

Ad hoc

Hypo Real Estate Holding AG, Munich

Consolidated financial statements

Hypo Real Estate Group achieves strong growth in earnings and proposes a dividend

Munich, 15 March 2005 – The Hypo Real Estate Group has met all of its targets in financial 2004. The international financier of commercial real estate boosted consolidated net income before taxes by 42% from EUR 156 million in the previous year to EUR 221 million. It was accordingly at the upper end of the forecast target range of EUR 205 to 225 million. Of this figure, EUR 66 million was attributable to the fourth quarter (1/4 of 2003: EUR 39 million). Reported consolidated net income in 2004 amounted to EUR 271 million (previous year: EUR 116 million), equivalent to return on equity after taxes of 6.5%. This includes a positive effect attributable to deferred taxes on capitalised losses carried forward. Adjusted by this effect, net income would have increased by 45% to EUR 168 million; this is equivalent to return on equity after taxes of 4.0% (previous year: 2.8%). The operating revenues of the group amounted to EUR 788 million in 2004 (previous year: EUR 738 million).

Following the approval of the annual financial statements on 14 March 2005 the managing board and supervisory board will propose to the shareholders' meeting to be held on 20 May 2005 that a dividend of EUR 0.35 per share be paid for financial 2004.

Hypo Real Estate International boosted pre-tax profit from EUR 87 million to EUR 195 million in 2004. At Württembergische Hypothekenbank, pre-tax profit increased to EUR 60 million (previous year: EUR 54 million). Hypo Real Estate Germany, which successfully completed its restructuring process in 2004 and resumed new business, is within the forecast range with a pre-tax loss of EUR 9 million (previous year: EUR 11 million).

For financial 2005, the managing board is assuming that the Hypo Real Estate Group will be able to generate group pre-tax profit within a range of EUR 400 to 425 million. This would mean that the group, as announced in September of last year, would in 2005 cover its capital costs for the first time (7.5% to 8.0% after taxes).