



“Further step in growth strategy – the acquisition of the international lending business of AHBR”

- I Summary overview
- I Transaction details
- I Portfolio structure
- I Implications and transaction rationale

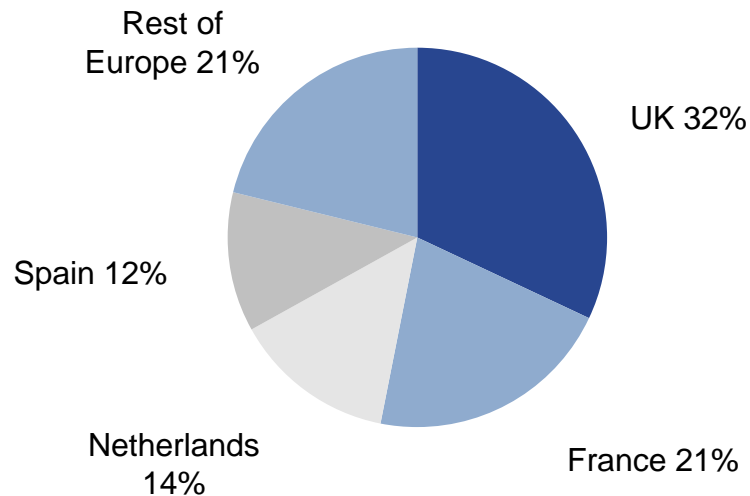
- | Acquisition of the international business in the size of € 3.5 Bn (commitments) from AHBR with an attractive risk-adjusted return (ROI >10%)
- | True sale transaction to be closed in July 2006
- | Further leverage of the balance sheet reducing Tier I ratio by ca. 0.2 percentage points to around 7.1% at end of 2006
- | Additional new business capacity for senior real estate financing of around € 700 MM per year
- | Small positive impact on PBT 2006 due to late closing and deal costs
- | Implication for 2007: PBT increase of around € 20 MM represents a 3% accretion on IBES consensus estimates (€ 696 MM)

 **A further step for HRX' international growth strategy**

- | Real Estate portfolio of € 3.5 Bn in fully performing loans
- | 140 individual loans
- | True sale transaction with AHBR
- | Deal to be closed in July 2006
- | Transfer of 36 employees from AHBR to HRX (employees have the option whether to join or not)
- | Pure acquisition of the loans; refinancing by HRX will be mostly done through newly issued covered German mortgage bonds (Pfandbriefe)

PORTFOLIO STRUCTURE

Split by Region⁽¹⁾



100% = €3.5 Bn

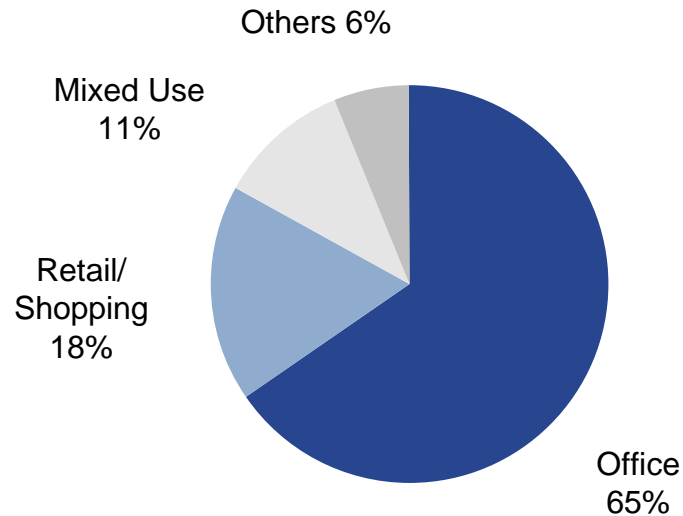
- | Regionally well diversified portfolio all over Europe (13 countries)
- | Average portfolio margin of around 100 Bp
- | About 70% of the portfolio is (low cost) Pfandbrief funded and LTV levels are thus moderate
- | Attractive risk-adjusted return on the portfolio

Hypo Real Estate Group

Portfolio structure – a well diversified portfolio (con't)

PORTFOLIO STRUCTURE

Split by Property Type⁽¹⁾




100% = €3.5 Bn

- | Predominantly office, others mainly comprises industrial and hotel
- | Average age of the loans between 3-4 years
- | Average deal size over €25 MM

Implications and transaction rationale – enhancing portfolio growth & diversification plus a further contribution to earnings

- | €3.5 Bn additional portfolio growth represents a 70% increase over 2006 target (originally 5 Bn) for international business
- | Additional new business capacity for senior real estate financing of around €700 MM per year
- | Enhancing diversification of the Group portfolio by increasing the international portfolio portion by around 2.5 percentage points to over 53%
- | Leveraging balance sheet with low risk senior secured loans, implying additional RWA of about €2.8 Bn
- | Enlarged capacity of low cost Pfandbrief funding
- | 3% PBT accretion in 2007 (based on IBES consensus estimates)

 **As HRX targets a comparable amount of new business in 2007, capital leverage through hybrid capital and securitizations becomes a more visible option to further enhance ROE**

- IMPORTANT NOTICE -

This presentation is not an offer or invitation to subscribe for or purchase any securities.

No warranty is given as to the accuracy or completeness of the information in this presentation. You must make your own independent investigation and appraisal of the business and financial condition of Hypo Real Estate Group and its securities.

Nothing in this presentation shall form the basis of any contract or commitment whatsoever.

This presentation is furnished to you solely for your information. You may not reproduce it or redistribute to any other person.

This presentation may only be made, distributed or passed on to persons in the United Kingdom in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 does not apply.

This presentation contains forward-looking statements. These statements may be identified by such words as “may”, “plans”, “expects”, “believes” and similar expressions, or by their context. These statements are made on the basis of current knowledge and assumptions. Various factors could cause actual future results, performance or events to differ materially from those described in these statements. Such factors include general economic conditions, the conditions of the financial markets in Germany, in Western Europe and in the United States, the performance of the Hypo Real Estate Group’ core markets and changes in laws and regulations. No obligation is assumed to update any forward-looking statements.

The roadshow presentation and any written materials distributed during such presentation are made available only to qualified institutional buyers, as such term is defined in Rule 144A under the U.S. Securities Act of 1933, as amended (“QIBs”). By participating in the roadshow presentation and accepting this document, you are deemed to represent that you are a QIB.

By participating in this presentation or by accepting any copy of the slides presented, you agree to be bound by the foregoing limitations.