

Ad-hoc Hypo Real Estate/DEPFA Bank

Merger / capital increase

Hypo Real Estate Group: Agreement on acquisition of DEPFA BANK – capital increase planned

The Management Board of Hypo Real Estate Holding AG has reached an agreement with the Board of Directors of DEPFA Bank plc, Dublin, concerning the acquisition of DEPFA Bank. The proposed acquisition is to be effected by way of a scheme of arrangement under Irish law. Hypo Real Estate Holding AG thereby will acquire 100% of the shares in DEPFA Bank plc.

The whole transaction is valued at approx. EUR 5.7 billion. The purchase price will be financed with equity, hybrid instruments and cash. The company will pay DEPFA Bank shareholders an amount of EUR 6.80 and 0.189 new shares of Hypo Real Estate Holding AG for each share in DEPFA Bank (cash component and share component are arithmetical compensation entitlements and here disclosed in a rounded form for reasons of simplification). Based on the XETRA closing price of the Hypo Real Estate stock on 20 July 2007, the value of the consideration per DEPFA Bank share amounts to EUR 16.14, representing a premium of 17% over the share price of DEPFA Bank stock on that date.

The scheme of arrangement has to be approved by a majority of 75% of DEPFA Bank shareholders in an extraordinary shareholders' meeting, and also has to be approved by the relevant Irish court. It is also subject to the approval of the relevant merger control and bank regulatory authorities as well as other conditions usual for such transactions.

The combination of the two companies presents an opportunity to create a globally leading provider of financial services to the public sector, in commercial real estate finance and in infrastructure finance.

Further details will be given in the joint announcement of the scheme of arrangement and in a press release under the link www.hyporealestate.com.

Capital increase

The Management Board of Hypo Real Estate Holding AG has, with the approval of the Supervisory Board, resolved to increase the capital of the company on the basis of the authorization granted by the Annual General Meeting on 4 June 2004. It has decided to issue 67,036,087 new shares against contribution in kind, excluding any pre-emptive rights of shareholders. The registered share capital will thereby be increased by presumably 50%. The capital increase will only be implemented after the scheme of arrangement has become effective and all shares in DEPFA Bank have been transferred to the company as a contribution in kind.

Mandatory convertible bonds

Hypo Real Estate Holding AG today will issue via its subsidiary Hypo Real Estate Finance B.V., Amsterdam, subordinated mandatory convertible bonds with one year maturity in the volume of EUR 450 million and place them with institutional investors. The bonds will be supported by a subordinated guarantee of Hypo Real Estate Holding AG. Upon maturity the bonds will automatically be converted into new shares issued under the existing contingent capital of the company. The issue of the mandatory convertible bonds excludes the pre-

emptive rights of shareholders. The bonds will feature an interest coupon of the range between 5.125% and 5.625% and will afford a premium in the range between 5% and 10%.

This announcement does not constitute an offer or a solicitation of an offer to purchase or sell any securities.