

Press release

Hypo Real Estate Capital Corporation closes \$346 million refinancing and capital improvement loan for multifamily apartment properties in the Washington D.C. Metro area

New York, Munich, 5 February 2007: Hypo Real Estate Capital Corporation (“HRECC”), the New York-based subsidiary of Hypo Real Estate Bank International and one of the leading financial institutions in the United States commercial real estate industry – closed a \$346 million five-year, fixed- and floating-rate loan for the refinancing and capital improvement of seven multifamily properties, representing 2,509 apartment units, located in Prince George’s County, Maryland and Alexandria, Virginia. The transaction closed on January 25, 2007.

The sponsor is a joint venture of Rockwood Capital and ROSS Development & Investment, a first time borrower with Hypo Real Estate Capital Corporation. Rockwood Capital and ROSS Development & Investment have a strong and successful history of collaboration on metro-Washington DC area multifamily communities.

In accordance with the borrower’s needs, the main portion of the debt -- \$300 million – was structured on a fixed-rate basis. In addition, Rockwood Capital and Ross Development & Investment required a separate tranche -- \$46 million -- be structured as a floating rate facility to fund an extensive capital improvement program aimed at renovating the apartments, upgrading their common areas and making structural improvements.

“While the demographics of these seven desirable multifamily properties -- situated just outside of metropolitan Washington DC, an area known for its strong economy and job growth -- made this a very attractive project, Rockwood Capital and ROSS Development & Investment has a well-established track record of successful value creation in its shared assets,” commented **Evan Denner, Deputy CEO of Hypo Real Estate Capital Corporation**. “We are delighted that the joint venture called on Hypo Real Estate Capital Corporation to provide a customized financing solution for these properties. We pride ourselves on the creativity of our financing solutions and are happy we were able to satisfy this valued new client with our recognized service and capabilities.”

Notes to editors:

About Rockwood Capital

Rockwood Capital is a private real estate investment company that currently is managing more than \$2.8 billion of equity commitments. Rockwood Capital invests equity capital on behalf of pension funds, endowments, foundations and high net worth individuals in key U.S. markets in office, retail, residential, hotel and mixed-use projects. Since 1980, Rockwood and its predecessor company have invested in more than \$6.6 billion of real estate through seven commingled funds and various special purpose partnerships on behalf of its investors. The company has offices in Greenwich, Connecticut, San Francisco, California and Los Angeles, California.

About ROSS Development & Investment

Ross Development & Investment is a Maryland corporation, headquartered in Bethesda, Maryland that was founded in 1983 with the primary goal to acquire, develop, convert, renovate and manage multi-family and mixed-use properties.

Working in tandem with its affiliated companies, Realty Management Services, Inc. and RR Rehab & Construction, Inc., the firm acquires multi-family and mixed-use development opportunities with proven real estate fundamentals that provide favorable returns to our equity investors, while maintaining superior product and service to our condominium purchasers and residents.

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.

Hypo Real Estate Group

The Hypo Real Estate Group (HREG) is 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. The 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.

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