

Press release

Hypo Real Estate Bank AG finances Gehag GmbH's acquisition of a residential portfolio in Berlin – financing totals €228 million

Munich/Berlin, February 1st 2006: The Hypo Real Estate Bank AG, Munich, has financed the acquisition of a real estate portfolio with approximately 5,300 residential units and five retirement and nursing home properties by Fortimo GmbH, a subsidiary of Gehag GmbH. Financing amounted to €228 million; it was agreed not to disclose the total purchasing price. The transaction was closed in December 2005.

The attractive residential properties, predominantly listed buildings dating back to the 1930s, are partly situated in individual excellent locations in West Berlin and partly in some of the top areas of East Berlin. Located in Berlin, Brandenburg and Lower Saxony, the well-equipped retirement and nursing home complexes offer extensive patient in-treatment services and are for the most part fully occupied.

Reinhold Güntner, a deputy member of the Management Board of Directors of the Hypo Real Estate Bank AG stated: „Berlin is an important market for real estate financing. We are able to support our customers through speedy decision-making and great flexibility and can offer them innovative financing models tailored to their individual requirements.“

Michael Zahn, Managing Director of Gehag GmbH: „This transaction is completely in line with our corporate strategy of expanding our business outside of the Berlin area and achieving nationwide growth. Besides the traditional residential sector, we also aim to strengthen our health care portfolio through the Katharinenhof brand.

Notes to the editor:

Hypo Real Estate Bank AG

Hypo Real Estate Bank AG, Munich, is the centre of competence of the Hypo Real Estate Group (HREG) for the German market. HREG is one of the largest European providers of commercial real estate financing and consists of the non-operational listed holding company, namely **Hypo Real Estate Holding AG** based in Munich, and three operational entities. The group's international real estate financing activities are combined in **Hypo Real Estate Bank International AG** (Stuttgart). The Public Finance and Capital Markets business is operated by **Hypo Public Finance Bank** (Dublin).

Gehag-Konzern

Traditionally, the Gehag Group has concentrated on the management of their own residential portfolio. With the establishment of the Katharinenhof Betriebs GmbH the group has expanded and developed a strong foothold in the retirement and nursing home segment. The group currently employs over 700 people in Germany and recorded a turnover of €128 million in 2005. In January 2006 the Oaktree Capital Management L.L.C., a private investment management firm headquartered in Los Angeles, acquired an 85% stake in the Gehag Group.

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