

Draft of the profit transfer agreement between Hypo Real Estate Holding AG and DEPFA Deutsche Pfandbriefbank AG

This is a courtesy translation of the wording of the draft profit transfer agreement between Hypo Real Estate Holding AG and DEPFA Deutsche Pfandbriefbank AG. Only the German version of this document is legally binding. Every effort has been made to ensure the accuracy of this translation, which is provided to shareholders for information purposes only. No warranty is made as to the accuracy of this translation and Hypo Real Estate Holding AG assumes no liability with respect thereto.

Profit transfer agreement

**Hypo Real Estate Holding AG,
Unsöldstraße 2, 80538 München**
(referred to in the following as “HRE”)

and

**DEPFA Deutsche Pfandbriefbank AG,
Ludwig-Erhard-Straße 14, 65760 Eschborn**
(referred to in the following as “DEPFA”)

hereby agree the following:

§ 1 Profit transfer

1. DEPFA undertakes to transfer its entire profit to HRE. The amount to be transferred – subject to the creation or release of reserves in accordance with section 2 – is defined as the net income generated before the profit transfer less any loss carried forward from the previous year and less the amount to be paid into the legal reserve.
2. DEPFA is permitted to pay amounts out of net income for the year to other retained earnings if this is admissible under commercial law and if it is economically justified on the basis of the assessment of a prudent businessman. The other retained earnings created during the term of the agreement can be released and transferred as profit to the extent that they do not have to be used first for offsetting an annual net loss.
3. It is not permitted to transform amounts released from reserves which were created before the beginning of this agreement.
4. The obligation to transfer profits is applicable for the first time for the entire profit of the financial year in which this agreement becomes effective.

§ 2 Calculation of profit

1. The profit and loss of DEPFA have to be calculated in accordance with the regulations of commercial law.
2. The regulations of section 300 no. 1 AktG have to be followed in this regard, the amount of the transfer must not exceed the amount resulting from section 301 AktG.
3. HRE is permitted to issue instructions to the Management Board of DEPFA – to the extent which is legally admissible – with regard to preparing the balance sheet.

§ 3 Loss absorption

In accordance with section 302 AktG, HRE is obliged to absorb any other net loss of DEPFA which would otherwise arise during the term of this agreement to the extent that such net loss is not offset by amounts taken from the other retained earnings which had been credited to the retained earnings during the term of the agreement. Section 1 (4) applies correspondingly.

§ 4 Effectiveness and duration

1. This agreement requires the approval of the Annual General Meeting of DEPFA and the Annual General Meeting of HRE, and becomes effective upon its registration with the commercial register at the registered offices of DEPFA. The parties undertake to do what is necessary in order to ensure that the agreement is registered with the commercial register at the registered offices of DEPFA as quickly as possible.
2. This agreement is concluded for a fixed period of five years starting on 1 January of the calendar year in which the agreement becomes effective and subsequently is extended for further periods of one year unless three months notice is provided to terminate the agreement before it is due to expire. Notice of termination must be submitted in writing. For the purpose of compliance with the period of notice, the relevant date shall be the date on which the notice of termination is received by the other company.

3. The right to terminate the agreement for cause without observing any period of notice is not affected. In particular, both parties are entitled to terminate the agreement for cause if HRE no longer owns a majority interest in DEPFA or restructuring processes take place at HRE or DEPFA in accordance with the German Transformation Act (Umwandlungsgesetz).

§ 5 Concluding remarks

If individual stipulations of this agreement are or become ineffective or unenforceable, the effectiveness of the remainder of the agreement shall not be affected. The ineffective or unenforceable stipulation is to be replaced by an effective and enforceable regulation which reflects most closely the economic intention followed by the parties to the agreement by the ineffective or unenforceable stipulation. The above stipulations are applicable correspondingly if the agreement proves to contain omissions. Section 139 BGB is not applicable.

Munich, April 2008

Hypo Real Estate Holding AG
The Management Board

Eschborn, April 2008

DEPFA Deutsche Pfandbriefbank AG
The Management Board