

Press release

Hypo Real Estate Capital Corporation closes loan for the acquisition of a luxury hotel in Houston, TX

Munich, New York, 5 November, 2007: Hypo Real Estate Capital Corporation (HRECC), a member of Hypo Real Estate Group, today announced that it closed a loan for the acquisition of the Hotel Derek in Houston, Texas. The transaction closed on October 16, 2007.

The sponsors of this deal are affiliates of Warburg Pincus Real Estate I, L.P. and Barcelo Crestline Corporation. This is the first time Hypo Real Estate Capital Corporation has worked with Barcelo and the first time the company has closed a deal with Warburg Pincus in the United States.

Hotel Derek, a member of Preferred Hotels & Resorts Worldwide, Inc., is a 314 room full service luxury hotel surrounded by Houston's most prestigious neighborhoods for shopping, and entertainment venues, and is adjacent to the Houston Galleria, the fourth largest shopping mall in the U.S. As one of the first contemporary hotels in Houston, Hotel Derek brought modern conveniences and upgraded luxuries to business and leisure travelers.

“The Hotel Derek is one of Houston's most elite hotels and HRECC is proud to have been selected to provide the financing for this acquisition,” said **Evan F. Denner, Deputy CEO of Hypo Real Estate Capital Corporation.** “Warburg Pincus and Barcelo Crestline have significant global investment and management experience within the hospitality sector, which immediately made this transaction more attractive to HRECC.”

Bruce Kimmelman, Director at Hypo Real Estate Capital Corporation

said, “Hotel Derek has established its name as an upscale independent hotel in the well-diversified business center of Houston. Warburg Pincus and Barcelo Crestline intend to further increase the appeal of this world class property to both business and leisure travelers, and we are pleased to provide structured financing that will enable them to accomplish this objective.”

Notes to editors:

About Warburg Pincus Real Estate I, L.P.

Warburg Pincus Real Estate I, L.P., is a real estate private equity fund with \$1.2 billion of committed capital focused on investments in North America, Europe and Asia. WPRE I invests in both entity-level and asset-level transactions across multiple property sectors. WPRE I was established in 2006 by Warburg Pincus, the global private equity firm, which has more than \$20 billion under management and has invested more than \$26 billion in more than 575 companies. The firm has offices in Beijing, Frankfurt, Hong Kong, London, Mumbai, New York, San Francisco, Shanghai and Tokyo.

About Barcelo Crestline Corporation

Barcelo Crestline Corporation was formed in 2002. Today the privately held company headquartered in McLean, VA, leases 19 limited-service hotels and subleases 71 limited-service hotels. The company also has ownership and significant equity interests in several upscale hotels in the United States and is parent to Crestline Hotels & Resorts, Inc., which is among the nation's ten largest independent hospitality management companies. The company also asset manages the entire portfolio of all-inclusive resort properties for Playa Hotels & Resorts, S.L., which currently owns ten resorts in Mexico and the Dominican Republic.

About Hypo Real Estate Capital Corporation

Hypo Real Estate Capital Corporation, a subsidiary of Hypo Real Estate Bank International, is one of the leading lenders in the United States commercial real estate marketplace. Hypo Real Estate Capital provides innovative financial solutions for a prestigious client base throughout the U.S. Over the last five years, the firm has closed more than \$22 billion of loans. Headquartered in New York, Hypo Real Estate Capital is active in all markets across the U.S.

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