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Joint Report

**by the Board of Management of Münchener Rückversicherungs-Gesellschaft
Aktiengesellschaft in München, Munich
– hereinafter referred to as "Munich Re" –**

and

**the management of Schloss Hohenkammer GmbH
(hitherto operating under the name: Akademie Schloß Hohenkammer GmbH),
– hereinafter referred to as "SH" –**

concerning the

**agreement amending the profit-transfer agreement of 11 April 2003
("agreement amending the profit-transfer agreement")
concluded by and between
Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München
and
Schloss Hohenkammer GmbH
(hitherto operating under the name: Akademie Schloß Hohenkammer GmbH)**

I. Introduction

Munich Re (parent company) and SH (group member) signed a profit transfer agreement on 11 April 2003, which was accepted by the shareholders' meeting of SH and by the Annual General Meeting of Munich Re. The profit transfer agreement was entered in the Commercial Register at the domicile of SH on 4 July 2003. Following promulgation of the Law of 20 February 2013 Amending and Simplifying Corporate Taxation and the Fiscal Law on Travel Expenses (Federal Law Gazette I, p. 285) amending § 17, second sentence, No. 2 Corporation Tax Act (KStG), this profit transfer agreement must now be amended accordingly. This will ensure that the profit transfer agreement with a limited liability company (GmbH) as group member always meets with the current requirements of the Stock Companies Act (AktG) obligating the parent company to bear the losses. In this context, the provision in the profit transfer agreement concerning the transfer of profit is to be linked to the corresponding ruling in the Stock Companies Act (AktG) and brought into line with the most recent statutory requirements.

As required by § 293a in combination with § 295 (1) Stock Companies Act (AktG), the Board of Management of Munich Re and the management of SH have prepared the following joint report explaining and setting out the reasons for the profit transfer agreement, as well as the content of the agreement amending the profit transfer agreement, from a legal and economic standpoint. The shareholders' meeting of SH must approve the agreement amending the profit transfer agreement in notarised form. The agreement amending the profit transfer agreement will then be presented to the Annual General Meeting of Munich Re for approval on 30 April 2014.

II. SH

SH was set up on 19 April 1978 as a shelf company and entered in the Commercial Register of Munich Local Court under the number HRB 124877. Munich Re is the sole shareholder. The company's object

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is above all operation of the Schloss Hohenkammer training centre and its local catering facilities, activities in agriculture and forest management, as well as the letting and leasing of real estate.

Economic reasons underlying the profit transfer agreement

Under the existing profit transfer agreement, profits and losses of SH are imputed to Munich Re for commercial and tax law purposes. This is not changed by the agreement amending the profit transfer agreement.

III. Legal and fiscal clarification of the agreement amending the profit transfer agreement

1. General

The agreement amending the profit transfer agreement is an intercompany agreement as defined by §§ 291 et seq. Stock Companies Act (AktG). § 295 (1), first sentence, Stock Companies Act (AktG) stipulates that an intercompany agreement can only be amended with the consent of the Annual General Meeting. According to § 295 (1), second sentence, Stock Companies Act (AktG), the relevant clauses governing the conclusion of intercompany agreements, namely §§ 293-294 Stock Companies Act (AktG), apply accordingly. A resolution by the shareholders' meeting of SH approving the amendment is also required. The agreement amending the profit transfer agreement comes into force when entered in the Commercial Register at the domicile of SH.

Since Munich Re is the sole shareholder in SH, it was not necessary to review the agreement and present an auditor's report, as required by §§ 293b et seq. Stock Companies Act (AktG). Since there are no external shareholders, Munich Re need not pay either compensation pursuant to § 304 Stock Companies Act (AktG) or lump-sum settlements pursuant to § 305 Stock Companies Act (AktG).

2. Details

The following points must be noted with regard to the individual provisions of the agreement amending the profit transfer agreement:

No. 1: Transfer of profit (§ 1 (1) of the profit transfer agreement)

In line with the ruling governing the absorption of losses (see No. 2, below), the agreement now contains a general reference to § 301 Stock Companies Act (AktG), which governs the maximum amount of profit transferred, as most recently amended or a corresponding subsequent regulation. § 301, first sentence, Stock Companies Act (AktG) prohibits the transfer of monies which are barred from distribution as profit by the terms of § 268 (8) German Commercial Code. This requirement was introduced by the Act of 25 May 2009 Modernising German Accounting Law (BilMoG) (Federal Law Gazette I p. 1102) and hence after conclusion of this profit transfer agreement. The general reference makes compliance with this requirement, as well as possible future amendments of § 301 Stock Companies Act (AktG), an integral part of the agreement.

No. 2: Absorption of losses (§ 1 (3) of the profit transfer agreement)

§ 302 Stock Companies Act (AktG) (absorption of losses in conjunction with a control or profit transfer agreement) only applies directly in those cases in which a stock corporation undertakes to transfer profits to another company. Until now, § 17, second sentence, No.

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2, Corporation Tax Act (KStG) required that a loss-sharing agreement must be concluded in accordance with the requirements of § 302 Stock Companies Act (AktG) so that a profit transfer agreement concluded by a limited liability company as a group member can be recognised for tax purposes. § 17, second sentence, No. 2 Corporation Tax Act (KStG) as amended by the Law Amending and Simplifying Corporate Taxation and the Fiscal Law on Travel Expenses, of 20 February 2013 (Federal Law Gazette I p. 285) now stipulates that "assumption of a loss is agreed by reference to the regulations pursuant to § 302 Stock Companies Act (AktG) as most recently amended". This has been implemented in the agreement amending the profit transfer agreement.

No. 3: Miscellaneous

The remaining provisions of the profit transfer agreement of 11 April 2003 continue to apply unchanged.

Munich, this day of 2014

Münchener Rückversicherungs-Gesellschaft
Aktiengesellschaft in München

Dr. v. Bomhard

Dr. Schneider

Dr. Jeworrek

Dr. Arnoldussen

Dr. Blunck

Daschner

Dr. Wenning

Dr. Röder

Hohenkammer, this day of 2014

Schloss Hohenkammer GmbH

Martin Kirsch

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