

Press release

Hypo Real Estate Bank International AG: Successful completion of US\$61 million financing for London & Regional Properties' purchase of the Ducat Place II office building in Moscow, Russia.

Munich/London/Moscow, 17 January 2007: Hypo Real Estate Bank International AG announces today that it has provided London & Regional Properties with a US\$61 million senior investment loan for the acquisition of the Ducat Place II office building in Moscow, Russia. The transaction closed on 8th December 2006.

Ducat Place II is a 10-story, 19,146 sqm office tower let to tenants including Morgan Stanley, Motorola, DTZ and Visa. It has a two-level underground parking facility and architectural features include a four-level, glass-enclosed atrium with sky bridges connecting two separate buildings (a front 4 floor building and a back 10 floor building). The property is located at the intersection of Tverskaya Street and the Garden Ring in the center of Moscow. Ducat Place II is near the US Embassy, Moscow's best hotels and restaurants, has excellent access to the rest of the city and is only a 3 min walk to the Mayakovskaya Metro station.

Commenting, Harin Thaker, CEO Europe of Hypo Real Estate Bank International AG, said: "We are pleased to have provided London & Regional Properties with the financing for this deal. It joins the growing list of prestige real estate transactions that we have executed in the region."

Commenting, David Geovanis, Managing Director of London & Regional Properties' Russian business, stated: "We view the Ducat Place-II financing as a landmark deal in the emerging Russian real estate investment market. We look forward to our continued successful cooperation with Hypo Real Estate Bank International".

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Notes to editors:

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.

London & Regional Properties

London & Regional Properties is one of the largest foreign investors in the emerging Russian property market. Over the past year, London & Regional Properties has completed ten investments in Russia in deals with a total value in excess of \$500 million.