

## Press release

### **Hypo Real Estate Group sells FGH Bank to Rabobank as trailed – Hypo Real Estate Bank International sets up Amsterdam office**

**Munich, October 24 2003:** The Hypo Real Estate Group has just completed the sale of Utrecht-based FGH Bank to Netherlands-based Rabobank as planned. The purchase contract, which was signed in Utrecht today, calls for the transaction to take retroactive effect to January 1, 2003. The two parties had already agreed on the sale in a letter of intent dated July 22, 2003. The purchase price totals €415 million.

"With the sale of FGH Bank, we're further sharpening the profile of the new Hypo Real Estate Group. We're targeting higher volume commercial real estate loans, whereby our business model has a cash flow orientation and is transaction-driven," explains Georg Funke, chairman of Hypo Real Estate Holding AG's Board of Managing Directors. "The Netherlands remains an attractive market for the Hypo Real Estate Group, where the corporate group will be represented by an office in Amsterdam," continues Funke.

This new office headed by Armin Grasshoff and Erich Wagenlehner is scheduled to open in spring 2004, starting out with a workforce of around ten. The range of services it provides will cover advice, structuring and finance for commercial real estate projects primarily in the fields of office, retail and logistics, and the execution of portfolio transactions.

The **Hypo Real Estate Group (HREG)** is one of the biggest providers of commercial real estate finance in Europe. At the same time, neither private residential construction loans nor public sector finance (municipal loan operations) form part of its business. HREG consists of a listed, non-operating holding company, Munich-based Hypo Real Estate Holding AG, and three operating units: *Hypo Real Estate Bank International* headquartered in Dublin, *Württembergische Hypothekenbank AG (WürttHyp)*

headquartered in Stuttgart, and *Hypo Real Estate Bank AG Deutschland* headquartered in Munich (including Westfälische Hypothekenbank, which is to be absorbed into Hypo Real Estate Bank AG). The new bank's business model has a cash flow orientation and is transaction-driven. This means that each transaction is considered and approved individually. There are no generalized statements about industries, sites, or locations. The focus is on yield and risk management, with market share and volume taking a backseat.

Utrecht-based **FGH Bank N.V.** specializes in financing the construction of commercial and residential properties in the Netherlands. At June 30, 2003, the bank had total assets of around €4.25 billion and equity capital of €345 million. It employs ca. 150 people working out of offices, besides Utrecht, in the Dutch cities of Amsterdam, Arnhem, The Hague, Eindhoven, Groningen, Maastricht, and Rotterdam.

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