

Press release

Hypo Real Estate International buys U.S. real estate finance portfolio from HVB Group

Munich, November 27, 2003. As announced, Dublin-based Hypo Real Estate Bank International has now bought the commercial real estate finance portfolio of HVB Group in the United States worth a total of around €3.5 billion (US \$4.2 billion). The committed lending volume, which comprises extended loans, promised facilities, guarantees and so on, amounts to around €4.9 billion (US \$5.8 billion). The relevant agreement has now been signed in Dublin and New York after the two parties had settled the principles underlying the transaction in a memorandum of understanding back in August 2003. It was agreed not to reveal the purchase price.

"By buying HVB Group's U.S. portfolio, we're further strengthening the Hypo Real Estate Group," states Georg Funke, Chairman of the Board of Hypo Real Estate Holding AG and CEO of Hypo Real Estate Bank International. "We're enhancing the geographical diversification of our overall portfolio, which will enable us to better exploit the opportunities opening up on the real estate markets worldwide," Funke goes on to add. In selling its commercial real estate finance portfolio in the United States, HVB Group is sharpening its clear strategic focus on operations involving retail and corporate customers in Europe. Moreover, the transaction makes a tangible contribution to a further reduction in risk assets by around €3 billion, thus helping to bolster the core capital ratio.

The U.S. portfolio comprises 75% investment loans, 21% development loans, and 4% corporate loans, extended primarily in New York (56%), California (19%), Washington (9%), Boston (7%), and Chicago (3%).

It will be transferred to Hypo Real Estate Bank International in several tranches by mid-December. The transaction takes effect in the banks' income statements when the individual tranches are transferred. The portfolio is now managed by Hypo Real Estate International's 52-strong U.S. team under Andreas Veith.

Press contacts:

Hypo Real Estate Group

Oliver Gruss

Phone: +49 (0)89 203007 781

Fax: +49 (0)89 203007 772

E-mail: oliver.gruss@hyporealestate.com

HVB Group

Dr. Knut Hansen

Phone: +49 (0)89 378 24644

Fax: +49 (0)89 378 25699

E-mail: knut.hansen@hvb.de