating income	-1	2	-1	-2		-1	-2	-1
Depreciation of goodwill							0	0
Operating Profit	41	41	12	-1	0	0	53	40
Income taxes	8	9	3	0			11	9
Results from discontinued operations						0	0	0
Group net income	33	32	9	-1	0	0	42	31
Allocated shareholders' equity	804	730	76	84	179	147	1,059	961
Cost / income ratio (%)	52.1	53.4	77.3	100.8			59.3	64.7
RoE after taxes (%)	14.8	14.7	46.7	-3.6			14.5	10.7

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- Structured Property Financing
Other operating income: € 15 mn
Other operating expenses: € 16 mn

- Consulting/Services
Other operating income: € 2 mn
Other operating expenses: € 3 mn



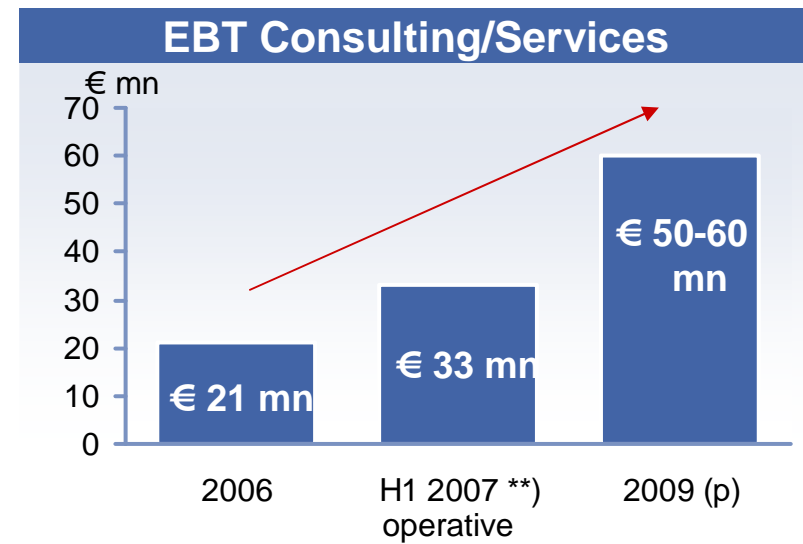
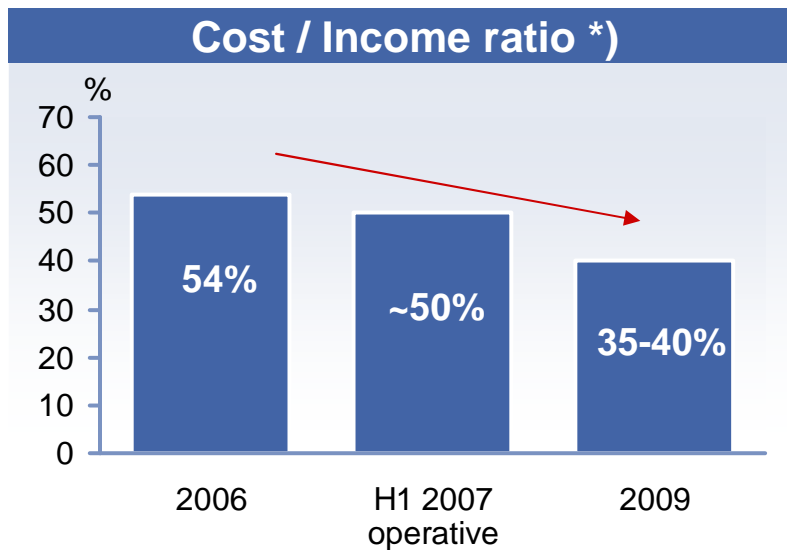
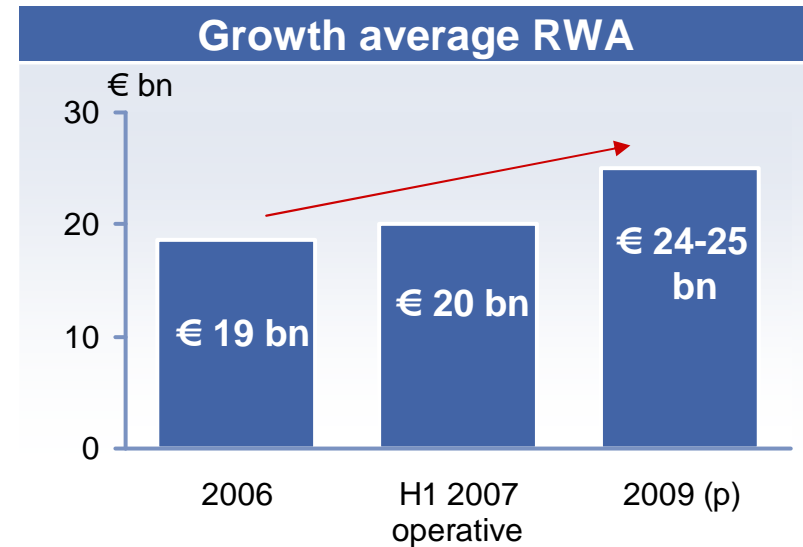
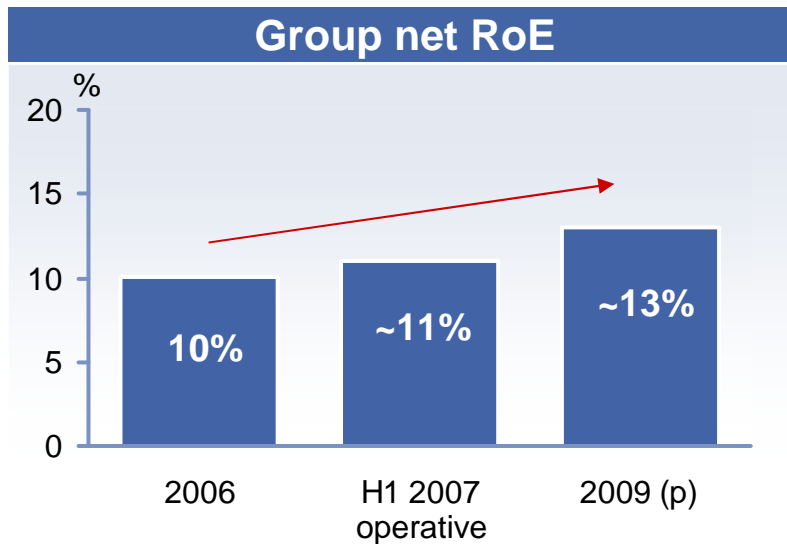
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Targets



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Targets 2009: operative performance without special effects

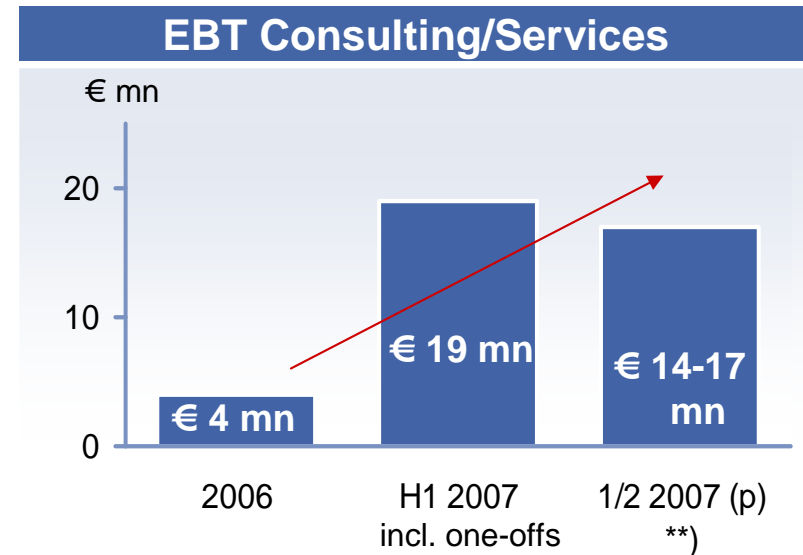
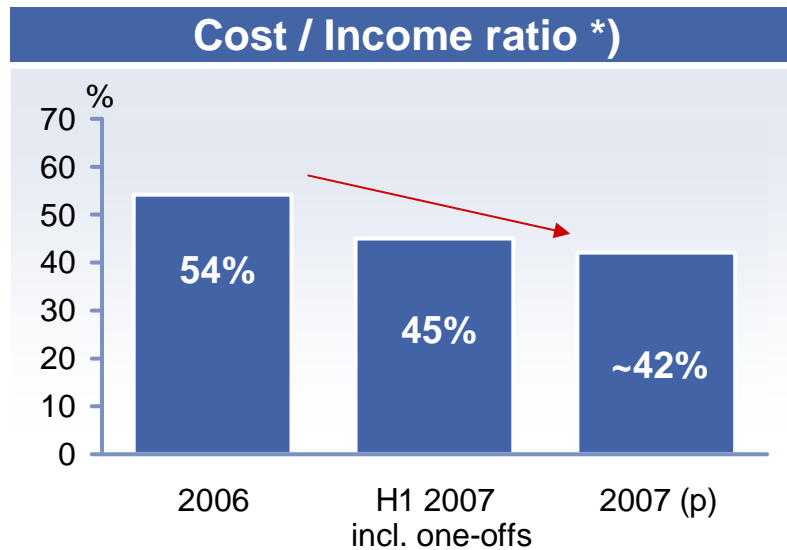
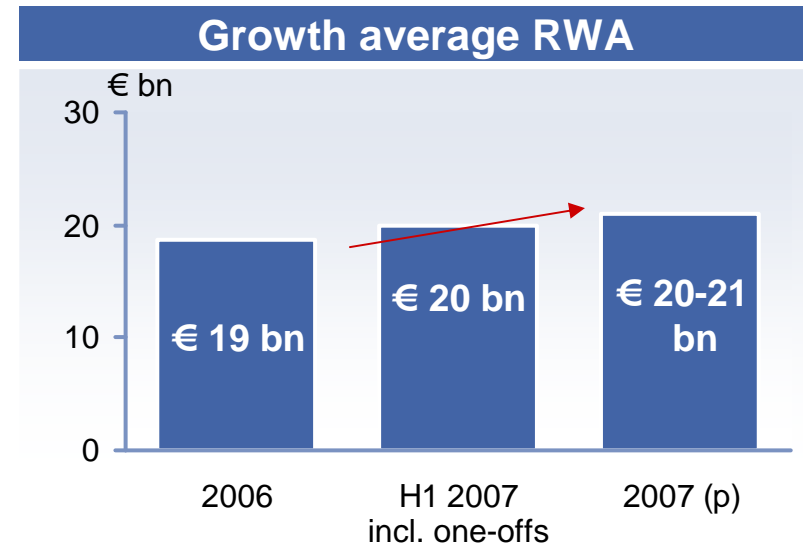
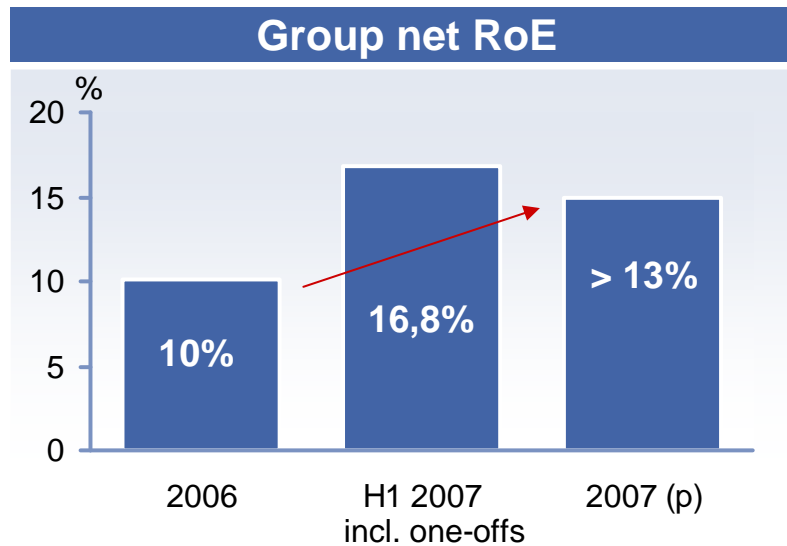


*) Structured Property Financing segment

**) H1 2007 annualised except ImmoScout dividend



Financial targets: milestones 2007



*) Structured Property Financing segment

***) Considering ImmoScout dividend in H1 2007



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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 16 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 =**
 - Payed-out financings on balance sheet
 - Inkl. remaining property loans on DEPFA books

- **New Business =**
 - Newly acquired business incl. renewals (excl. interest rate prolongations)
 - Contract is signed by costumer
 - 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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