

INVITATION TO THE GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

**We are pleased to invite you to our
Annual General Meeting of Shareholders**

*to be held on Wednesday, 21 May 2008, at 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 04 April 2008, 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 2007 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. 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.

2. Passing of a resolution on the appropriation of net retained profit for the 2007 financial year

The Management Board and the Supervisory Board recommend that the net retained profit of € 142,877,579.50 for fiscal year 2007 be appropriated as follows:

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| Distribution of a dividend of € 0.50 per no-par value share ("unit share") entitled to dividend payments | € 21,377,579.50 |
| Transfer to other retained earnings | € 121,500,000.00 |
| Profit carried forward | € 0.00 |
| Net retained profit (Bilanzgewinn) | € 142,877,579.50 |

At present, the Company does not hold, neither directly nor indirectly, treasury shares that would not need to be taken into consideration with regard to the appropriation of net retained profit in accordance with Section 71 b of the German Stock Corporation Act (Aktiengesetz, "AktG"). To the extent that the Company holds, either directly or indirectly, treasury shares within the meaning of Section 71 b of the AktG at the time of the Annual General Meeting, the number of shares entitled to dividend payments will be reduced accordingly. In this event, an adjusted proposal would be submitted to the Annual General Meeting which provides that the amount attributable to any treasury shares held by the Company shall be carried forward, while the distribution of € 0.50 per each unit share entitled to dividend payments would remain unchanged.

3. Passing of a resolution on the formal approval of the members of the Management Board for the 2007 financial year

The Management and Supervisory Boards propose that formal approval be granted for the members of the Management Board for the 2007 financial year.

4. Passing of a resolution on the formal approval of the members of the Supervisory Board for the 2007 financial year

The Management and Supervisory Boards propose that formal approval be granted for the members of the Supervisory Board for the 2007 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 2008 financial year and as the auditors for the review of the condensed set of financial statements and the interim management report of the semi-annual report.

6. Passing of a resolution on the creation of new Authorised Capital 2008 including the relevant amendment to the Memorandum and Articles of Association

The Authorised Capital approved by the 2005 Annual General Meeting, in the amount of € 58,300,000, has been partially utilised and is still outstanding in an amount of € 46,639,504. For this reason it is intended to pass a resolution for the creation of new Authorised Capital that is essentially subject to the same terms and conditions as the partially utilised Authorised Capital.

The Management and Supervisory Boards propose the following resolutions:

1. The Management Board shall be authorised to increase, on one or more occasions, the Company's share capital by up to a maximum total amount of € 12,826,545.00 ("Authorised Capital 2008") via the issuance of up to 4,275,515 new bearer unit shares, representing a share of € 3.00 each in the share capital, for contribution in cash or in kind (where such contribution may represent the full

contribution or part thereof), subject to the approval of the Supervisory Board; this authority will expire on 20 May 2013.

The shareholders shall be granted a subscription right in the event of a capital increase against cash contributions. However, subject to the approval of the Supervisory Board, the Management Board may exclude shareholders' subscription rights in the following cases:

- (a) in the event of a capital increase against cash contributions, provided that the issue price does not fall significantly below the prevailing stock exchange price of the exchange-listed shares of the same description and features, and the total pro-rata share of the new shares, for which the subscription right has been excluded, in the share capital does not exceed ten per cent (10 %) at the time of this authorisation entering into effect or – if this amount is lower – does not exceed the share capital existing at the time this authorisation is exercised. 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 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 (3) sentence 4 of the AktG, which are issued during the validity of this authorisation;
- (b) for fractional amounts arising from the applicable subscription ratio;
- (c) where this is necessary to grant subscription rights to the holders of bonds with warrants or convertible bonds issued (or to be issued) by the Company or its affiliated companies, which subscription rights are required to entitle these holders to the same extent as they would have been entitled upon exercising their conversion or option rights or upon performance of a conversion obligation, if any, thus protecting such holders against dilution;
- (d) up to an amount of € 4 million in order to offer employees (of the Company or its affiliated companies) shares for subscription.

Subject to the consent of the Supervisory Board, the Management Board may exclude shareholders' subscription rights in the event of a capital increase against contributions in kind.

Subject to approval by the Supervisory Board, the Management Board may determine the rights associated with such shares and the terms and conditions of issue.

2. A new paragraph (6), to read as follows, shall be inserted into Article 5 of the Memorandum and Articles of Association:

“(6) The Management Board is authorised to increase, on one or more occasions, the Company's share capital by up to a maximum total amount of € 12,826,545.00 (Authorised Capital 2008) via the issuance of up to 4,275,515 new bearer unit shares, representing a share of € 3.00 each in the share capital, for contribution in cash or in kind (where such contribution may represent the full contribution or part thereof), subject to the approval of the Supervisory Board; this authority will expire on 20 May 2013.

The shareholders shall be granted a subscription right in the event of a capital increase against cash contributions. However, subject to the approval of the Supervisory Board, the Management Board may exclude shareholders' subscription rights in the following cases:

- (a) in the event of a capital increase against cash contributions, provided that the issue price does not fall significantly below the prevailing stock exchange price of the exchange-listed shares of the same description and features, and the total pro-rata share of the new shares, for which the subscription right has been excluded, in the share capital does not exceed ten per cent (10 %) at the time of this authorisation entering into effect or – if this amount is lower – does not exceed the share capital existing at the time this authorisation is exercised. 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 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 (3) sentence 4 of the AktG (excluding shareholders' subscription rights), which are issued during the validity of this authorisation.
- (b) for fractional amounts arising from the applicable subscription ratio;
- (c) where this is necessary to grant subscription rights to the holders of bonds with warrants or convertible bonds issued (or

to be issued) by the Company or its affiliated companies, which subscription rights are required to entitle these holders to the same extent as they would have been entitled upon exercising their conversion or option rights or upon performance of a conversion obligation, if any, thus protecting such holders against dilution;

- (d) up to an amount of € 4 million in order to offer employees (of the Company or its affiliated companies) shares for subscription.

Subject to the approval of the Supervisory Board, the Management Board may exclude shareholders' subscription rights in the event of a capital increase against contributions in kind.

Subject to approval by the Supervisory Board, the Management Board may determine the rights associated with such shares and the terms and conditions of issue."

3. The existing paragraphs (6) and (7) of Article 5 of the Memorandum and Articles of Association shall be renumbered paragraphs (7) and (8):

7. Passing of a resolution on the authorisation of the Management Board to issue convertible bonds and/or bonds cum warrants, on the creation of new Conditional Capital and on the amendment of Article 5 (5) of the Company's Memorandum and Articles of Association

The Annual General Meeting of 23 May 2006 had authorised the Management Board to issue, by 22 May 2011, convertible bonds and/or bonds cum warrants, having an aggregate nominal value of € 600 million, and had for this purpose created conditional capital in the amount of € 30 million. The relevant conversion and/or option price had been set at no less than 80% of a specific stock market reference price. The Company has not yet availed itself of said authorisation and conditional capital.

In recent times, decisions of individual courts have challenged the past practice of creating conditional capital in order to service debt securities with a minimum amount. The Company believes that these decisions are erroneous. However, in order to avoid any uncertainty with regard to an important financing option available to the Company, a new authorisation shall be resolved upon for reasons of legal caution, which authorisation shall provide for a fixed conversion and/or option price,

but shall in all other regards correspond to the existing authorisation dated 23 May 2006. It is intended to resolve upon the creation of new conditional capital 2008 in order to service the option or conversion rights under these debt securities. Upon this resolution entering into effect by way of the conditional capital increase being entered into the commercial register, the previous authorisation and the conditional capital created thereunder shall be revoked.

The Management and Supervisory Boards propose the following resolutions:

1. The authorisation resolved by the Annual General Meeting on 23 May 2006 for the issuance of convertible bonds and/or bonds cum warrants as well as the conditional capital of € 30 million shall be revoked once the authorisation proposed under No. 2 and the new conditional capital proposed under Nos. 3 and 4 (the latter by way of entry into the commercial register) have entered into effect.
2. The Management Board shall be authorised to issue by 20 May 2013, on one or more occasions, bearer and/or registered convertible bonds and/or bonds cum warrants ("Bonds") having a total nominal amount not exceeding € 600 million, with or without fixed term to maturity, and to confer upon the holders or creditors of bonds conversion and/or option rights to bearer unit shares of the Company, equivalent to a share in the share capital of up to € 30 million, in accordance with the terms and conditions governing such convertible bonds or bonds cum warrants.

As an alternative to the issuance in euro, the Bonds may also be issued in any currency being the legal tender of an OECD member state (limited, however, by the equivalent value in euro). They may also be issued by direct or indirect subsidiaries of the Company; in such cases, the Management Board shall be authorised to guarantee, subject to the approval of the Supervisory Board, the redemption of the Bonds and to grant to the holders of any such Bonds option or conversion rights to new bearer unit shares of the Company. The bond issues shall be divided into capital notes.

Where bonds cum warrants are issued, one or more warrant(s) shall be attached to each capital note. These warrants shall entitle the holder to subscribe new bearer unit shares of the Company in accordance with the options terms yet to be established by the Management Board. The proportion of equity capital attributed to each individual unit share to be subscribed per capital note may not exceed the nominal value of the bonds cum warrants. The lifetime

of the option rights may not exceed the term of the bonds cum warrants. Finally, provisions may be made for the combination of fractional shares and/or a related cash settlement.

Where convertible bearer bonds are issued, the holders of such Bonds or, if applicable, the creditors of the capital notes, shall be entitled to convert their capital notes into new bearer unit shares of the Company in accordance with the convertible bond terms to be determined by the Management Board. The exchange ratio shall be based on the division of the nominal value of a capital note by the fixed conversion price of one new bearer unit share of the Company. Where the issue price of a capital note is lower than its nominal value, the exchange ratio shall be based on the division of the issue price of the capital note by the fixed conversion price of one new bearer unit share of the Company. The exchange ratio may be rounded up or down to an integer; an additional cash contribution may also be required. Finally, provisions may be made for the combination of fractional shares and/or a related cash settlement. The proportion of equity capital attributed to each individual share to be issued upon conversion may not exceed the nominal value of the capital note. Moreover, the terms and conditions for conversion may create a conversion obligation at the end of the lifetime of the option right (or earlier). In this case, the Company may be authorised under the bond terms to compensate for any difference between the nominal value of the convertible bonds and the product of conversion price and exchange ratio in cash, either in whole or in part. Section 9 (1) of the AktG and Section 199 of the AktG shall remain unaffected.

The terms and conditions governing convertible bonds or bonds cum warrants may determine that the Company's treasury shares can also be granted in the event of conversion or when option rights are exercised. Furthermore, the terms and conditions may provide that the Company pays the equivalent value in monetary funds, rather than granting shares in the Company to conversion or option beneficiaries.

The option and/or conversion price is determined as follows:

- In the case of issuing Bonds granting an option right, the option price equates to 130 % of the volume-weighted average price of the Company's share in Xetra (or a comparable successor system) at the Frankfurt/Main stock exchange during the period between the passing of the resolution regarding the exercise of the authorisation by the Management Board and the final allotment of the Bonds by the issuing banks or – in the

event of a direct subscription right being allocated – 130 % of the volume-weighted average price of the Company's share in Xetra (or a comparable successor system) at the Frankfurt / Main stock exchange during the period from the commencement of the subscription period to the day before the announcement of the final terms and conditions pursuant to Section 186 (2) sentence 2 of the AktG (inclusive) (this referenced average price is hereinafter also called the "Reference Price").

- In the case of issuing Bonds granting a conversion right without prescribing a conversion obligation, the conversion price equates to 130 % of the Reference Price.
- In the case of issuing Bonds prescribing a conversion obligation, the conversion price at maturity of the Bond equates to the following amount:
 - 100 % of the Reference Price if the arithmetic mean of the closing auction price for the Company's shares in XETRA trading (or a comparable successor system) on the Frankfurt / Main stock exchange is lower than or equal to the Reference Price on the twenty consecutive market trading days ending on the third trading day prior to the Bonds maturing.
 - 118 % of the Reference Price if the arithmetic mean of the closing auction price for the Company's shares in XETRA trading (or a comparable successor system) on the Frankfurt / Main stock exchange is greater than or equal to 118 % of the Reference Price on the twenty consecutive market trading days ending on the third trading day prior to the Bonds maturing.
 - the arithmetic mean of the closing auction price for the Company's share in XETRA trading (or a comparable successor system) on the Frankfurt / Main stock exchange if this price is higher than the Reference Price and lower than 118 % of the Reference Price on the twenty consecutive market trading days ending on the third trading day prior to the Bonds maturing.
 - The preceding provisions notwithstanding, 118 % of the Reference Price if the holder or creditor of the Bonds exercises an existing conversion right prior to the conversion obligation entering into effect.

Section 9 (1) of the AktG and Section 199 of the AktG shall remain unaffected.

Where the Company increases its share capital during the conversion or option period while at the same time granting its shareholders subscription rights or where the Company issues further convertible bonds or bonds cum warrants or grants or guarantees option rights but does not grant the holders of existing option or conversion rights subscription rights thereto that would otherwise have been available to them upon exercise of the option or conversion right, or where the share capital is increased from issuer's funds, it shall be ensured via the terms and conditions governing such convertible bonds or bonds cum warrants that the economic content of these option or conversion rights remains unaffected by adjusting such option or conversion rights in a way that preserves their value, unless such adjustment is mandatory under law. With regard to a capital reduction or other capital adjustments, restructurings, third parties assuming control, an extraordinary dividend or other comparable measures that may have a dilutive effect on the value of the shares, the terms and conditions governing conversion or option rights shall also provide for a value-preserving adjustment of the conversion or option rights. Section 9 (1) of the AktG and Section 199 of the AktG shall remain unaffected.

In principle, the shareholders are entitled to a subscription right. The shares may also be subscribed by one or more banks, subject to the obligation of offering them to the shareholders for subscription. Where Bonds are issued by a subsidiary, the Company shall ensure that the statutory subscription rights are granted to the Company's shareholders. However, the Management Board shall be authorised to exclude shareholders' subscription rights, subject to the Supervisory Board's approval, where these rights are issued for cash and the Management Board arrives after due examination at the conclusion that the issue price does not fall significantly below the theoretical market price of the Bonds determined in accordance with recognised mathematical valuation methods. This applies only to Bonds that include a conversion or option right to shares having a pro-rata share of up to ten per cent (10%) in the share capital existing at the time of said authorisation entering into effect or – if this value is lower – at the time of exercising said authorisation. The portion in the share capital that relates to shares or conversion or option rights or obligations under Bonds that were issued, or sold from treasury shares, since the granting of this authorisation, excluding subscription rights, in direct or analogous application of Section 186 (3) sentence 4 of the AktG shall count towards this limitation.

Moreover, the Management Board shall be authorised to exclude, subject to the Supervisory Board's approval, shareholders' subscription rights with respect to fractional amounts arising as a result of the subscription ratio and to also exclude subscription rights, subject to the Supervisory Board's approval, to the extent that this is necessary, to grant subscription rights to the holders of conversion or option rights to bearer unit shares of the Company to the same extent as they would have been entitled upon exercising their conversion or option rights or upon performance of conversion obligations.

The Management Board shall be authorised, subject to the Supervisory Board's approval, to determine any further specifications with regard to specific issues and their features (interest rates, issue prices and lifetimes in particular) or to agree on these specifications with the executive bodies of the issuing subsidiaries.

3. The Company's share capital shall be subject to a conditional capital increase not exceeding € 30 million by issuance of up to 10 million new bearer unit shares equivalent to a share in the share capital of € 3.00 each ("Conditional Capital 2008"). The purpose of the conditional capital increase is the granting of shares to holders or creditors of convertible bonds and/or bonds cum warrants issued in accordance with the above authorisation. The conditional capital increase will be executed only to the extent that holders of conversion or option rights exercise such rights or any conversion obligation from such convertible bonds and/or bonds with warrants are performed, and to the extent that treasury shares are not utilised to service such convertible bonds and/or bonds with warrants. The new shares will be issued at the conversion or option price to be determined in accordance with the above authorisation. The new shares will be entitled to a share in the profits from the beginning of the financial year in which they come into existence through the exercise of conversion or option rights or the performance of conversion obligations. The Management Board shall be authorised to determine any further details of the conditional capital increase, subject to the Supervisory Board's approval.
4. Article 5 (5) of the Memorandum and Articles of Incorporation shall be amended to read as follows:

"The share capital shall be subject to a conditional capital increase not exceeding € 30 million by issuance of up to 10 million new bearer unit shares equivalent to a share in the share capital of € 3.00 each (Conditional Capital 2008). The conditional capital

increase shall only be executed to the extent (i) that the holders or creditors of conversion rights or warrants that are attached to the convertible bonds and/or bonds cum warrants issued by the Company or one of its direct or indirect subsidiaries in accordance with the authorisation resolution of the Annual General Meeting held on 21 May 2008 by 20 May 2013 exercise their conversion or option rights, or (ii) that any holders or creditors who are required to convert their convertible bonds issued by the Company or one of its direct or indirect subsidiaries in accordance with the authorisation resolution of the Annual General Meeting held on 21 May 2008 by 20 May 2013 perform their conversion obligation, in cases (i) and (ii) only with the proviso that no treasury shares are used for servicing. The new shares will be issued at the conversion or option price to be determined in accordance with the aforementioned authorisation resolution. The new shares will be entitled to a share in the profits from the beginning of the financial year in which they come into existence through the exercise of conversion or option rights or the performance of conversion obligations. The Management Board is authorised to determine any further details of the conditional capital increase, subject to the Supervisory Board's approval."

8. 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 30 May 2007 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 29 November 2008, with a new authorisation, which shall remain in force until 20 November 2009.

The Management and Supervisory Boards propose the following resolution:

1. That the existing authorisation granted by the General Meeting of 30 May 2007 under agenda item No. 6, 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 20 November 2009, 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 %).

9. Resolution on the authorisation to acquire and to use 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 30 May 2007 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 29 November 2008, with a new authorisation, which shall remain in force until 20 November 2009.

The Management and Supervisory Boards propose the following resolution:

1. The existing authorisation – expiring on 29 November 2008 – granted by the Annual General Meeting of 30 May 2007 under agenda item No. 7 for purchasing treasury shares is hereby revoked, with said revocation taking effect upon the effective date of the new authorisation granted under No. 2 below; however, the authorisation contained in the resolution of the Annual General Meeting of 30 May 2007 for the utilisation of treasury shares repurchased on the basis of the resolution valid at the time shall remain unaffected.
2. That the Company be authorised pursuant to Section 71 (1) No. 8 of the AktG, up to 20 November 2009, 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 or – if this value is lower – of the share capital existing at the time of exercising this authorisation.

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 com-

parable 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%). Where, in the case of a public purchase offer, the volume of the tendered shares exceeds the intended repurchase volume, the purchase must be effected in proportion with the shares offered. The preferential purchase or the preferential acceptance of a lower share quantity, up to 100 shares tendered per shareholder, and commercial rounding may be provided for in these cases, partially excluding any shareholder rights to purchase their tendered shares.

The Management Board shall be authorised to use the shares acquired under this authorisation as follows:

- (a) They may be sold via the exchange or by tendering an offer to all shareholders.
- (b) 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 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 (3) sentence 4 of the AktG (excluding shareholders' subscription rights), which are issued during the validity of this authorisation.
- (c) 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 parts thereof or shareholdings in companies or in connection with business combinations.
- (d) 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.
- (e) Furthermore, upon the sale of purchased treasury shares by offer to all shareholders, subscription rights may be granted to the holders of option and / or conversion rights issued by the Company or its subsidiaries to the same extent as they would have been entitled upon exercising their conversion or option rights or upon performance of a conversion obligation.
- (f) Furthermore, the Management Board 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. The Management Board shall be authorised to reduce the Company's share capital in proportion to the shares called in, subject to the Supervisory Board's approval.

Provided that treasury shares are used in accordance with the above authorisations set out in letters (b) to (e), shareholders' subscription rights shall be excluded.

All of the above authorisations for the purchase and use of treasury shares may be exercised, in full or in part, on one or several occasions and independent of each other, by the Company or by its direct or indirect subsidiaries or by third parties for the Company's account.

10. Passing of a resolution authorising the Management Board to issue profit-participation certificates

The Annual General Meeting of 16 June 2004 has authorised the Management Board to issue by 15 June 2009, on one or more occasions, profit-participation certificates (with a lifetime not exceeding 25 years), up to a maximum nominal value of € 400 million or the corresponding equivalent in another currency that is legal tender. The Management Board has not yet exercised this authorisation.

In order to provide the Management Board with the ability to strengthen the Bank's equity basis by the issuance of profit-participation certificates also from 2009 onwards, it is intended to revoke the

existing authorisation and to resolve upon a new authorisation of the Management Board for the issuance of profit-participation certificates up to the aggregate nominal value of € 500 million.

The Supervisory and Management Boards propose the following resolutions:

1. The Management Board shall be authorised to issue by 20 May 2013, on one or more occasions, profit-participation certificates (with a lifetime not exceeding 25 years), up to a maximum nominal value of € 500 million or the corresponding equivalent in another currency that is legal tender. The profit-participation certificates shall be of such a nature as to comply with the requirements of the German Banking Act (Kreditwesengesetz), which permit the capital paid-in for the purpose of granting profit-participation certificates to be included under liable capital.

The Management Board be authorised to exclude any fractional amounts (resulting from the specific subscription ratio) from shareholders' subscription rights.

Furthermore, the Management Board be authorised to entirely exclude all shareholders' pre-emptive rights. However, this authorisation may only be exercised where the profit-participation certificates have the characteristics of a debenture, i.e. if they do not constitute any membership rights nor any subscription or conversion rights to Aareal Bank AG's shares, do not grant any entitlement to the liquidation proceeds and if the amount of the distribution is not based on the amount of the net income, distributable profit or dividend. Moreover, in this case, both the amount distributed and the issue price of the profit-participation certificates must reflect the prevailing market conditions for comparable borrowings at the time of issuance.

2. The existing authorisation – expiring on 15 June 2009 –, granted by the Annual General Meeting of 16 June 2004 for the issuance of profit-participation certificates shall be revoked, with said revocation taking effect upon the effective date of the new authorisation granted under No. 1 above.

II. Passing of a resolution on the approval of a hive-off and transfer agreement regarding the divestment of a loan portfolio to Ariadne Portfolio GmbH & Co. KG, Wiesbaden

The Company intends to sell a loan portfolio of the private home loan financing business segment that is no longer in line with the Com-

pany's strategy. As a first step, it is intended to transfer the relevant assets to Ariadne Portfolio GmbH & Co. KG, a wholly owned subsidiary of Aareal Bank AG, by way of a hive-off for acquisition (Ausgliederung zur Aufnahme) under Section 123 (3) No. 1 of the German Reorganisation Act (Umwandlungsgesetz, "UmwG"). As a second step, this hive-off will enable the disposal of the loan portfolio by way of assignment of all shares in Ariadne Portfolio GmbH & Co. KG, Wiesbaden. Thus, the hive-off will be preparatory measure for the intended marketing of the loan portfolio. Potential buyers are German and European banks in particular. The objective of spinning off – and subsequently marketing – this loan portfolio, is to release the capital tied up by these loans to date, thus making it available for investment in new business.

Aareal Bank AG's Supervisory Board has approved the hive-off at its meeting on 26 March 2008. On 27 March 2008, the hive-off and transfer agreement was entered into in the form of a notarial deed (notarial deed no. 391/2008 of the notary Dirk Reischauer). In order to enter into effect, the hive-off and transfer agreement requires the approval of Aareal Bank AG's General Meeting and the shareholders' meeting of Ariadne Portfolio GmbH & Co. KG. The shareholders' meeting of Ariadne GmbH & Co. KG approved the hive-off and transfer agreement on 27 March 2008.

The Management Board of Aareal Bank AG and the management of Ariadne Portfolio GmbH & Co. KG have submitted a written joint report on the hive-off in accordance with Section 127 of the UmwG. This report sets out the legal and economic background of and rationale behind the hive-off and the hive-off and transfer agreement dated 27 March 2008.

The Management and Supervisory Boards propose the following resolutions:

The hive-off and transfer agreement dated 27 March 2008 between Aareal Bank AG as the transferor and Ariadne Portfolio GmbH & Co. KG as the Transferee is hereby approved.

The full wording of the hive-off and transfer agreement is hereinafter included, except for annexes 4.1.1 and 4.1.2, which contain only lists of account numbers, internal bank identification numbers and data regarding the identification of contracts, claims and assets pertaining to the spun-off loan portfolio, and which were recorded and certified in an instrument incorporated by reference (under notarial deed no. 388/2008 of the notary Dirk Reischauer). The certified annexes 4.1.1 and 4.1.2, together with the hive-off and transfer agreement, are available for inspection by shareholders at Aareal Bank's premises; upon

request, each shareholder will be sent a copy of these documents, free of charge.

Hive-Off and Transfer Agreement

entered into by and between

1. **Aareal Bank AG**, Paulinenstrasse 15, 65189 Wiesbaden
and
2. **Ariadne Portfolio GmbH & Co. KG**, Paulinenstrasse 15,
65189 Wiesbaden

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Preamble

- (A) Aareal AG is a German stock corporation with its registered office in Wiesbaden and recorded in the Commercial Register at the Local Court of Wiesbaden under number HRB 13184 (hereinafter also referred to as "**Transferor**").
- (B) Ariadne Portfolio GmbH & Co. KG is a German limited partnership with its registered office and principal place of business in

Wiesbaden and recorded in the Commercial Register at the Local Court of Wiesbaden under number HRA 8962 (hereinafter also referred to as "**Transferee**"). The partnership capital of Transferee totals € 500.00 (in words: five hundred euros). The sole limited partner of Transferee is Transferor. The limited partner share (Kommanditeinlage) of Transferor in Transferee, in the amount of € 500.00 (in words: five hundred euros), corresponds to the registered capital contribution (Hafteinlage). The limited partner share has been fully paid in and has not been repaid. The sole general partner of Transferee, which does not hold any share in the partnership capital of Transferee, is Ariadne Verwaltungs GmbH, a limited liability company under German law with its registered office and principal place of business in Wiesbaden and recorded in the Commercial Register at the Local Court of Wiesbaden under number HRB 23437 (hereinafter also referred to as "**General Partner**"). The sole shareholder of the General Partner is Transferor, holding the sole share with a par value of € 25,000.00 (in words: twenty-five thousand euros).

- (C) Transferor owns a loan portfolio comprising loan agreements and related loan receivables and collateral as defined below (hereinafter the "**Aareal Loan Portfolio**").
- (D) By this hive-off and transfer agreement (hereinafter the "**Hive-Off Agreement**"), Transferor intends to transfer the Aareal Loan Portfolio as a whole to Transferee in consideration of the issuance to Transferor of shares in the form of an increase of Transferor's limited partner share in Transferee as recorded in capital account I (Kapitalkonto) (hive-off for acquisition in accordance with Section 123 (3) No. 1 of the German Reorganisation Act (UmwG; hereinafter the "**Reorganisation Act**").

NOW THEREFORE, in consideration of the foregoing, the Parties hereby agree as follows:

1. Hive-Off

- 1.1 Transferor hereby transfers to Transferee, as a whole and with continuity of Transferor, by hive-off for acquisition (Ausgliederung zur Aufnahme) in accordance with Section 123 (3) No. 1 of the Reorganisation Act, the Aareal Loan Portfolio comprising the assets and liabilities defined in Section 4 of the Hive-Off Agreement, in consideration of an increase of Transferor's limited partner share in the amount of € 500.00 (in words: five hundred euros) by € 1,500.00 (in words: one thousand five hundred euros) to € 2,000.00 (in words: two thousand euros) (hereinafter the

"Hive-Off"). The capital contribution recorded in the Commercial Register (Hafteinlage) shall remain unaffected by the Hive-Off.

2. Hive-Off Effective Date, Closing Balance Sheet, Transfer Effective Date

- 2.1 As between Transferor and Transferee, the Hive-Off shall take effect on January 1, 2008, 00:00 hours (hereinafter the "**Hive-Off Effective Date**"). As of the Hive-Off Effective Date, all actions taken by Transferor related to the Aareal Loan Portfolio subject to transfer in accordance with the Hive-Off Agreement shall be for the account of Transferee. Accordingly, Transferee and Transferor shall, in accordance with the provisions of Section 6 the Hive-Off Agreement, place each other in the position in which they would have been, had the assets to be transferred to Transferee in accordance with this Hive-Off Agreement already been transferred to Transferee on the Hive-Off Effective Date.
- 2.2 For tax purposes the Hive-Off shall take effect on the Transfer Effective Date (as defined in Section 2.4) due to the lack of retro-active tax effect.
- 2.3 The Hive-Off shall be based upon the audited balance sheet of Transferor dated December 31, 2007, 24:00 hours, which shall have received an unqualified audit opinion from Pricewaterhouse-Coopers Aktiengesellschaft (hereinafter the "**Closing Balance Sheet**").
- 2.4 The Aareal Loan Portfolio subject to transfer by Transferor to Transferee by partial general legal succession (partielle Gesamtrechtsnachfolge) in accordance with this Hive-Off Agreement comprises the agreements, rights and obligations defined in Section 4 of this Hive-Off Agreement as they exist on the date the Hive-Off takes effect as a result of recording of the Hive-Off in the Commercial Register for Transferor (hereinafter the "**Transfer Effective Date**").

3. Consideration

- 3.1 In consideration of the assets subject to transfer under the Hive-Off Agreement, the limited partner share of Transferor in Transferee as recorded in capital account I shall be increased from € 500.00 (in words: five hundred euros) by € 1,500.00 (in words: one thousand five hundred euros) to € 2,000.00 (in words: two thousand euros).

- 3.2 Transferee has an obligation to Transferor to record the assets and liabilities subject to transfer under the Hive-Off Agreement in Transferee's commercial balance sheet at book value as instructed by Transferor. If and to the extent that the book values of the Aareal Loan Portfolio as reported in the commercial balance sheet of Transferee in accordance with the instructions of Transferor exceed the amount by which the limited partner share of Transferor in Transferee is increased, the amount of the difference shall be recorded in capital account II (Kapitalkonto II) of Transferor at Transferee.
- 3.3 Transferor is entitled to full dividend rights with respect to the increased limited partner share for the fiscal year of Transferee beginning on January 1, 2008.

4. Transfer of Aareal Loan Portfolio

- 4.1 Transferor hereby transfers to Transferee the following assets, in each case as they exist on the Transfer Effective Date:
- 4.1.1 all present and future rights and obligations of Transferor (including termination rights and other rights to modify, amend or otherwise affect agreements) arising from or in connection with the loan agreements defined in Schedule 4.1.1 under the column "Loan ID" (hereinafter the "**Portfolio Loan Agreements**"; the borrowers under the loan agreements shall hereinafter be referred to as "**Customers**"), including, without limitation, the following:
- 4.1.1.1 all present or future, conditional or unconditional claims for payment against Customers held by Transferor under or in connection with the Portfolio Loan Agreements (hereinafter collectively referred to as the "**Portfolio Receivables**"), and
- 4.1.1.2 all future interests and other rights of Transferor related to (re)transfer of the Portfolio Receivables (hereinafter "**Future Interests**"), including, without limitation, Future Interests as against Kreditanstalt für Wiederaufbau, Frankfurt am Main, Ärzteversorgung Westfalen-Lippe, Münster, or DEPFA Deutsche Pfandbriefbank AG, Frankfurt am Main;
- 4.1.2 all real property liens securing the Portfolio Receivables which are itemized in Schedule 4.1.2 or which, pursuant to a property exchange agreed with a Customer and/or third-party collateral provider, have taken the place of Portfolio

Receivables or Portfolio Collateral (as defined in Section 4.1.8) on or before the Transfer Effective Date and serve as collateral for such Portfolio Receivables or Portfolio Collateral (hereinafter the "Portfolio Liens");

4.1.3 the following additional loan collateral:

- 4.1.3.1 all bank guarantees securing the Portfolio Receivables;
- 4.1.3.2 all claims under life insurance policies securing the Portfolio Receivables;
- 4.1.3.3 all claims under savings and loan agreements (including, without limitation, claims for payment of the savings and loan account balance) securing the Portfolio Receivables;
- 4.1.3.4 all claims under lease agreements (including, without limitation, claims for payment of rent) securing the Portfolio Receivables;
- 4.1.3.5 all claims under pledges and assignments of bank account balances, including, without limitation, assignments of savings account balances, demand deposits and securities, securing the Portfolio Receivables; and
- 4.1.3.6 all security assignments and other loan collateral (with the exception of real property liens, which are subject exclusively to Section 4.1.2) securing the Portfolio Receivables;

4.1.4 all claims and obligations under assignments of claims for discharge of real property liens and under declarations of non-revolving collateral (Einmalvaluierungserklärungen) made in connection with Portfolio Receivables or Portfolio Collateral (as defined in Section 4.1.8);

4.1.5 all in personam and in rem agreements and dispositions related to the transfer, delivery, granting or creation of loan collateral with respect to Portfolio Receivables or Portfolio Collateral (as defined in Section 4.1.8) not yet held by Transferor on the Transfer Effective Date, as against Customers or other third parties, in each case including all present and future rights and obligations of Transferor;

4.1.6 all additional loan collateral, rights and obligations of the kind defined in Sections 4.1.3 through 4.1.5 securing Portfolio Receivables or Portfolio Collateral (as defined in Section 4.1.8) and arising from (and including) the date

of notarial recording of this Hive-Off Agreement up to (including) the Transfer Effective Date;

4.1.7 all security agreements, including security purpose agreements, providing the basis for the Portfolio Liens and other loan collateral itemized in Sections 4.1.3 through 4.1.6, including all rights and obligations associated therewith, and all rights and obligations arising from independent guarantees (abstrakte Schuldversprechen), acknowledgments of liability (Schuldanerkenntnisse) or agreements to submit assets to immediate execution (sofortige Zwangsvollstreckung), in particular if they were made separately in the mortgage deed providing the basis for recording of the Portfolio Liens or in connection with the assignment of Portfolio Liens (hereinafter collectively with the other rights and obligations defined in Sections 4.1.3 through 4.1.6 referred to as "**Other Portfolio Collateral**");

4.1.8 all other present and future rights and obligations of Transferor under undertakings or other contracts with third parties (including contracts with Customers, additional collateral providers, or other creditors of Customers, i.e., contracts with junior creditors), made or entered into by Transferor with respect to the Portfolio Receivables or Portfolio Liens or Other Portfolio Collateral as defined in Sections 4.1.3 through 4.1.7 (hereinafter the Portfolio Liens and Other Portfolio Collateral shall collectively be referred to as "**Portfolio Collateral**") (hereinafter the "**Other Portfolio Agreements**");

4.1.9 the following documentation kept by Transferor or Kreditwerk Hypotheken-Management GmbH (hereinafter "**Servicer**") in connection with the Portfolio Receivables and Portfolio Collateral:

- 4.1.9.1 the abstract land charge certificates, if certificated abstract land charges have been created for Portfolio Liens;
- 4.1.9.2 the abstract land charge deeds for the Portfolio Liens;
- 4.1.9.3 the contracts for the Portfolio Loan Agreements;
- 4.1.9.4 the notarized acknowledgments of liability delivered for the Portfolio Receivables; and
- 4.1.9.5 the contracts of insurance for the life insurance policies referenced in Section 4.1.3.2.

5. Assets Not Subject to Hive-Off

5.1 The following assets are not part of the Aareal Loan Portfolio and as such are not subject to transfer to Transferee:

5.1.1 all Portfolio Loan Agreements and Portfolio Receivables (including related Portfolio Collateral and Other Portfolio Agreements) with a Customer, if at least some of these Portfolio Loan Agreements and/or Portfolio Receivables

5.1.1.1 are past due on the Transfer Effective Date in an amount of at least € 100.00 (in words: one hundred euros) for more than 90 (ninety) consecutive calendar days; or

5.1.1.2 are subject to any pending legal actions on the Transfer Effective Date;

5.1.2 all Portfolio Loan Agreements and Portfolio Receivables (including related Portfolio Collateral and Other Portfolio Agreements) with a Customer, if at least some of these Portfolio Receivables are secured by Portfolio Liens recorded against properties which simultaneously also secure Portfolio Receivables of another Customer (hereinafter **"Property-Related Customer"**), and if such Property-Related Customer is subject to any of the events described in Section 5.1.1;

5.1.3 all banker's liens (AGB-Pfandrechte) of Transferor on accounts of Customers or third parties, including banker's liens securing Portfolio Receivables;

5.1.4 all rights and obligations under Portfolio Loan Agreements for which Portfolio Receivables were fully repaid by the Transfer Effective Date; and

5.1.5 the servicing agreements with the Servicer, including all rights, claims and obligations associated therewith and including all amendments and addenda thereto, and including servicing agreements related to loan agreements that are part of the Aareal Loan Portfolio.

5.2 For clarification purposes, the Parties hereby further agree that employment agreements with employees of Transferor are not part of the Aareal Loan Portfolio and as such shall not transfer to Transferee in accordance with this Agreement.

6. Management of the Aareal Loan Portfolio from the Hive-Off Effective Date

6.1 From the Hive-Off Effective Date up to the Transfer Effective Date Transferor shall manage the Aareal Loan Portfolio for the account of Transferee.

6.2 **"Portfolio Receipts"** shall mean all payments or substitute performance (including offsets) received in settlement of Portfolio Receivables or Portfolio Collateral, including, without limitation, principal payments, interest payment, or expense reimbursements made irrevocably and without any reservation of rights. The date of receipt shall in each case be determined with reference to the date payment is posted to the Customer account, except that in the case of offset, receipt shall be determined with reference to the date offset is claimed. In the event that a receivable due after the Hive-Off Effective Date is paid by direct debit prior to the Hive-Off Effective Date and payment is therefore posted to the Customer account prior to the Hive-Off Effective Date, the date of receipt shall be determined with reference to the payment due date rather than the date payment is posted to the Customer account.

6.3 **"Portfolio Expenses"** shall mean all necessary or appropriate expenses within the meaning of § 670 of the German Civil Code (BGB; hereinafter the **"Civil Code"**) incurred by Transferor in conformity with Transferor's business practice prior to the Hive-Off Effective Date in connection with the Aareal Loan Portfolio, including, without limitation, all costs incurred in the ordinary course of business and charged to Customers, such as costs of preserving the commercial value of the Portfolio Receivables or Portfolio Collateral, court costs, attorneys' fees and notary fees (in each case plus applicable VAT). The date of payment shall in each case be determined with reference to the date payment is posted to the Customer account.

6.4 Portfolio Receipts collected from (and including) the Hive-Off Effective Date up to (and including) the Transfer Effective Date shall be netted with Portfolio Expenses. If such Portfolio Receipts exceed such Portfolio Expenses, Transferee shall have a claim for payment in the amount of the difference against Transferor, and if such Portfolio Expenses exceed such Portfolio Receipts, Transferor shall have a claim for payment in the amount of the difference against Transferee.

7. Special Rights

- 7.1 No rights within the meaning of Section 126 (1) No. 7 of the Reorganization Act have been or will be granted. No measures with the meaning of Section 126 (1) No. 7 of the Reorganisation Act are contemplated.
- 7.2 No special privileges within the meaning of Section 126 (1) No. 8 of the Reorganisation Act have been or will be granted to any members of the Management Board or Supervisory Board of Transferor, to the managing directors of the General Partner, or to any auditors of Transferor or Transferee.

8. Consequences for Employees and Employee Representations

- 8.1 No operations or operational divisions within the meaning of Section 126 (1) No. 9 of the Reorganisation Act, and no employment agreements shall transfer to Transferee.
- 8.2 No other consequences or measures within the meaning of Section 126 (1) No. 11 of the Reorganization Act are currently anticipated or contemplated. In particular, no operational changes, layoffs, or transfers of employees are currently contemplated in connection with the transfer of the Aareal Loan Portfolio. Nor shall the Hive-Off otherwise have any effect on the employees of Transferor or their representative bodies. Transferee has no employees or employee representative bodies.

9. Indemnity

- 9.1 Transferor and Transferee hereby agree that each Party shall indemnify the other Party against any and all claims made by creditors in accordance with Section 133 of the Reorganization Act or any other legal or contractual provisions based upon any obligations or liabilities and other contingencies which, under the terms of this Hive-Off Agreement, are attributable to such Party.
- 9.2 The limitation period for any and all claims under Section 9.1 hereof shall be three (3) months from expiration of the limitation period provided for in Section 133 (3) and (4) and Section 19 (3) of the Reorganization Act.

10. Warranty and Damages

- 10.1 Transferor assumes no warranty of any kind under this Hive-Off Agreement for any defects in quality or defects in title or for the

existence of any assets / liabilities and / or legal rights / obligations or other parts of the Aareal Loan Portfolio subject to transfer under this Hive-Off Agreement. Any claims of Transferee for cure of breach of contract, rescission, frustration of contract, damages or a price reduction based upon any defects in quality or defects in title of any assets / liabilities and / or legal rights / obligations or other parts of the Aareal Loan Portfolio transferred under this Hive-Off Agreement are hereby excluded, except in cases of fraudulent or wilful misconduct by Transferor. Transferor makes no guarantee or warranty of any kind with respect to the quality or condition of such assets.

- 10.2 Any claims for damages of Transferee against Transferor based upon or in connection with the execution or performance of this Hive-Off Agreement, whatever their legal grounds, are hereby excluded, except in cases of fraudulent or wilful misconduct by Transferor. In particular, Transferee shall have no claims for damages based upon the violation of any pre-contractual obligations (culpa in contrahendo) in accordance with Civil Code Section 311 (2) in conjunction with Civil Code Section 241 (2), no claims for damages based upon any violation of duties of consideration or other subsidiary obligations in accordance with Civil Code Section 280 and Section 282 in conjunction with Civil Code Section 241 (2), and no claims for damages in lieu of performance based upon non-performance or defective performance (Civil Code Section 281).

11. Declarations to the Land Register Office

- 11.1 Transferor hereby consents to the amendment of the land register files for the properties referenced in [Schedule 4.1.2](#) such that Transferee or its general legal successor shall be recorded as the new creditor of the abstract land charges and mortgages referenced in the aforementioned Schedule.
- 11.2 All costs of amending the Land Register shall be borne by Transferee or its general legal successor (Gesamtrechtsnachfolgerin).
- 11.3 With respect to any Portfolio Liens for which the competent Land Register Office refuses to record the transfer in the name of Transferee or Transferee's general legal successor (Gesamtrechtsnachfolgerin) despite submission of this Hive-Off Agreement, Transferor shall upon written demand after the Transfer Effective Date promptly transmit to Transferee an appropriate declaration of consent to recording of such Portfolio Liens executed by the

registered rights holder in compliance with applicable form requirements for recording in the Land Register. The costs of such declaration of consent to recording and other costs of transfer shall be paid by Transferee.

12. Change of Effective Date

12.1 If the Hive-Off is not recorded in the Commercial Register for Transferor by March 31, 2009, the Hive-Off Effective Date shall, in derogation of Section 2.1 of this Hive-Off Agreement, be changed to January 1, 2009, 00:00 hours. In such case the audited balance sheet of Transferor dated December 31, 2008 shall serve as the Closing Balance Sheet within the meaning of Section 2.3 of this Hive-Off Agreement for the Hive-Off. If recording of the Hive-Off is delayed beyond March 31 of the following year, the effective date shall in each case be postponed for one additional year.

12.2 If the Hive-Off is not recorded in the Commercial Register for Transferor by March 31, 2009, the increased limited partner share in Transferee granted to Transferor as consideration for transfer of the Aareal Loan Portfolio shall, in derogation of Section 3.3 of this Hive-Off Agreement, not carry dividend rights until January 1, 2009. If recording of the Hive-Off is delayed beyond March 31 of the following year, dividend rights shall in each case be postponed for one additional year.

13. Final Provisions

13.1 All costs incurred in connection with the execution and performance of this Hive-Off Agreement shall, as between Transferor and Transferee, be borne exclusively by Transferee.

13.2 Upon request of Transferee or its legal successor, Transferor shall make available to Transferee or its legal successor and to the officiating Notary after the Transfer Effective Date an electronic file setting forth the contents of the Loan Portfolio as of the Transfer Effective Date. Transferor and Transferee agree to confirm in notarially certified form on a printout of such electronic file that all individual components of the Loan Portfolio listed on such printout are subject to the Hive-Off. Such notarial deed shall be deposited in the records of the officiating Notary. Both Transferor and Transferee or its legal successor may request delivery of an identical notarial deed for their own records. Transferor and Transferee hereby unilaterally and irrevocably instruct and authorize the Notary safekeeping the aforementioned printout to confirm, upon

request of Transferee, in specific cases by notarial deed that certain agreements and/or rights are subject to the Hive-Off. Such notarial confirmations shall be submitted to Transferee or its legal successor upon written request.

13.3 Schedules 4.1.1 and 4.1.2 to this Hive-Off Agreement are hereby made a part of and incorporated by reference into this Hive-Off Agreement. In the event of any conflicts between the Schedules to this Hive-Off Agreement and any provisions of this Hive-Off Agreement, the provisions of the Hive-Off Agreement shall prevail.

13.4 Any modifications or amendments to this Hive-Off Agreement, including this provision, shall be invalid unless executed in writing and, if required by law, officially recorded by a notary. The foregoing shall also apply to any waiver of this requirement of written form.

13.5 Any disputes between Transferor and Transferee arising from this Hive-Off Agreement, including any disputes regarding the validity of this Hive-Off Agreement, shall be referred to arbitration for a final decision. The Parties agree that arbitration decisions shall not be subject to review in a court of law, and the Parties hereby waive any right to adjudicate disputes in a court of law. Arbitration decisions shall be made by three (3) arbitrators in accordance with the arbitration rules of the German Arbitration Institute (Deutsches Institut für Schiedsgerichtsbarkeit e.V. – DIS). Any arbitration proceedings shall be held in Wiesbaden, Germany. The official language of any arbitration proceedings shall be German.

13.6 This Hive-Off Agreement shall be governed by and construed in accordance with the laws of the Federal Republic of Germany, with the exception of the provisions of the Vienna Convention on Contracts for the International Sale of Goods.

13.7 If any provisions of this Hive-Off Agreement are invalid or unenforceable in whole or in part, the validity of the remaining provisions shall remain unaffected thereby. Any invalid or unenforceable provision shall be replaced by such valid and enforceable provision as most closely reflects the commercial intent and purpose of the original provision. The foregoing provisions shall apply analogously if any provision has been inadvertently omitted from this Hive-Off Agreement.

Powers of Attorney

The Parties hereby authorise

Christa Khan,
Thomas Böhm,
Stefanie Marx,
and Simone Schneider

each having his or her business address at Gustav-Freytag-Strasse 19 in 65189 Wiesbaden to make individually all declarations and representations necessary for recording of this Deed in the Land Register.

List of Definitions

| | |
|----------------------------|---|
| Future Interests | as defined in Section 4.1.1.2 |
| Hive-Off | as defined in Section (C) of the Recitals |
| Hive-Off Effective Date | as defined in Section 2.1 |
| Hive-Off Agreement | as defined in Section (D) of the Recitals |
| General Partner | as defined in Section (B) of the Recitals |
| Customers | as defined in Section 4.1.1 |
| Property-Related Customer | as defined in Section 5.1.2.1 |
| Portfolio Expenses | as defined in Section 6.3 |
| Portfolio Receipts | as defined in Section 6.2 |
| Portfolio Receivables | as defined in Section 4.1.1.1 |
| Portfolio Liens | as defined in Section 4.1.2 |
| Portfolio Loan Agreements | as defined in Section 4.1.1 |
| Portfolio Collateral | as defined in Section 4.1.8 |
| Closing Balance Sheet | as defined in Section 2.3 |
| Servicer | as defined in Section 4.1.9 |
| Other Portfolio Collateral | as defined in Section 4.1.7 |
| Other Portfolio Agreements | as defined in Section 4.1.8 |
| Transferee | as defined in Section (B) of the Recitals |
| Transferor | as defined in Section (A) of the Recitals |
| Transfer Effective Date | as defined in Section 2.4 |

Whereupon this Agreement, including the list of definitions, was read aloud to the Parties by the officiating Notary, and was approved and personally signed by each of them as follows:

Signed: Aareal Bank AG

Signed: Ariadne Portfolio
GmbH & Co KG

Signed: Notary Public

The following documents will be available for inspection by shareholders at the premises of the contracting parties, all at Paulinenstrasse 15, 65189 Wiesbaden:

- The hive-off and transfer agreement dated 27 March 2008 entered into between Aareal Bank AG and Ariadne Portfolio GmbH & Co. KG (under notarial deed no. 391/2008 of the notary Dirk Reischauer), together with annexes 4.1.1 and 4.1.2 to the hive-off and transfer agreement, certified in a separate instrument incorporated by reference (under notarial deed no. 388/2008 of the notary Dirk Reischauer)
- The joint report of the Management Board of Aareal Bank AG and the management of Ariadne Portfolio GmbH & Co. KG in accordance with Section 127 of the UmwG
- The financial statements and management reports as well as the consolidated financial statements and the Group management reports of Aareal Bank AG for the financial years 2005, 2006 and 2007
- The financial statements of Ariadne Portfolio GmbH & Co. KG for the 2007 financial year. Ariadne Portfolio GmbH & Co. KG was established and entered into the commercial register in 2007; the company has not yet taken up any business activity.

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.

Report of the Management Board to the Annual General Meeting regarding agenda item No. 6, in accordance with Sections 203 (2) sentence 2 and 186 (4) sentence 2 of the AktG

In accordance with Section 203 (2) in conjunction with Section 186 (4) sentence 2 of the AktG, the Management Board has submitted a written report regarding agenda item No. 6 on the reasons for the exclusion of subscription rights and the proposed issue price. Said report will be available at the Company's offices from the day on which the convention of the Annual General Meeting is notified and will be sent to shareholders on request, without delay and free of charge. The report is hereby published as follows:

The Management and Supervisory Boards propose to the Annual General Meeting that, following the partial utilisation of the existing Authorised Capital, additional new Authorised Capital be created, having the same terms as the existing Authorised Capital. As with the existing Authorised Capital, the new 2008 Authorised Capital shall be used for capital increases against contributions in cash or in kind.

While shareholders generally have a pre-emptive subscription right whenever the new 2008 Authorised Capital is utilised in order to increase capital against cash contributions, this subscription right may be excluded in the following cases if this is deemed to be in the Company's best interest.

The proposed authorisation will enable the Management Board to exclude shareholders' pre-emptive subscription rights in the event of a capital increase against cash contributions, subject to approval by the Supervisory Board and provided that the issue price is not significantly lower than the prevailing market price. Sections 203 (1) and 2 and section 186 (3) sentence 4 of the German Stock Corporation Act ("Aktengesetz" – "AktG") specifically provide for the possibility of excluding pre-emptive rights. This enables the management to take advantage of favourable opportunities on the stock market whenever they arise and to react quickly to price developments on the market, thereby achieving a high issue price and thus the optimisation of own funds. Moreover, the exclusion of subscription rights is designed to facilitate a placement close to prevailing market price levels, without the issuing discount commonly applied to a rights issue. The amount to be authorised will not exceed the statutory limit of ten per cent (10%) of the issued share capital. Where, in connection with an increase in share capital, the Company makes use of the possibility of excluding subscription rights, 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%) (in any case, however, to a maximum not exceeding five per cent (5%)). This will ensure that any economic dilution of shareholdings will be kept to a minimum. In the event of subscription rights being excluded when issuing new shares against cash contributions close to the prevailing market price, the capital increase must not exceed ten per cent (10%) of the share capital outstanding at the time of the authorisation entering into effect or – if this value is lower – at the time of exercising the authorisation. Given the existence of a liquid market and the amount of freely floating shares, this ensures that shareholders would be able to purchase shares on the stock exchange at similar prices, effectively protecting their shareholding against dilution.

The threshold of ten per cent (10%) of the issued share capital mentioned above 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 capital increase involved does not exceed the threshold of ten per cent (10%) of the 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 exercising Authorised Capital 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.

Furthermore, the proposed authorisation allows for the exclusion of shareholders' subscription rights, in the event of a capital increase against cash contributions, for fractional amounts (again, subject to approval by the Supervisory Board). The purpose of this exclusion is to permit the exercising of the authorisation in even amounts in order to facilitate the technical settlement of issuing shares. As freely marketable fractions, the shares excluded from the shareholders' pre-emptive rights will either be sold at the stock exchange or otherwise disposed of on a "best efforts" basis.

Moreover, the proposed authorisation will permit the Management Board to exclude shareholders' subscription rights, subject to approval by the Supervisory Board, where this is necessary to grant subscription rights to the holders of bonds with warrants or convertible bonds issued (or to be issued) by Aareal Bank AG or its affiliated companies, which subscription rights are required to entitle these holders to the same extent as they would have been entitled upon exercising their conversion or option rights or upon performance of a conversion obligation, if any, thus protecting such holders against dilution. Hence, this exclusion of subscription rights allows the Company, in the event of a capital increase, to offer subscription rights to holders of existing option rights or convertible bonds, in lieu of reducing the relevant exercise or conversion price in line with the terms of issue. The authorisation allows the Company to achieve this objective without having to resort to treasury shares.

A further event that, according to the proposed authorisation, would permit the Management Board to exclude shareholders' subscription rights is the issue of new shares to staff members of Aareal Bank AG or its subsidiaries. As reflected in Section 202 (4) of the AktG, the legislative intent is geared towards the issue of employee shares, as this supports the retention of staff by the Company, facilitates the assumption of joint responsibility and helps to maintain a stable workforce. Thus, issuing shares to employees is in the best interest of the Company and its shareholders. The proposed volume of € 4 million has been determined by taking into account the number of eligible staff, expected subscription results and the term of the authorisation. When setting the issue price, a discount may be granted in line with common practice when issuing employee shares.

Finally, the proposed authorisation allows for the potential exclusion of all shareholders' subscription rights in the event of capital increases against contributions in kind. Aareal Bank AG is exposed to competition on a global scale. The bank must be able, at all times, to act quickly and flexibly on both the national and international markets in the best interest of its shareholders. This includes the ability to acquire enterprises, parts thereof or participating interests at short notice, in order to boost the bank's competitive position. More than ever, the acquisition of enterprises (or parts thereof) concerns larger entities, where the consideration payable may be very large indeed. Granting the Company's shares as consideration may be in its best interests for the purpose of maintaining an optimum financing mix, in order to avoid tying up liquidity or to match the taxation framework in certain countries. The authorisation to issue shares against contributions in kind, as proposed within the scope of the new Authorised Capital 2008, is in line with the authorisation under the existing Authorised Capital. Its purpose is to enable Aareal Bank AG, subject to approval by the Supervisory Board,

to offer the Company's shares in order to settle contractual or legal claims arising from the acquisition of enterprises, or parts thereof, without having to tap into the stock market. The option of using the Company's shares as an "acquisition currency" provides the Company with an edge in the competition for attractive acquisition targets. The issue price, at which the new shares will be issued in this case, depends on the individual circumstances and the timing. In the price determination, the Management and Supervisory Boards will be guided by the Company's interests. At present, there are no concrete plans for using this authorisation. The Management and Supervisory Boards will carefully examine in each individual case whether the exclusion of subscription rights is in the interest of the Company.

The proposed term of the 2008 Authorised Capital (until 20 May 2013) is in accordance with the limitations prescribed by applicable law.

Report by the Management Board to the Annual General Meeting on item 7 of the agenda in accordance with Sections 221 (4) sentence 2, 186 (4) sentence 2 of the AktG

The Management Board submits the following report to the Annual General Meeting regarding agenda item No. 7 in accordance with Section 221 (4) in conjunction with Section 186 (4) sentence 2 of the AktG on the reasons for the authorisation of the Management Board for the exclusion of shareholders' subscription rights. Said report will be available at the Company's offices from the day on which the convention of the Annual General Meeting is notified and will be sent to shareholders on request, without delay and free of charge. The report is hereby published as follows:

We propose to the Annual General Meeting that a new authorisation be granted and that new conditional capital be created for the issue of convertible bonds and/or bonds cum warrants. It is proposed that the existing authorisation, which will expire on 22 May 2011, and the existing conditional capital be revoked. The background to this proposal is the recent decisions of individual courts challenging the past practice of creating conditional capital in order to service debt securities at a minimum conversion or option price. In order to avoid any uncertainty with regard to an important financing option available to the Company, a new authorisation shall be resolved upon for reasons of legal caution, which authorisation shall provide for a fixed conversion and/or option price, but shall in all other regards correspond to the existing authorisation dated 23 May 2006.

Along with the traditional methods of raising equity and borrowing, the issuance of convertible bonds and/or bonds cum warrants (or combinations of these instruments) can provide the Company with opportunities to utilise attractive financing alternatives in the capital market, depending on the market situation. The Management Board believes that it is in the Company's best interest to also have these financing options available to it in the future. However, the intention is to reasonably limit the level from the onset at an aggregate nominal amount of up to € 600 million for convertible bonds and an entitlement for the subscription of up to 10 million unit bearer shares of the Company.

The issuance of convertible bonds and/or bonds cum warrants (collectively the "**Bonds**") enables the raising of capital at attractive terms. The conversion and/or option premiums generated will benefit the Company's capital basis, thereby facilitating the use of favourable financing opportunities. Furthermore, the plan to also establish conversion obligations in addition to granting conversion and/or option rights will provide the Company with more scope for structuring this financing instrument. The authorisation will provide the Company with the necessary flexibility to either place the Bonds itself or via direct or indirect subsidiaries. As an alternative to the issuance in euro, the Bonds may also be issued in other currencies, such as the legal tender of an OECD member state, with or without a limited term. The conversion and/or option price will be set as part of the authorisation.

In principle, the shareholders are entitled to a subscription right. When placing issues via a subsidiary, the Company must also ensure that the Company's shareholders are granted the statutory subscription right. To facilitate technical handling, it is intended that the Bonds be issued to one or more banks, subject to the obligation of offering the Bonds to the shareholders in line with their subscription rights.

However, it is also intended to authorise the Management Board, subject to Supervisory Board approval, to exclude any subscription rights to the extent that the issuance of shares due to conversion or option rights, or due to conversion obligations, is limited to ten per cent (10%) of the Company's share capital. The threshold of ten per cent (10%) of the share capital also includes any shares that were issued for cash contribution or sold as well as any option or conversion rights issued, provided that any such issuances or disposals took place during the term of this authorisation and subject to the exclusion of the subscription right pursuant to Section 186 (3) sentence 4 of the AktG. This ensures that no convertible bonds and/or bonds cum warrants are issued if this could result in shareholders' subscription rights being excluded for a total of more than ten per cent (10%) of the share capital

in direct or analogous application of Section 186 (3) sentence 4 of the AktG for no specific justifiable reason. This further limitation is in the interest of shareholders who wish to maintain their stake, to the greatest extent possible, in the event of capital adjustments.

As a result of this option for excluding subscription rights, the Company achieves the flexibility to leverage favourable capital market conditions at short notice. At the same time, the Company would be enabled to utilise more favourable interest rates and issue prices for the Bonds whenever such rates or prices arise. This is due to the fact that, in contrast to the issue of debt securities with subscription rights, the issue price can only be determined immediately prior to placement, thereby avoiding a higher risk of price changes for the duration of one subscription period. In contrast, when granting a subscription right, the subscription price must be published by the third-to-last day of the subscription period. Against the backdrop of high volatility in the equity markets, this market risk would last for several days, resulting in the application of haircuts when determining the bond terms and therefore in terms and conditions that are not in line with the market. Moreover, as a result of the uncertainty regarding the exercise of subscription rights, their placement with third parties is jeopardised and/or associated with additional expenditure when granting subscription rights.

By setting the issue price of the Bonds to a level that is not significantly below their notional market value ascertained in accordance with recognised mathematical valuation methods, it is intended to reflect shareholders' need of protection with regard to the dilution of their shareholding. After all, with such a Bond issue price, the subscription would have a value of close to zero. In this way, the protection of shareholders against dilution of their shareholdings is ensured and the shareholders are not suffering any material financial disadvantage because of the exclusion of subscription rights. Shareholders who wish to maintain their share in the Company's share capital or purchase Bonds in line with their stake can do so by buying at the stock exchange. Furthermore, subject to approval by the Supervisory Board, the Management Board shall be authorised to exclude fractional amounts from the subscription right. Any such fractional amounts may result from the sum of the relevant issue volume and the need for a practicable subscription ratio. In these cases, the exclusion of the subscription right for fractional amounts facilitates the handling of the capital adjustment. As freely marketable fractions, the shares excluded from the shareholders' subscription rights will either be sold at the stock exchange or otherwise disposed of on a 'best efforts' basis. Through the limitation to fractional amounts, shareholders do not suffer a material dilution of their shareholdings.

Moreover, with the approval of the Supervisory Board, the Management Board shall be enabled to exclude shareholders' subscription rights in order to grant subscription rights to holders or creditors of conversion and/or option rights or convertible bonds subject to a conversion obligation to the extent that would be available to them when exercising conversion or option rights or when performing their conversion obligations. In this way, it would be possible to prevent option or conversion prices being reduced for holders of existing conversion and/or option rights in accordance with the applicable options and conversion terms and conditions in the event of the authorisation being exercised or that the Company would have to provide other protection against dilution.

In order to increase flexibility, the bond terms may also provide that the Company pays the equivalent value in monetary funds, rather than granting shares in the Company to conversion or option beneficiaries. The planned conditional capital is intended to service conversion and/or option rights under convertible bonds and/or bonds cum warrants or to perform conversion obligations with regard to shares of the Company, unless treasury shares are used for this purpose.

Report of the Management Board to the Annual General Meeting regarding the authorisations and the exclusion of subscription rights proposed under agenda item No. 9 in accordance with Sections 71 (1) No. 8 sentence 5 and 186 (4) sentence 2 of the AktG

The Management Board has submitted a written report regarding agenda item No. 9 in accordance with Sections 71 (1) No. 8, 186 (4) sentence 2 of the AktG on the reasons for the proposed authorisation for the acquisition of treasury shares, subject to the partial restriction of the principle of equal treatment and any shareholders' disposal rights, and regarding the proposed authorisation for the sale of treasury shares other than via the stock exchange and in compliance with the principle of equal treatment and at the proposed issue price. This report will be available to shareholders at the Company's offices from the day on which the Annual General Meeting is called. Upon request, said report will be sent to every shareholder, without delay, free of charge. The report is hereby published as follows:

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 20 November 2009 (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. 8 (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. Whenever a public offer is oversubscribed, acceptance must be effected on a pro-rata basis. The preferential acceptance of a lower share quantity of up to 100 shares tendered per shareholder and commercial rounding may be provided for. This method is used to avoid fractional amounts when determining the individual purchase quotas and minor residual portions, thereby facilitating the technical handling.

Agenda item No. 9 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. Among 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.

Moreover, the subscription rights of shareholders may also be excluded when selling shares for contributions in kind. This reflects the purpose of the authorisation included in the proposed resolution 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. The price, at which the treasury shares will be issued in this case depends on the individual circumstances and the timing. With regard to price determination, the Management and Supervisory Boards will be guided by the Company's interests.

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. At present, no option or conversion rights or conversion obligations exist that would be eligible for servicing through treasury shares under the proposed authorisation.

Furthermore, the Company shall have the ability to partially exclude shareholders' subscription rights upon the disposal of shares via an offer to all shareholders in favour of the holders of conversion or option rights. In this way, subscription rights to shares could also be

granted to these holders that would entitle said holders to the same extent as they would have been entitled upon exercising their conversion or option rights or upon performance of a conversion obligation. This would enable the Company to avoid a reduction in the option or conversion price, which would be the consequence of issuing treasury shares without granting subscription rights to the holders of options and conversion rights in accordance with the terms and conditions governing the convertible bonds and bonds cum warrants.

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 alternatives ensure that the shareholders' right to equal treatment will be observed upon disposal.

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.

Report of the Management Board to the Annual General Meeting regarding the exclusion of subscription rights proposed under agenda item No. 10 in accordance with Sections 186 (4) sentence 2 and 221 (4) sentence 2 of the AktG

The rationale of the proposed authorisation of the Management Board to issue profit-participation certificates is to enable the bank, also in the future, to flexibly adapt its capital base to business requirements, thereby ensuring its future development. While the bank has adequate shareholders' equity to meet the requirements of the German Banking Act, it must also have additional scope for action to be able to raise own funds at any time, and in line with the prevailing market conditions. In accordance with the requirements of Section 10 (5) of the German Banking Act, namely subordination, loss sharing and a minimum term of five years, profit-participation certificates are included under the liable own funds.

The authorisation to exclude subscription rights enables the Management Board to take advantage of favourable market opportunities, such as low interest rates or high demand, whenever they arise, thus benefiting the Company. This is not ensured in the case of issues associated with subscription rights, as there is a standard waiting period of about four weeks between the fixing of the terms and the expiry of the subscription period. Where the market interest rates rise or fall within this

period, the bank will run the risk of not being able to place its issue in full or in part, bear additional costs and price losses, and ultimately pay an excessive interest rate. In view of the increasing market volatility, these considerations are of particular commercial significance. By excluding subscription rights, the Company may avoid any such risks and procure own funds more cost-effectively.

In order to minimise any impairment of shareholders' interests, the exclusion of subscription rights is subject to certain requirements. With the exception of the criteria of "loss sharing" and "subordination", the profit-participation certificates must have the same features as simple debt securities. This means that the profit-participation certificates must not confer any membership rights, such as option or conversion rights to shares of Aareal Bank AG, and must not entitle to a share in the profits or in liquidation proceeds. In accordance with the requirements of the German Banking Act, an entitlement to distributions exists only insofar as the payment of interest would necessarily require a distributable profit to be made by the Company. Due to the debenture-like features of profit-participation certificates, the membership of our shareholders will remain unaffected; neither their voting right nor their entitlement to pro-rata dividend payments or their share in the corporate assets would be altered by the issue of profit-participation certificates exclusive of subscription rights.

Our shareholders' financial interests could only be affected inasmuch as the issue of profit-participation certificates – depending on the prevailing market situation – would have to be associated with slightly higher interest payments than non-subordinated borrowings by the bank, in order to compensate for subordination and loss sharing. On the other hand, the bank will benefit from the fact that profit-participation certificates are included in the bank's liable capital. In addition, both the issue price and the entitlement to distributions associated with such profit-participation certificates must reflect the prevailing capital market conditions for comparable subordinated liabilities at the time of issuance. This means that the amounts distributed on profit-participation certificates may exceed the yield (at the time of issuance) of non-subordinated debt securities having the same term (and issued by the Bank) only in so far as a yield mark-up is necessary for the placement to compensate for subordination and loss sharing of the profit-participation certificates. This is ensured by obtaining the relevant offers from market participants immediately prior to placement. Due to these prices being in line with market conditions, no subscription rights would arise at the time of issuance, leaving shareholders unaffected by any pecuniary prejudice.

Where the Management Board does not utilise the above authorisation to exclude shareholders' subscription rights, shareholders – as a rule – have a pre-emptive subscription right. In this case, only a partial exclusion of the subscription right with regard to fractional amounts would be possible.

The reports of the Management Board regarding agenda item Nos. 6, 7, 9 and 10 on the reasons for the authorisations provided thereunder for the exclusion of shareholders' subscription rights will be available for shareholders at the Company's offices (Paulinenstrasse 15, 65189 Wiesbaden) from the day on which the Annual General Meeting is called. The reports will also be available at the Annual General Meeting itself. Upon request, said reports will be sent to every shareholder, without delay and free of charge. They are also published on the internet on www.aareal-bank.com.

Attending the Annual 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. Each of these shares casts one 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 HV Services AG
Hansastraße 15
80686 Munich, Germany

Fax: +49 89 30 90 3 4675
E-mail: anmeldestelle@computershare.de

Said proof must evidence the shareholding as at the commencement of 30 April 2008 (i.e. at 00:00 hours CEST), and must be received by the Company, together with the registration, at the above address no later than by the end of 14 May 2008 (24:00 hours CEST). Evidence of shareholding must be supplied in writing, either in German or English. Following receipt of registration and proof of their shareholdings in the Company, admission tickets for the Annual General Meeting will be forwarded to the shareholders.

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 nor any other person specified in Section 135 of the AktG 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. In the event of their authorisation, the voting proxies designated by the Company will exercise your voting right in accordance with your instructions. Where the meeting votes on a topic, for which you did not give express instructions, your voting proxy will abstain from voting.

Shareholders who wish to authorise any proxies nominated by the Company require an admission ticket to the General Meeting. Proxies and voting instructions issued to designated proxies of the Company must be given, in writing or by fax, by no later than the close of 19 May 2008. Shareholders will receive the relevant documents and information together with their admission ticket.

Motions by shareholders

Motions and nominations by shareholders must be sent in writing, by fax or e-mail to the following address only:

Aareal Bank AG
Corporate Development
Paulinenstraße 15
65189 Wiesbaden, Germany

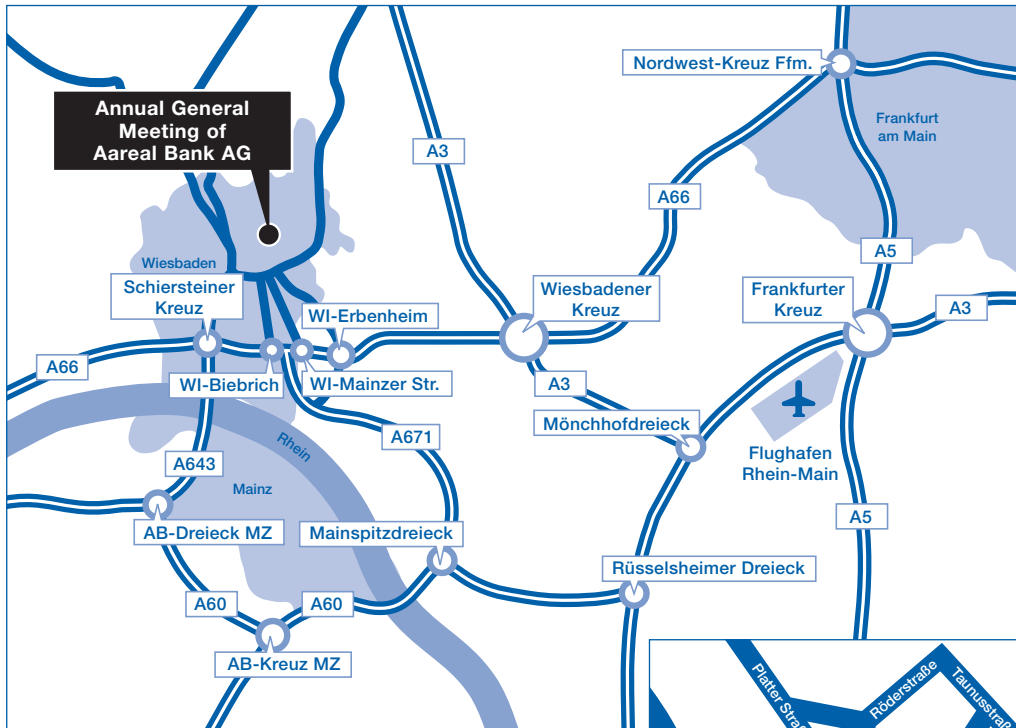
Fax: +49 611 348 2965
E-mail: hv2008@aareal-bank.com

Any motions and nominations to be made available, will be published on the internet on www.aareal-bank.com. Any comments or statements by management will be published on the same website.

Aareal Bank AG

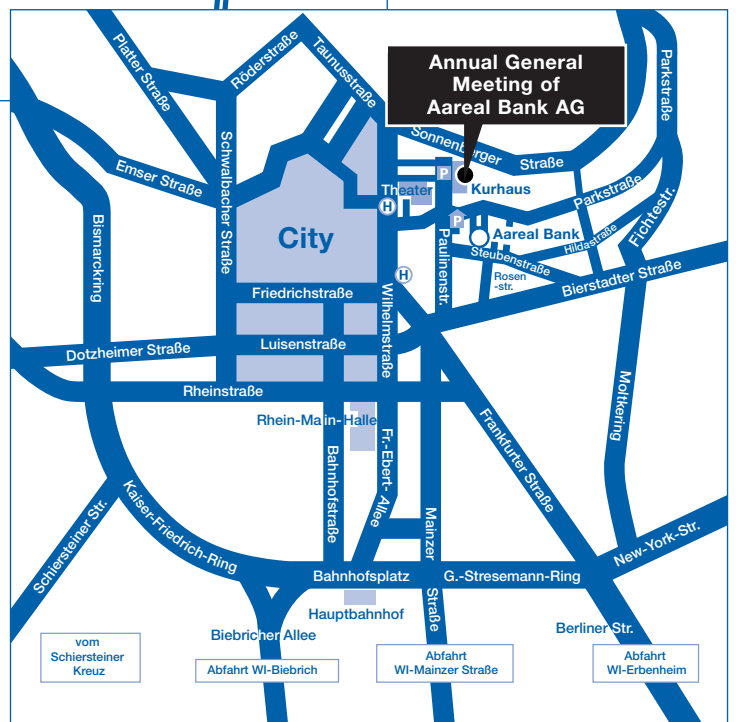
The Management Board

Wiesbaden, April 2008



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