

Press release

Hypo Real Estate Bank International AG securitises £ 596 million UK commercial mortgage loans

- **Successful launch of ESTATE UK-3**
- **Solid investor demand**

Munich/Stuttgart, 1 March 2007: Hypo Real Estate Bank International AG – a member of Hypo Real Estate Group – has successfully launched ESTATE UK-3, a partially funded synthetic securitisation transaction of UK commercial mortgages. The reference portfolio consists of 13 loans denominated in GBP with a total volume of around £ 596 million (equivalent to approx. €890 million). The transaction is fully investment grade rated by Standard & Poor's and Moody's. Closing date of this transaction was 28.02.2007.

The risk of the portfolio was sold into the European capital markets using a Super Senior Credit Default Swap (CDS) and six classes of Credit Linked Notes (CLN): the AAA/Aaa-rated Class A1+ (CDS and CLN) accounting for 80.93%, the AAA/Aa1-rated Class A2 Notes accounting for 5%, the AA/Aa2-rated Class B Notes accounting for 6%, the A/A1 rated Class C Notes accounting for 4.12%, the BBB/A3 rated Class D Notes accounting for 1.38% and the BBB-/Baa3-rated Class E Notes accounting for 2.5% of the total portfolio.

The transaction was structured and arranged by Hypo Real Estate Bank International's securitisation team in Stuttgart.

Stephan Bub, Member of the Board of Hypo Real Estate Holding AG and responsible for Securitisation: „Hypo Real Estate Group will

increasingly use securitisation as a distribution channel to access the secondary markets.” **Fiona Gregan, European Head of Securitisation,** adds: „We were pleased with the solid investor demand for ESTATE UK-3 – reflecting the highest scoring CMBS awarded to it by Barclays last week.

We intend to continue to issue off the ESTATE programme and to continue to offer investors similar strong investment opportunities through out 2007.”

Hypo Real Estate Group: The ESTATE programme

ESTATE UK-3 is the next transaction under Hypo Real Estate Group’s securitisation programme “ESTATE” that will be used continually in different structural formats and follows on from the WuerthHyp securitisation programme. Under the programme “ESTATE” Hypo Real Estate Bank International AG, Hypo Public Finance Bank and Hypo Real Estate Bank AG will place CMBS of different countries, property types and risk profiles into global capital markets.

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