

Press release

Hypo Real Estate Bank AG to become the centre of competence for the German market within the Hypo Real Estate Group

- **It will use the successful business model of Hypo Real Estate Bank International and Württembergische Hypothekenbank**
- **Four sales locations planned initially**

Munich, October 4th 2004: Hypo Real Estate Bank AG has presented its strategy for its incipient new business at the beginning of Expo Real – the international commercial property exposition. The bank is to become the centre of competence of the Hypo Real Estate Group for Germany, and will thereby combine the successful business models of Hypo Real Estate Bank International and Württembergische Hypothekenbank with each other. In Germany, it will focus on professional customer segments in a small number of selected core markets and will extend its range of products to include real estate investment banking.

Johann Berger, managing board spokesman of Hypo Real Estate Bank AG and member of the managing board of Hypo Real Estate Holding AG: "With its clear focus on structured financing and with its cashflow-oriented business approach, Hypo Real Estate Bank AG employs a business model which is unique in Germany. This means that the bank, together with its customers, will be able to take optimum advantage of the opportunities provided by the gradually starting turn-around on the German real estate market."

Products, target customers and locations

Hypo Real Estate Bank AG offers all services and products which can be used for professional and commercial real estate transactions:

- Senior lending for single investments
- Mezzanine finance for transactions involving a strong cashflow
- Portfolio financing
- Financing of real estate companies

- Property developer financing

With this range of products and services, the bank targets professional real estate investors, housing companies, property developers as well as open and closed real estate funds. Apart from domestic investors, the bank also targets its range of products and services at international investors who would like to invest in the German real estate market. In this respect, it will benefit from its existing customer relations in Germany as well as its international customer relations in the group. Hypo Real Estate Bank AG focuses on a small number of core markets in Germany. "We focus on the markets of Munich, Hamburg, Frankfurt, Stuttgart, Berlin and Northrhine-Westphalia as well as the growth markets in Eastern Germany ", says Manuela Better, member of the managing board of Hypo Real Estate Bank AG and responsible for sales. In addition to its location in Munich (team Structured Finance/Region South as well as team Housing/ Existing Customers), the bank will accordingly be represented with local sales units in Hamburg and Dortmund (team Hamburg/Northrhine-Westphalia) as well as Berlin (team Berlin/East).

Munich branch of Hypo Real Estate Bank International will focus on Central and Eastern Europe

The Munich branch of Hypo Real Estate Bank International, which has previously also been responsible for the German market within the group, will in future focus entirely on the markets of Central and Eastern Europe. For this purpose, it will further expand its existing activities in Poland, Hungary and the Czech Republic, and will also assess new business opportunities in other markets – such as Russia and the Baltic states. Transactions are also to be carried out selectively in Austria and Switzerland. In this respect, the Munich branch of Hypo Real Estate Bank International will in future trade under the name "Hypo Real Estate Bank International Munich Branch for Central and Eastern Europe". The branch will commence operations with 33 employees and a portfolio of around EUR 1.9 billion. It will be headed by Dr. Walter Hampel and Frank Steffen.

Note for editors

Hypo Real Estate Bank AG, Munich, is part of the Hypo Real Estate Group (HREG), one of the largest European providers of commercial real estate financing. The bank's core business does not include private mortgage lending or municipal lending. HREG consists of the non-operational listed holding company Hypo Real Estate Holding AG, based in Munich, and three operating entities. These are *Hypo Real Estate Bank AG Deutschland* in Munich, *Hypo Real Estate Bank International* in Dublin and Württembergische *Hypothekenbank AG (WürttHyp)* in Stuttgart.

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