

## **Press release**

### **Third shareholders' meeting of Hypo Real Estate Holding AG**

- **Group to pay dividend of EUR 1 per share**
- **Forecasts for 2006 have been affirmed**
- **Georg Funke: "The Hypo Real Estate Group is still on course for success. The Group will continue to grow from a position of strength."**

**Munich, 8 May 2006:** The DAX-listed Hypo Real Estate Group can look back on a successful year in 2005. For the year 2005, the company is to pay a dividend of EUR 1 per share. This is equivalent to an increase of EUR 0.65 compared with the dividend for the previous year (2004: EUR 0.35 per share). 42.8% of the consolidated net income adjusted by the tax effects from capitalised losses carried forward will accordingly be paid out.

"The Hypo Real Estate Group can look back on a successful year in 2005. We will continue to persistently take advantage of growth opportunities in 2006. For this purpose, we shall expand our value creation chain and open up new sources of earnings", says Georg Funke, CEO of Hypo Real Estate Holding AG. "With a payout rate of approx. 43%, we have kept our promise to ensure that our shareholders participate adequately in the success of the company. Our aim is to continue to pay out between 40 and 50% of profit in the form of a dividend in future."

### **Affirmation of forecast for 2006**

The Management Board has affirmed the forecast for 2006. It continues to expect that consolidated net income before taxes will increase by at least 20%, compared with the previous year figure of EUR 442 million which was adjusted by restructuring expenses. Net income before taxes would then be at least EUR 530 million. Return on equity after taxes is expected to rise to more than 9%, and new real estate financing business is expected to repeat the high level seen in the previous year.

**Georg Funke continues:** "The year 2005 was again a year of far-reaching changes for the Group. We have made our structures even leaner and fit to meet the challenges of the future. With our highly motivated employees, we will continue to develop the Group further. In addition to the opportunities on our core markets of Europe and the USA, we have identified opportunities on the Asian and Pacific markets, and we intend to take advantage of these opportunities by way of a carefully considered policy of expansion. We also intend to considerably expand the activities of the new Hypo Public Finance Bank in the course of the next few years. Our actions will continue to feature know how, flexibility, speed and innovation".

### **2000 shareholders attended the shareholders' meeting**

Approximately 2000 shareholders attended the third shareholders' meeting of Hypo Real Estate Holding AG, which was held in the International Congress Center (ICM) in Munich. The initial presence amounted to 39.78 % of the share capital. This was also the first time that shareholders were also able to follow the entire shareholders' meeting in the internet.

The shareholders have approved the majority of proposed resolutions. Agenda item 5 was rejected (resolution concerning the cancellation of existing authorised capital, creation of new authorised capital as well as change to articles of association) and thus in particular the introduction of a stock compensation programme for members of the Management Boards and employees as well as the renewal of a capital framework which was approved up to 2009 until 2011. Georg Funke: "Stock compensation programmes are consistent with international standards and serve to retain staff. We intended to introduce this programme particularly at the request of many international investors. The successful future development of the Group does not depend on the rejection of this programme."

The following table sets out details of the voting results.

## **Hypo Real Estate Holding AG**

### **A) Voting results of the shareholders' meeting on 8 May 2006**

<b>Agenda item</b>	<b>No votes</b>	<b>Yes votes</b>
<b>2</b> Resolution concerning the appropriation of cumulative profit	1,423	52,990,386 99.99 %
<b>3</b> Resolution concerning approval of the actions of the members of the Managing Board for financial 2005	2,908	52,984,150 99.99 %
<b>4</b> Resolution concerning approval of the actions of the members of the Supervisory Board for financial 2005	3,554	51,587,547 99.99 %
<b>5</b> Resolution concerning the cancellation of existing authorised capital, creation of new authorised capital as well as changes to the articles of association	33,562,716 63.64%	19,178,712 36.36 %
<b>6</b> Resolution concerning the authorisation to acquire and use treasury shares in accordance with section 71 (1) no. 8 AktG	2,554,624	50,435,464 95.18 %
<b>7</b> Resolution concerning the changes to the articles of association for adjusting the compensation of the members of the Supervisory Board	96,744	52,889,692 99.82 %
<b>8</b> Resolution concerning the changes to the articles of association for adjusting to section 134 (3) sentence 1 in conjunction with sentence 2 AktG	7,986	52,979,802 99.98 %
<b>9</b> Election of the auditor for financial 2006	57,092	52,930,940 99.89 %

### **B) Initial presence: 39.78 % of share capital represented**

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