

Press release

Hypo Real Estate Bank AG to provide a warehouse line of €100 million to the British Ability Group

Munich, 25 April 2007: Hypo Real Estate Bank AG – a Member of Hypo Real Estate Group - is providing finance to the British Ability Group for setting up a German retail portfolio. The bank will provide a credit line of €100 million, and will enable this line to be drawn down by various (wholly-owned) subsidiaries. Individual loan agreements will be signed with all subsidiaries within this line.

This credit line will enable the Ability Group to purchase property in Germany, whereby it will have to comply with certain purchase and portfolio criteria. The Group has already purchased six supermarkets in Northrhine-Westphalia and Lübeck. This innovative form of financing enables property companies to be acquired as part of share deals and to be sold on subsequently. The customer has to meet certain financial covenants at the level of the individual property companies and also at the level of the holding in order to be able to utilise the credit line.

Frank Lamby, responsible for the "Commercial Real Estate Origination" unit in the Management Board of Hypo Real Estate Holding AG: "We are pleased to be able to support the Ability Group in its plans to expand in the German market with a customised and flexible financing solution. It enables strategic steps to be implemented quickly."

Andreas Panayiotou, Chairman of the Ability Group: "Ability is very happy to be working with Hypo Real Estate Bank. We are developing our interests in the German market and across Europe over the coming years and it is very pleasing to be able to work with an experienced and expert bank such as Hypo Real Estate Bank. We look forward to completing more deals in the future with their support."

Ability Group

Formed in 1996, Ability Group is a British real estate company which has established a £1 billion portfolio of UK property assets consisting of 6,000 apartments in central London. The company purchased properties in formerly unattractive locations such as the docks and Wapping, and the value of these properties has increased considerably as a result of the boom on the market in London. Some of the portfolio was sold recently. With the proceeds, the company intends to expand into Continental Europe and specifically into Germany. Ability Group employs 1,000 people including a rental agency.

Hypo Real Estate Group

Hypo Real Estate Group is one of Europe's largest providers of commercial real estate financing. The Group will develop additional growth and establish the conditions necessary for a further increase in profitability by consistently developing the business model towards that of a more broadly based **Asset Finance House**. Hypo Real Estate Group has around 1230 employees (as of December 31, 2006) and consists of the non-operational, listed holding company **Hypo Real Estate Holding AG** (Munich) and three operational business entities. **Hypo Real Estate Bank International AG** (Stuttgart) and **Hypo Real Estate Bank AG** (Munich) conduct the real estate financing activities (segment **Commercial Real Estate**). **Hypo Public Finance Bank** (Dublin) combines public and infrastructure finance. The Group also conducts asset management and offers innovative products which enable credit risks and services from its range of skills to be managed for or offered to third parties (segment **Asset Finance and Asset Management**). The shares of Hypo Real Estate Holding AG are listed on the Deutsche Aktienindex (DAX 30).

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