

Hypo Real Estate Group's pre-tax profit grew by 46 % in H1 2004

Munich, 11 August 2004 – Hypo Real Estate Holding AG, the international commercial real estate financier, recorded a positive development of business during the first half of 2004, reflected in a substantial increase in earnings.

The Group achieved consolidated semi-annual net income before taxes of EUR 114 million, an increase of 46 % over the pro-rata prior year figure (EUR 78 million). Adjusted by the exceptional income item ("lucky buy") generated in the previous year from the purchase of minority interests in the former WestHyp, net income before taxes even grew by 90 %. Consolidated net income increased by 45% from the pro-rata prior year figure of EUR 58 million to EUR 84 million, corresponding to earnings per share of EUR 0.62 (pro rata 2003: EUR 0.43). The key indicators of the income statement developed according to or slightly above plan. During the second quarter of 2004, Hypo Real Estate Group achieved consolidated net income before taxes of EUR 59 million, an increase of 51 % over the pro-rata figure for 2003 (EUR 39 million).

The growth in earnings is attributable primarily to the segment Hypo Real Estate International. Compared to the pro-rata prior year figure of EUR 44 million, semi-annual net income before taxes in this segment more than doubled to EUR 94 million during the first six months of 2004. This positive result derives above all from the inclusion of the US real estate financing portfolio acquired at the end of 2003 and from the successful new business. New business accelerated considerably during the second quarter, rising to EUR 3.7 billion for the entire half-year period. The segment Wuerttembergische Hypothekenbank reports semi-annual net income before taxes of EUR 32 million compared to the pro-rata prior year figure of EUR 27 million. Despite the anticipated decline in operating revenues caused by downsizing of unprofitable or non-strategic portfolio components, the segment Hypo Real Estate Deutschland improved net income before taxes from the pro-rata prior year figure of minus EUR 6 million to minus EUR 1 million. During the first six months of 2004, this segment reduced its total lending volume by EUR 5.0 billion overall.

The Board of Management has confirmed its projections for the entire year 2004 in full. Consolidated net income before taxes is to move in a corridor between EUR 205 million and EUR 225 million, corresponding to a return on equity after taxes between 3.5 and 4 %.