

(€ 63 million) from the measurement of our stake held in Deutsche Interhotel Group.

At € 347 million, administrative expenses were down considerably on the previous year's figure of € 361 million. The 4.4 % reduction reflects our strict cost discipline. Administrative expenses comprise staff expenses of € 212 million (2007: € 230 million) and non-staff expenses of € 135 million (2007: € 131 million).

At € 34 million, net other operating income and expenses also exceeded the previous year's figure of € 18 million. The reported result includes income from a waiver of claims in the amount of € 15 million, which was granted by the financing bank within the scope of the restructuring of a property investment.

On aggregate, the items resulted in consolidated operating profit of € 117 million (adjusted: € 153 million) compared with € 380 million for 2007 (adjusted: € 159 million).

After deduction of € 39 million in taxes (2007: € 72 million) and minority interest income of € 18 million (2007: € 18 million), consolidated net income attributable to shareholders of Aareal Bank Group for 2008 amounts to € 60 million (2007: € 290 million)

Segments

Structured Property Financing

Business development

During 2008 we continued to apply our orientation strictly towards quality and return, and concentrated on transactions with attractive risk/return profiles.

The segment generated € 5.5 billion in new business in the 2008 financial year, after € 11.7 billion in 2007. We consider this volume corresponds to the market situation in 2008. It is a sign of the

difficult market environment, defined by the financial markets crisis, and is also reflected by the considerably lower transaction volume on the markets for commercial property compared with previous years. Both issues led to lower borrowing demand in structural terms and to fewer prepayments compared with previous years. Our new business activities concentrated above all on supporting our existing customers, whose property expertise we were very familiar with.

We successfully increased the interest margin achieved on new business over the previous year.

Three-continents strategy

Aareal Bank pursues a "three-continents strategy" that extends across Europe, North America and Asia. Europe accounted for 63.8 % of new business in 2008, North America for 25.2 % and Asia for 10.9 %.

Key regional markets

Europe

Western Europe

The volume of new business we achieved in Western Europe amounted to € 1.4 billion in the 2008 financial year. This corresponds to 25.0 % of our new commitments overall.

We support our clients in Germany through our branches in Berlin, Hamburg, Munich as well as our Wiesbaden-based head office. New commitments in Germany amounted to € 0.6 billion in 2008.

We established a presence in Paris with our subsidiary Aareal Bank France S.A., from which we manage our distribution activities for other countries, including Switzerland, Belgium and Luxembourg. We also maintain a presence in these countries with our Brussels and Zurich branch offices. We generated new business of € 0.4 billion in these three countries.