

Press release

Hypo Real Estate Group has issued hybrid core capital

- **Successful tier-1 issue of EUR 350 million**
- **Coupon of 5,864 % p.a. fixed for ten years – then floating**

Munich, 6 June 2007: The Hypo Real Estate Group has successfully completed its first issue of hybrid capital. The Group has issued hybrid tier-1 securities with a volume of EUR 350 million via Hypo Real Estate Bank International AG. The securities are perpetual; the coupon is fixed at 5,864% p.a. for the first ten years and is then floating. After 10 years the issue can be called by the issuer on every interest payment day.

The Hypo Real Estate Group is anticipating an issue rating of BBB (S&P), A3 (Moody's) and A- (Fitch). Very strong demand meant that the issue was heavily oversubscribed. The issue was placed exclusively with institutional investors. 34 % were placed into the UK - followed by Germany (15%), Ireland, Middle East and France (each 4%). The remainder is placed into various countries. The placing was handled by a syndicate of banks comprising Deutsche Bank (sole structuring advisor) and JP Morgan.

"The Hypo Real Estate Group is becoming an Asset Finance House. We have identified considerable growth potential in all markets which are relevant for us – in real estate financing as well as in asset/infrastructure finance", says **Dr. Markus Fell, CFO of the Hypo Real Estate Group**. "With this hybrid capital, we have strengthened our capital base and optimised our capital structure. We have thus established the capital criteria necessary for further growth", says Dr. Fell.

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).

Press contact:

Hypo Real Estate Group

Oliver Gruß

Telephone: +49 (0)89 203007 781

Telefax: +49 (0)89 203007 772

Email: oliver.gruss@hyporealestate.com