

Press release

SoFFin, HRE and German financial consortium agree on restructuring the liquidity support facility for HRE

- **Liquidity facility already reduced from its initial level of € 50 billion to € 43 billion, due to repayments made during 2009**
- **German financial sector consortium has underwritten bonds in the amount of approx. € 23 billion**
- **Deutsche Pfandbriefbank to issue guaranteed securities in the amount of € 20 billion**
- **Collateral portfolio (originally in an aggregate amount of approx. € 60 billion) will be released; together with German Government guarantees, it will be replaced by SoFFin guarantees expiring on 22 December 2010**

Munich, 21 December 2009 – The German Financial Markets Stabilisation Fund ("SoFFin"), HRE and a German financial sector consortium have agreed on restructuring HRE's liquidity facility implemented in November 2008, in an original volume of € 50 billion. The outstanding volume was reduced to € 43 billion due to repayments made during 2009. The new liquidity facility was agreed upon in this amount, of which a consortium comprising German financial institutions and insurance companies has subscribed to approx. € 23 billion. The draw down is planned for December 23, 2009, subject to usual drawing preconditions. In an amount of € 20 billion Deutsche Pfandbriefbank AG will issue securities which will be refinanced to some extent with central banks – as in the past – and increasingly on the market. The facility will be fully collateralised through SoFFin guarantees expiring on 22 December 2010. Accordingly, € 35 billion in German Government guarantees as well as a collateral portfolio originally pledged in an aggregate amount of approx. € 60 billion, will be released.

The restructuring will reduce HRE's costs for obtaining liquidity. The securities subscribed by the consortium will bear interest at Euribor + 0.10% p.a. HRE will pay to SoFFin a pro-rata commitment commission of 0.10% p.a. on the undrawn portion, and a 0.50% p.a. fee on guarantees drawn upon.

Repayments have reduced the original framework guarantee – granted to support the Group in an aggregate volume of € 102 billion – to € 95 billion. This figure includes € 52 billion in existing SoFFin guarantees, which will expire by the end of June 2010.

Press release dated 21 December 2009, page 2

Dr Axel Wieandt, CEO of HRE Holding AG and pbb Deutsche Pfandbriefbank AG, said: "We remain grateful for the support provided by the German Government and the German financial sector, for maintaining their extensive liquidity support to HRE. The Group's liquidity requirements will continue to depend upon market developments."

Note to editors:

- **The liquidity support provided to HRE by a consortium from the German financial and insurance sectors** dates back to November 2008. At the time, HRE Group had reached an agreement with a consortium comprising German financial institutions and insurance companies, Deutsche Bundesbank, and the German Federal Government with regard to a € 50 billion liquidity facility, partially guaranteed by the Federal Government.

Funds under the facility were first provided to HRE Group on 13 November 2008, comprising € 30 billion maturing on 23 December 2009 plus € 20 billion maturing on 30 December 2009. Up until the restructuring, HRE had repaid a total of € 7 billion, reducing the aggregate liquidity support to € 43 billion.

Hypo Real Estate Holding AG and its material subsidiaries had transferred or pledged inter alia freely available assets with an aggregate nominal value (at the outset) of approx. € 60 billion to the borrowers' collateral trustee – respectively the guarantor - , as collateral covering the transaction.

Media contacts:

Walter Allwicher: +49 89 2880-28787; walter.allwicher@hyporealestate.com

Oliver Gruss: +49 89 2880-781; oliver.gruss@hyporealestate.com