

## Press release

### **EU Commission declares additional recapitalisation tranche for HRE compatible with EU State aid rules, extends the scope of state aid control proceedings**

**Munich, 13 November 2009** – In a decision adopted on 13 November 2009, the European Commission declared the additional EUR 3 billion recapitalisation tranche for Hypo Real Estate (HRE) authorised by SoFFin on 4 November 2009 for temporarily compatible with the EU State aid rules until the Commission's final decision on HRE's restructuring plan. The Steering Committee of the Financial Market Stabilisation Fund SoFFin had decided to contribute a further € 3 billion to HRE as a further tranche. In its statement, the SoFFin had again confirmed its intention to adequately recapitalise the Group and to make the necessary liquidity available.

The German Federal Government support received by HRE Group entities is altogether being reviewed within the scope of ongoing EU State aid proceedings. In these proceedings, the European Commission assesses whether support measures comply with EU State aid law. The European Commission had commenced a 'formal investigation' in May 2009, as expected.

Together with the approval of the recapitalization tranche, as expected, the Commission also extended the scope of the ongoing State aid proceedings to cover this measure. The decision to extend the scope of the proceedings will also take into account of potential SoFFin support measures in the future:

- A further recapitalisation of HRE of up to EUR 4 billion.
- The provision of liquidity guarantees for a maximum of five years with different maturities.
- Potential measures in the context of setting up a deconsolidated environment, which may be relevant in the context of State aid proceedings. In cooperation with SoFFin, HRE continues to examine the feasibility of incorporating such a deconsolidated environment that would permit HRE to transfer non-strategic and distressed assets, as generally provided for by applicable law.

A decision to extend the proceedings is the usual procedure if support measures are granted whilst proceedings are ongoing. Such decision does not constitute a prejudice regarding the outcome of the proceedings.

Press release, 13 November 2009 page 2

HRE continues to work very closely and constructively with the German Federal Government and the European Commission on the concrete specifications of the Group's restructuring and realignment; the Group is confident that the Commission's formal investigation will be concluded with a positive decision. HRE is also confident that an agreement in principle with the European Commission will be possible before the end of this year. Due to procedural reasons, however, the European Commission may not be in a position to issue its final formal approval decision before the first quarter of 2010.

**Press contacts:**

**Walter Allwicher:** +49 89 2880-28787; [walter.allwicher@hyporealestate.com](mailto:walter.allwicher@hyporealestate.com)  
**Oliver Gruss:** +49 89 2880-28781; [oliver.gruss@hyporealestate.com](mailto:oliver.gruss@hyporealestate.com)