

**Supplement No. 1 dated 25 September 2007
pursuant to Sec. 16 para. 1 of the German Securities Prospectus Act
(Wertpapierprospektgesetz)**

to the prospectus of

**Hypo Real Estate Holding AG
Munich**

dated 10 September 2007

for the admission to the official market on the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the official market with additional post-admission obligations (*Prime Standard*) on the Frankfurt Stock Exchange

of

67,036,087 ordinary no-par value bearer shares (Stückaktien)

from the capital increase from authorised capital against contributions in kind, excluding subscription rights, to be resolved by the Management Board of the Company with the approval of the Supervisory Board

— each with a notional value of € 3.00 and with full dividend rights as of 1 January 2007 —

and

up to 13,407,217 ordinary no-par value bearer shares (Stückaktien)

from the conditional capital to service the conversion rights from the € 450,000,000 5.5 % guaranteed subordinated mandatory convertible bond due 2008

— each with a notional value of € 3.00 and with full dividend rights as of the beginning of the financial year in which the conversion right is exercised or the mandatory conversion is effected —

of

Hypo Real Estate Holding AG, Munich

- WKN 802770 -
- ISIN DE0008027707 -
- Common Code 017329707 -
- Ticker Symbol HRX -

Morgan Stanley

25 September 2007

Hypo Real Estate Holding AG (the “**Company**”) hereby discloses the following changes that have occurred prior to 25 September 2007 in relation to the prospectus as published on 10 September 2007:

- On the cover page the first two paragraphs are replaced by the following paragraphs:

“Prospectus

**for the admission to the official market on the Frankfurt Stock Exchange
with simultaneous admission to the sub-segment of the official market
with additional post-admission obligations (Prime Standard) on the
Frankfurt Stock Exchange**

of

*67,036,087 ordinary no-par value bearer shares (Stückaktien)
from the capital increase from authorised capital against contributions in kind, excluding
subscription rights, as resolved by the Management Board of the Company
with the approval of the Supervisory Board on 19 September 2007”*

- In the chapter “Summary — Overview of the envisaged acquisition of DEPFA BANK plc — Description of the Acquisition: Scheme of Arrangement” on page 3 of the prospectus, the third paragraph is amended as follows:

“On 24 September 2007 a shareholders’ meeting was held by order of the High Court of Ireland to allow the DEPFA shareholders listed in the share register of DEPFA BANK plc (except for Hypo Real Estate Holding AG, its subsidiaries and persons that hold shares in DEPFA BANK plc for account of Hypo Real Estate Holding AG) to approve the Scheme of Arrangement. The approval had to be passed by a simple majority of the DEPFA shareholders voting directly or represented at the vote and at the same time by a majority of at least 75 % of the share capital voting directly or represented at the vote. A majority of the DEPFA-shareholders present at the shareholders’ meeting on 24 September 2007 and a 98.19 % majority of the represented share capital approved the Scheme of Arrangement. At the extraordinary general meeting of DEPFA shareholders, which was held directly after the meeting convened by the High Court of Ireland, the management of DEPFA was authorised to implement the Scheme of Arrangement and the changes to the articles of association required for its implementation were approved by a majority of 93.82 % of the votes cast, thereby satisfying the necessary minimum of 75 %. It is expected that the High Court of Ireland, at the request of DEPFA BANK plc and with the participation of Hypo Real Estate Holding AG, will sanction the Scheme of Arrangement on 2 October 2007 and confirm the reduction of the issued share capital of DEPFA BANK plc. The Scheme of Arrangement will then take effect upon submission and registration of copies of the corresponding court orders in the Irish Companies Registration Office. The Scheme of Arrangement will, if it becomes effective, be binding on all shareholders, regardless of whether they voted for or against the proposed resolutions in the General Shareholders’ Meeting.”

- In the chapter “Risk factors — The closing of the acquisition might become impossible, delayed, or prevented as a result of other legal reasons; in particular, the acquisition might fail because one of the conditions specified in the merger agreement is not fulfilled.” on page 30 et seq. of the prospectus, the following sentence is to be inserted at the end of the third paragraph:

“Shortly before the shareholders’ meeting of DEPFA BANK plc held at 24 September 2007 approving the acquisition of all outstanding shares of DEPFA BANK plc by Hypo Real Estate Holding AG by way of a Scheme of Arrangement under Irish law, a shareholder of Hypo Real Estate Holding AG filed an action for a declaratory judgment against Hypo Real Estate Holding AG which is, in particular, aimed at having the capital increase of Hypo Real Estate Holding AG against contributions in kind by utilising the authorised capital, excluding the subscription rights of the shareholders of Hypo Real Estate Holding AG, that is envisaged in connection with the acquisition of DEPFA Group to allow the contribution of the shares of DEPFA BANK plc, as well as the registration of the capital increase against contributions in kind in the Commercial Register declared unlawful.”

- In the chapter “General Information — Subject matter of the prospectus” on page 36 of the prospectus the first sub-paragraph is amended as follows:

“The subject matter of this prospectus for the purpose of admission to the official market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the official market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange are

- *67,036,087 new ordinary no-par value bearer shares (Stückaktien), each with a notional value of € 3.00 and with full dividend rights as of 1 January 2007 from the capital increase from authorised capital against contributions in kind, excluding shareholders’ subscription rights, as resolved by the Management Board of the Company with the approval of the Supervisory Board on 19 September 2007 and”*
- In the chapter “Description of the business of the Hypo Real Estate Group — Major items of litigation and official proceedings” on page 137 of the prospectus, the following paragraphs are inserted before the paragraph “Proceedings currently pending review”:

“Action for a declaratory judgment against Hypo Real Estate Holding AG

In connection with the intended acquisition of DEPFA BANK plc, Hypo Real Estate Holding AG will effect a capital increase against contributions in kind (see “Description of the acquisition of DEPFA BANK plc — Description of the Scheme of Arrangement” and “Information relating to the share capital of Hypo Real Estate Holding AG and applicable legal provisions — Share capital” and “Information relating to the share capital of Hypo Real Estate Holding AG and applicable legal provisions — Authorised capital and conditional capital”). Shortly before the shareholders’ meeting of DEPFA BANK plc held at 24 September 2007 approving the acquisition of all outstanding shares of DEPFA BANK plc by Hypo Real Estate Holding AG by way of a Scheme of Arrangement under Irish law, a shareholder of Hypo Real Estate Holding AG filed an action for a declaratory judgment against Hypo Real Estate Holding AG. The claim has not yet been served to Hypo Real Estate Holding AG.

The action is aimed at having the capital increase of Hypo Real Estate Holding AG against contribution in kind by utilising the authorised capital, excluding the subscription rights of the shareholders of Hypo Real Estate Holding AG, that is envisaged in connection with the acquisition of DEPFA Group to allow the contribution of the shares of DEPFA BANK plc declared unlawful. Alternatively, the plaintiff requests that the court declare that Hypo Real Estate Holding AG may only carry out the acquisition of DEPFA BANK plc subject to the consent of the shareholders’ meeting of Hypo Real Estate Holding AG. Furthermore, the plaintiff requests that the registration of the capital increase against contributions in kind in the Commercial Register pursuant to Section 16 para. 2 of the German Commercial Code (Handelsgesetzbuch) be declared unlawful. To substantiate the claim the plaintiff argues that the measures contemplated by Hypo Real Estate Holding AG in connection with the acquisition of DEPFA BANK plc, namely the capital increase by utilising the authorised capital, impermissibly avoided the competence of the shareholders’ meeting. Given the aggregate volume of the intended capital measures of Hypo Real Estate Holding AG, the competence of the shareholders’ meeting, although not expressly provided for in the law, allegedly arises from the so-called Holz Müller-principles, a doctrine developed by the German Federal High Court of Justice (Bundesgerichtshof) pursuant to which, in the event of a particularly material infringement of the shareholders’ rights and of the pecuniary rights as embodied in the share ownership, the management board may, in exceptional cases, be obligated to seek a resolution by the shareholders’ meeting.

Based on the authoritative case law of the German Federal High Court of Justice (Bundesgerichtshof) Hypo Real Estate Holding AG believes that the action for a declaratory judgment has no merits and intends to close the transaction as planned. The competent regional court (Landgericht) will not deliver its ruling on the matter until after completion of the transaction. However, the registration of the capital increase against contribution in kind is subject to the judgment by the competent judge at the Commercial Register, based on an examination of its lawfulness, and the judge at the commercial register may suspend the registration until the court has ruled on the disputed legal matter. Based on the authoritative case law of the German Federal High Court of Justice (Bundesgerichtshof) Hypo Real Estate Holding AG is

convinced that upon completion of the registration in the Commercial Register, the capital increase against contributions in kind will continue to be effective regardless of the outcome of the proceedings. In the event that, contrary to the expectations of Hypo Real Estate Holding AG, the action for a declaratory judgment proves successful, it cannot, however, be excluded that further claims against Hypo Real Estate Holding AG or its corporate bodies may be asserted. In addition, it is possible that further judicial actions may be instigated against the capital measures that are contemplated in connection with the acquisition of DEPFA BANK plc.”

- In the chapter “Description of the acquisition of DEPFA BANK plc — Description of the Scheme of Arrangement” on page 141 of the prospectus, the third paragraph and the first, second and third sentence of the fourth paragraph are amended as follows:

“By order of the High Court of Ireland, a shareholders’ meeting was held on 24 September 2007 in order to allow the DEPFA shareholders listed in the share register of DEPFA BANK plc (except for Hypo Real Estate Holding AG, its subsidiaries and persons that hold shares in DEPFA BANK plc for the account of Hypo Real Estate Holding AG) to approve the Scheme of Arrangement. The approval had to be passed by a simple majority of the DEPFA shareholders voting directly or represented at the vote and at the same time by a majority of at least 75 % of the share capital voting directly or represented at the vote. A majority of the DEPFA-shareholders present at the shareholders’ meeting on 24 September 2007 and a 98.19 % majority of the represented share capital approved the Scheme of Arrangement.

At the extraordinary general meeting of DEPFA shareholders which was held directly after the meeting convened by the High Court of Ireland, the management of DEPFA was authorised to implement the Scheme of Arrangement, and the changes to the articles of association required for its implementation were approved by a majority of 93.82 % of the votes cast, thereby satisfying the necessary minimum of 75 %. It is expected that the High Court of Ireland, at the request of DEPFA BANK plc and with the participation of Hypo Real Estate Holding AG, will sanction the Scheme of Arrangement on 2 October 2007 and confirm the reduction of the issued share capital of DEPFA BANK plc.”

- In the chapter “Information relating to the share capital of Hypo Real Estate Holding AG and applicable legal provisions — Share capital” on page 191 of the prospectus, the first sentence in the second paragraph is amended as follows:

“On 19 September 2007 the Management Board of the Company, with the approval of the Supervisory Board, passed a resolution for a capital increase against contributions in kind utilising authorised capital and excluding subscription rights.”

Pursuant to Section 14 para. 2 lit. 3a of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), the prospectus of Hypo Real Estate Holding AG dated 10 September 2007 was published on the website of Hypo Real Estate Holding AG (www.hyporealestate.com) on 10 September 2007. Print copies of the prospectus and of this supplement No. 1 are available free of charge during general business hours from Hypo Real Estate Holding AG, Unsöldstraße 2, 80538 Munich, Fax: +49-89-203007772, and from Morgan Stanley Bank AG, Junghofstraße 13-15, 60311 Frankfurt/Main, Fax: +49-69-2166-1599.

Pursuant to Section 16 para. 3 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), investors who have already agreed to purchase or subscribe for the securities before the supplement is published may withdraw their acceptances within two working days after the publication of the supplement, provided that settlement has not yet occurred. The withdrawal does not have to state any grounds and must be declared in writing vis-à-vis such person or entity from which the investor purchased the offered shares. Punctual dispatch suffices to comply with the time limit.

Munich, Frankfurt/Main, in September 2007

Hypo Real Estate Holding AG

Dr. Markus Fell

Frank Lamby

Morgan Stanley Bank AG

Johannes Borsche

Christian Zorn

[This page is intentionally left blank.]

