Roadshow Presentation

December 2003

Hypo Real Estate GROUP

"A leading international Banking Group focused on Real Estate Structured Finance"

Content

1 Transaction Highlights

Key Investment Highlights

- Pure play real estate finance house
- Outstanding franchise reputation
- High growth potential internationally based on in-depth industry expertise
- Significant restructuring potential in Germany
- Sound and competitive capitalization/funding supporting growth
- Strong risk management culture from international side
- Highly transparent and flexible Group structure
- Focused, experienced and accountable management team

Strong upside potential based on international high-margin business, German restructuring and adaptation of international business model to Germany

We created a New Group in Record Time

July 2003:
- Letter of intent signed for FGH sale
- Acquisition of minorities in WestHyp
- Merger with HRE decided by WestHyp EGM
- Management board of Hypo Holding appointed (on 28 July)

September 2003:
- Analyst presentation
- HRE squeeze-out completed/ registered
- International portfolio transferred on September 25
- Legal date of spin-off September 29, earlier then initially anticipated

October 2003:
- Listing on stock exchanges (Frankfurt and Vienna) started as planned on October 6
- FGH Bank sold on October 24
- Setup of Hypo International completed

August 2003:
- Listing prospectus submitted for approval by stock exchange
- BaFin approval for synthetic portfolio transfer as part of Hypo International's portfolio

November/December 2003:
- Acquisition of US portfolio, transfer of portfolio to be completed by mid-December
- Legal restructuring of Hypo Germany completed on November 3

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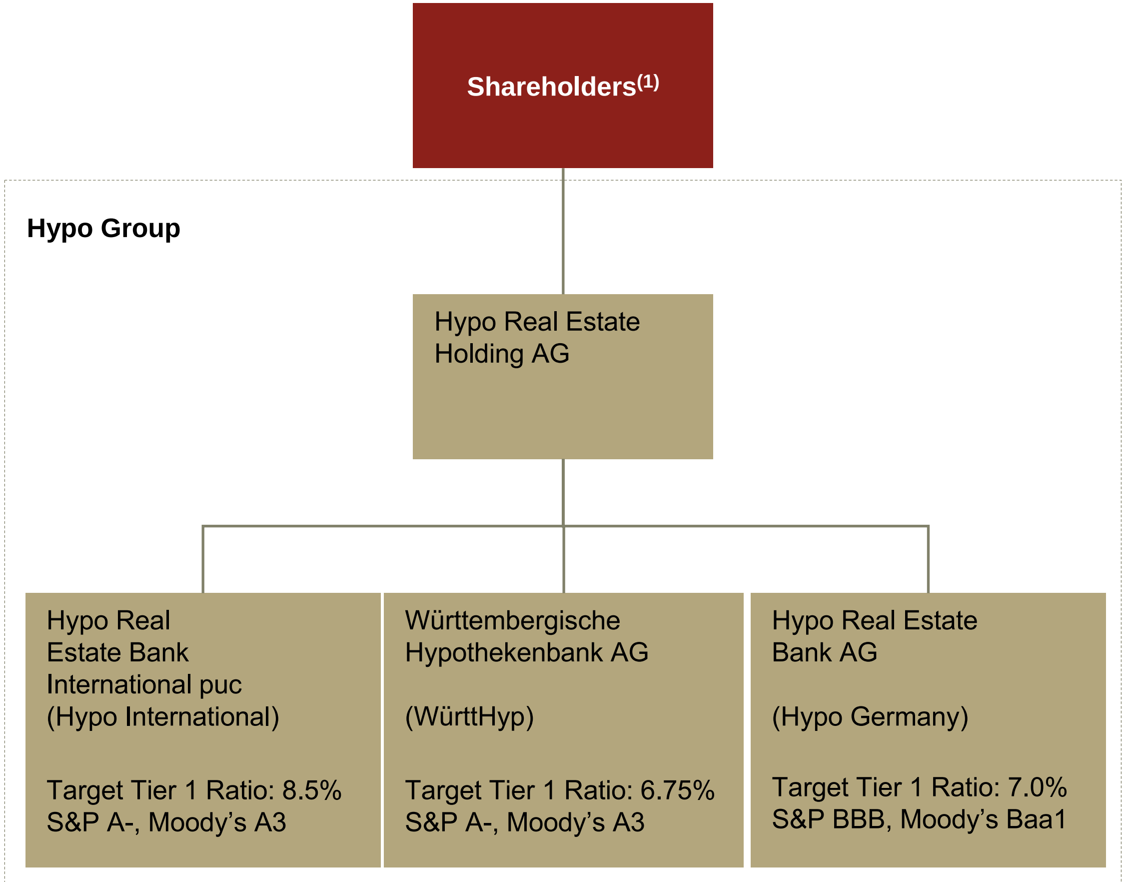
2 Hypo Real Estate Group

Pure Financial Holding will steer Banking Group

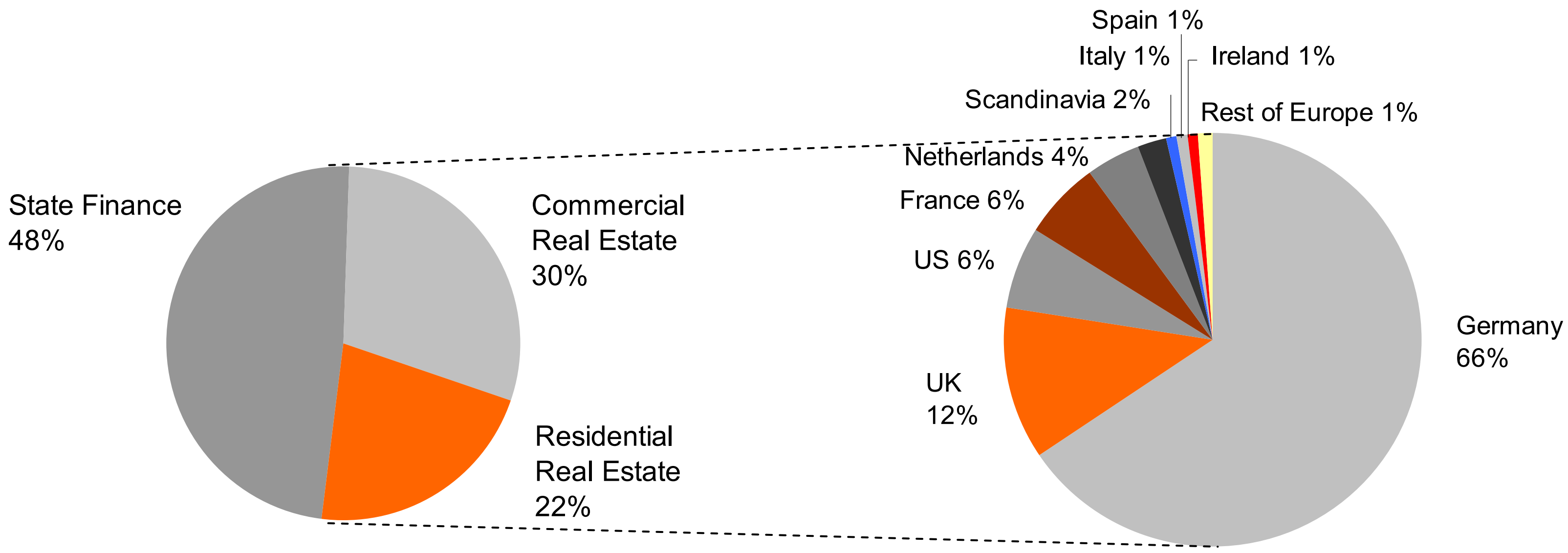


- Financial holding company (KWG) with three separate operating banks as subsidiaries
- Holding provides equity capital markets access and strategic steering of Group
- Holding is be located in Munich and headcount will amount to approx. 30
- Three separate/dedicated capital pools enable efficient funding
- Target Tier 1 ratios will be maintained through efficient excess capital management

Note
1. Initial shareholder structure was identical with HVB AG's shareholder structure

Overview of Current Loan Portfolio

Product Split & Regional Split Total Loan Portfolio[1,2]



100% = €129.1 Bn[3]

100% = €66.5 Bn[3]

Notes
1. Based on loans outstanding
2. Internal, unaudited figures as of 05/2003
3. Excluding FGH, incl. existing US portfolio of HVB AG (which has been acquired in the meantime)

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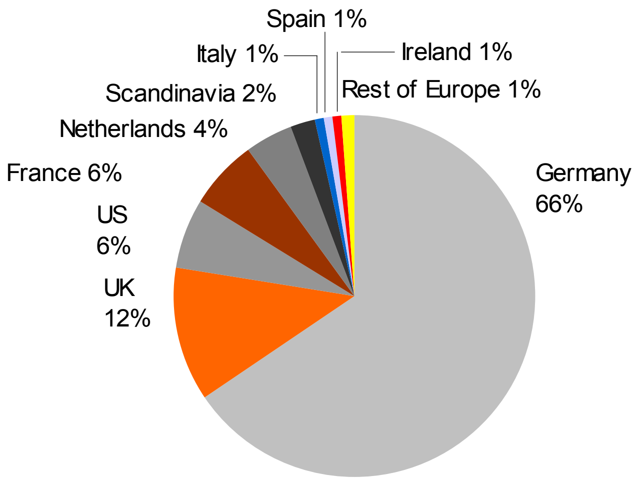
Long-term Strategy: Regionally well-diversified Loan Portfolio

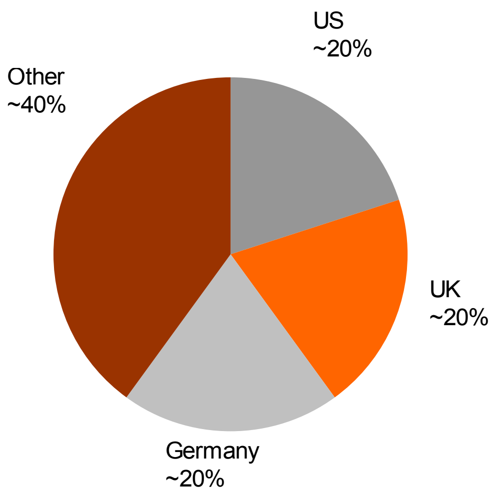
Regional Split Total Real Estate Loan Portfolio(1,2)

05/2003



100% = €66.5 Bn(3)

Long-term Target Structure



Cornerstones of Portfolio Strategy:

- Strict avoidance of concentration risks
- Reduction of low-margin state finance business
- Key real estate markets include Germany, UK and US
- Expansion into new markets on an opportunistic basis
- Adaptation to local cycles

Notes

1. Based on loans outstanding
2. Internal, unaudited figures as of 05/2003
3. Excluding FGH, incl. existing US portfolio of HVB AG (which has been acquired in the meantime)

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Group Financials

Income Statement

(€ MM)	9 Months 03	¾ of 2002 (pro-forma)[1]
Net interest income	499	503
Provisions for losses on loans and advances	189	379
Net interest income after provisions for losses on loans and advances	**310**	**124**
Net commission income	14	8
Trading profit	0	0
General administrative expenses	187	176
Balance of other operating income/expenses	1	13
Operating result	**138**	**-31**
Net income from investments	-13	47
Amortization of goodwill	0	0
Balance of other income/expenses	-35	-4
thereof: Restructuring expenses	53	0
Additions to restructuring provisions	14	2
Result of ordinary activities / net income/loss before taxes	**90**	**12**
Taxes on income	43	20
Net income/loss	**47**	**-8**
Minority interest	-1	-9
Profit/loss	**46**	**-17**
Cost-Income Ratio	36.4%	33.6%

Note:
1. Limited comparability

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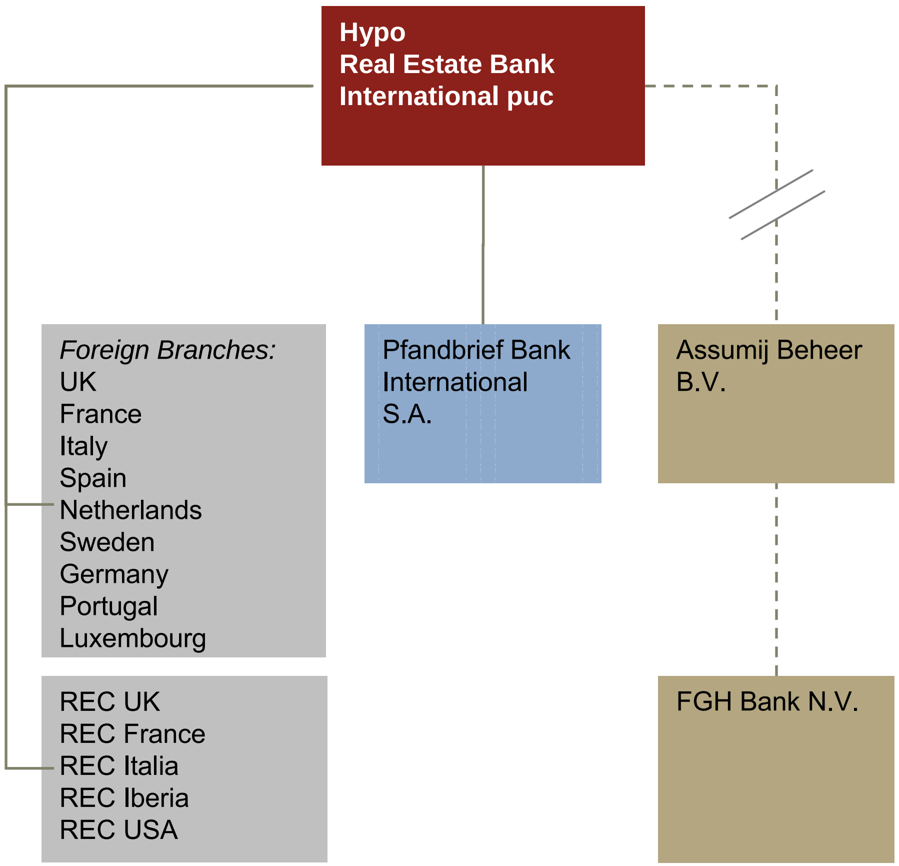
3 Hypo Real Estate Bank International

Target Organizational Structure



- Hypo Group sold FGH bank to Rabobank
  - Benefit of avoiding a major restructuring process within FGH as well as ensuring strategic focus
  - Dutch market will be covered by a newly created branch
- PBI will be fully integrated into Hypo International's treasury function
- Acquisition of HVB's US portfolio will strengthen profitability and lead to further risk diversification

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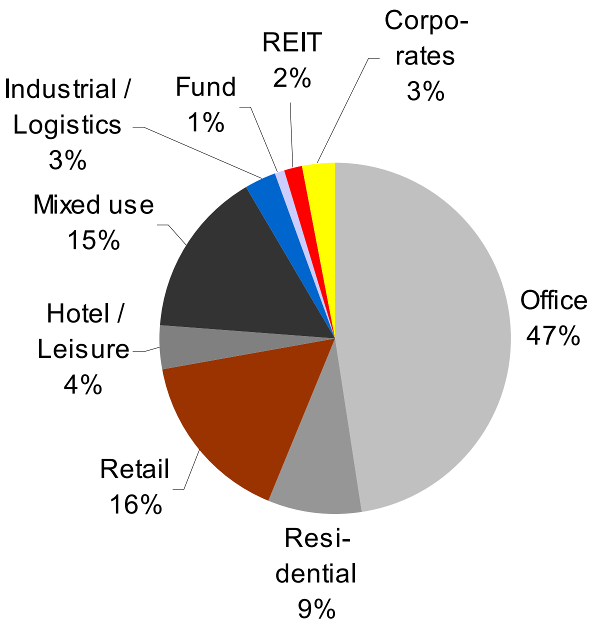
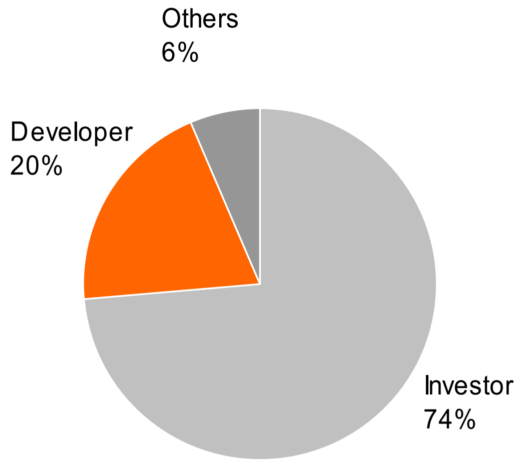
Current Commercial Portfolio Structure is Sound and Well-diversified

Allocation Per Property Type[1,2]



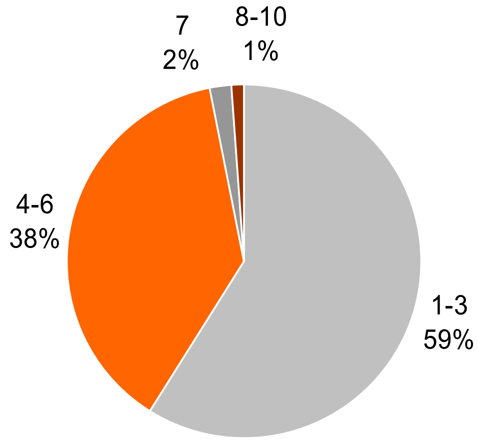
100% = €15.8 Bn

Allocation Per Customer Type[1,2]



100% = €15.8 Bn

Allocation Per Risk Class[1,2]



100% = €15.8 Bn

Notes

1. Based on commitments including existing US portfolio of HVB AG (which has been acquired in the meantime), excluding FGH
2. Internal, unaudited figures as of 05/03

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Continuation of a Proven Business Model

The "Style"

- "Transaction-focused" rather than "relationship banking"
- Focusing on highly reputable large-sized clients and high potential medium-sized clients
- Highly flexible and responsive transaction approach
- Cash flow- rather than loan to value-focused

The "Business"

- Combining senior lending and structuring/risk-transformation skills
- Focus on big ticket transactions
- Senior lending remains proven foundation of business model
- Average single transaction exposure: €50 MM
- Strong focus on arranger role

The "System"

- Profitability overrides volume/ market share ambitions
- Performance related pay depending on new business and risk track record
- Optimized cost base
- No meaningful credit losses incurred since entry in 1989

The Real Estate Market – There is Consolidation, but Environment is significantly more benign than in prior Periods of “Correction”

Main causes of a crash in property values - comparison to previous decades

	2002/3	1991/2	1973/4
- general economic downturn	✓	✓	✓
- geopolitical uncertainty	✓	✓	✓
- rents are decreasing	✓	✓	✓
- high interest rates	✗	✓	✓
- property is a cash-flow burner	✗	✓	✓
- institutionals reduce their portfolios	✗	✓	✓
- massive speculative developments	✗	✓	✓
- banks have considerable equity positions in property	✗	✓	✗
- banks stop lending – liquidity dries up	✗	✓	✓
- intransparent markets	✗	✓	✓

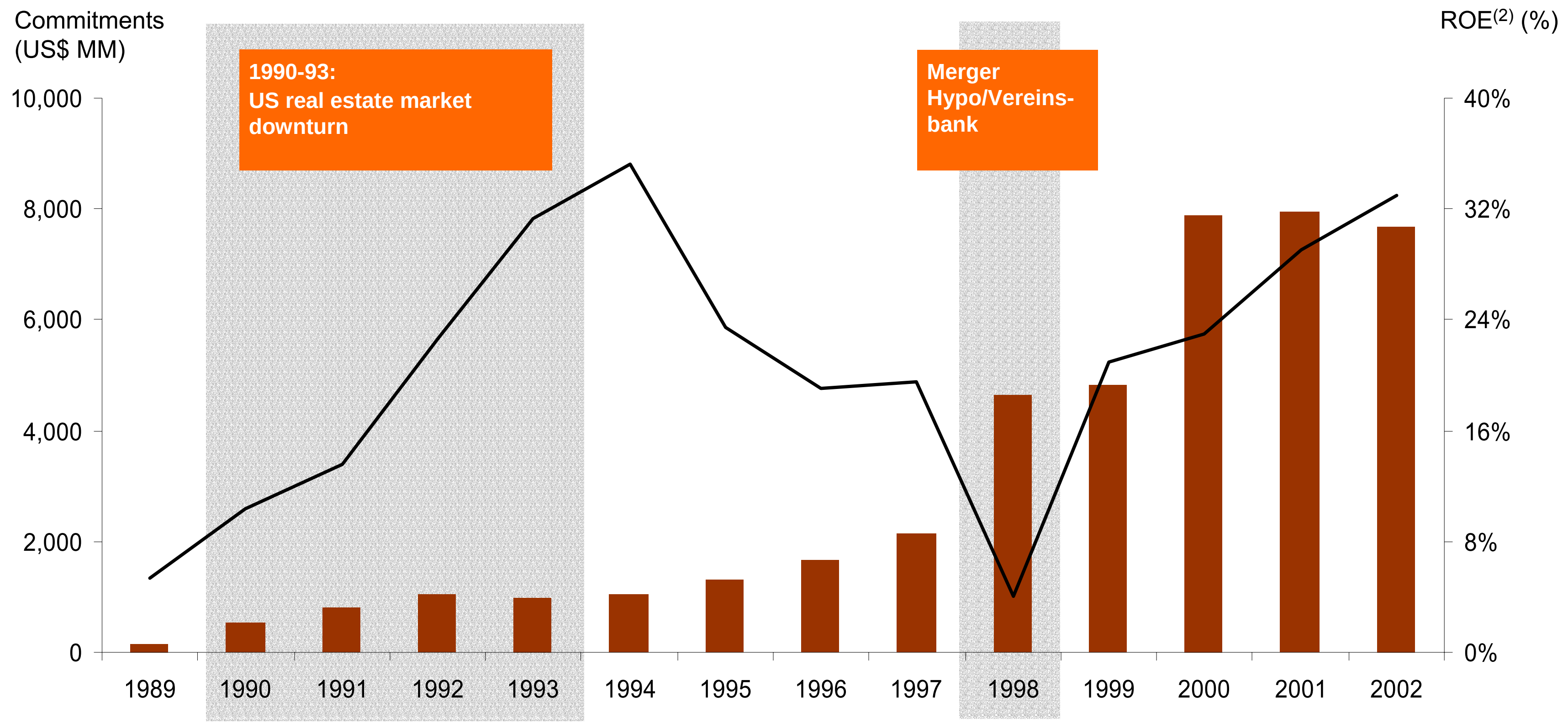
Key Differentiating Success Factors – also in weaker Markets

- Superior market knowledge based on local expertise
- Lean and flexible organizational setup
- Focus on selective deals as a niche player
- Business only with experienced clients
- Cash-flow oriented business model
- Superior credit risk management
- Avoidance of concentration risks
- Proactive market monitoring

Superior track record, also in weak markets

Excellent Track Record of Managing Business Successfully throughout Cycle

Example: Development of Size and Profitability in US 1989 – 2002[(1)]

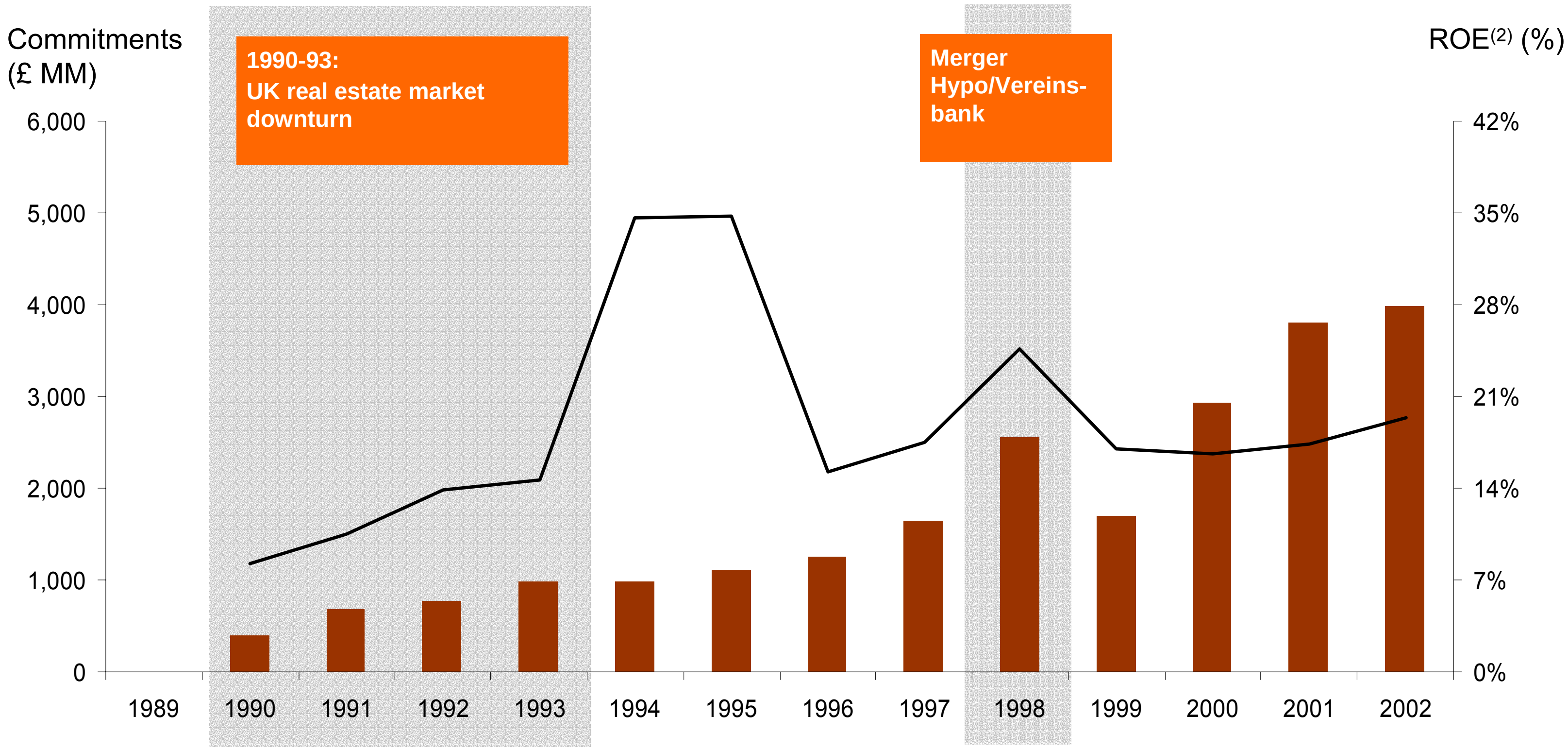


Notes

1. Internal, unaudited figures as of 12/02
2. ROE based on avg. tax rate of 38% and 6.2% allocated Tier 1 capital

Excellent Track Record of Managing Business Successfully throughout Cycle (cont'd)

Example: Development of Size and Profitability in UK 1989 – 2002[1]



Notes

1. Internal, unaudited figures as of 12/02
2. ROE based on avg. tax rate of 38% and 6.2% allocated Tier 1 capital

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Transaction Highlights

CGW SAS – JV of Caisse des Dépôts GE Capital UIS, The Whitehall Funds, France Telecom Portfolio Office and Technical **€2.3 Bn** Acquisition Finance Agent & Co-Arranger 2/3, HVB REC France	*Loan Portfolio Securitization* **£585 MM** CMBS/CDS HVB REC London	*CSC Lakeside Shopping Center Thurrock* **£550 MM** Term Loan Lead Manager HVB REC London	*Pillar Property Investment plc Portfolio Retail* **£375 MM** Conduit Finance HVB REC London	*Kungsleden AB Portfolio Mixed-use* **SEK4.2 Bn** Secured Revolving Credit Facility HVB Real Estate Scandinavia/HVB Dublin
Orion European Real Estate Fund France Portfolio **€346 MM** Term Loan, Senior and Mezzanine Investment Facility HVB REC France	*The Related Company L.P. 56th & B'way, NYC Office & Condominium* **$338 MM** Lead Arranger Construction Loan HVB Real Estate New York	*Vornado Realty L.P., Bloomberg Tower NYC Office & Condominium* **$490 MM** Lead Arranger Construction Loan HVB Real Estate New York	*Apollo Real Estate Fund IV, Pascal Towers, Paris Office Building* **€200 MM** Senior and Mezzanine Facility HVB REC France	*The Peabody Group & JPMorgan Partners & J.W. O'Connor & Co. Levallois-Perret Portfolio* **€190 MM** Term Loan VAT Bridge Loan HVB REC France

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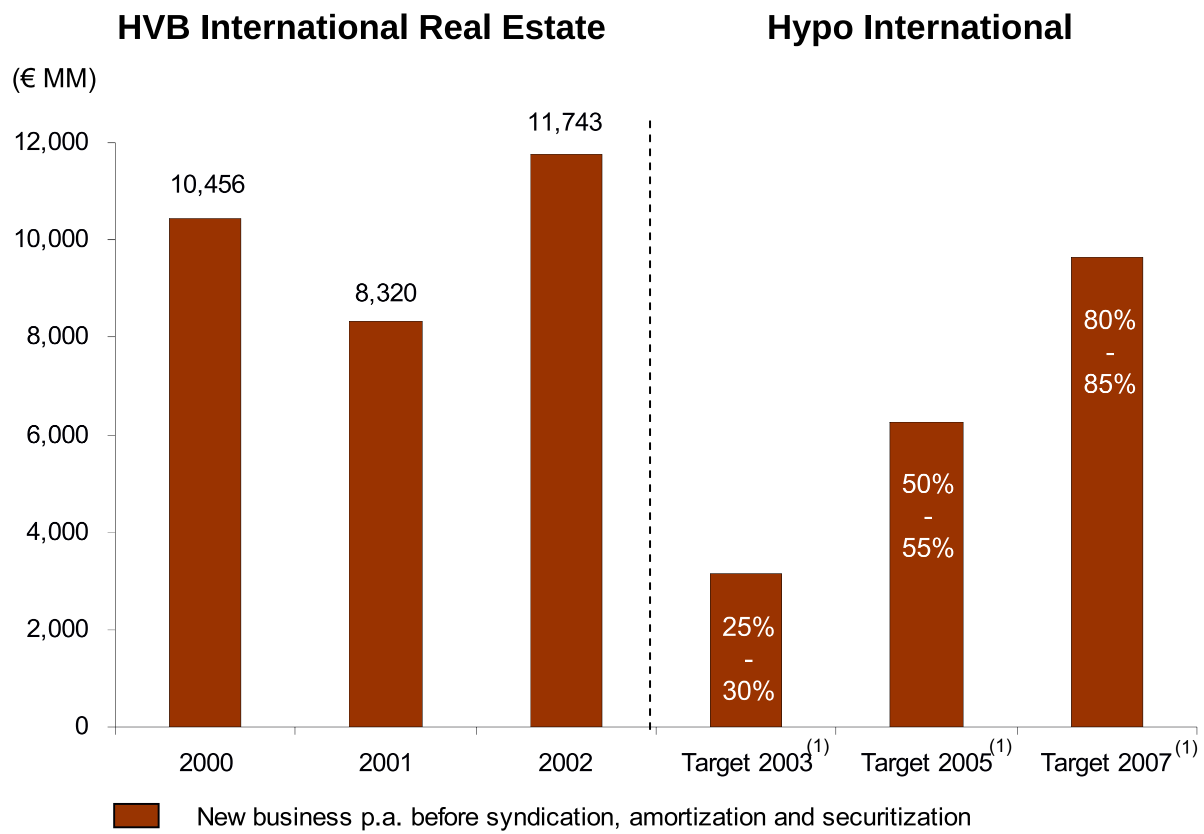
Putting New Business Volumes into Perspective



- Historical figures prove origination capabilities
- New business has been planned conservatively because of funding restrictions
- New lending strategy relies on balance sheet lending, securitization and syndication in order to maintain Tier 1 target ratio

Note
1. As % of 2002 volume

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Hypo International

Income Statement

(€ MM)	9 Months 03	¾ of 2002 (pro-forma)[1]
Net interest income	105	114
Provisions for losses on loans and advances	30	14
Net interest income after provisions for losses on loans and advances	**75**	**100**
Net Commission Income	29	25
Trading Profit	0	0
General Administrative Expenses	40	38
Balance of other operating income/expenses	2	1
Operating result	**66**	**88**
Net Income from Investments	-2	26
Amortization of goodwill	0	0
Balance of other income/expenses	0	-1
thereof: Restructuring expenses	0	0
Additions to restructuring provisions	0	0
Result of ordinary activities / net income/loss before taxes	**64**	**113**
Cost-Income Ratio	29.6%	27.1%

Note:
1. Limited comparability

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4 Württembergische Hypothekenbank

Organizational Structure

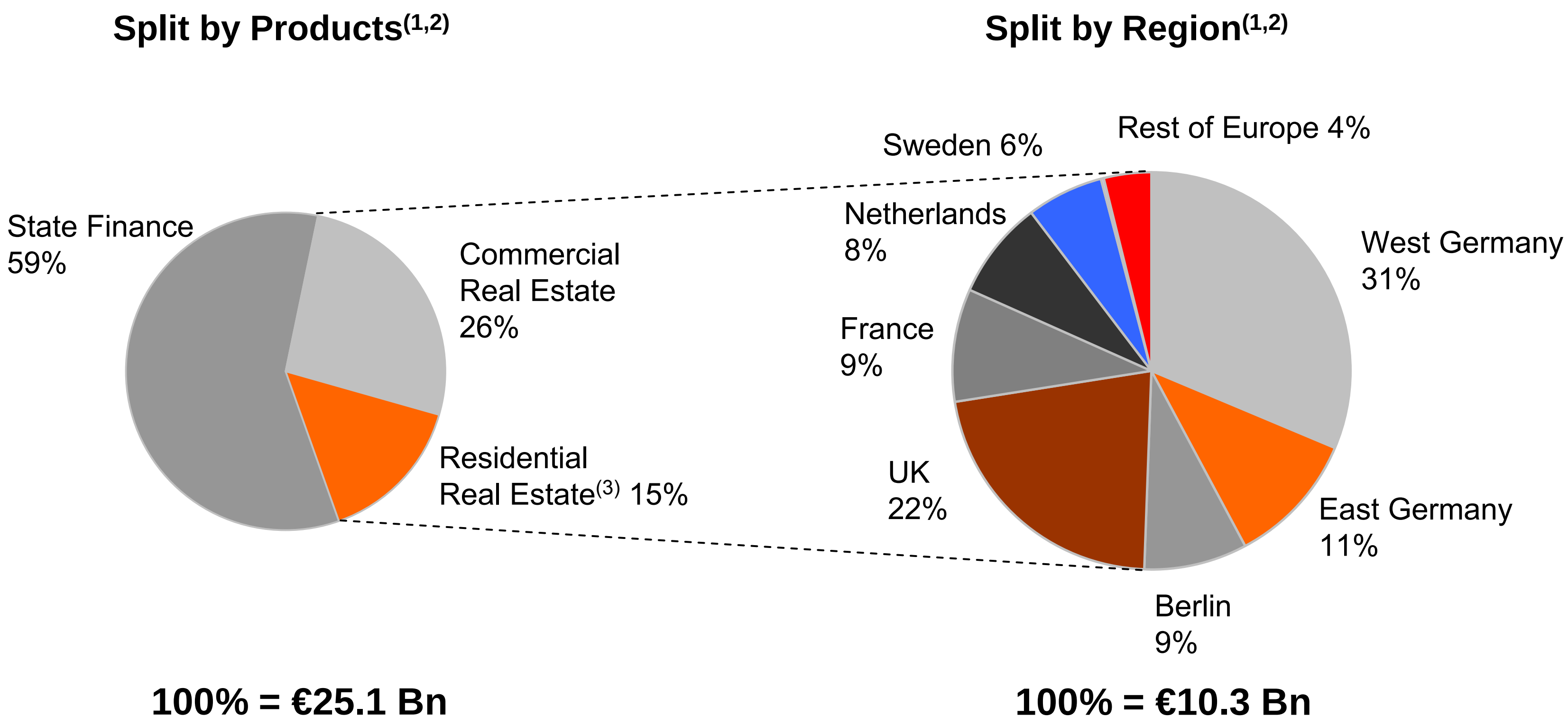
Organizational Structure

- Co-operation with local partners
- Credit approval, all other decisions, servicing and controlling centrally in Stuttgart
- Decreasing loss ratios due to highly-rated controlling of risk exposure
- Continuation of successful business model and organization

Products, Markets and Clients

- Focus on mortgage lending, predominantly Pfandbrief-eligible
- Origination of international commercial mortgage loans based on proprietary franchise and via Hypo International
- Clearly defined, narrow market segment leads to high reliability and speed
- Separate funding base (especially in Pfandbriefe) complemented by treasury activities, incl. securitization
- Proven risk/return management

Current Loan Portfolio Breakdown



Notes

1. Based on loans outstanding
2. Internal, unaudited figures as of 05/2003
3. Includes Housing Associations, Professional Investors in Residential Property and Retail Residential Real Estate

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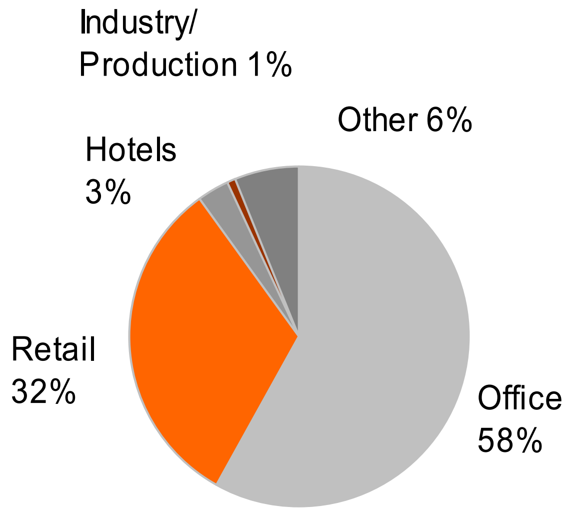
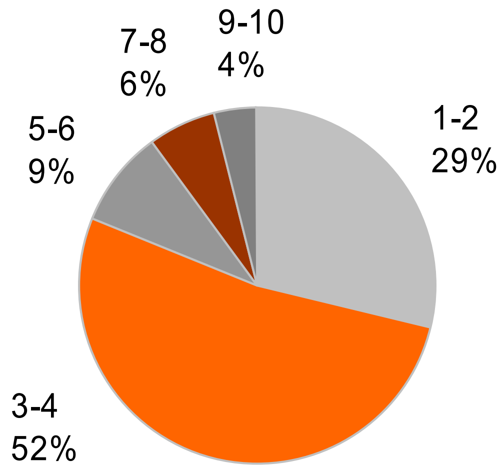
Current Real Estate Loan Portfolio Breakdown

Split by Type (Commercial RE Portfolio)[1,2]



100% = €6.6 Bn

Split by Risk Class (RE Loan Portfolio)[1,2]



100% = €10.3 Bn

Notes

1. Based on loans outstanding
2. Internal, unaudited figures as of 05/2003

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WürttHyp

Income Statement

(€ MM)	9 Months 03	¾ of 2002 (pro-forma)[1]
Net interest income	81	80
Provisions for losses on loans and advances	16	19
Net interest income after provisions for losses on loans and advances	**65**	**61**
Net Commission Income	-7	-7
Trading Profit	0	0
General Administrative Expenses	22	23
Balance of other operating income/expenses	2	7
Operating result	**38**	**38**
Net Income from Investments	3	5
Amortization of goodwill	0	0
Balance of other income/expenses	0	0
thereof: Restructuring expenses	0	0
Additions to restructuring provisions	0	0
Result of ordinary activities / net income/loss before taxes	**41**	**43**
Cost-Income Ratio	28.8%	28.8%

Note:

1. Limited comparability

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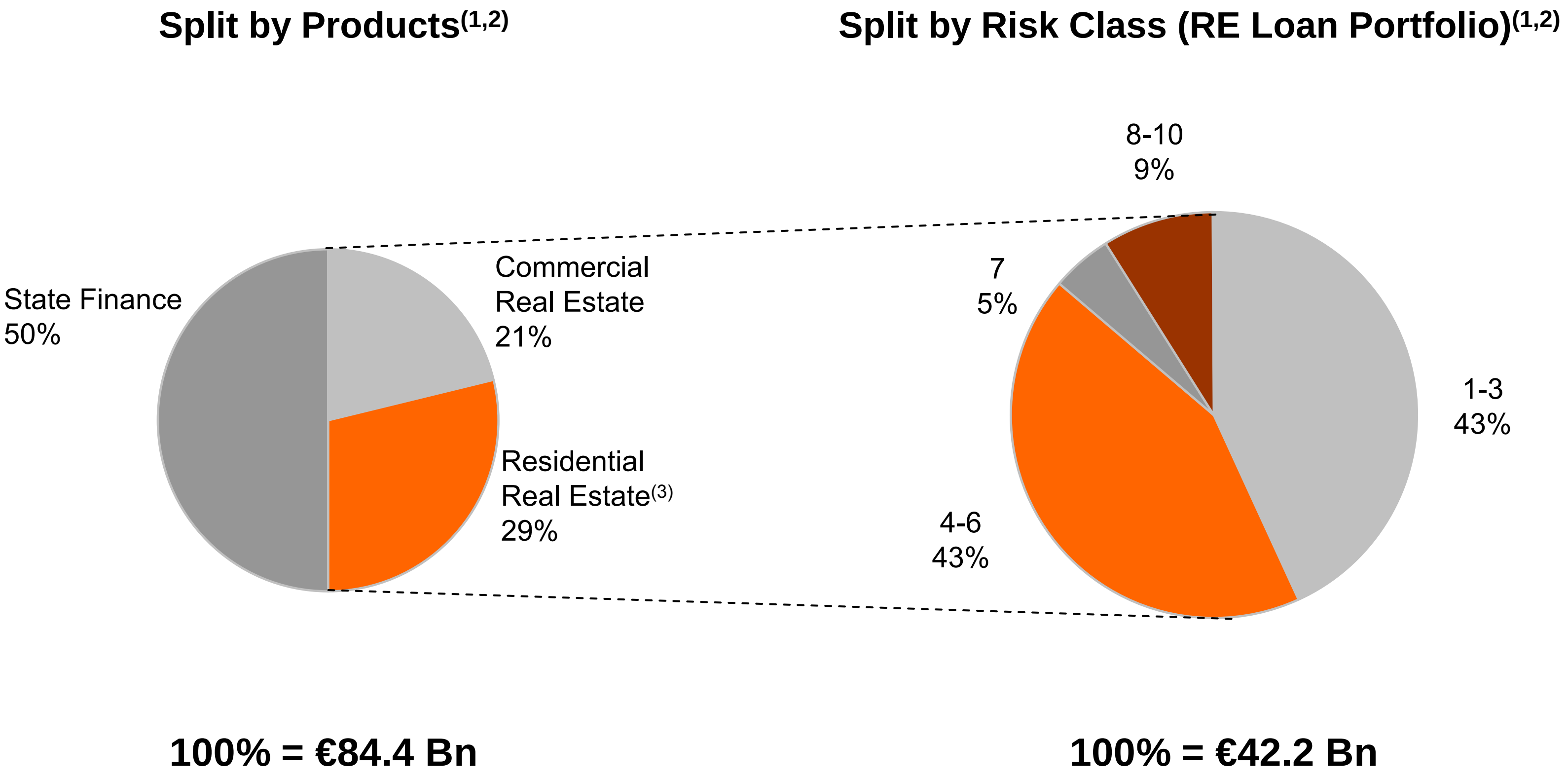
5 Hypo Real Estate Bank in Germany

Organizational Structure

- Organizational structure of HVB Real Estate Bank (HRE Bank) changed in May 2003
- Integration WestHyp
  - Merger completed in November 2003
  - Full integration expected by 06/04 (faster than plan)
  - Merger process supported by double mandates of F. Hellwig and Th. Knepper as board members of both HRE Bank and WestHyp
- Minorities squeeze-out process at HRE Bank completed / registered in September 2003

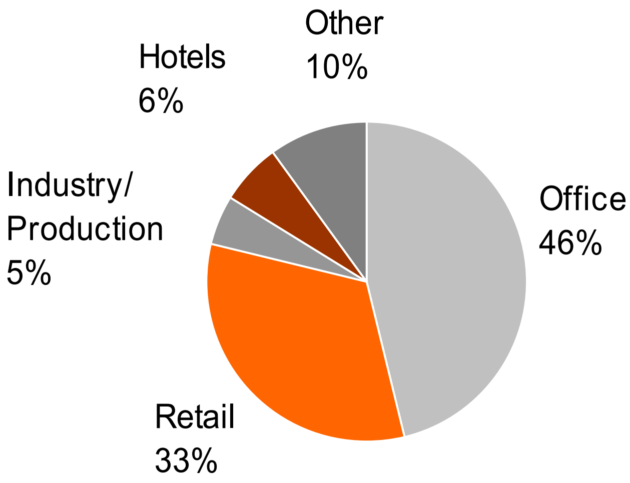
Current Loan Portfolio Breakdown



Notes
1. Based on loans outstanding as of 05/03
2. Internal, unaudited figures
3. Includes Housing Associations, Professional Investors in Residential Property and Retail Residential Real Estate

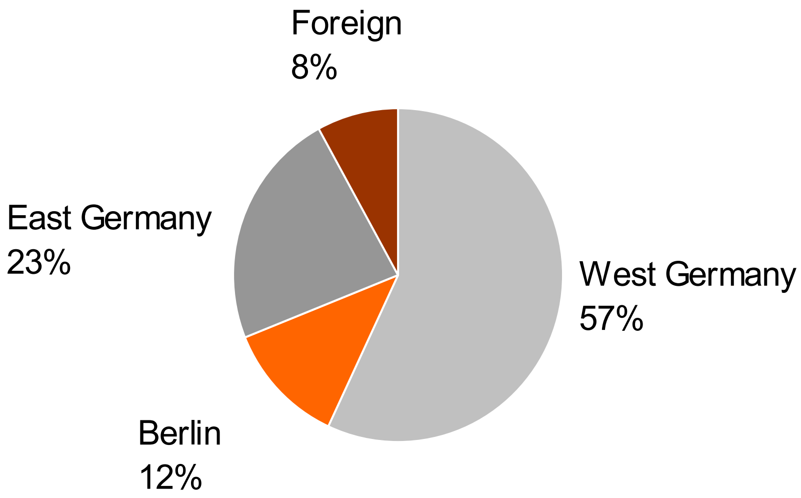
Current Loan Portfolio Breakdown (cont'd)

By Type (Commercial RE Portfolio)[1,2]



100% = €17.9 Bn

By Region (RE Loan Portfolio)[1,2]



100% = €42.2 Bn

Notes
1. Based on loans outstanding as of 05/03
2. Internal, unaudited figures

Clear and narrowly defined Mandate for Hypo Real Estate Bank in Germany

1) Rigorous reduction of existing loan portfolio while increasing profitability at the same time

   - Prolongations only in selective cases with attractive margins and prudent risk positions

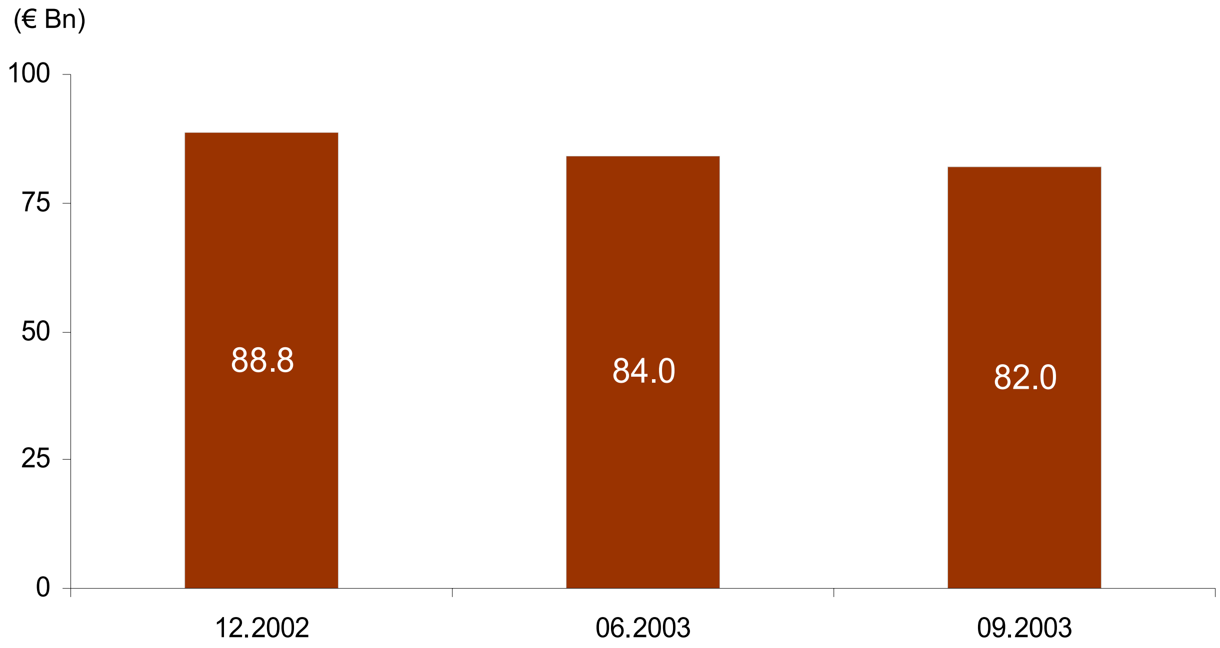
2) Enforced reduction of workout portfolio combined with highly conservative loan loss provisioning

3) Comprehensive restructuring program leading to significantly reduced cost base

4) Post 2005, new business expected to be written only if risk-adequate prices can be achieved

Progression of rigorous Reduction of existing Loan Portfolio…

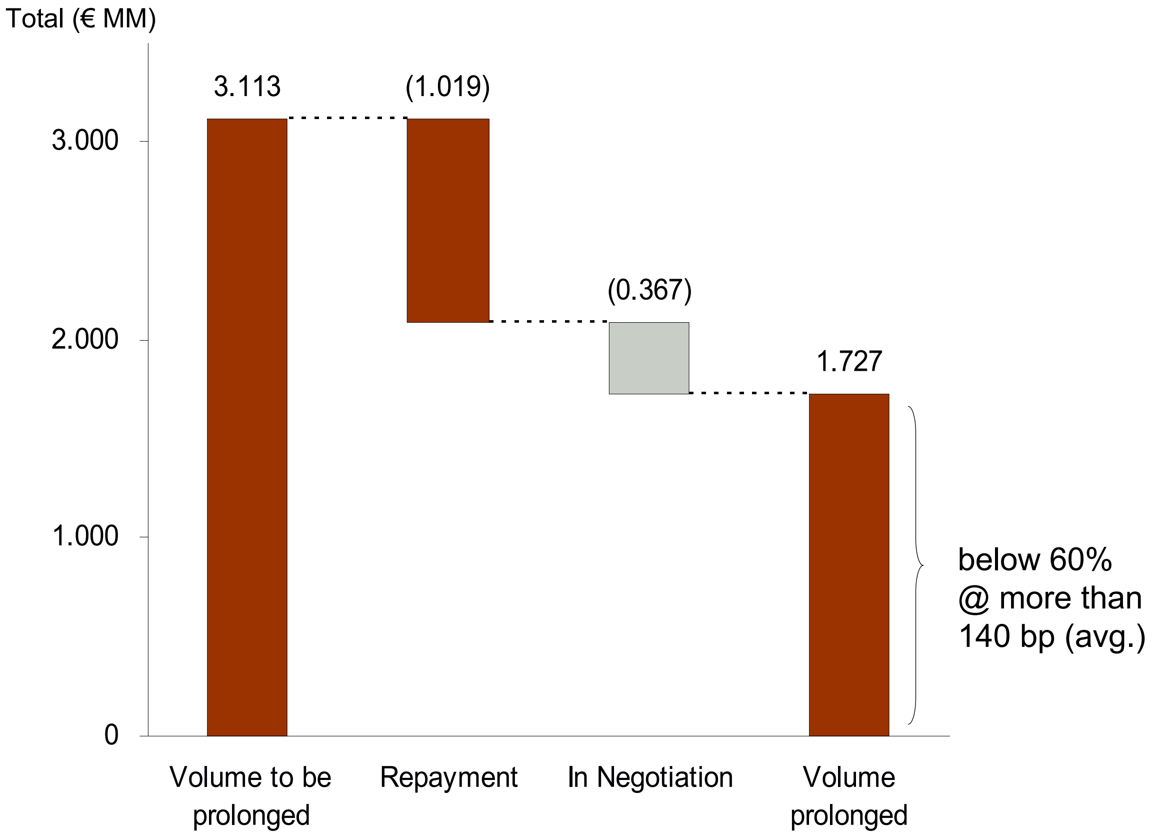
Loan Portfolio Development 12/2002 – 09/2003[1,2]



Notes
1. Based on loans outstanding
2. Internal, unaudited figures

…while increasing Profitability at the same time…

Prolongations Jan-August 2003[1]



- In Line with business strategy
  - Actual prolongation rate (Jan-Aug): below 60%
  - Actual margin (Jan-Aug): more than 140 bp
- Prolongation period offered by HRE max. 3-4 years
- Most customers prolong for a period of two years or shorter

Notes

1. **Without loans with a floating-rate basis**

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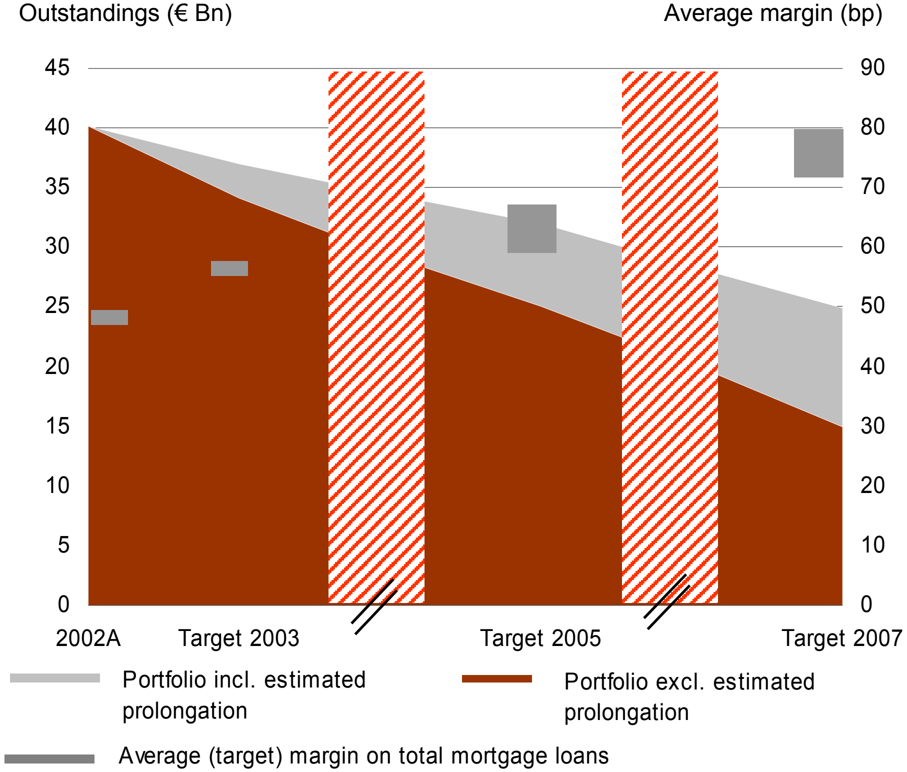
…while increasing Profitability at the same Time (cont'd)

Target Portfolio Development (Domestic RE Portfolio)



- Projections assume that on average 65% of those loans that are subject to a rate renewal will be prolonged (based on recent experience of 60%)
- Prolongation assumptions governed by two factors:
  - Macroeconomic outlook
  - "Disciplinary" pricing within legal limits
- Average margin on total mortgage loans increases as prolonged loans are expected to yield more than 125 bp

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Comprehensive Restructuring Program leading to significantly reduced Cost Base

- Organizational changes/streamlined processes
  - Centralization of Credit Departments in Munich, Dortmund and Nuremberg
  - Closing down of local branch network
  - Massive reduction and centralization of all headquarter functions in Munich
  - Reorganization/streamlining of credit process by employing the international business standards
- Optimizing IT-platform
- Controlling: Focus on few but critical targets: RWA, margins, headcounts, risk provisioning, expenses
- Significant headcount reduction in realization:

Year	2002	Target 2003	Target 2004
Full-time equivalents	1,000	810	580

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Hypo Germany

Income Statement

(€ MM)	9 Months 03	¾ of 2002 (pro-forma)[1]
Net interest income	307	309
Provisions for losses on loans and advances	143	346
Net interest income after provisions for losses on loans and advances	**164**	**-37**
Net Commission Income	-8	-10
Trading Profit	0	0
General Administrative Expenses	118	115
Balance of other operating income/expenses	-4	5
Operating result	**34**	**-157**
Net Income from Investments	-14	16
Amortization of goodwill	0	0
Balance of other income/expenses	-58	-3
thereof: Restructuring expenses	41	0
Additions to restructuring provisions	14	2
Result of ordinary activities / net income/loss before taxes	**-38**	**-144**
Cost-Income Ratio	39.9%	37.8%

Note:
1. Limited comparability

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