

Press release

Hypo Real Estate Capital Corporation closes \$126 million loan for the acquisition of Ygnacio Center in Walnut Creek, California

Munich/New York, 2 May 2008: Hypo Real Estate Capital Corporation (HRECC), a member of Hypo Real Estate Group, today announced that it closed a \$126 million loan for the acquisition of Ygnacio Center in Walnut Creek, California. The transaction closed on March 26, 2008.

The sponsor of this deal is Legacy Partners Realty Fund III, LLC. This is the first time Hypo Real Estate Capital Corporation has worked with Legacy Partners.

Ygnacio Center is located at the high-profile intersection of Ygnacio Valley Road and Northern California Boulevard in downtown Walnut Creek, approximately 25 miles outside of San Francisco. The subject property is a four-building office complex adjacent to the Walnut Creek BART (Bay Area Rapid Transit) station. It consists of three mid-rise Class A office buildings, a two-story “annex” structure, and parking structure. The property was developed in three phases over a period of 30-years. The property’s on-site amenities include a 23,000 square-foot 24-hour fitness center, Starbucks and two cafés. Ygnacio Center is currently 89% leased.

“We are excited to welcome Legacy Partners as a new client. Legacy Partners know this market very well and plan to capitalize on the asset’s prime location and the lack of new development in this submarket while improving the quality of the asset,” said **Evan F. Denner, Deputy CEO of Hypo Real Estate Capital Corporation**. “We believe this is the perfect transaction for our balance sheet based on the opportunity to create value over the loan term. We are extremely pleased to present Legacy Partners

with our flexible, floating rate-financing that will facilitate the execution of their business plan.”

Dana Valenti, Director at Hypo Real Estate Capital Corporation said, “Historically, Walnut Creek has been a more stable submarket than the overall San Francisco and East Bay markets, which have experienced peaks and valleys in occupancy. Due to the limited development opportunities in Walnut Creek and its close proximity to the BART and downtown San Francisco, we believe that this property is better able to withstand any potential downturn in the national economy.”

Notes to editors:

About the client

Legacy Partners Realty Fund III, LLC

Legacy Partners Commercial, Inc. is a privately held real estate company operating throughout the western United States. Since 1972, the company has acquired, developed and managed 126 million square feet of commercial property at a cost of \$10.1 billion, and currently owns a 16.5 million square foot portfolio valued at \$4.1 billion. In 2008-2009, Legacy will also develop over 2.65 million square feet of commercial real estate at a cost of \$850 million. Legacy's primary focus is on office, R&D and industrial properties in select, growth-oriented markets, with investment activities funded through fully discretionary co-mingled funds that are managed through its Investment Management Services. The company is a vertically integrated real estate operating company providing property management, leasing, construction, architectural, development, disposition and financing services. Legacy Partners is headquartered in Foster City, California and has regional offices in San Francisco, San Jose, Los Angeles, Long Beach, Irvine, San Diego, Denver and Seattle.

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.

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