

# DEPFA FUNDING III LP

Interim Report  
30 June 2011

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## **General Partner and other information**

### **Manager and General Partner**

DEPFA BANK plc  
1 Commons Street  
Dublin 1  
Ireland

### **Directors of the Manager and General Partner**

#### **Board of Directors**

Ms. M. Better\* (German)  
Dr. J. Bourke\*  
Mr. C. Dunne  
Ms. F. Flannery  
Mr. T. Glynn (American)  
Mr. D. Grehan\*  
Mr. W. Groth\* (German) (appointed 28 February 2011)  
Mr. A. Kearns\*  
Mr. F. Krings\*(German)  
Mr. N. Reynolds  
Mr. S. Rio (French)  
Mr. A. von Uslar-Gleichen\* (German)  
Dr. H. Walter\* (German)

\* Non-Executive

#### **Auditors**

KPMG  
Chartered Accountants and Registered Auditor  
1 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

# General Partner's Statement

## Introduction

DEPFA Funding III LP ("the Partnership") is a United Kingdom Limited Partnership established by a Limited Partnership Agreement dated 6 June 2005 ("the Partnership Agreement"). DEPFA BANK plc, a company registered in Ireland, is the General Partner.

The purpose of the Partnership is to raise and provide finance to DEPFA BANK plc ("the Guarantor and General Partner") and other subsidiaries of Hypo Real Estate Holding AG ("HRE Holding"), (together "the HRE Group"). The business of the partnership, as administered by, or on behalf of, the General Partner will include the following:

- Acquiring and holding the Partnership's assets;
- Monitoring the Partnership's assets and determining whether they continue to be suitable; and
- Functions necessary or incidental thereto.

The Limited Partner as at 30 June 2011 is BT Globenet Nominees Limited.

## Ownership

The Partnership is part of the DEPFA Group ("the Group" or "the DEPFA Group") which comprises DEPFA BANK plc and its subsidiaries. In 2007 the entire ordinary share capital of DEPFA BANK plc, the parent of the Partnership, was acquired by HRE Holding, the parent entity of the HRE Group.

As part of the recapitalisation of the HRE Group, the German Financial Markets Stabilisation Fund/German Finanzmarktstabilisierungsfonds ("SoFFin") became the only shareholder of HRE Holding on 13 October 2009.

There has been no change in ownership of the Partnership during 2011.

## Summary of the Partnership's activities

The Partnership has issued €300,000,000 Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities. The Preferred Securities entitle holders to receive non-cumulative preferential cash distributions subject to certain conditions including the discretion of the Board of Directors of the Guarantor and General Partner. The proceeds of these securities have been lent to DEPFA Finance NV, a HRE Group company.

Payment under this hybrid capital instrument is only contractually required if creditors of an equal ranking receive interest payments. During 2009 the last equal ranking liability was repaid by the Group and accordingly the Group no longer has a contractual obligation to make interest payments under the hybrid capital instrument. Accordingly the carrying amount of this instrument was reclassified to equity from subordinated capital in 2009.

## Going concern

On 18 July 2011 the European Commission approved the state aid for the HRE Group. With its positive decision the material factors of uncertainty in relation to the going concern assumption which were known at the date of signing the 31 December 2010 year end financial statements no longer exist. These factors were:

- The continuing existence of HRE Holding and its subsidiaries, including DEPFA Funding III LP, was dependent upon the European Commission approving the support measures which were implemented by SoFFin.
- The ability of HRE Holding and its major subsidiaries, including DEPFA Funding III LP, to continue as going concerns was dependent upon the European Commission not imposing any conditions which would not permit the HRE Group and its subsidiaries, including DEPFA Funding III LP, to implement an economically sustainable business plan and in particular would not undo the regulatory effectiveness of the capital support measures.

The unaudited interim financial statements are prepared on a going concern basis.

## General Partner's Statement - continued

### Events after the statement of financial position date

On 18 July 2011, the Federal Republic of Germany reached formal agreement with the European Commission with regard to the state aid proceedings which the European Commission initiated in relation to the stabilisation measures granted to the HRE Group by the Federal Republic of Germany. The approval procedure has thus been completed; the decision of the European Commission is expected to be published in the official Gazette of the European Commission in the course of the next few weeks. The HRE Group has thus obtained the legal and planning certainty necessary for its proper operation.

The decision of the European Commission relates to all elements of aid granted to the HRE Group since the autumn of 2008, i.e. capitalisations, guarantee lines and the transfer of assets to the deconsolidated environment FMS Wertmanagement and requires the HRE Group to take appropriate compensation measures, in particular a reduction of total assets of Deutsche Pfandbriefbank Group. This aim is reached to a large extent.

The consequence of the decision of the European Commission is that the companies within the DEPFA Group will not conduct any new business until they are reprivatized. This is not applicable for measures carried out as part of bank, risk and refinancing management which is necessary for regulatory purposes and which has the aim of maintaining value and also within the framework of managing the cover pools.

With its positive decision, the European Commission has also accepted the viability of the business model of Deutsche Pfandbriefbank AG as a specialist bank for real estate finance and public sector investment finance. The consequence for Deutsche Pfandbriefbank AG is that it is now positioned as the strategic core bank of the HRE Group. It operates new business in real estate finance and public investment finance. Deutsche Pfandbriefbank AG will discontinue traditional public finance activities as pure budget financing. It has restricted its regional area of activity to selected countries in Europe. The growth of Deutsche Pfandbriefbank AG will be limited. These requirements have been recognised correspondingly in business planning. The agreed guidelines are applicable up to the point at which Deutsche Pfandbriefbank AG will be reprivatized, but will be applicable at least until the end of 2013. The existing contractual links with the deconsolidated environment FMS Wertmanagement (in particular servicing and refinancing) will be terminated at the latest by the end of September 2013. The entities of the DEPFA Group are free to provide services to FMS Wertmanagement after 30 September 2013.

Both the Deutsche Pfandbriefbank Group and the DEPFA Group may be sold in the medium-term. The complete reprivatization of the DEPFA Group is a medium-term objective. Measures have already been initiated to sever the links between the companies of the DEPFA Group and the other companies of the HRE Group.

In addition, the European Commission has imposed a payment condition in relation to the aid proceedings, namely the complete fulfilment of the payment of € 1.59 billion to avoid distortions of competition in connection with the utilisation of the deconsolidated environment. In consequence, this payment condition will result in a subsequent purchase price adjustment in the companies of the HRE Group which transferred assets to FMS Wertmanagement. In August 2011, FMSA has issued a decree, according to which, the payment condition will be fully borne by the DEPFA Group; however, the FMSA has reserved the right to amend its decree. The fulfilment of the payment condition will be recognised in equity and consequently will have no impact on the income statement of the DEPFA Group.

Furthermore, the European Commission has set conditions for interest and profit participation payments the HRE Group makes to third parties outside the HRE Group for certain instruments and until further notice. These conditions apply to a series of profit related capital instruments, which existed on 30 September 2010 and which were not provided by SoFFin. As a result of further conditions, in line with the "burden sharing" specified by the European Commission, from the time at which the payment condition of € 1.59 billion is completely settled up to the time of privatisation, the DEPFA Group will, subject to certain conditions, have to pay further annual fees to the Federal Republic of Germany. Profits of the Deutsche Pfandbriefbank Group will be used to repay the silent participation to SoFFin.

Apart from the above, there have been no other notable events after 30 June 2011.

## **General Partner's Statement - continued**

### **Principal risks and uncertainties**

The Partnership's sole asset is a loan to DEPFA Finance NV, a HRE Group company. The principal risks and uncertainties facing the Partnership, which relate primarily to credit risk, therefore relate to the performance of this loan.

## **Statement of the General Partner in respect of the unaudited interim financial statements**

The General Partner, whose name is listed on page 2, confirms to the best of its knowledge:

- (a) the unaudited interim financial statements comprising the unaudited income statement, the unaudited statement of comprehensive income, the unaudited disclosure of components of comprehensive income, the unaudited statement of financial position, unaudited cash flow statement, the unaudited statement of changes in General Partner's Funds and related notes 1 to 10 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.
- (b) the interim general partner's statement discussion includes a fair review of the information required by:
  - (i) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their impact on the unaudited set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (ii) Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the General Partner, DEPFA BANK plc:

**Cyril Dunne**  
Director

**Noel Reynolds**  
Director

**30 August 2011**

# **Independent Review Report on unaudited interim financial statements of DEPFA Funding III LP (“the Partnership”)**

## **Introduction**

We have been engaged by DEPFA Funding III LP (“the Partnership”) to review the unaudited set of financial statements in the Interim Report for the six months ended 30 June 2011 which comprises the unaudited income statement, unaudited statement of comprehensive income, unaudited statement of financial position, unaudited cash flow statement, unaudited statements of changes in General Partner’s funds and other equity and the related explanatory notes (notes 1-10). We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the set of financial statements.

This report is made solely to the partnership’s members in accordance with the terms of our engagement to assist the partnership’s members in meeting the requirements of the Transparency (Directive 2004/109/EC) Regulations 2007 (“the TD Regulations”) and the Transparency Rules of the Central Bank of Ireland (“CBI”). Our review has been undertaken so that we might state to the partnership’s members those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the partnership’s members for our review work, for this report, or for the conclusions we have reached.

## **General Partner’s responsibilities**

The Interim Report is the responsibility of, and has been approved by, the directors of the General Partner. The directors are responsible for preparing the interim financial report in accordance with the TD Regulations and the Transparency Rules of the Central Bank of Ireland.

As disclosed on page 13, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The directors are responsible for ensuring that the unaudited set of financial statements included in this Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

## **Our responsibility**

Our responsibility is to express to the partnership’s member a conclusion on the unaudited set of financial statements in the Interim Report based on our review.

## **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the unaudited set of financial statements in the Interim Report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU, the TD Regulations and the Transparency Rules of the Central Bank of Ireland.

Frank Gannon  
For and on behalf of KPMG  
Chartered Accountants statutory audit firm  
1 Harbourmaster Place  
IFSC  
Dublin 1

30 August 2011

## Income statement – unaudited

for the period 1 January to 30 June

	Note	01 Jan – 30 Jun 2011 €	01 Jan – 30 Jun 2010 €
Interest and similar income	3	2,991,191	2,291,116
Interest expense and similar expenses	3	(214,398)	(209,330)
<b>Net interest income</b>		<b>2,776,793</b>	<b>2,081,786</b>
<b>Profit for the period</b>		<b>2,776,793</b>	<b>2,081,786</b>

The notes on pages 13 to 16 are an integral part of these accounts.

## Statement of comprehensive income - unaudited

for the period from 1 January to 30 June

	01 Jan – 30 Jun 2011			01 Jan – 30 Jun 2010		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Net income	2,776,793	-	2,776,793	2,081,786	-	2,081,786
<b>Total comprehensive income</b>	<b>2,776,793</b>	<b>-</b>	<b>2,776,793</b>	<b>2,081,786</b>	<b>-</b>	<b>2,081,786</b>
Attributable to the General Partner	2,776,793	-	2,776,793	2,081,786	-	2,081,786

## Disclosure of components of comprehensive income – unaudited

for the period from 1 January to 30 June

	01 Jan – 30 Jun 2011	01 Jan – 30 Jun 2010
	€	€
Net income	2,776,793	2,081,786
<b>Total</b>	<b>2,776,793</b>	<b>2,081,786</b>

## Statement of financial position – unaudited

As at 30 June 2011 and 31 December 2010

	Note	30 Jun 2011	31 Dec 2010
		€	€
<b>ASSETS</b>			
Loans and advances to customers	4	300,435,639	300,372,580
Other receivables		2	2
<b>Total assets</b>		<b>300,435,641</b>	<b>300,372,582</b>
<b>LIABILITIES</b>			
Limited Partner contribution		1	1
Liabilities to banks	5	35,228,845	37,942,579
<b>Total liabilities</b>		<b>35,228,846</b>	<b>37,942,580</b>
<b>GENERAL PARTNER'S FUNDS AND OTHER EQUITY</b>			
Capital contribution account		1	1
Preferred securities issued		250,201,398	250,201,398
Income account		15,005,396	12,228,603
<b>Total equity</b>	6	<b>265,206,795</b>	<b>262,430,002</b>
<b>Total liabilities and general partner's funds and other equity</b>		<b>300,435,641</b>	<b>300,372,582</b>

The notes on pages 13 to 16 are an integral part of these accounts.

## Cash Flow Statement – unaudited

for the period 1 January to 30 June

	1 Jan – 30 Jun 2011 €	1 Jan – 30 Jun 2010 €
<b>Cash flows from operating activities</b>		
<b>Operating profit</b>	2,776,793	2,081,786
Adjustments for non-cash movements:		
Net (increase)/decrease in accrued interest income	(63,059)	15,049
Net increase/(decrease) in accrued interest expense	6,437	(1,784)
Net decrease in liabilities to banks	(2,720,171)	(2,095,051)
<b>Net cash from operating activities</b>	-	-
<b>Cash flows from financing activities</b>		
<b>Cash and cash equivalents at the beginning of the year</b>	-	-
Effect of exchange rate changes on cash and cash equivalents	-	-
<b>Cash and cash equivalents at the end of the year</b>	-	-

Included in the cash flows for the period are the following amounts:

	1 Jan – 30 Jun 2011 €	1 Jan – 30 Jun 2010 €
Interest income received	2,928,132	2,306,165
Interest expense paid	207,961	211,114

The notes on pages 13 to 16 are an integral part of these accounts.

## Statement of changes in General Partner's funds and other equity - unaudited

for the period 1 January to 30 June

€	Capital Contribution	Preferred securities issued	Income Account	Total General Partner's funds and other equity
<b>Balance at 1 January 2010</b>	1	250,201,398	7,786,878	257,988,277
Income for the period	-	-	2,081,786	2,081,786
<b>Balance at 30 June 2010</b>	1	250,201,398	9,868,664	260,070,063

€	Capital Contribution	Preferred securities issued	Income Account	Total General Partner's funds and other equity
<b>Balance at 1 January 2011</b>	1	250,201,398	12,228,603	262,430,002
Income for the period	-	-	2,776,793	2,776,793
<b>Balance at 30 June 2011</b>	1	250,201,398	15,005,396	265,206,795

The notes on pages 13 to 16 are an integral part of these accounts.

## **Notes to the interim financial statements - unaudited**

### **1. The Partnership**

#### **(a) Establishment of the Partnership**

DEPFA Funding III LP Limited Partnership ("the Partnership") is a United Kingdom Limited Partnership, established by a Limited Partnership Agreement dated 6 June 2005 ("the Partnership Agreement"). The Preferred Securities Issued by the Partnership are listed on the Official Market of the Frankfurt Stock Exchange and Eurolist by Euronext Amsterdam.

The General Partner, Manager and Guarantor of the Partnership is DEPFA BANK plc, which is responsible for the management, operation and administration of the affairs of the Partnership in accordance with the Partnership Agreement.

The Limited Partner as at 30 June 2011 is BT Globenet Nominees Limited.

#### **(b) Business of the Partnership**

The business of the Partnership is as set out in the General Partner's Statement on page 3.

#### **(c) Duration of the Partnership and other information**

The Partnership has no specific duration.

The Partnership is part of the DEPFA Group ("the Group" or "the DEPFA Group") which comprises DEPFA BANK plc and its subsidiaries. In 2007 the entire ordinary share capital of DEPFA BANK plc, the parent of the Partnership, was acquired by Hypo Real Estate Holding AG ("HRE Holding"), the parent entity of the Hypo Real Estate Group ("the HRE Group").

As part of the recapitalisation of the HRE Group, the German Financial Markets Stabilisation Fund/German Finanzmarktstabilisierungsfonds ("SoFFin") became the only shareholder of HRE Holding on 13 October 2009.

There has been no change in ownership of the Partnership during 2011.

#### **(d) Interim financial statements**

The interim financial statements for the six months ended 30 June 2011 are unaudited but have been reviewed by the auditor whose report is set out on page 7.

### **2. Basis of preparation**

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The financial information contained in the interim financial statements has been prepared in accordance with the accounting policies set out in the last annual financial statements.

## Notes to the interim financial statements – unaudited (continued)

### 3. Net interest income

	1 Jan – 30 June	
	2011	2010
	€	€
<b>Interest and similar income</b>		
Lending and money–market business	2,991,191	2,291,116
	<b>2,991,191</b>	<b>2,291,116</b>
<b>Interest expense and similar expenses</b>		
Liabilities to banks	(214,398)	(209,330)
	<b>(214,398)</b>	<b>(209,330)</b>
<b>Net interest income</b>	<b>2,776,793</b>	<b>2,081,786</b>

### 4. Loans and advances to customers

	30 Jun 2011	31 Dec 2010
	€	€
Other loans and advances to customers	300,000,000	300,000,000
Accrued interest receivable on loans and advances	435,639	372,580
	<b>300,435,639</b>	<b>300,372,580</b>

All of the above relates to amounts due from other HRE Group undertakings.

The effective interest rate for the above transaction is 3 month Euribor plus 0.8349% (2010: 3 month Euribor plus 0.8349%).

Loans and advances to customers are broken down by maturity as follows:

	30 Jun 2011	31 Dec 2010
	€	€
Greater than 5 years	300,435,639	300,372,580
	<b>300,435,639</b>	<b>300,372,580</b>

### 5. Liabilities to banks

	30 Jun 2011	31 Dec 2010
	€	€
Liabilities to banks	35,228,845	37,942,579
	<b>35,228,845</b>	<b>37,942,579</b>
Of which due to group companies	35,228,845	37,942,579

Liabilities to banks are broken down by maturity as follows:

	30 Jun 2011	31 Dec 2010
	€	€
Up to 3 months	35,228,845	37,942,579
	<b>35,228,845</b>	<b>37,942,579</b>

## Notes to the interim financial statements – unaudited (continued)

### 6. General Partner's funds and other equity

	30 Jun 2011	31 Dec 2010
	€	€
Capital contribution	1	1
Retained income at start of period	12,228,603	7,786,878
Preferred securities reclassified to equity	250,201,398	250,201,398
Income for the period	2,776,793	4,441,725
Dividend paid in the period	-	-
	<b>265,206,795</b>	<b>262,430,002</b>

The partnership has issued €300,000,000 Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities. The Preferred Securities entitle holders to receive non-cumulative preferential cash distributions, subject to certain conditions including the discretion of the Board of Directors of the Guarantor and General Partner. The interest rate on the issue is 7% for the first 3 years up to Jun 2009, and CMS 10 Year + .1% thereafter. Payment under this hybrid capital instrument is only contractually required if creditors of an equal ranking receive interest payments. During 2009 the last equal ranking liability was repaid by the Group and accordingly the Group no longer has a contractual obligation to make interest payments under the hybrid capital instrument. Accordingly the carrying amount of this instrument has been reclassified to equity from subordinated capital in 2009.

The Guarantor and General Partner does not expect that distributions will be made on the Preferred Securities during 2011.

### 7. Dividend Paid

There was no dividend paid to the General Partner up to 30 June 2011 (2010: nil).

### 8. Related party transactions

Balances due to and from related parties are disclosed in the notes to the statement of financial position. DEPFA BANK plc, the General Partner and Guarantor, is a related party of the Partnership.

The key management of the Partnership received no remuneration from the Partnership during the period.

Transactions with related parties consist of:

	30 Jun 2011	30 Jun 2010
	€	€
Interest and similar income – DEPFA Finance NV	2,991,191	2,291,116
Interest expense and similar expenses – DEPFA BANK plc	214,398	209,330

## Notes to the interim financial statements – unaudited (continued)

### 9. Events after the statement of financial position date

On 18 July 2011, the Federal Republic of Germany reached formal agreement with the European Commission with regard to the state aid proceedings which the European Commission initiated in relation to the stabilisation measures granted to the HRE Group by the Federal Republic of Germany. The approval procedure has thus been completed; the decision of the European Commission is expected to be published in the official Gazette of the European Commission in the course of the next few weeks. The HRE Group has thus obtained the legal and planning certainty necessary for its proper operation.

The decision of the European Commission relates to all elements of aid granted to the HRE Group since the autumn of 2008, i.e. capitalisations, guarantee lines and the transfer of assets to the deconsolidated environment FMS Wertmanagement and requires the HRE Group to take appropriate compensation measures, in particular a reduction of total assets of Deutsche Pfandbriefbank Group. This aim is reached to a large extent.

The consequence of the decision of the European Commission is that the companies within the DEPFA Group will not conduct any new business until they are reprivatized. This is not applicable for measures carried out as part of bank, risk and refinancing management which is necessary for regulatory purposes and which has the aim of maintaining value and also within the framework of managing the cover pools.

With its positive decision, the European Commission has also accepted the viability of the business model of Deutsche Pfandbriefbank AG as a specialist bank for real estate finance and public sector investment finance. The consequence for Deutsche Pfandbriefbank AG is that it is now positioned as the strategic core bank of the HRE Group. It operates new business in real estate finance and public investment finance. Deutsche Pfandbriefbank AG will discontinue traditional public finance activities as pure budget financing. It has restricted its regional area of activity to selected countries in Europe. The growth of Deutsche Pfandbriefbank AG will be limited. These requirements have been recognised correspondingly in business planning. The agreed guidelines are applicable up to the point at which Deutsche Pfandbriefbank AG will be reprivatized, but will be applicable at least until the end of 2013. The existing contractual links with the deconsolidated environment FMS Wertmanagement (in particular servicing and refinancing) will be terminated at the latest by the end of September 2013. The entities of the DEPFA Group are free to provide services to FMS Wertmanagement after 30 September 2013.

Both the Deutsche Pfandbriefbank Group and the DEPFA Group may be sold in the medium-term. The complete reprivatization of the DEPFA Group is a medium-term objective. Measures have already been initiated to sever the links between the companies of the DEPFA Group and the other companies of the HRE Group.

In addition, the European Commission has imposed a payment condition in relation to the aid proceedings, namely the complete fulfilment of the payment of € 1.59 billion to avoid distortions of competition in connection with the utilisation of the deconsolidated environment. In consequence, this payment condition will result in a subsequent purchase price adjustment in the companies of the HRE Group which transferred assets to FMS Wertmanagement. In August 2011, FMSA has issued a decree, according to which, the payment condition will be fully borne by the DEPFA Group; however, the FMSA has reserved the right to amend its decree. The fulfilment of the payment condition will be recognised in equity and consequently will have no impact on the income statement of the DEPFA Group.

Furthermore, the European Commission has set conditions for interest and profit participation payments the HRE Group makes to third parties outside the HRE Group for certain instruments and until further notice. These conditions apply to a series of profit related capital instruments, which existed on 30 September 2010 and which were not provided by SoFFin. As a result of further conditions, in line with the "burden sharing" specified by the European Commission, from the time at which the payment condition of € 1.59 billion is completely settled up to the time of privatisation, the DEPFA Group will, subject to certain conditions, have to pay further annual fees to the Federal Republic of Germany. Profits of the Deutsche Pfandbriefbank Group will be used to repay the silent participation to SoFFin.

Apart from the above, there have been no other notable events after 30 June 2011.

### 10. Commitments

The Partnership had no commitments as at 30 June 2011 (2010: nil).