

Press release

Hypo Real Estate Capital Corporation Closes \$77.8 Million Construction Loan for the Macallen Building, Boston's First Environmentally Designed Residential Building

New York, Munich, October 17th 2005: 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 \$77.8 Million three-year loan on September 30 for the construction of The Macallen Building, an 11-story residential condominium building in Boston, MA. The borrower is Macallen Properties, LLC, a special purpose entity controlled by local New England real estate developers, the Pappas Family.

The Macallen Building represents Phase II of the Court Square Press Redevelopment, which will contain 143 condominium units, approximately 7,100 square feet of retail space and a three-level, 289-space parking garage. It will be the first residential building in Boston to qualify for Leadership in Energy and Environmental Design (LEED) certification by the U.S. Green Building Council and will feature the only living “green roof” in the city. Construction will utilize recycled materials, such as linoleum flooring and quartz stone counters, and will include energy and water saving systems.

“Hypo Real Estate Capital Corporation is pleased to provide financing to Macallen Properties and the Pappas Family for such a milestone construction project,” stated Evan F. Denner, Deputy CEO of Hypo Real Estate Capital Corporation. “The Macallen Building will truly be a leading property in the Boston marketplace and we are pleased to have worked with the Pappas Family in the construction and development of this project.”

Notes to editors:

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 \$18 billion in construction, fixed rate, floating rate and mezzanine loans. Headquartered in New York, Hypo Real Estate Capital is active in all markets across the U.S.

Press contact:

Hypo Real Estate Group:

Oliver Grub

Phone: +49 (0) 89 203007 781

Fax: +49 (0) 89 203007 772

E-mail: oliver.gruss@hyporealestate.com