

THE INTERNATIONAL
PROPERTY SPECIALIST

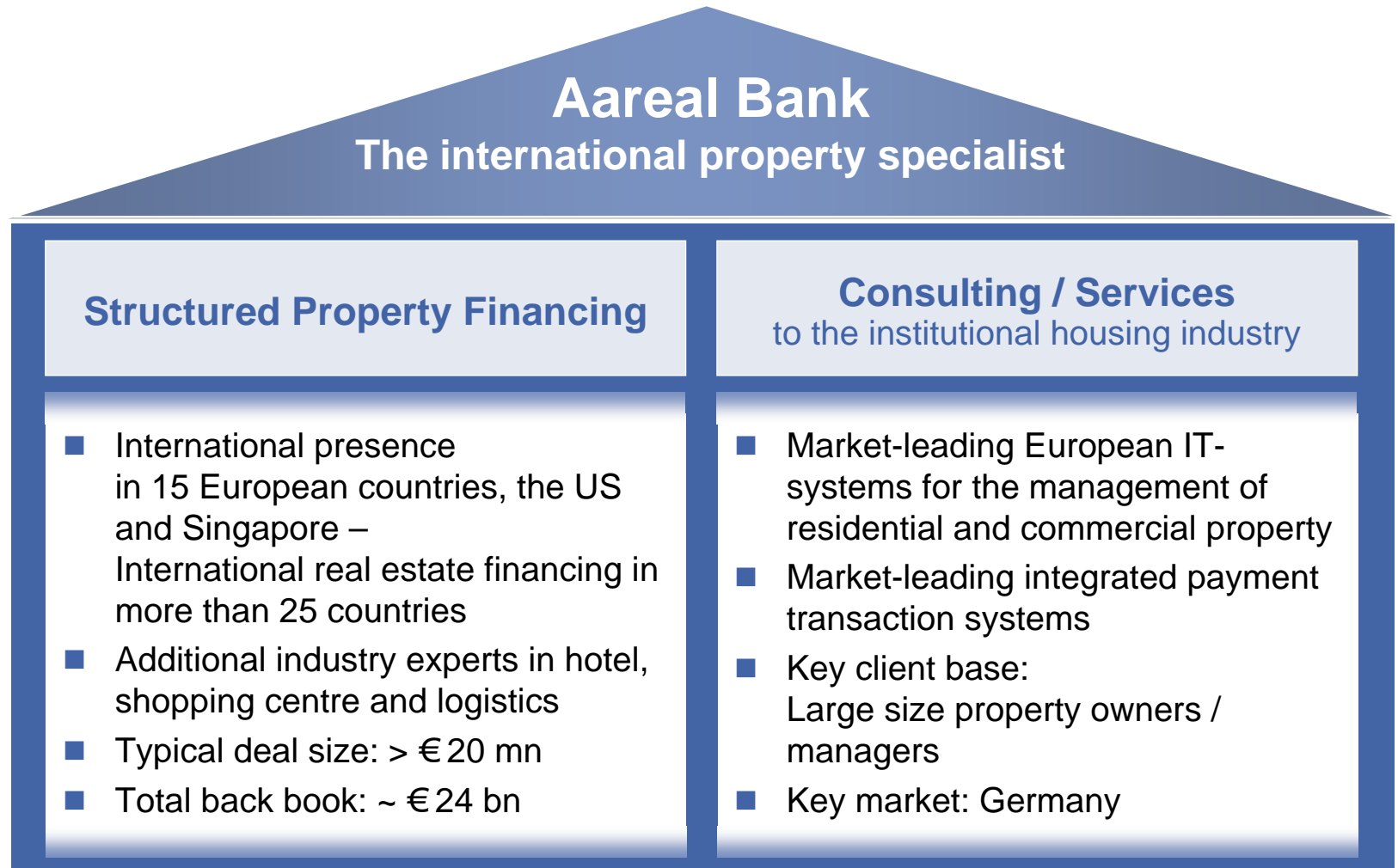
Roadshow Presentation

March 2008



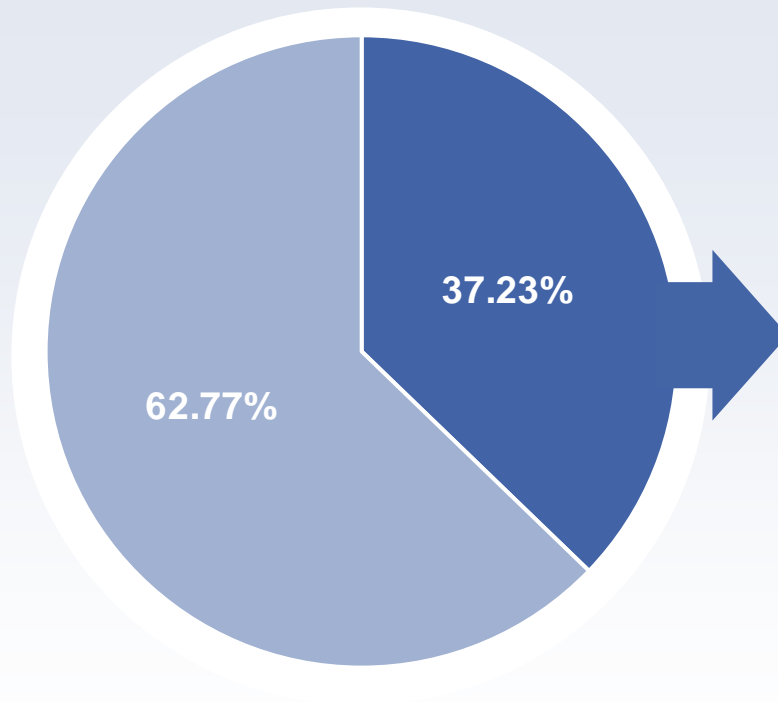
Aareal Bank

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



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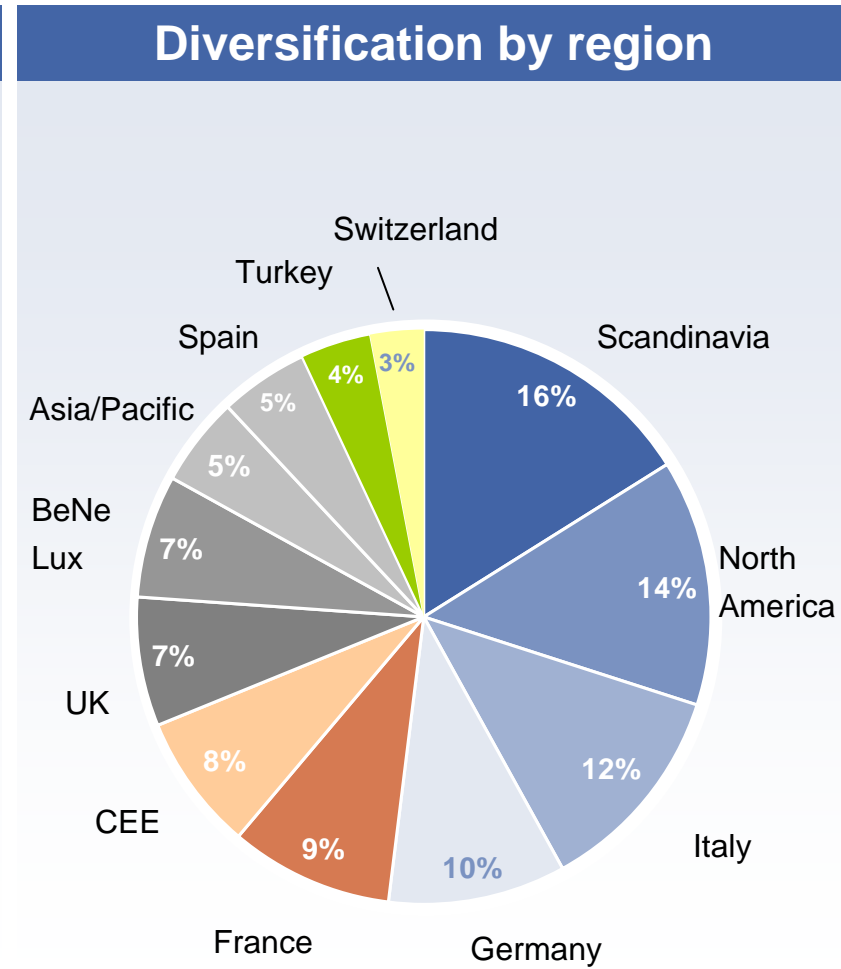
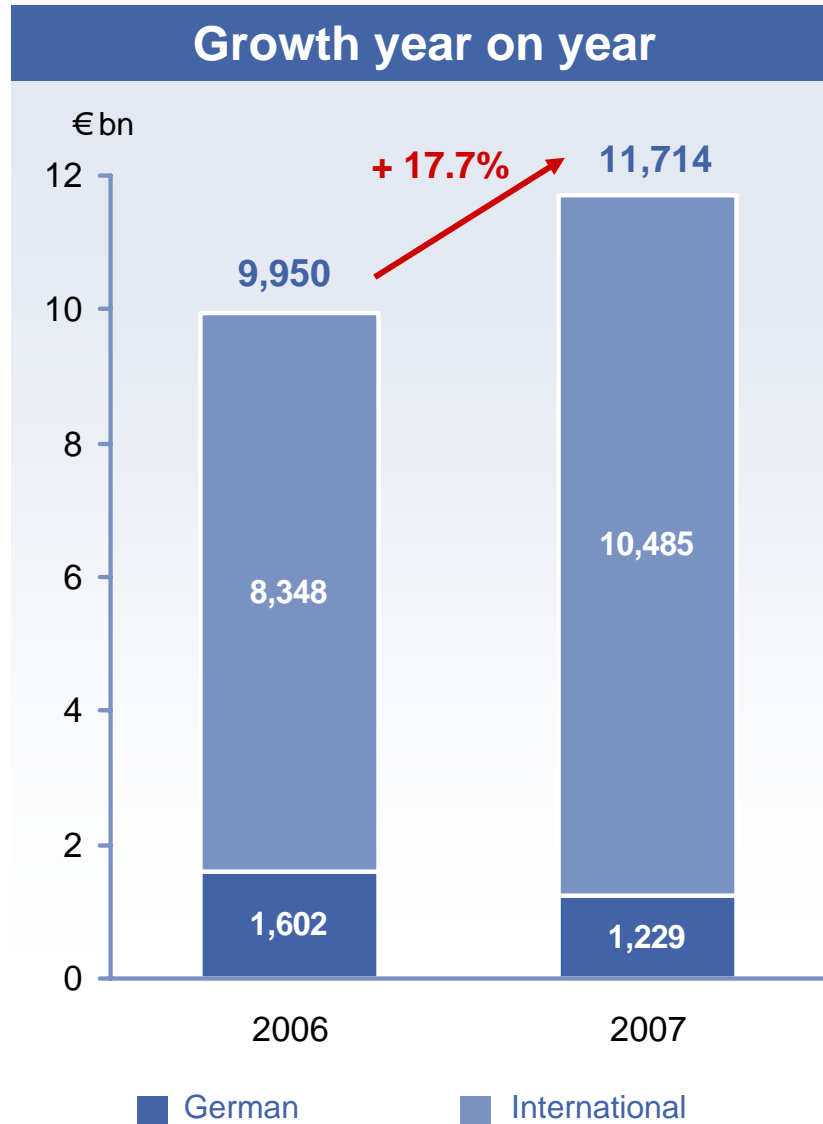
Aareal Bank – One of the leading international specialists in structured property financing

- 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

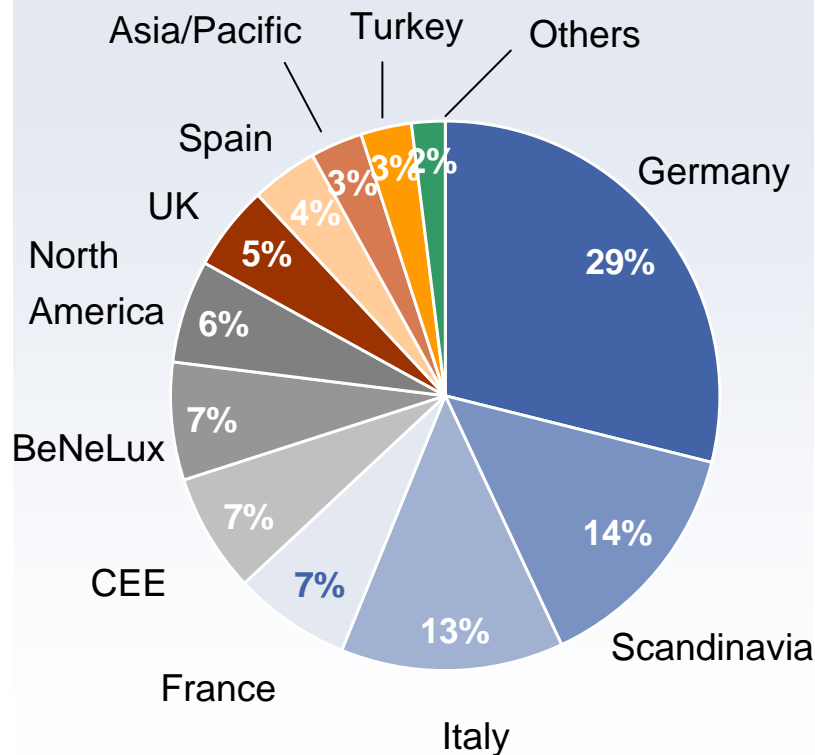


New business development

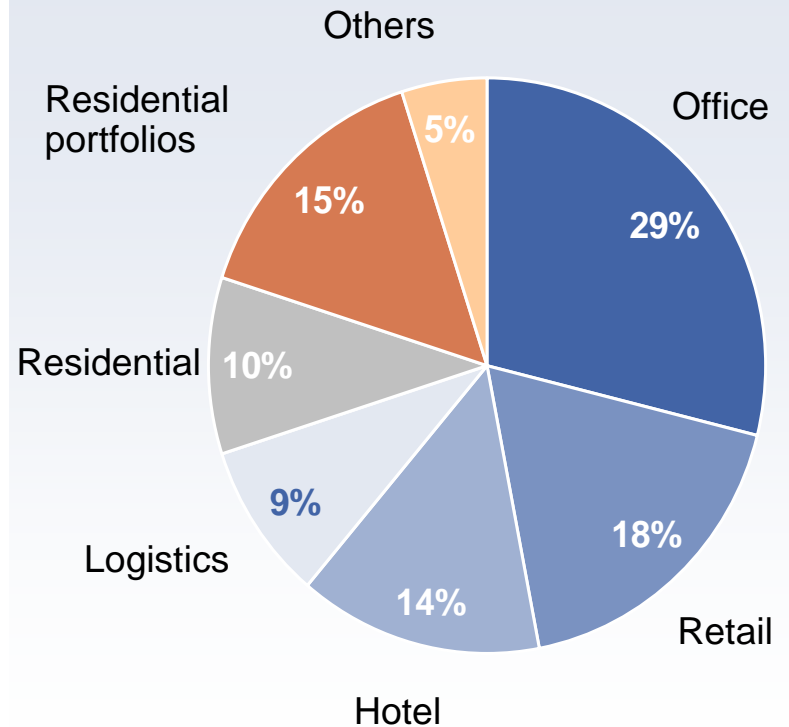


Portfolio diversification by region and object type

Portfolio by region 31.12.2007
Total volume : €24.0 bn



Portfolio by object type 31.12.2007
Total volume : €24.0 bn

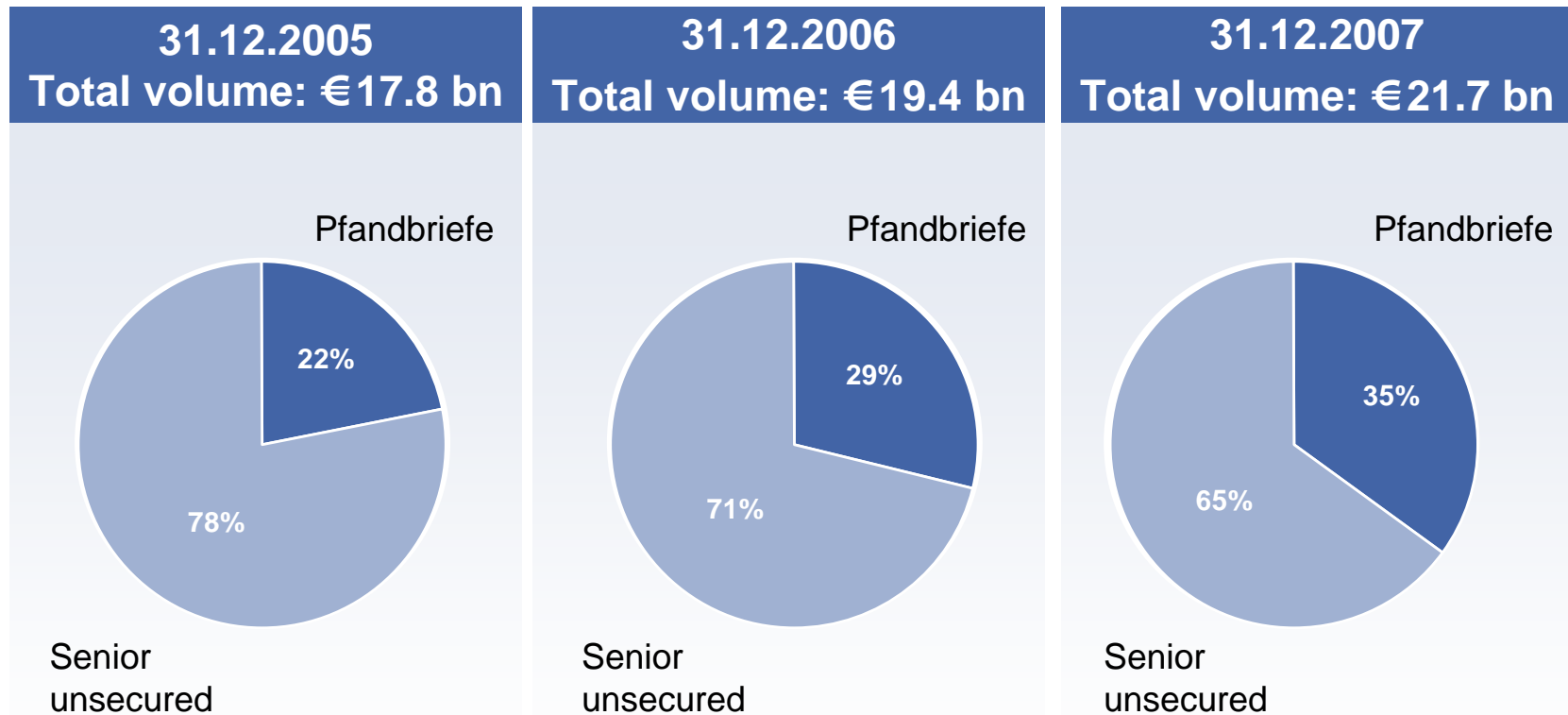


Special asset classes in current discussions: exposure as at 31.12.2007

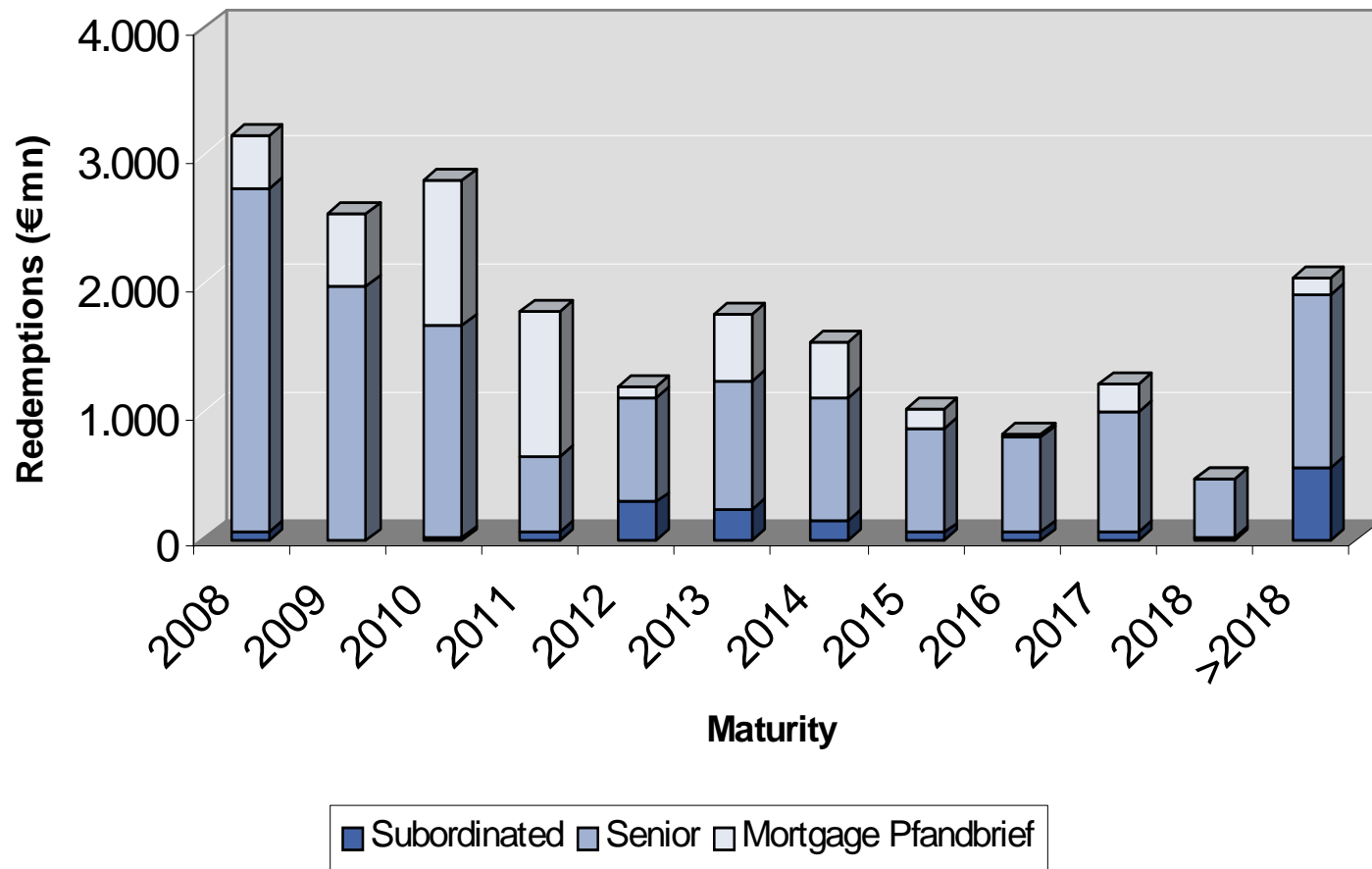
Asset Class	Exposure Aareal Bank
US Subprime	None
US RMBS	None
CDOs	None
ABCPs / SIVs	None
Exposure insured by Monoliners	None
Total ABS - of which AAA rated - of which US CMBS	~ € 650 mn ~ 90% < € 50 mn



Development of long-term refinancing mix



Long-term refinancing mix – Maturity profile



Consulting/Services



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Consulting/Services – Major activities

Aareal Bank Consulting/Services Segment

Consulting and Services for the institutional housing sector



- Market-leading European IT-system house for the management of residential and commercial property
- Key client base:
Large size property owners / managers
- Key ERP system products:
Blue Eagle based on SAP®, GES, Wohndata and wodis



Aareal Bank

Institutional Housing Industry Department and First Financial Solutions

- Market-leading integrated payment transaction systems
- Key client base:
Large size property owners / managers and utility companies

Other Services

iBS

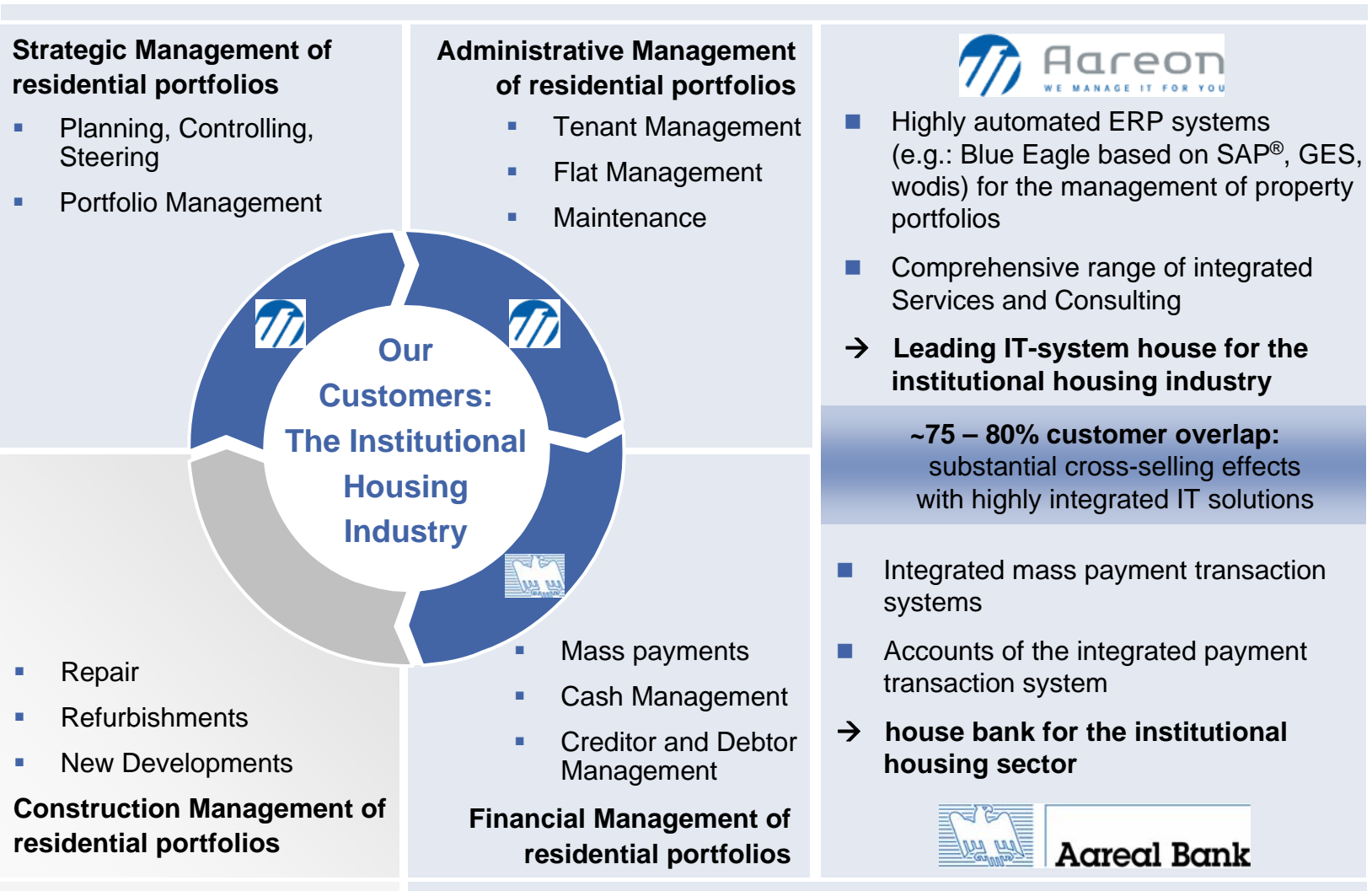
- Financial investment

BauGrund

- Management of extensive property and trust assets



Services provided to the institutional housing sector



Institutional housing sector: Integral element of group strategy

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



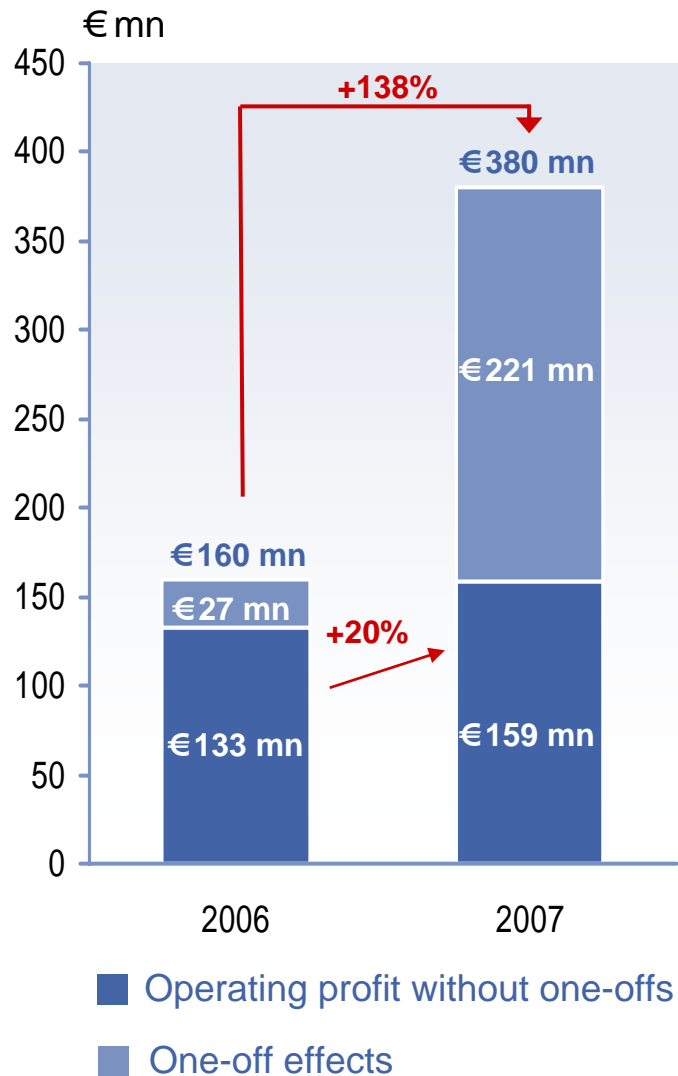
Preliminary and unaudited group figures Q4 2007



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Performance

Profit before tax and special effects



■ One-off effects 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 effect: **€-31 mn**
- Special expenses (compensation payments, preparation of legacy portfolio sale): **€-12 mn**
- Goodwill impairment BauGrund: **€-2 mn**

■ One-off effects 2006 (pre-tax):

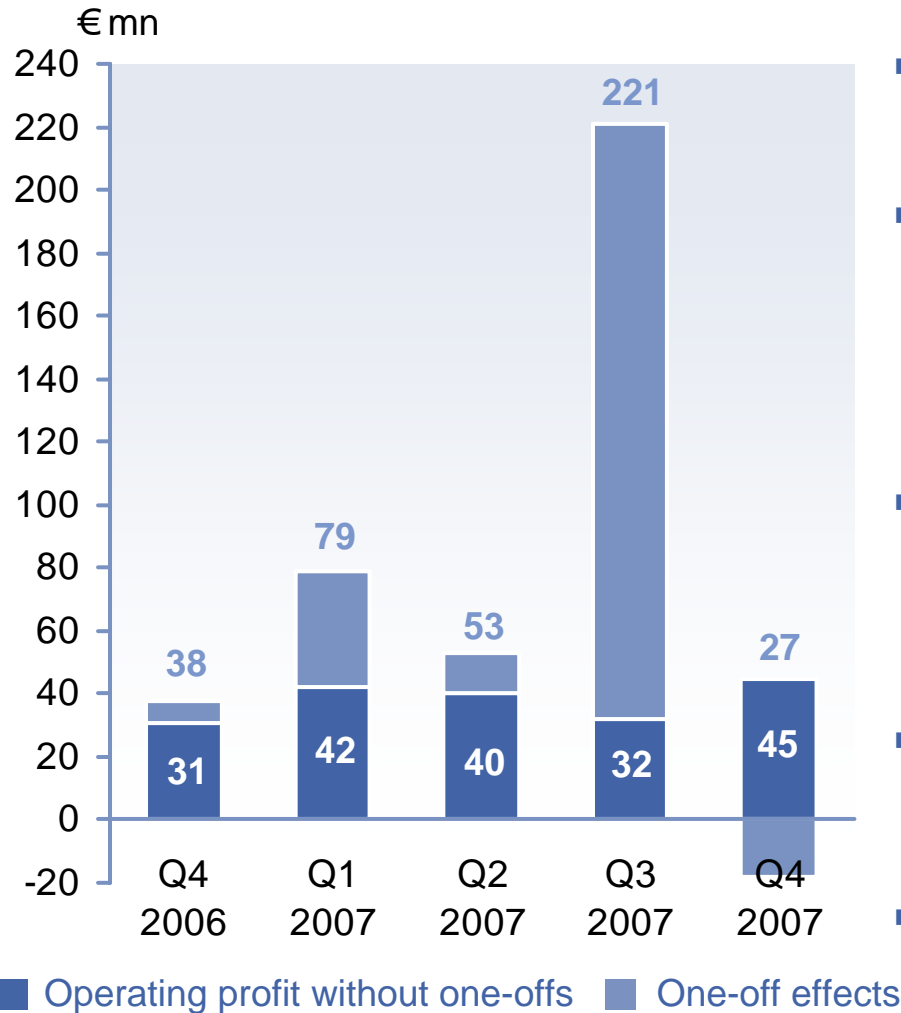
- Book gain from sale of Asset Management activities: **€ 20 mn**
- Write-down foreclosed assets: **€-13 mn**
- Sale of Aareal Hypotheken Management: **€2 mn**
- Immoscout dividend: **€3 mn**
- One-off gain from asset sale by the subsidiary DSF: **€7 mn**
- Book gain from Techem deal: **€11 mn**
- Book gain from BauGrund Stadtentw.: **€3 mn**
- Social plan Aareon: **€-6 mn**



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Performance

Profit before tax and special effects by quarter



■ Pre tax one-off effects Q4 2007:

- Bond marked-to-market effect: **€-16 mn**
- Goodwill impairment BauGrund: **€-2 mn**

■ Pre tax one-off effects Q3 2007:

- Proceeds from Interhotel transaction: **€63 mn**
- Proceeds from Immoscout transaction: **€153 mn**
- Bond marked-to-market 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:

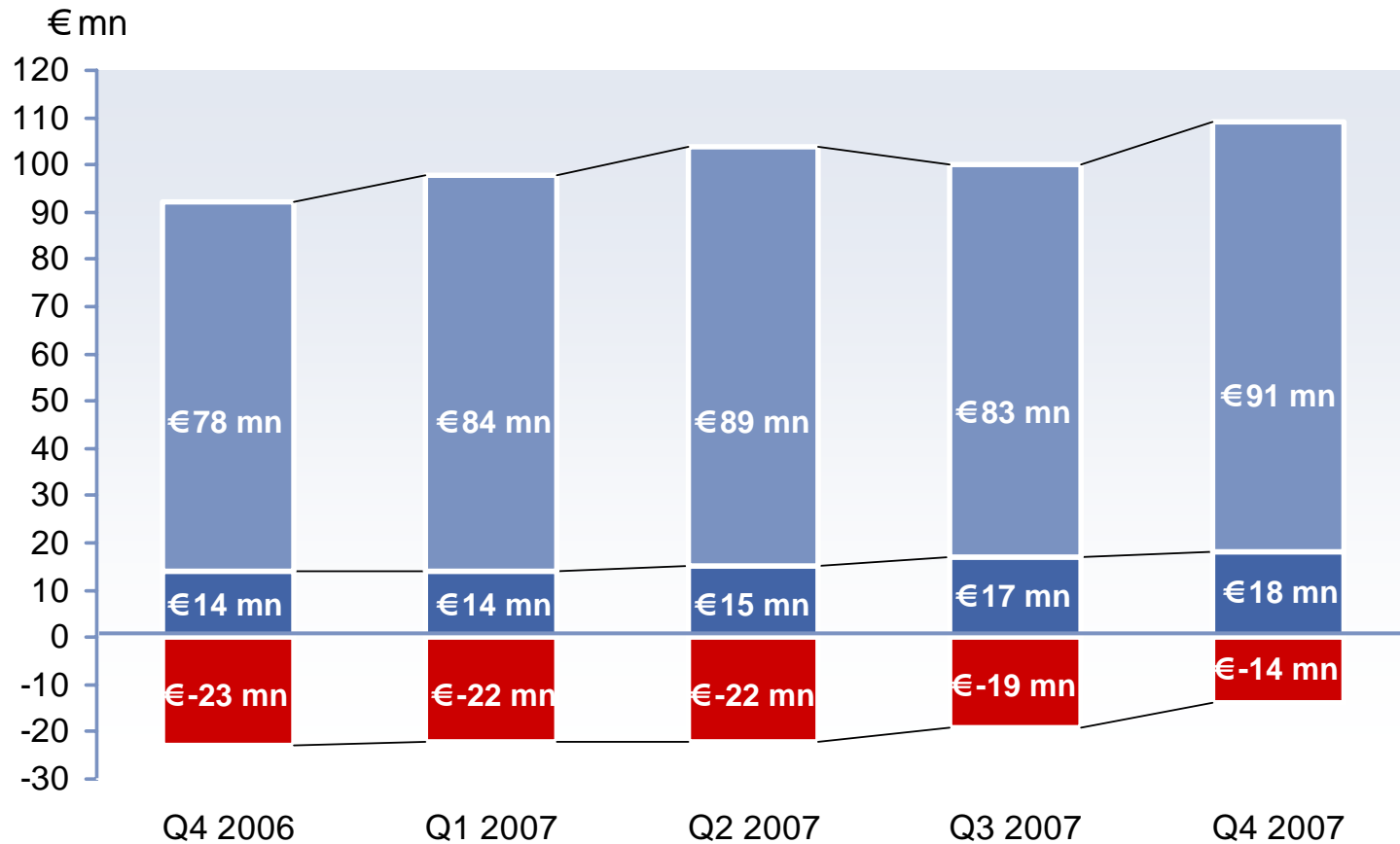
- Compensation payment from DEPFA for a tax refund arising from a tax audit of Interhotel Holding: **€37 mn**

■ Pre tax one-off effects Q4 2006:

- Book gain from sale of Asset Management activities: **€20 mn**
- Write-down foreclosed assets: **€13 mn**

Performance

Net interest income and loan loss provisions



■ NII Consulting/Services ■ NII Structured Property Financing ■ Loan Loss Provisions



Aareal Bank

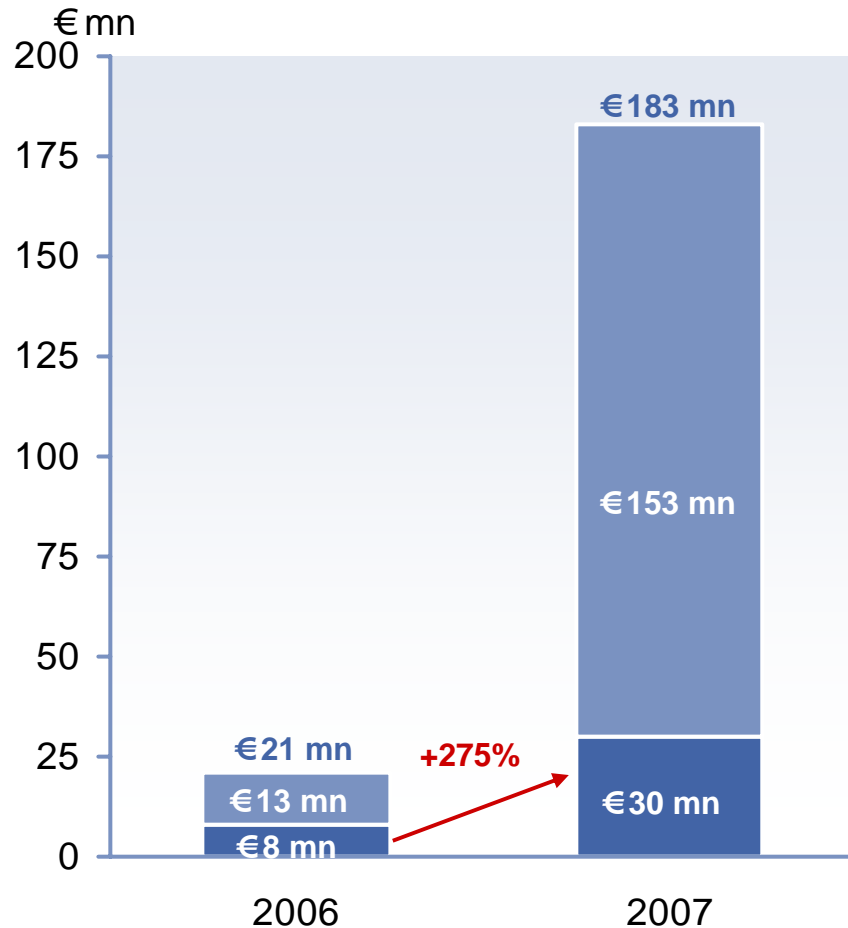
Performance

Stable administrative expenses



Performance

Consulting / Services Segment



■ Profit before tax Consulting/Services

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

- ImmoScout dividend: €5 mn
- Proceeds from ImmoScout transaction: €153 mn
- Paco sale: €-3 mn
- Goodwill impairment BauGrund: €-2 mn

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

- Book gain from sale of Aareal Hypotheken Management: €2 mn
- 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



Performance

Consulting / Services segment – Operating profit by quarter



- **Pre tax one-off effects Q4 2007:**
 - Goodwill impairment BauGrund: €-2 mn
- **Pre tax one-off effects Q3 2007:**
 - Proceeds from Immoscout transaction: €153 mn
 - Paco sale: €-3 mn
- **Pre tax one-off effects Q2 2007:**
 - ImmoScout dividend: €5 mn
- **Pre tax one-off effects Q1 2007:**
 - ---
- **Pre tax one-off effects Q4 2006:**
 - ---
- **Pre tax one-off effects Q3 2006:**
 - Book gain Techem deal: €11 mn
 - Book gain from sale of BauGrund Stadtentwicklung: €3 mn
 - Aareon social plan costs: €-6 mn

Preliminary, unaudited group figures 2007

	1.1.-31.12.2007	1.1.-31.12.2006	Change
	€mn	€mn	%
Net interest income	411	389	5.7%
Net loan loss provisions	77	89	-13.5%
Net interest income after net loan loss provisions	334	300	11.3%
Net commission income	142	145	-2.1%
Net result on hedge accounting	1	9	-88.9%
Net trading income	-26	13	-
Results from non-trading assets	206	66	212.1%
Results from companies accounted for at equity	68	4	1600.0%
Results from investment properties	1	-13	-
Administrative expenses	361	356	1.4%
Net other operating income	18	-8	-
Impairment of goodwill	3	0	-
Operating Profit	380	160	137.5%
Income taxes	72	36	100.0%
Results from discontinued operations		1	-
Consolidated net income / loss	308	125	146.4%
Allocation of results			
Consolidated net income / loss attributable to minority interests	18	18	0.0%
Consolidated net income / loss attributable to shareholders of Aareal Bank AG	290	107	171.0%



Preliminary, unaudited group figures Q4 2007

	Quarter 4 2007	Quarter 4 2006	Change
	€mn	€mn	%
Net interest income	109	92	18.5%
Net loan loss provisions	14	23	-39.1%
Net interest income after net loan loss provisions	95	69	37.7%
Net commission income	37	34	8.8%
Net result on hedge accounting	-3	3	-
Net trading income	-20	7	-
Results from non-trading assets	18	27	-33.3%
Results from companies accounted for at equity	0	0	-
Results from investment properties	0	-12	-100.0%
Administrative expenses	88	88	0.0%
Net other operating income	-9	-2	-
Impairment of goodwill	3	0	-
Operating Profit	27	38	-28.9%
Income taxes	5	1	400.0%
Results from discontinued operations		1	-
Consolidated net income / loss	22	38	-42.1%
Allocation of results			
Consolidated net income / loss attributable to minority interests	4	4	0.0%
Consolidated net income / loss attributable to shareholders of Aareal Bank AG	18	34	-47.1%



Preliminary, unaudited segment reporting 2007

	Structured Property Financing		Consulting/ Services		Consolidation/ Reconciliation/ Other		Aareal Bank Group	
	€mn		€mn		€mn		€mn	
	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income	347	340	0	0	64	49	411	389
Provision for loan losses	77	89					77	89
Net interest income after net loan loss provisions	270	251	0	0	64	49	334	300
Net commission income	24	33	186	167	-68	-55	142	145
Net result on hedge accounting	1	9					1	9
Net trading income / expenses	-26	13					-26	13
Results from non-trading assets	52	52	154	14			206	66
Results from companies accounted for at equity	63	1	5	3			68	4
Results from investment properties	1	-13			0		1	-13
Administrative expenses	212	199	154	164	-5	-7	361	356
Net other operating income / expenses	25	-8	-6	1	-1	-1	18	-8
Impairment of goodwill	1		2	0			3	0
Operating profit	197	139	183	21	0	0	380	160
Income taxes	61	31	11	5			72	36
Results from discontinued operations						1		1
Consolidated net income / loss	136	108	172	16	0	1	308	125
Allocation of results								
Consolidated net income / loss attributable to minority interests	16	16	2	2			18	18
Consolidated net income / loss attributable to shareholders of Aareal Bank AG	120	92	170	14	0	1	290	107
Allocated equity	926	765	67	86	163	130	1,156	981
Cost/income ratio in %	49.7	54.1	47.7	89.1			48.6	63.5
RoE after taxes in %	12.9	12.0	252.2	16.3			25.0	10.9

- Structured Property Financing:
Other operating income: € 84 mn
Other operating expenses: € 59 mn

- Consulting / Services:
Other operating income: € 7 mn
Other operating expenses: € 13 mn



Aareal Bank

Preliminary, unaudited segment reporting Q4 2007

	Structured Property Financing		Consulting/ Services		Consolidation/ Reconciliation/ Other		Aareal Bank Group	
	€mn		€mn		€mn		€mn	
	Quarter 4 2007	Quarter 4 2006	Quarter 4 2007	Quarter 4 2006	Quarter 4 2007	Quarter 4 2006	Quarter 4 2007	Quarter 4 2006
Net interest income	91	78	0	0	18	14	109	92
Provision for loan losses	14	23					14	23
Net interest income after net loan loss provisions	77	55	0	0	18	14	95	69
Net commission income	4	3	53	47	-20	-16	37	34
Net result on hedge accounting	-3	3					-3	3
Net trading income / expenses	-20	7					-20	7
Results from non-trading assets	18	29	0	-2			18	27
Results from companies accounted for at equity								
Results from investment properties	0	-12			0		0	-12
Administrative expenses	48	53	42	37	-2	-2	88	88
Net other operating income / expenses	-7	1	-2	-3	0	0	-9	-2
Impairment of goodwill	1		2	0			3	0
Operating profit	20	33	7	5	0	0	27	38
Income taxes	3	1	2	0			5	1
Results from discontinued operations						1		1
Consolidated net income / loss	17	32	5	5	0	1	22	38
Allocation of results								
Consolidated net income / loss attributable to minority interests	4	4	0	0			4	4
Consolidated net income / loss attributable to shareholders of Aareal Bank AG	13	28	5	5	0	1	18	34
Allocated equity	926	765	67	86	163	130	1,156	981
Cost/income ratio in %	67.6	52.9	83.4	86.8			72.6	61.5
RoE after taxes in %	5.8	14.6	27.1	23.7			6.1	13.7

- Structured Property Financing:
Other operating income: € 16 mn
Other operating expenses: € 23 mn

- Consulting / Services:
Other operating income: € 2 mn
Other operating expenses: € 4 mn



Conclusion

1. Business model with two segments is paying off
2. Positive net interest income trend starting to show
3. Consulting/Services delivers black figures six quarters in a row
4. Costs are kept under control
5. Good refinancing position
6. On a solid capital basis with a BIZ ratio of 7.3%



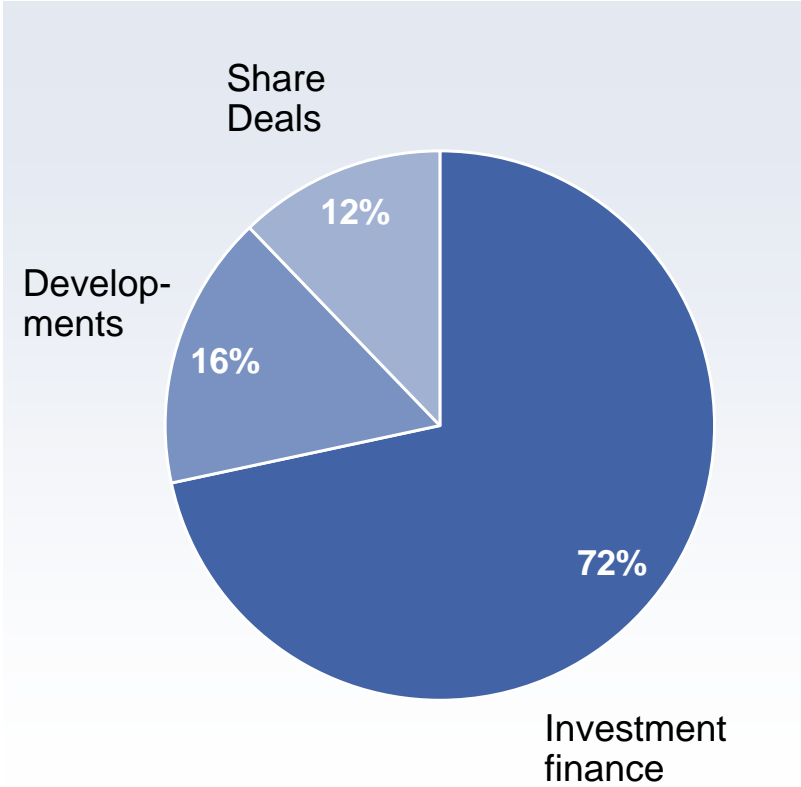
Appendix



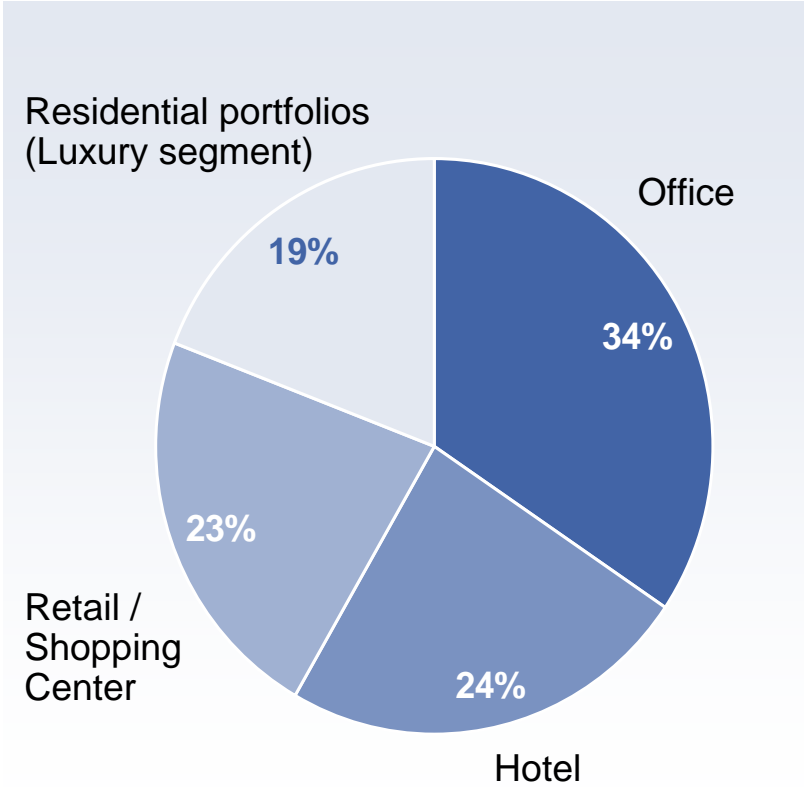
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Aareal US credit portfolio as at 30.09.2007

Portfolio by product type
Total outstanding volume : €0.95 bn



Portfolio by object type
Total outstanding volume : €0.95 bn



Streamlined 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

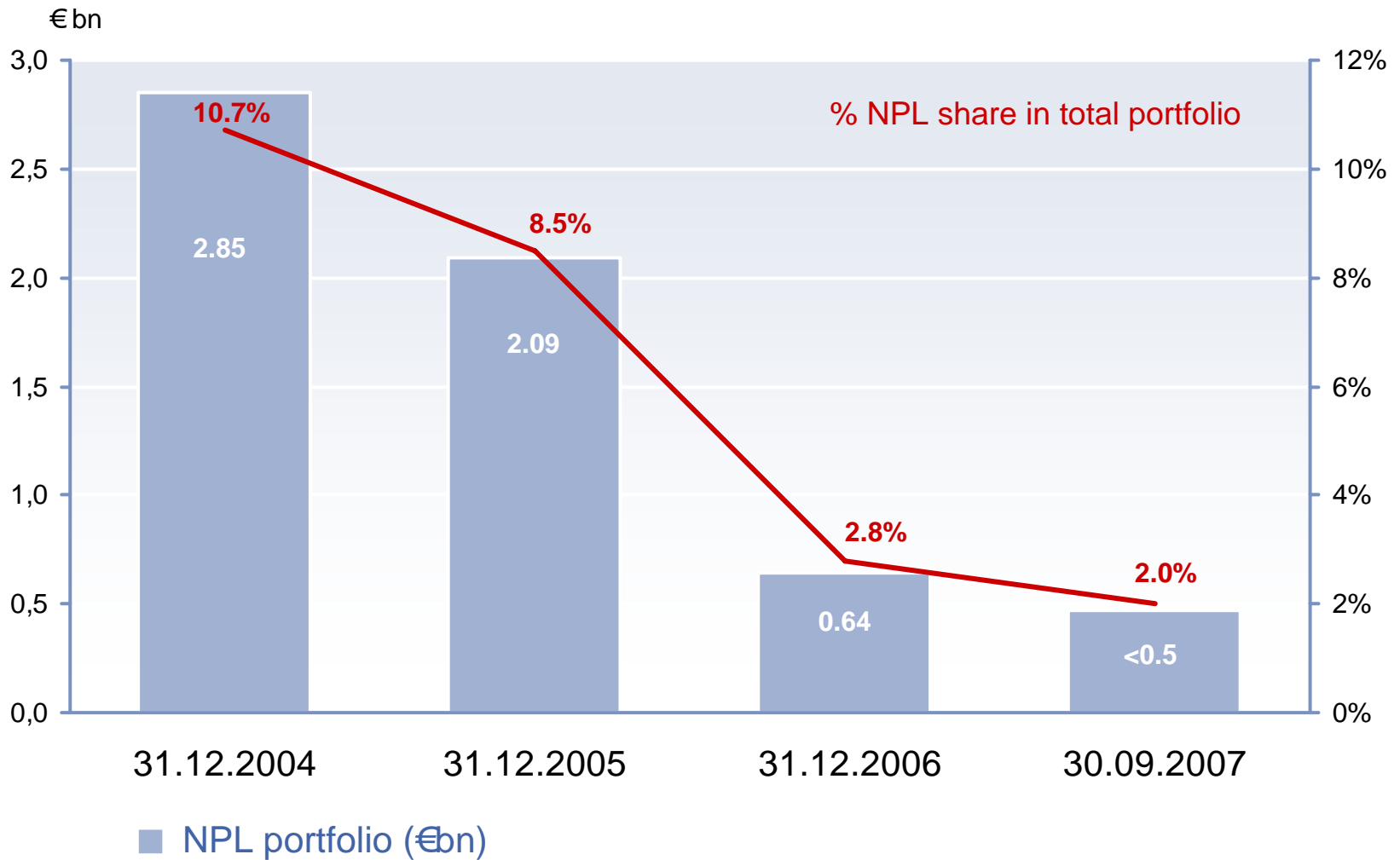
- ✓ Legacy NPL portfolio
- ✓ Aareal Hypotheken Vermittlung
- ✓ Aareal Hypotheken Management
- ✓ Via Capital
- ✓ Aareal Asset Management
- ✓ BauGrund Stadtentwicklung
- ✓ Interhotel properties and SPVs
- ✓ Further foreclosed assets and investment properties
- BauGrund Immobilien-Management und -Service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



Definitions and Contacts



Aareal Bank

Definitions

■ Property Financing Portfolio

- Payed-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



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