

INVITATION TO THE GENERAL MEETING OF SHAREHOLDERS

NOTICE TO SHAREHOLDERS

*Dear Shareholders,
We are pleased to invite you to our*

Annual General Meeting
held on Wednesday, 30 May 2007, 10:30 a.m.,
at the "Kurhaus", Kurhausplatz, 65189 Wiesbaden, Germany.

*We have convened this year's General Meeting by way of publication
in the electronic German Federal Gazette (Bundesanzeiger) dated 17 April 2007,
publishing the agenda set out below.*

***This version of the Notice to Shareholders (invitation to the Annual
General Meeting) is a translation of the German original, provided
for the convenience of English-speaking readers.
The German text shall be authoritative and binding for all purposes.***



Aareal Bank

Agenda

1. Presentation of the confirmed annual financial statements and the approved consolidated financial statements, the Company's management report and the Group management report as well as the report of the Supervisory Board for the 2006 financial year

The documents referred to above are available for inspection at the Company's offices at Paulinenstrasse 15, 65189 Wiesbaden, Germany, as well as on the internet, at www.aareal-bank.com. They will also be available at Aareal Bank AG's General Meeting. Upon request, the Company will immediately send a copy of these documents to every shareholder, free of charge.

2. Passing of a resolution on the appropriation of net retained profit for the 2006 financial year

The Management Board and Supervisory Board propose to the Annual General Meeting that a dividend of € 0.50 per no-par value share be paid, this amount being equivalent to a total payout of € 21,377,579.50, from net retained profit of € 59,377,579.50 reported in the financial year 2006, and to appropriate € 38,000,000.00 to other retained earnings. The amount of net retained profit attributable to any treasury shares held by the Company shall be carried forward.

3. Passing of a resolution on the formal approval of the members of the Management Board for the 2006 financial year

The Management and Supervisory Boards propose that formal approval be granted for the members of the Management Board for the 2006 financial year.

4. Passing of a resolution on the formal approval of the members of the Supervisory Board for the 2006 financial year

The Management and Supervisory Boards propose that formal approval be granted for the members of the Supervisory Board for the 2006 financial year.

5. Appointment of External Auditors

The Supervisory Board proposes that auditors PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, be appointed as the auditors for the financial year 2007.

6. Resolution on the authorisation to acquire and to sell treasury shares in accordance with section 71 (1) No. 7 of the German Stock Corporation Act (AktG)

It is proposed to replace the authorisation granted by the General Meeting of 23 May 2006 for the purchase of treasury shares for the purposes of securities trading in accordance with Section 71 (1) No. 7 of the AktG, which has not been utilised to date and will expire on 22 November 2007, with a new authorisation, which shall remain in force until 29 November 2008.

The Management and Supervisory Boards propose the following resolution:

1. That the existing authorisation granted by the General Meeting of 23 May 2006 under agenda item No. 8, for the purchase of treasury shares for the purposes of securities trading in accordance with section 71 (1) No. 7 of the AktG, be hereby revoked, with said revocation taking effect upon the effective date of the resolution proposed under No. 2. below.
2. That the Company be authorised pursuant to section 71 (1) No. 7 of the AktG, until 29 November 2008, to acquire and sell treasury shares for the purposes of securities trading. The volume of shares acquired for this purpose must not exceed five per cent (5 %) of Aareal Bank AG's share capital at the end of any day. The lowest price at which a share may be acquired is determined by the closing price of the shares in Xetra (or a comparable successor system) on the trading day prior to such purchase less ten per cent (10 %). The highest price shall not exceed such closing price plus ten per cent (10 %).

7. Resolution on the authorisation to acquire and to sell treasury shares in accordance with section 71 (1) No. 8 of the German Stock Corporation Act (AktG)

It is proposed to replace the authorisation granted by the General Meeting of 23 May 2006 for the purchase of treasury shares in accordance with Section 71 (1) No. 8 of the AktG, which has not been utilised to date and will expire on 22 November 2007, with a new authorisation, which shall remain in force until 29 November 2008.

The Management and Supervisory Boards propose the following resolution:

1. That the existing authorisation granted by the General Meeting of 23 May 2006 under agenda item No. 9, for the purchase of treasury shares in accordance with section 71 (1) No. 8 of the AktG be hereby revoked, with said revocation taking effect upon the effective date of the resolution proposed under No. 2 below.
2. That the Company be authorised pursuant to section 71 (1) No. 8 of the AktG, up to 29 November 2008, to acquire and sell treasury shares for purposes other than securities trading, up to a maximum volume of ten per cent (10%) of its current issued share capital.

Shares may be acquired via the stock exchange or by means of a public offer to buy, directed at all shareholders. Neither the purchase price, excluding ancillary costs, (if the acquisition takes place via the stock market) nor the offering price, excluding ancillary costs, (in case of a public offer to buy) may exceed or fall below the average closing price of the bank's shares in Xetra (or a comparable successor system) during the three trading days prior to the purchase or the public announcement of the purchase offer by more than ten per cent (10%).

The Management Board shall be authorised to effect the sale of any treasury shares acquired in accordance with this authorisation, subject to the Supervisory Board's approval, via channels other than the stock exchange or offer to all shareholders, provided that the sale is carried out at a cash price that is not significantly lower than the stock exchange price of the Company's shares at the time of sale (sections 71 (1) No. 8 sentence 5 and 186 (3) sentence 4 of the AktG). However, this authorisation shall be subject to the proviso that the aggregate value of shares sold to the exclusion of shareholders' subscription rights, in accordance with section 186 (3) sentence 4 of the AktG, shall not exceed ten per cent (10%) of the issued share capital at the time of exercising said authorisation. Any shares that were issued or sold during the term and prior to the exercising of said authorisation, in direct or analogous application of section 186 (3) sentence 4 of the AktG, shall count towards the above threshold of ten per cent (10%) of the issued capital. Said ten-per-cent threshold shall also include shares which were issued (or the issuance of which is required) under the terms of debt securities with embedded conversion or option rights on shares issued pursuant to section 186 (4) sentence 4 of the AktG, which are outstanding at the time of exercising said authorisation.

Subject to approval by the Supervisory Board, the shares purchased may also be sold outside the stock exchange for payment in kind without having to offer them to all shareholders in proportion to their holdings in the Company if this is done for the purpose of acquiring companies or shareholdings in companies.

The shares acquired may also, subject to approval by the Supervisory Board, be given to the holders of conversion or option rights in lieu of new shares from a contingent capital increase.

Furthermore, the Management Board shall be authorised (subject to approval by the Supervisory Board) to call in any of the treasury shares acquired due to this authorisation, without any further resolutions by the Annual General Meeting being necessary.

8. Passing of a resolution on the approval of a controlling agreement between Aareal Bank AG and Aareal First Financial Solutions AG, Peter-Sander-Strasse 30, 55252 Mainz-Kastel, Germany (an inter-company agreement as defined in section 291 (1) sentence 1, first half of the sentence, of the German Stock Corporation Act (AktG))

Aareal Bank AG entered into a controlling agreement with its wholly-owned subsidiary Aareal First Financial Solutions AG on 02 January 2007. The material provisions of this controlling agreement, which supplemented an existing profit transfer agreement dated 03/05 September 2002, are outlined below:

- Aareal First Financial Solutions AG delegates its corporate management to Aareal Bank AG. Aareal Bank AG is authorised to issue instructions on the management of Aareal First Financial Solutions AG to the Management Board of Aareal First Financial Solutions AG, including both general and specific instructions. Aareal First Financial Solutions AG has undertaken to comply with instructions issued by Aareal Bank AG.
- The provisions of the profit transfer agreement dated 03/05 September 2002 apply to the term of the controlling agreement, and termination thereof. The controlling agreement may only be terminated in conjunction with the profit transfer agreement, by giving six months' notice to the end of any given year; the earliest permitted termination date is 31 December 2007. If the agreement is not terminated, it will be automatically renewed

for a further year, subject to the same notice period, provided that the profit transfer agreement is also renewed accordingly. The right to terminate the agreement at any time for good cause, without giving notice, remains unaffected.

The Supervisory and Management Boards propose the following resolution:

The controlling agreement between Aareal Bank AG and Aareal First Financial Solutions AG dated 02 January 2007 be approved.

The following documents will be available for inspection by shareholders at the premises of Aareal Bank AG, Paulinenstrasse 15, 65189 Wiesbaden, and Aareal First Financial Solutions AG, Peter-Sander-Strasse 30, 55252 Mainz-Kastel:

- said controlling agreement between Aareal Bank AG and Aareal First Financial Solutions AG;
- the financial statements and management reports of Aareal First Financial Solutions AG for the financial years 2004, 2005, and 2006;
- the consolidated financial statements and the Group management reports of Aareal Bank AG for the financial years 2004, 2005, and 2006;
- the joint reports regarding the controlling agreement issued by the Management Boards of Aareal Bank AG and Aareal First Financial Solutions AG, which are required pursuant to section 293a of the AktG.

No audit of the controlling agreement pursuant to section 293 b of the AktG was required as Aareal Bank AG holds all shares in the controlled company.

Said documents will also be available at the General Meeting of Aareal Bank AG. Upon request, the Company will immediately send a copy of these documents to every shareholder, free of charge.

9. Elections to the Supervisory Board

The General Meeting held on 23 May 2006 elected the shareholders' representatives to the Supervisory Board of Aareal Bank AG. Following the retirement of Dr. Claus Nolting, which took effect on 21 August 2006, the Supervisory Board had an insufficient number of members. Therefore, Dr. Hans Herbert Lohneiß was appointed to

the Supervisory Board by virtue of a resolution taken by the Wiesbaden District Court (Amtsgericht Wiesbaden). It is proposed that the General Meeting confirm his appointment by way of election.

In accordance with sections 96 (1), 101 (1) of the AktG, sections 4 (1), 1 (1) of the German Act to Simplify the Election of Employee Representatives to the Supervisory Board (Gesetz zur Vereinfachung der Wahl der Arbeitnehmervertreter in den Aufsichtsrat, also referred to as Drittelbeteiligungsgesetz) and Article 9 of the Memorandum and Articles of Association, the Supervisory Board shall consist of eight members to be elected by the Annual General Meeting and four members to be elected by staff. The General Meeting is not bound by nominations.

The Supervisory Board proposes the election of Dr. Hans Herbert Lohneiß, Chief Executive Officer of Siemens Financial Services GmbH, Gräfelting, to the Supervisory Board for a period until the close of the next Annual General Meeting that resolves on the formal approval for the 2010 financial year.

Membership in statutory Supervisory Boards and similar offices held in other comparable governing bodies of German or foreign companies

- Aareal Bank AG Member of the Supervisory Board
- INNOVEST Finanzdienstleistungen AG Member of the Supervisory Board
- Siemens Financial Services Inc. USA Chairman of the Supervisory Board
- Siemens Kapitalanlagegesellschaft mbH Chairman of the Supervisory Board
- Siemens Project Venture GmbH Member of the Shareholder Representatives Group
- UBS Real Estate Kapitalanlagegesellschaft mbH .. Deputy Chairman of the Supervisory Board

10. Amendments to Articles of Association

Pursuant to the Act for the Implementation of the Transparency Directive (Transparenzrichtlinie-Umsetzungsgesetz), the transmission of information (such as the invitation to the General Meeting) by way of remote data transfer is subject to approval by the General Meeting, even where a shareholder has expressly agreed to this form of information transmission. Therefore, the option to transmit

information to shareholders via remote data transfer (subject to approval of the respective shareholder) shall be set out in the Memorandum and Articles of Association.

Therefore, the Management and Supervisory Boards propose the following resolution:

That the title of Article 4 of the Memorandum and Articles of Association be amended; the existing sentence 1 be changed to paragraph 1, and the following paragraph 2 be added:

**“Article 4
Notices and Information**

- (1) Announcements of the Company shall be published in the electronic “Bundesanzeiger” (Federal Gazette).
- (2) Alternatively, information to holders of the Company’s securities admitted to trading at an exchange may be transmitted using electronic media.”

Report of the Management Board to the Annual General Meeting regarding the authorisations and the exclusion of pre-emptive rights proposed under agenda item 7 in accordance with sections 71 (1) No. 8 sentence 5; 186 (4) sentence 2 of the AktG

The purpose of the proposed authorisation is to enable the Company to acquire treasury shares in accordance with section 71 (1) No. 8 of the AktG, as was the case last year. This would enable the Company to purchase treasury shares up to the equivalent of ten per cent (10%) of the share capital, up until and including 29 November 2008 (i.e. up to the maximum 18 months permitted by law), for purposes other than securities trading. With the proposed extension, the Company will be in a position to continue capitalising on the benefits of purchasing its own shares, in both its own interests and those of its shareholders, until said date. The number of shares the Company is permitted to own is restricted by law to ten per cent (10%) of the share capital, including the authorisation to purchase treasury shares for securities trading purposes, as proposed under agenda item No. 6 (section 71 (2) of the AktG). The acquisition may take place via the stock exchange or via a public offer to purchase at the prices stipulated in the authorisation and based on the prevailing market price. This approach safeguards shareholders’ rights and preserves equality of treatment.

Agenda item No. 7 contains an additional proposal to authorise the Management Board to effect the sale of any treasury shares acquired in accordance with the authorisation pursuant to section 71 (1) No. 8 of the AktG, subject to the Supervisory Board’s approval, via channels other than a sale via the stock exchange, or an offer to all shareholders (excluding shareholders’ subscription rights pursuant to section 186 (3) sentence 4 of the AktG), provided that the sale is carried out at a cash price that is not significantly lower than the relevant stock exchange price of the Company’s shares at the time of sale. In such cases, the management will minimise any discounts from the issue price in relation to the market price and is expected to limit any such discounts to three per cent (3%) (however, to a maximum not exceeding five per cent (5%) in any case). Any dilution of the value of shareholders’ holdings will be avoided through the close link to the prevailing market price.

The total number of shares sold in this manner must not exceed ten per cent (10%) of the issued share capital. This threshold also includes any shares that were issued or sold during the term and prior to the exercising of this authorisation, in direct or analogous application of section 186 (3) sentence 4 of the AktG, and by virtue of other authorisations granted to the Management Board for the issue or sale of shares, or on the basis of resolutions passed by a General Meeting. The exclusion of subscription rights pursuant to section 186 (3) sentence 4 of the AktG is only permissible to the extent that the sale involved does not exceed the threshold of ten per cent (10%) of the total issued share capital defined in that provision (for this purpose, including any capital increases pursuant to section 186 (3) sentence 4 of the AktG, or any issue of convertible bonds pursuant to sections 221 (4) and 186 (3) sentence 4 of the AktG, in each case to the exclusion of shareholders’ pre-emptive subscription rights).

The proposed authorisation therefore ensures that shareholders’ financial and voting interests are appropriately taken into account when selling shares to the exclusion of subscription rights, whilst extending the Company’s flexibility in the interest of all shareholders. The legal concepts embodied in section 186 (3) sentence 4 of the AktG have thus been properly considered and complied with. Amongst other things, this will provide the Company with an opportunity to offer shares to institutional investors or domestic and international investors and to expand its shareholder base, thereby stabilising the value of the shares. The Company will therefore have flexibility in adjusting its equity to commercial requirements and responding to favourable opportunities on the stock exchange.

An additional purpose of the authorisation included in the proposed resolution is to maintain the Company's ability to act in the most flexible and cost-efficient manner when acquiring entities or agreeing on business combinations. Where appropriate, the Company may decide to offer its own shares as consideration for the acquisition of enterprises or participating interests (excluding shareholders' pre-emptive subscription rights if and when appropriate). Such share deals have become increasingly popular world-wide.

It is also requested that the Company continue to be allowed to use any treasury shares it has acquired to satisfy the rights of holders of convertible bonds and/or bonds cum warrants. This may result in a reduction of any capital increase from conditional capital, if required, minimising possible dilution effects.

The shares acquired can either be called in, resulting in a reduction of share capital, or sold by public offer or via the stock exchange. These possibilities would also preserve shareholders' rights.

The Management Board will report – in each case at the following Annual General Meeting – on its utilisation of the above authorisations for sale by means other than via the stock exchange or by an offering to all shareholders.

Joint report by the Management Board of Aareal Bank AG and the Management Board of Aareal First Financial Solutions AG regarding the inter-company agreement under agenda item 8 (controlling agreement between Aareal Bank AG and Aareal First Financial Solutions AG, Peter-Sander-Strasse 30, 55252 Mainz-Kastel)

The Management Boards have issued the following joint report on the controlling agreement:

The Management Boards of Aareal Bank AG and Aareal First Financial Solutions AG ("FF") entered into an inter-company agreement (controlling agreement pursuant to section 291 (1) sentence 1 of the AktG) on 02 January 2007, to come into effect upon entry into FF's Commercial Register.

Said inter-company agreement will be submitted to the General Meeting of Aareal Bank AG on 30 May 2007 for approval.

The General Meeting of FF will approve the agreement prior to the General Meeting of Aareal Bank AG.

The Management Boards of Aareal Bank AG and FF issue the following report on the inter-company agreement, for the information of shareholders:

I. Legal and economic reasons for entering into the inter-company agreement

Aareal Bank AG holds 100% of FF's capital. Aareal Bank AG has integrated FF more tightly into its business operations. The controlling agreement was also entered into for this purpose.

The inter-company agreement will confirm the fiscal unity (steuerliche Organschaft) between the two entities for the purposes of value-added tax, which has been in effect since 01 January 2007.

Fiscal unity for the purposes of trade tax and corporation tax already existed by virtue of the profit transfer agreement dated 03/05 September 2002.

II. Explanation of the provisions of the inter-company agreement

The provisions of the agreement fully comply with legal requirements.

FF delegates its corporate management to Aareal Bank AG. Aareal Bank AG shall be authorised to issue instructions on the management of FF to FF's Management Board, including both general and specific instructions. FF undertakes to comply with the instructions issued by Aareal Bank AG.

Following approval by the General Meeting of Aareal Bank AG, the agreement will come into effect upon its entry into FF's Commercial Register.

The provisions of the profit transfer agreement dated 03/05 September 2002 apply to the term of the controlling agreement, and termination thereof. The controlling agreement may only be terminated in conjunction with the profit transfer agreement, by giving six months' notice to the end of any given year; the earliest permitted termination date would be 31 December 2007. If the agreement is not terminated, it will be automatically renewed for a further year, subject to the

same notice period, provided that the profit transfer agreement is also renewed accordingly. The right to terminate the agreement at any time for good cause, without giving notice, remains unaffected.

Since Aareal Bank AG is the sole shareholder of FF, no examination of this inter-company agreement by a firm of external auditors was required under section 293b of the AktG; for the same reason, no compensation payment (Ausgleichszahlung) or cash payment (Abfindung) as per sections 304, 305 of the AktG was necessary.

Wiesbaden, 17 January 2007

Attending the General Meeting

At the time of this invitation, all of the Company's 42,755,159 notional no-par value shares issued were eligible to attend the General Meeting and to vote.

In accordance with Article 15 (2) of the Company's Memorandum and Articles of Association, shareholders wishing to attend the General Meeting and to exercise their voting rights must register with the Company (at the address set out below), and must submit specific evidence of their shareholding issued by their custodian bank to the same address:

Aareal Bank AG
c/o Computershare GmbH
HV-Anmeldung
Prannerstrasse 8
80333 Munich, Germany
Fax: +49 89 30 90 37 4675
E-mail: anmeldestelle@computershare.de

Said proof must evidence the shareholding as at the commencement of 09 May 2007 (i.e. at 00:00 hours CEST on 09 May 2007), and must be received by the Company at the above address no later than by the end of 23 May 2007 (24:00 hours CEST). Registration, and evidence of shareholding, must be supplied in writing, either in German or English.

Voting by proxy

Shareholders can exercise their vote through an authorised proxy, which may also be a financial institution or a shareholders' association. If neither a financial institution nor a shareholders' association has been authorised, such proxy must be issued in writing.

As in previous years, the Company offers its shareholders the opportunity to authorise such proxies, nominated by the Company and bound by the relevant shareholder's instructions, prior to the General Meeting. Shareholders who wish to authorise any proxies nominated by the Company require an admission ticket to the General Meeting. Authorisations to voting proxies nominated by the Company must also be forwarded in writing. Shareholders will receive the relevant documents and information together with their admission ticket.

Motions by shareholders

Any correspondence regarding the agenda, in particular counter-motions (as defined in section 126 (1) of the AktG) to proposals by management regarding specific agenda items, as well as nominations for election pursuant to section 127 of the AktG, must be submitted in writing, by fax or e-mail, to the following address only:

Aareal Bank AG
Corporate Development
Paulinenstrasse 15
65189 Wiesbaden, Germany
Fax: +49 611 348 2965
E-mail: HV2007@aareal-bank.com

Counter-motions and nominations for election received at this address in due time, together with any comments by management, will be made available to all shareholders, without undue delay, by way of publication on the internet, in accordance with section 126 of the AktG, at **www.aareal-bank.com**.

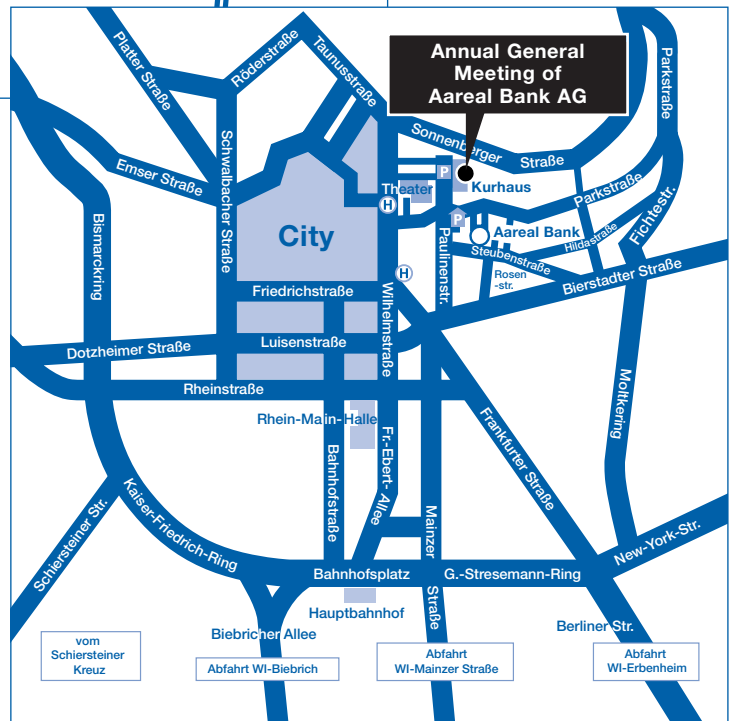
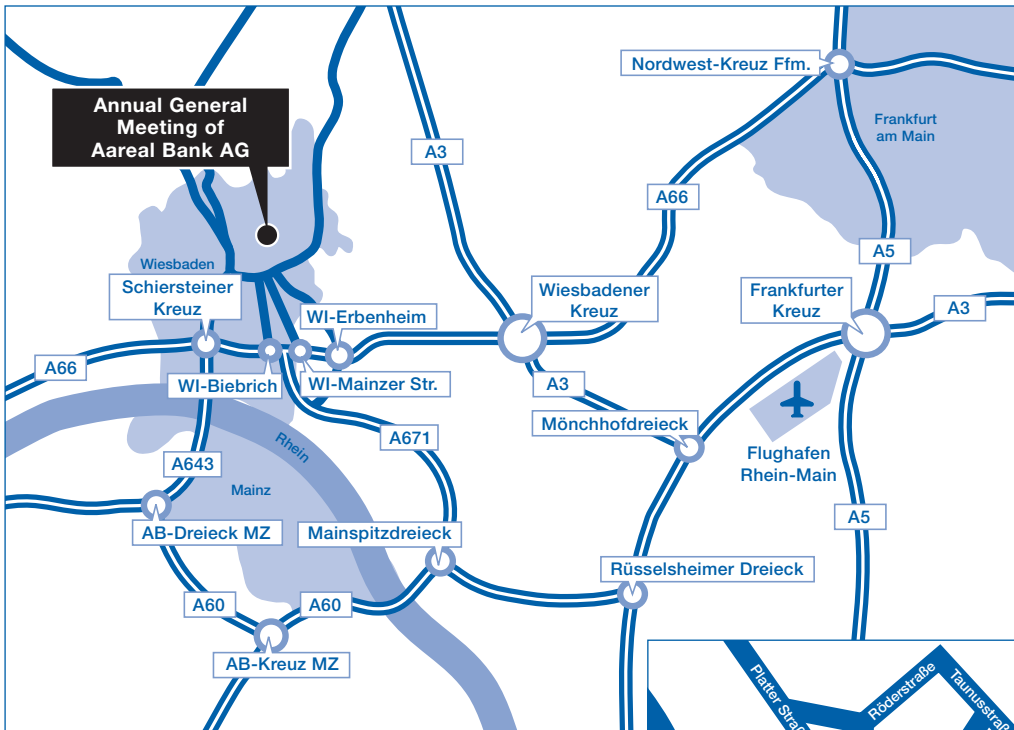
Aareal Bank AG

The Management Board

Wiesbaden, April 2007

*Venue of the
Annual General
Meeting*

Kurhaus Wiesbaden
Kurhausplatz 1
65189 Wiesbaden
Germany



Directions

**Coming off the A66 motorway from
Frankfurt / Wiesbadener Kreuz:**

- Take the Wiesbaden-Erbenheim exit.
- Head towards Wiesbaden-Sonnenberg
- via Moltkering, then take your first left to
Stadtmitte / Kurhaus.

Car parking is available at signposted on-street parking spaces (pay & display), and also at the Theater multi-storey car park or the parking garage of the Kurhaus.

**Using public transport from Wiesbaden main
railway station:**

- Bus lines 1 and 8
- Bus stops: Friedrichstrasse, Theater / Kurhaus



Aareal Bank