Acquisition of DEPFA BANK plc by HRE Holding AG

July 2007

Creating a Global Leader in Large Scale Finance

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Content

Creating a Global Leader in Large Scale Finance
Key Attractions

- ✓ Combination of leading global franchises in public sector and commercial real estate finance in a friendly transaction fully supported by both management teams
- ✓ Global powerhouse serving increasing demand for large scale finance fuelled by public sector budget constraints and PPP initiatives
- ✓ Substantial “global/ local” reach for deal sourcing, structuring and distribution platforms blended with best in class interest rate, market and credit risk expertise
- ✓ Significant (on- and off-) balance sheet volumes and capital strength to compete for larger, more complex and higher margin assignments globally
- ✓ Shared track record of value creation and earnings momentum with well regarded, nimble and incentivised management teams
- ✓ Attractive premium for DEPFA’s as well as substantial value creation for HRE’s shareholders:
  - ✓ 19% premium over DEPFA’s last 3 month average share price reflects DEPFA’s franchise strength as well as earnings contribution and composition
  - ✓ Compelling and accelerated earnings growth underpinning 2010 target RoE of over 15%; already accretive in 2008 – over 15% EPS accretion onwards
  - ✓ Unique and compelling combination allows for attractive and difficult to replicate synergy potential

Transaction Highlights
Key Items

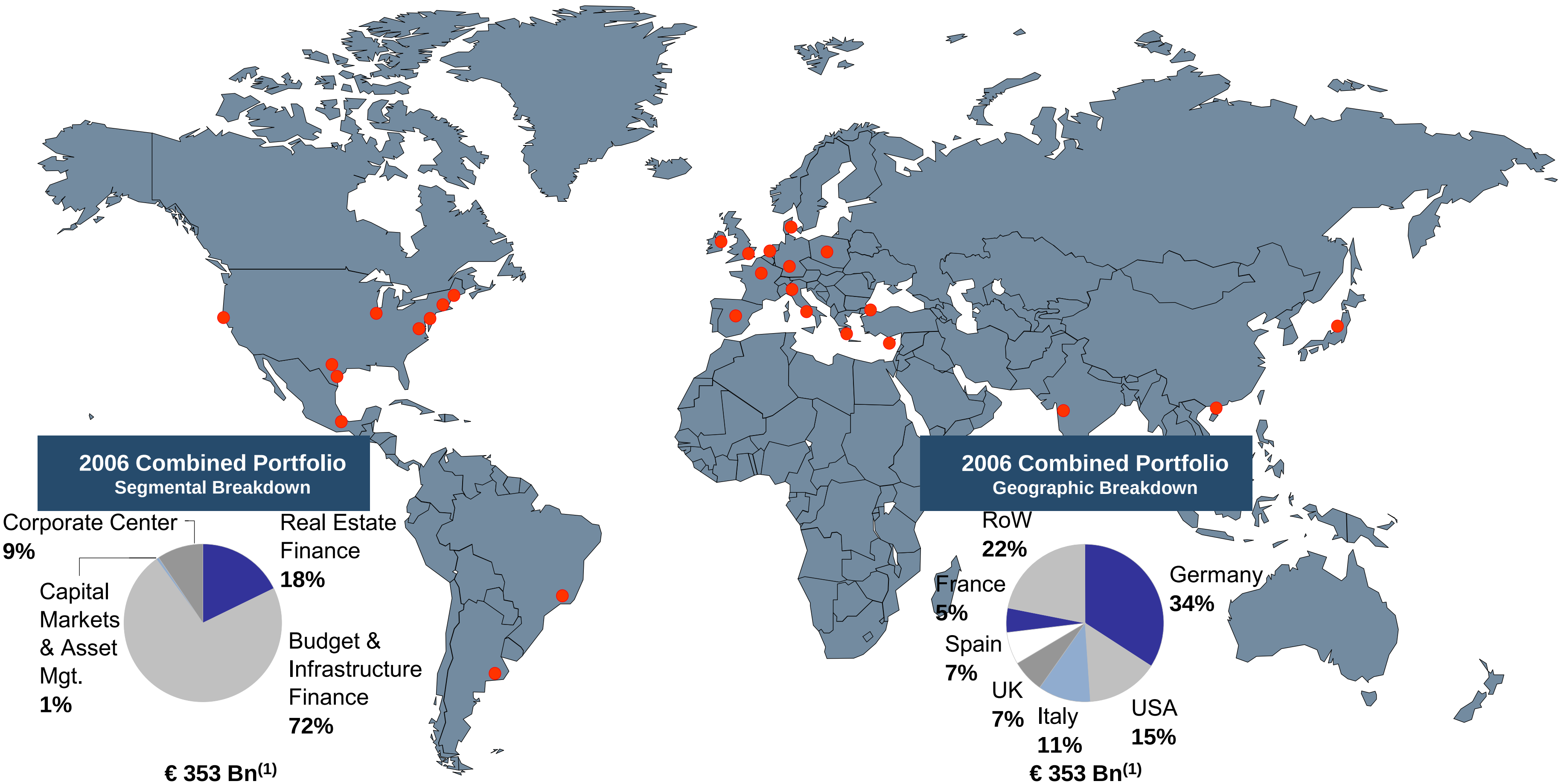
Purchase Price	l 100% acquisition of DEPFA BANK plc (DEPFA) by Hypo Real Estate Holding AG (HRE) l € 5.7 Bn or € 16.14 per share through combination of HRE shares (58%) and cash (42%); Goodwill amounts to approx. € 2.7 Bn l Premium of 17% vs. current DEPFA share price and 19% vs. L1M/L3M average reflects DEPFA's franchise strength, earnings contribution and composition as well as synergies potential
Financing	l Structured to achieve a conservative financing mix in order to maintain solid initial capitalization; further rebuild targeted going forward l Shares: Issuance of maximum number of shares ex-rights under current authorisation (i.e. 67 MM) against contribution in kind; € 3.3 Bn l Fixed cash component of € 2.4 Bn: Combination of equity-linked component, hybrid and senior debt l Combined Tier I ratio 2007E of over 7% targeted, estimated to improve to over 8% by 2010E to support favourable Credit Ratings
Structure	l Friendly acquisition based on mutual agreement and shared understanding of benefits of the transaction l Structured as a Scheme of Arrangement but not subject to any Takeover Code l Closing anticipated for beginning of October

Strategic Rationale

Creating a Global Leader in Large Scale Finance

1. Global Partner of Professional Clients with Large Scale Financing and Structuring Needs
2. Combining Complementary Skill Sets
3. Creating Scale to Compete
4. Powerful Play on Secular Trends
5. Management Track Record and Strong Business Cultures

1 Global Partner of Professional Clients with Large Scale Financing and Structuring Needs



Global footprint with unparalleled client access
Leveraging DEPFA's client franchise with HRE's product expertise

Note
1. Commitments; 2006 actuals

2 Combining Complementary Skill Sets

HRE

Exceptional client coverage capabilities

High levels of expertise in syndication and securitisation

Strong risk management culture

Track record of successfully managing turnaround

Strong expertise-driven franchise growth

Entrepreneurial management teams

Prudent credit risk taking in core business

Culture of cost discipline

DEPFA

Market-leading budget and infrastructure finance team

Intimate knowledge of public sector

Excellent funding relationships

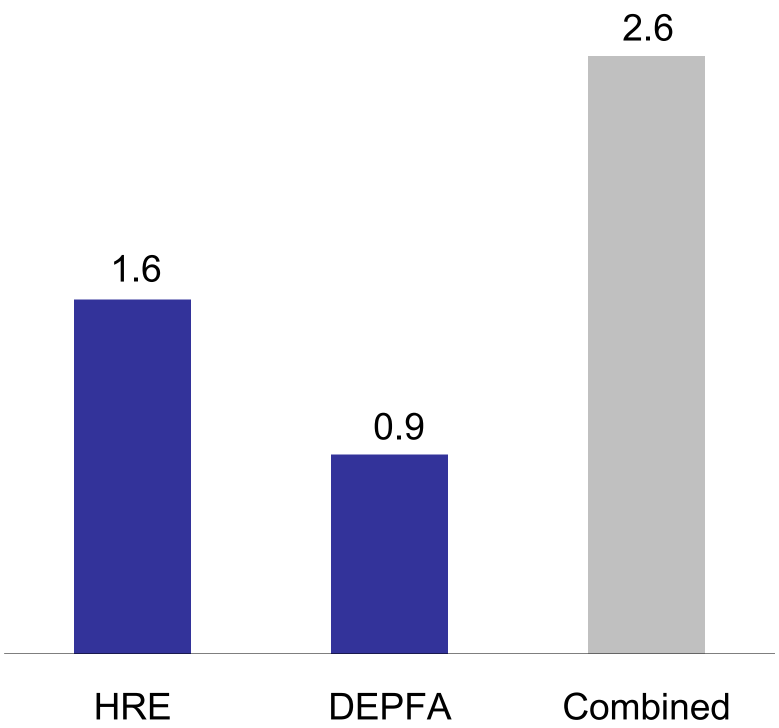
Strong secondary markets presence

Global distribution access

Highly complementary skills of HRE and DEPFA provide for sustainably profitable business model with low integration risk

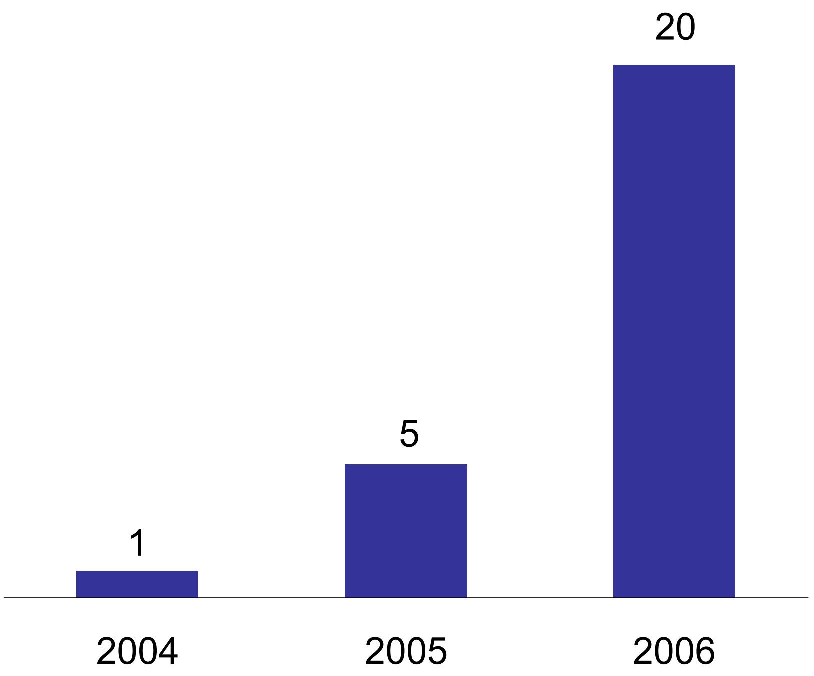
3 Creating Scale to Compete

Large Limit Exposure (€ Bn)



Source Company Information

Development of Commercial Real Estate Transactions (# of Transactions >$ 1 Bn in North America)



Source RCA Capital Analytics

Strongly improved position as big ticket underwriter/ distributor

4 Powerful Play on Secular Trends

The Public Sector often is the Largest Owner of Real Estate (Example UK – £ Bn 2005A)

	Residential	Commercial, Industrial & Other	Total
General Government	4	189	192
Central Government	4	76	80
Local Government		113	113
Public Non-Financial Corp	122	27	149
Total Public Sector	**126**	**215**	**341**
Total National Figure	**3,574**	**626**	**4,201**
Public Sector/National	**<1%**	**34%**	**8%**

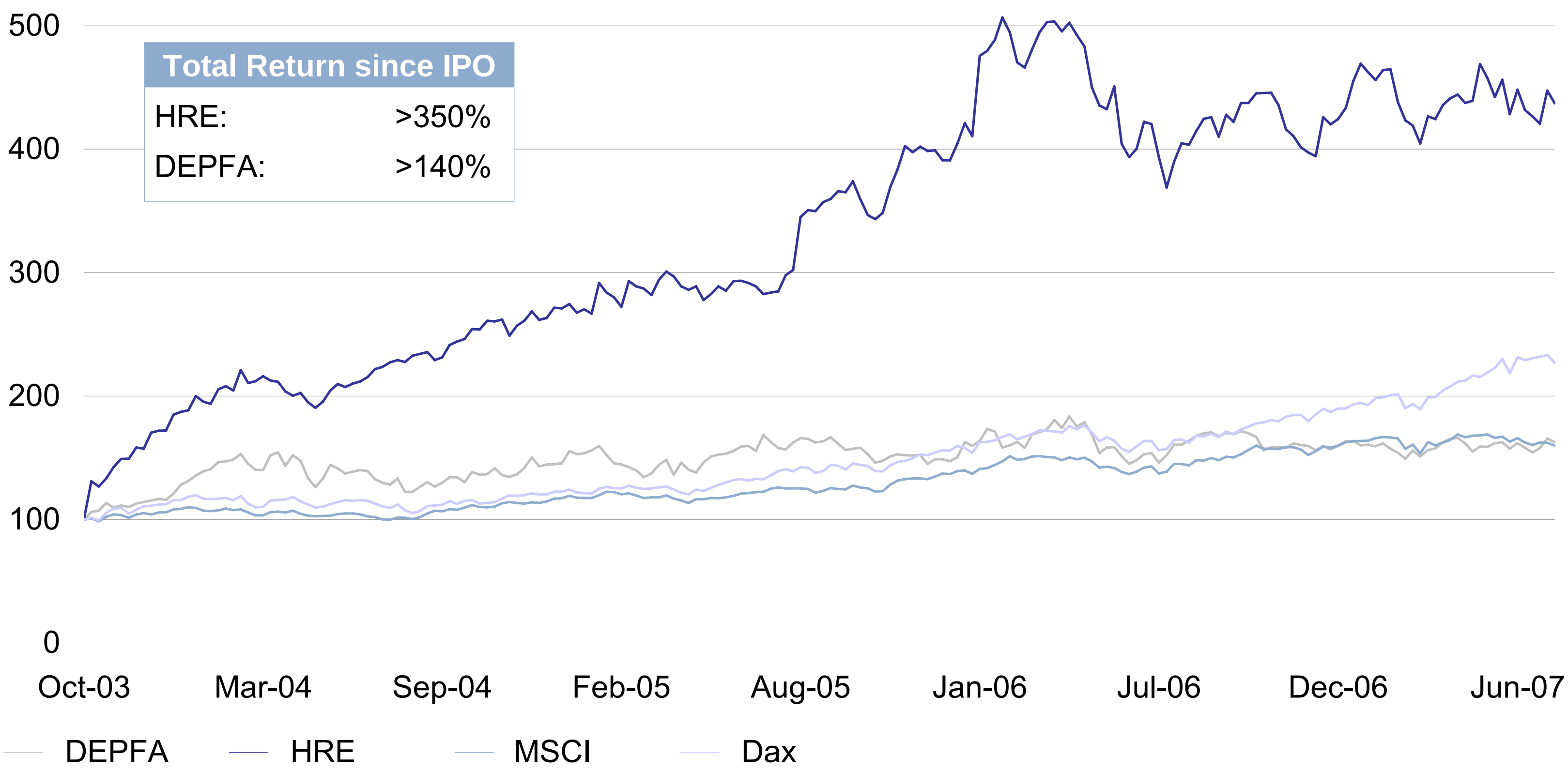
Global Expected Annual Investment Needs ($ Bn 2000-2030)

	2000 - 2010	2010 - 2020	2020 - 2030	Annual Average
Road	220	245	292	**252**
Rail	49	54	58	**54**
Telecoms	654	646	171	**490**
Electricity	127	180	241	**183**
Water	576	772	1,037	**795**
Total	**1,626**	**1,897**	**1,799**	**1,774**

Macroeconomics expected to fuel public finance going forward - real estate as an increasingly important "source of value" Globally growth of need for infrastructure financing and instruments

Source DEPFA

5 Management Track Record and Strong Business Cultures



Track record of value creation and earnings momentum
Well regarded, nimble and incentivised management team

Source FactSet

The New Group

Three Complementary Business Segments Form a Balanced New Group Structure

The New Group

Commercial Real Estate Finance	Budget & Infrastructure Finance	Capital Markets & Asset Management	Corporate Center
- Senior-, junior- and mezzanine financing - Portfolio loans - Syndication - Funding	- Public sector lending and portfolio management of public sector assets - Infrastructure finance (debt and equity) and advisory - Funding	- Investment banking products for clients - Advisory fees - Asset management - Trading - Structured client solutions - Securitisation	- HRE German and DEPFA Global Markets legacy portfolio - Corporate center functions

GROUP

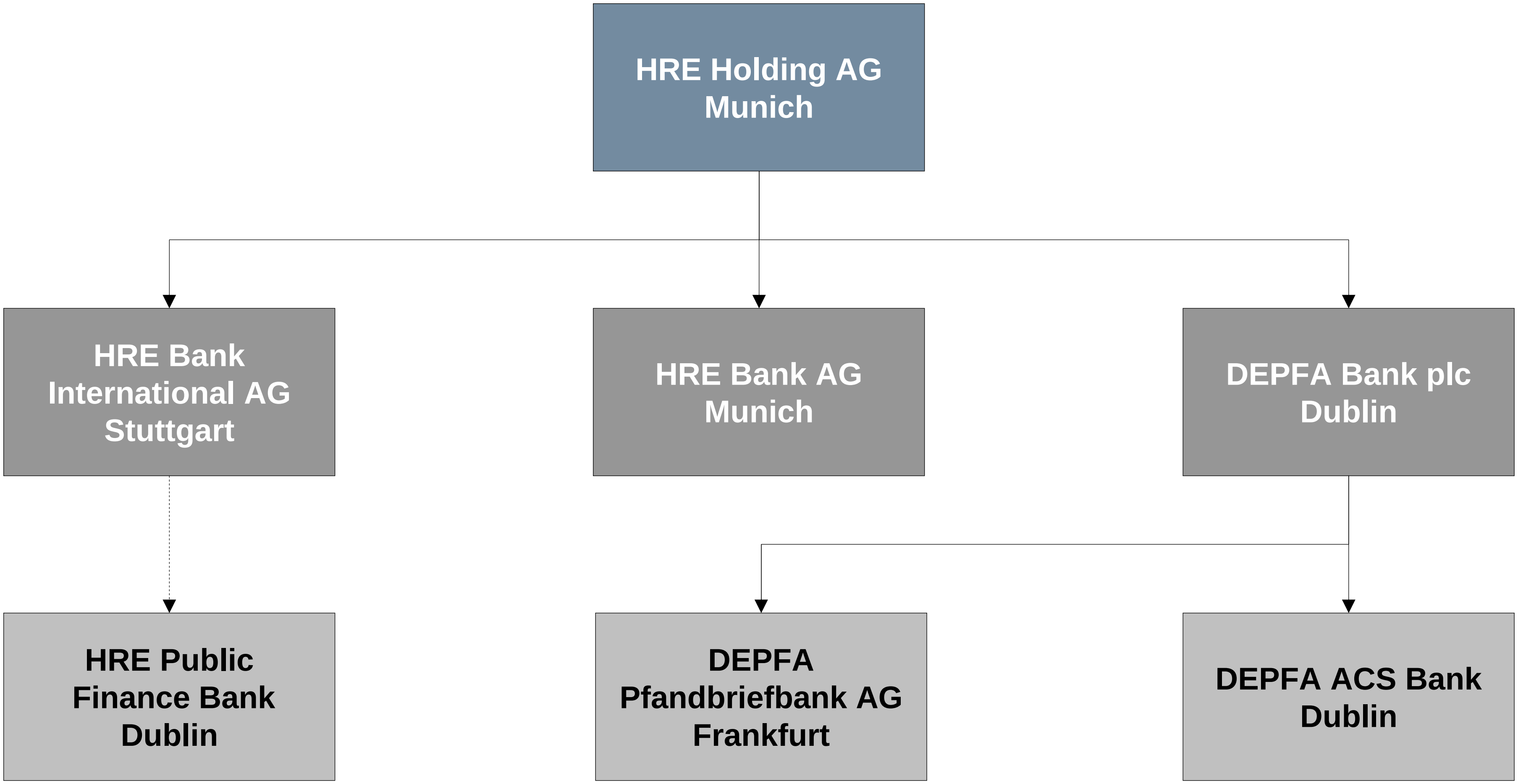
- A global leader in public, infrastructure and commercial real estate finance
- Strong diversification by business activities, geographies as well as funding

Diversified Earnings and Asset Base
2006 Actuals Combined

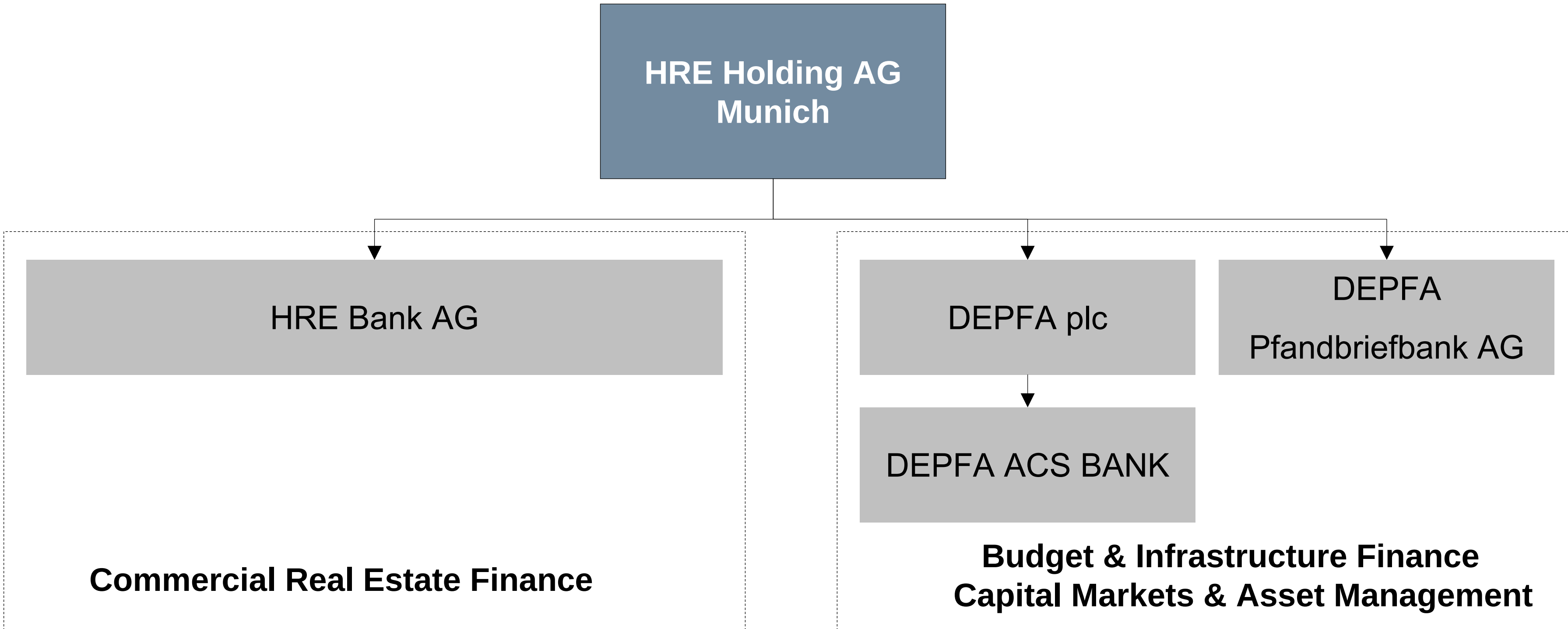
	Commercial Real Estate Finance	Budget & Infrastructure Finance	Capital Markets & Asset Management	Corporate Centre	Group
Operating Revenues	€833 MM	€724 MM	€206 MM	€193 MM	€1,956 MM
% Group	*43%*	*37%*	*10%*	*10%*	
PBT	€540 MM	€608 MM	€139 MM	€(71) MM	€1,216 MM
% Group	*44%*	*50%*	*12%*	*(6%)*	
RWA	€49 Bn	€31 Bn	€7 Bn	€13 Bn	€100 Bn
% Group	*49%*	*31%*	*7%*	*13%*	

Source Company Information

The New Group
Transition to New Structure - Structure At Day 1



The New Group
Transition to New Structure – Target Structure



- One legal entity as bank for Commercial Real Estate lending

- The business segment Budget & Infrastructure Finance will operate out of DEPFA
  - DEPFA plc for Budget & Infrastructure Finance and Capital Markets & Asset Management
  - DEPFA Pfandbriefbank for Public Sector Pfandbrief activities
  - DEPFA ACS BANK for ACS activities

Corporate Governance
Future Board Composition Will Reflect Principle of Continuity

Supervisory Board[1]

Kurt F. Viermetz Chairman	Prof. Dr. Klaus Pohle Vice Chairman	Antoine Jeancourt-Galignani	Dr. Frank Heintzeler	Dr. Pieter Korteweg	Thomas Quinn
Gerhard Bruckermann Vice Chairman	Dr. Thomas M. Kolbeck	NN DEPFA	NN DEPFA	NN DEPFA	NN DEPFA

Management Board Holding

CEO Georg Funke	CFO Dr. Markus Fell	COO Cyril Dunne[2]	CRO Bettina von Oesterreich	Commercial Real Estate Frank Lamby (Origination) Dr. Robert Grassinger (Funding/Treasury)	Budget & Infrastructure Finance Bo Heide-Ottosen[2]	Capital Markets & Asset Management Thomas Glynn

Notes
1. Intended structure and representations subject to AGM approval of HRE
2. Subject to regulatory approval

Top Management Signed up for the Deal

DEPFA Plc – Board of Directors[1]

Non Executive Directors

Georg Funke Chairman	Bettina von Oesterreich	Dr. Markus Fell
Cyril Dunne	Irish Representative NN	Irish Representative NN

Executive Directors

Angus Cameron	Paul Leatherdale	Andrew T. Readinger

Executive Committee

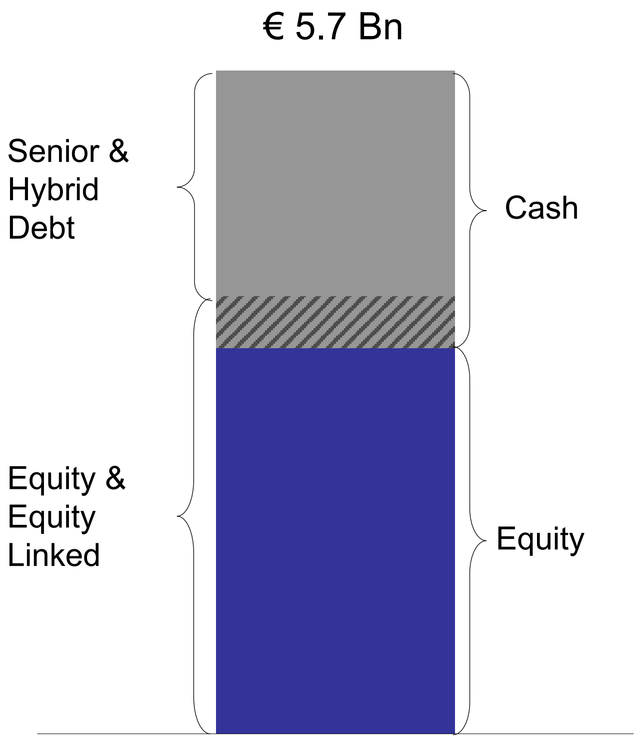
Paul Leatherdale Co-CEO: Project Finance/ Infrastructure Finance	Andrew T. Readinger Co-CEO: Capital Markets	Angus Cameron CFO	James Campbell COO	Thomas Glynn Asset Management	Bo Heide-Ottosen Budget Finance	Rolf Hengsteler CRO

Note
1. Subject to required approvals

Financing and Capitalization

Financing and Payment Structure
Prudent Financing as a Basis to Create Value

- Prudent financing mix with 66% of consideration met through equity and equity-linked issuance at current market prices
- Acquisition financed through:
  - Approx. 67 MM new shares issued to DEPFA shareholders against contribution in kind (€ 3.3 Bn at current market prices[1])
  - Fixed € 2.4 Bn cash consideration
- Cash component raised through combination of equity linked, hybrid capital and senior unsecured debt

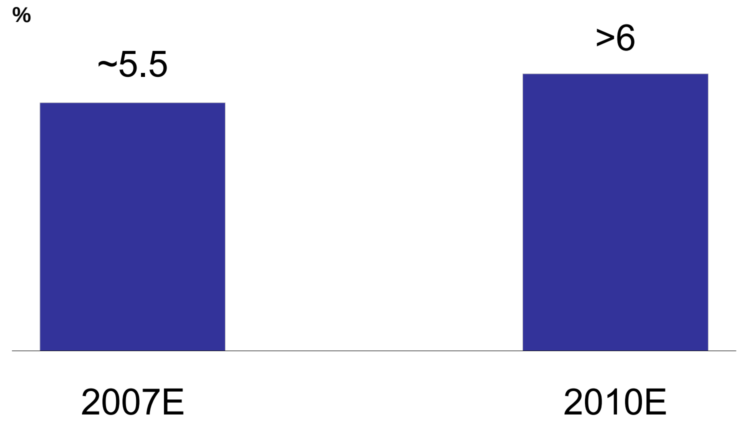


Note
1. Based on HRE closing share price of € 49.17 as at 20 July 2007

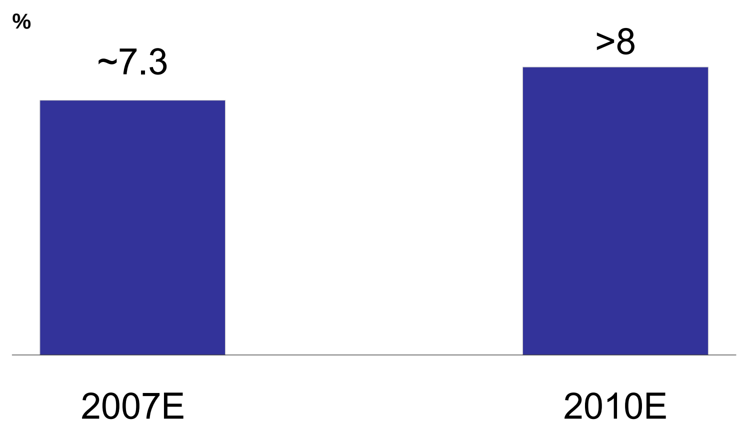
Source Company Information

Capitalisation
Sound Initial Capitalisation Targeted to Improve even Further

Equity Tier 1 Ratio[1] (Targets)



Total Tier 1 Ratio[1] (Targets)



- Rating agency case assumes deduction of entire goodwill of approx. € 2.7 Bn
- Prudent transaction financing ensures that either immediately or within a short period of time capital ratios meet management's targets for the combined group
  - Target Equity Tier 1[1] ≥ 6.0%
  - Target Total Tier 1 ≥ 7.0%
- Going forward, combined group will be managed to solid levels of capitalisation, expected to generate a positive trend in capital adequacy ratios
- Dividend payout adjusted (DPS 2007 approx. at 2006 level) to strengthen capitalisation; but expected to increase to 40-50% by 2010

Note
1. Incl. equity linked

Source Company Information

Benefiting Under Basel II from Strong Collateral and Asset Quality

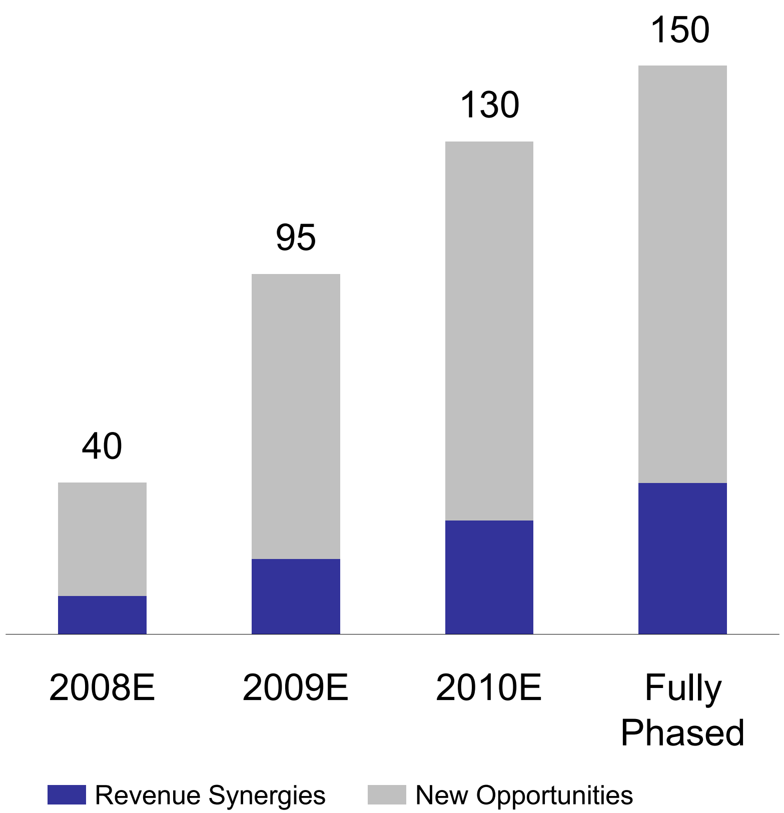
- The Basel II programs of HRE and DEPFA have identified significant RWA reductions under the AIRB/Foundation approach:
  - HRE shows a capital relief of over 25% according to the AIRB approach due to:
    - Strong historic international track record
    - High proportion of valuable collateral as buffer
  - Only applying the Foundation approach indicates a RWA reduction of up to 50% compared to Basel I at DEPFA:
    - Large proportion of public finance activities
    - Extremely low risk profile of public finance portfolio

Synergies & Financial Impact

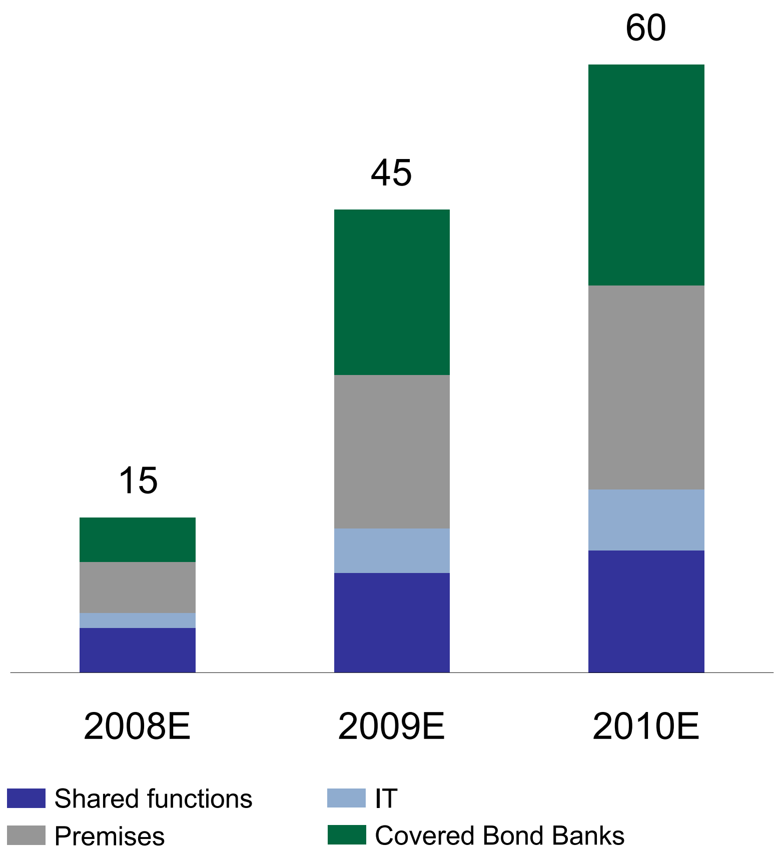
Target Synergy potential

75% Cost Synergies and 60% of Revenue Synergies Targeted to be Achieved Within Two Years Only

Revenue Synergies & New Growth Opportunities (€ MM)



Cost Synergies (€ MM)



Implementation/ restructuring costs estimated to be ~ € 160 MM of which € 100 MM in 2007

Source Company Information

Target Synergy Potential

Larger Tickets, More Efficient Management of Assets and Access to Public Sector Real Estate are Expected to be Key Sources of Additional Growth

Source	Value added from transaction	Target Contribution (fully phased, pre-tax)
Revenue Synergies	l Syndication of more profitable large tickets within real estate finance and infrastructure finance. Incremental margin of 30 Bp on € 2 Bn new business off balance sheet l Increased large loan exposure of Group from € 0.9 Bn (DEPFA) to more than € 2.6 Bn. Additional € 1.5 Bn per annum new infrastructure finance business on balance sheet at 65 Bp net margin with a duration of 4 years l Additional income due to active management of € 60 Bn HRE public sector assets with a duration of 7 years	Total: € 40 MM
New Growth Opportunities	l New business from cross-selling by serving public sector as largest property owner. Additional € 3 Bn per annum new real estate business on balance sheet l Combination of the product range and credit risk management expertise will lead to a broader product range for DEPFA's IFU clients. Advanced risk management capabilities will enable to enter into more complex deals l Other sources incl. cross selling in structured customer derivatives (€ 10 MM), advantages from branch license of DEPFA in US to HRE business (€ 5 MM) bypassing intermediaries within securitizations (€ 5 MM), etc.	Total: € 110 MM

Source Company Information

Target Synergy potential
While Being a Growth Case, the Combination still Creates Significant Cost Synergies

Source	Value added from transaction	Target Contribution (fully phased, pre-tax)
Covered Bond Banks	I The combined entity would contain 5 covered bond banks. Going forward, this business could be done out of a reduced number of banks	€ 20 MM
Shared functions	I Elimination of redundancies - reduction of personnel and related expenses I Streamlining Governance Structure I Only one listed company	€ 10 MM
IT Professional & Consulting Fees	I Conversion to one IT platform could lead to savings in infrastructure, applications, market data / information feeds, IT development I Joint projects, e.g. Basel II, Economic Capital, etc., offer potential for cost reduction	€ 12 MM
Premises	I Current premises in same locations can be combined I Target locations where the other partner is already present can be taken over at minor costs	€ 18 MM

Target Total Cost Synergies € 60 MM (11 % of combined cost base)

Source Company Information

Main Financial Targets

	2007E[1]	2009E	2010E	CAGR/Change '07-'10E
Operating Revenues (€ Bn)			~3.0	14%
Cost/ Income	~32%	<30%	~26%	(6)% ppt
Equity Tier I Ratio[2]	~5.5%	~6%	>6%	1% ppt
RoE (after-tax)	~12%	>13%	>15%	>3% ppt

Expected to be EPS accretive for shareholders already from 2008 onwards

Notes
1. Including full year DEPFA for comparative purposes, excl. acquisition/integration effects (except for Equity Tier I ratio)
2. Including equity-linked; 2007 target
3. On a fully diluted basis

Source Company Information

Timing and Next Steps

Next Steps

Priority	l Submission of Scheme Document
September	l DEPFA shareholders to approve transaction
Parallel	l Implementation of capital measures at HRE
Beginning of October	l Anticipated closing of transaction

Summary

Summary

- ✓ Leading global player in the fast-growing large scale financing sector, with dominant business and client franchises in commercial real estate and international public finance as well as higher value added product and distribution capabilities
- ✓ Strong earnings growth at lower risk and lower costs than both companies standalone
- ✓ Combination of two entrepreneurial management teams, both with impressive track records and market-differentiating levels of client and product expertise
- ✓ Strong diversification of business activities and geographies, providing the new group with broader sources of revenue and even lower potential for results volatility than on a standalone basis
- ✓ Low execution risk due to respective restructuring track records, common credit cultures, limited overlap of businesses and robust risk management of both groups

The combination of the two highly complementary businesses through HRE’s friendly take-over of DEPFA, creates a group with a very strong profile

Summary (cont.)

- ✓ More diversified funding profile, benefiting from access to a wide range of secured and unsecured funding sources and a strengthened structuring skill base; favorable funding levels also going forward
- ✓ Prudent transaction financing, with over 66% of consideration met through equity or equity-linked issuance. Going forward, combined group will be managed to solid levels of capitalization, targeted to generate a positive trend in capital adequacy ratios
- ✓ Targeted revenue synergies of ca. € 150 MM p.a., on top of good growth prospects of the stand-alone entities
- ✓ Targeted cost synergies of ca. € 60 MM p.a., or 11% of the combined cost base, on top of the very lean cost structures of both stand-alone entities
- ✓ Expected to be EPS accretive already from 2008 onwards

Value creation for shareholders at limited risk

Investor Relations Contacts

Contact Details

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Appendix

DEPFA Combines Four Synergetic Business Segments

DEPFA's Business Segments

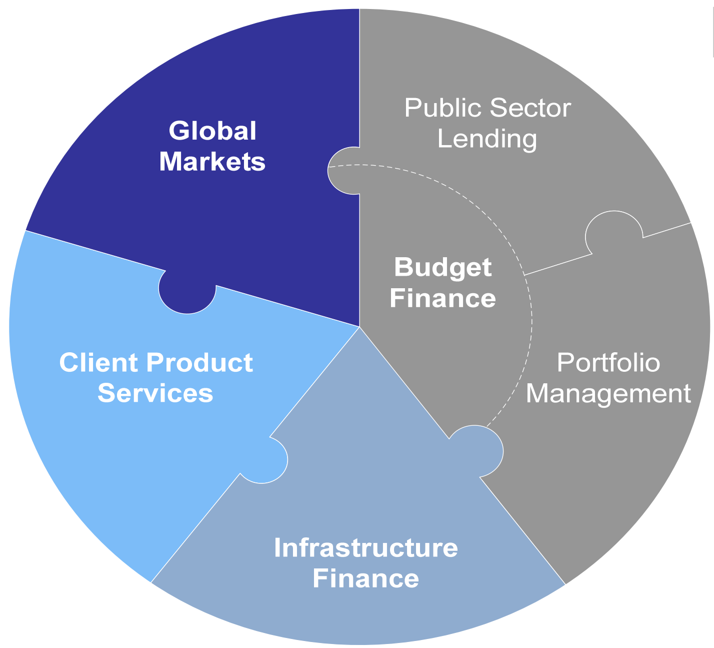
Business Segments

16% of Revenues 2006

- **Diversified proprietary trading platform, generating trading income**
- **Leverage of knowledge and skills from client businesses**

7% of Revenues 2006

- **Income from client derivatives**
- **Net interest income from structured solutions**
- **Advisory fees**



40% of Revenues 2006

- **Net interest income from micro-hedged lending to Public Sector entities**
- **Group funding (currently at approx. LIBOR -5)**
- **AA2 Credit quality**

31% of Revenues 2006

- **Ongoing optimisation of own EUR 190bn portfolio of Public Sector assets**
- **Income generation through active portfolio management**

6% of Revenues 2006

- **Net interest income from concession based Debt and Mezzanine Financing of essential infrastructure**
- **Advisory fees**

Highest Reputation in Public Sector Community and World Leader in Infrastructure Finance

Clients

Public Sector

- Most recognised Public Sector player globally besides Dexia
- Investing in our clients' assets and exclusive Public Sector focus provides a competitive edge
- Long serving and trusted financing partner to European sovereigns and sub-sovereigns
- Footprint in the US significantly increased over recent years (now biggest country exposure, presence will grow following acquisition of First Albany)
- History of successful business in Japan
- Building relationships and access to markets in Asia, Central and Eastern Europe and Latin America

Infrastructure

- Global player in the international infrastructure market
- Strong focus on the US and Europe but growing globally

DEPFA BANK

Investors

- Major issues of covered Public Sector Bonds
- More than 100 Central Banks and State Agencies invest in DEPFA's liability products
- Excellent share register with numerous long-term value investors
- Major player in US Guaranteed Investment Contract (GIC) market with a portfolio in excess of USD 3bn after 15 months
- Established CLO platform for PPP loans ("EPIC")

Financial Profile
High Proportion of Recurring and Predictable Revenues

Segment	Activity	Sources of Earnings	Revenue Stability and Predictability	Cumulative portion of Total 2006 Revenues
Budget Finance	**Loans, Bonds, Liquidity Facilities to Public Sector**	• High quality micro-hedged portfolio of Public Sector assets • Competitive advantage of attractive funding levels • Our Public Sector franchise and client base provides opportunities to generate consistent flow of new assets from sovereign to municipal credits and liquidity facilities	Very Stable	65%
IFU	**Infrastructure financing**	• High quality micro-hedged portfolio of PPP Bonds, loans and loan commitments • Competitive advantage of know-how and expertise position DEPFA as a market leader in PPP financing • Our strong client base provides great opportunities to generate consistent flow of new assets from PPP activities • Increasing contribution from advisory services on infrastructure financing	Very Stable	
Budget Finance	**Portfolio management**	• Gains from portfolio rebalancing and optimisation • Covered options in offer to enhance profits from credit spread volatility • Structural market conditions and established track record give comfort in future gains • A sustainable level of recurring profits is achievable but impractical to predict its occurrence	Very Stable Stable	
CPS	**Securitisations and Derivatives for Public Sector**	• Main drivers are interest rate Swaps and structured products with the majority of transactions connected with the banks financing activities (BF, IFU) • Sustain earnings growth in the future from broadened client base, build up of Guaranteed Investment Contracts book and securitisation of client receivables • In this segment the trading result is of a sustainable nature because new transactions are hedged and the profits can be interpreted as an upfront fee for financial structuring	Stable	86%
Global Markets	**Positioning and Trading**	• Shift from long-term interest rate positioning to more diversified trading platform • Earnings are relatively volatile but have contributed positively in the past	Relatively Volatile	