



**Aareal Bank
Group**

Aareal IT Beteiligungen GmbH



Aareal Bank

Joint Report

on the amendment agreement to the control and profit and loss transfer agreement (the "Agreement") dated 19 November 2002, as amended on 25 April 2003

The Management Board of **Aareal Bank AG**, Paulinenstrasse 15, 65189 Wiesbaden, Germany, registered under no. HRB 13184 in the Commercial Register at the Wiesbaden local court (Amtsgericht Wiesbaden)

and

the Management Board of **Aareal Immobilien Beteiligungen GmbH**, Paulinenstrasse 15, 65189 Wiesbaden, Germany, registered under no. HRB 13291 in the Commercial Register at the Wiesbaden local court (Amtsgericht Wiesbaden)

have issued the following joint report pursuant to section 293a of the German Public Limited Companies Act (Aktiengesetz – "AktG") on amendments to the control and profit and loss transfer agreement entered into by the two parties.

On 26 March 2014, the parties have concluded an amendment agreement to the aforementioned inter-company Agreement. The extraordinary shareholders' meeting of Aareal Immobilien Beteiligungen GmbH held on 26 March 2014 approved the conclusion of said amendment agreement. Pursuant to section 293 (2) of the AktG, the agreement will be submitted to the Annual General Meeting of Aareal Bank AG on 21 May 2014 for approval.

The inter-company agreement between Aareal Bank and AAREAL IMMOBILIEN BETEILIGUNGEN GmbH has been in place since 19 November 2002; its purpose is to achieve fiscal unity between the parties for the purposes of income and value-added taxes. The consolidated tax group subsidiary, AAREAL IMMOBILIEN BETEILIGUNGEN GmbH, is a wholly-owned subsidiary of Aareal Bank AG. In the Agreement, which was entered into for an indefinite period of time, AAREAL IMMOBILIEN BETEILIGUNGEN GmbH delegates its corporate management to Aareal Bank AG and undertakes to transfer any profits to Aareal Bank AG. In turn, AAREAL BANK AG is obliged to compensate for any net losses incurred for a year during the term of the agreement.

The amendment agreement entered into on 19 March 2014 was necessary to comply with changes in the [German] tax framework. Section 17 sentence 2 no. 2 of the German Corporation Tax Act (Körperschaftsteuergesetz) was amended by virtue of the German Act for the Amendment and Simplification of Taxation of Companies and Travel Expenses for Tax Purposes (Gesetz zur Änderung und Vereinfachung der Unternehmensbesteuerung und des steuerlichen Reisekostenrechts) dated 20 February 2013. As a consequence, to ensure continued compliance with the requirements for recognition as a fiscal unity for the purposes of taxes on income (ertragsteuerliche Organschaft) will also be met in future, profit transfer



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agreements with subsidiaries established in the legal form of a German private limited company ("GmbH") must include a dynamic reference to the provision of section 302 of the German Public Limited Companies Act (Aktiengesetz - "AktG"), as amended from time to time. This required a re-wording of the relevant provision in section 3 of the Agreement, in line with these requirements.

For these tax reasons, the parties have agreed upon the following amendments to section 3 of the Agreement:

"Clause 3 Loss Assumption

- (1)** Aareal Bank is under an obligation to compensate for any net losses incurred by Aareal Immobilien Beteiligungen GmbH for a year during the term of the agreement, unless such net losses are compensated for by amounts withdrawn from unallocated reserves, which amounts were transferred to such unallocated reserves during the term of the agreement.
- (2)** Section 302 of the AktG shall apply mutatis mutandis. To the extent that paragraph (1) contradicts section 302 of the AktG (as amended), the provisions of section 302 of the AktG shall prevail."

The remaining provisions of the Agreement shall remain in force unchanged.

Wiesbaden, 26 March 2014

Signatures