

## **Press release**

### **Hypo Real Estate Group acquires international business of Allgemeine Hypothekbank Rheinboden AG**

- **Purchase of the performing European real estate portfolio with a volume of around EUR 3.5 billion strengthens international activities**
- **Georg Funke: “Further step in growth strategy”**

**Munich/Stuttgart/London, 13 June 2006:** Hypo Real Estate Bank International AG – a member of Hypo Real Estate Group – has acquired the international business of Allgemeine Hypothekbank Rheinboden AG (AHBR). The acquisition includes the purchase of the performing European loan portfolio of AHBR which comprises 140 individual loan exposures with an aggregate volume of EUR 3.5 billion (commitments) as well as the transfer of 36 employees relating to the business. The transaction is expected to be completed in July 2006. The parties have agreed not to reveal the purchase price.

### **Well diversified portfolio**

Hypo Real Estate Bank International AG will acquire all loans and related collateral from AHBR. The majority of the loans and collateral will be acquired as a "true sale" transaction on closing and will be refinanced with newly issued mortgage Pfandbriefe. The acquired loan portfolio is pan-European and well diversified with predominant concentration in a few key Western European markets. Financed objects are situated in 13 European countries: 32% of the portfolio is located in the UK, 21% in France, 14% in the Netherlands and 12% in Spain. According to sectors the portfolio consists of EUR 2.3 billion (65% of the total volume) office loans and of around EUR 611 million (18%) retail loans (shopping centers, shops and supermarkets). It also comprises hotel, residential, and other financing arrangements.

**Georg Funke, CEO of Hypo Real Estate Holding AG:** "The acquisition of the international business of AHBR is a further step in the growth strategy of Hypo Real Estate Group and will complement the strength of our European activities in senior lending. We can increase the Group's overall share of international real estate financing."

**Financial Implications**

The portfolio acquisition will already be earnings accretive in 2006, although it will be taken on the books only in the second half of the year.

The transaction is subject to approval by the Bundeskartellamt (German Competition Authority).

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**Notes to editors:**

**Hypo Real Estate Bank International AG, Stuttgart**

**Hypo Real Estate Bank International AG**, Stuttgart, is part of the **Hypo Real Estate Group** (HREG), one of the largest European providers of commercial real estate financing. The group consists of the non-operational listed holding company, namely **Hypo Real Estate Holding AG** based in Munich, and three operational entities. **Hypo Real Estate Bank International AG** (Stuttgart) combines the international real estate financing activities. The centre of competence for the German market is **Hypo Real Estate Bank AG** based in Munich. **Hypo Public Finance Bank** (Dublin) combines public finance and Capital Markets activities.