Joint Report of the Managing Boards of Nemetschek Aktiengesellschaft and Frilo Software GmbH corresponding to Sec. 293a AktG regarding the draft Domination Agreement as of 18 March 2015 between Nemetschek Aktiengesellschaft and Frilo Software GmbH

Note: This English version of the report is for information purposes only. Legally binding is only the German version of this report.

Preamble

(A) Nemetschek Aktiengesellschaft (hereinafter „**Nemetschek AG“**), Munich, and Frilo Software GmbH, Stuttgart, intend to enter into a Domination Agreement. The precise date on which the Domination Agreement shall be signed and entered into by the Parties has not yet been determined.

(B) The Domination Agreement in its draft version dated 18 March 2015 (hereinafter the “**Domination Agreement**”) will be presented for approval to the annual general meeting of Nemetschek AG on 20 May 2015 pursuant to Sec. 293 AktG (Aktiengesetz / Stock Corporation Act). The general meeting of Nemetschek AG shall authorize the Executive Board of Nemetschek AG to conclude the Domination Agreement. For the information of the shareholders of Nemetschek AG and as preliminaries to the shareholders’ resolutions the Executive Board of Nemetschek AG and the Managing Board of Frilo Software GmbH give the following report according to Sec. 293a AktG regarding the Domination Agreement:

1. Parties to the Domination Agreement

1.1 <u>Nemetschek AG</u>

Nemetschek AG was founded by transformation of Nemetschek GmbH (formerly: Nemetschek Programmsystem GmbH) with registered office in Munich (Local Court of Munich, HRB 65973) and registered with the commercial register on 10 September 1997 (Local Court of Munich, HRB 117720). Registered office of the company is in Munich. The registered share capital of Nemetschek AG amounts to EUR 9,625,000.00 and is divided into 9,625,000.00 no-par-value bearer shares. The business year of the company is the calendar year.

Pursuant to the articles of incorporation of Nemetschek AG its registered object is to lead a group of companies in particular active in the field of consulting, research, development, production, acquisition and sale of products and solutions of the information and communications technology in the area of planning, construction and utilization. Object of the company is further the founding, acquisition and administration of participations in enterprises, the provision of services including financing and financial management for enterprises in which the company holds participations. Excluded are services that require the admission pursuant to the German Banking Act (Kreditwesengesetz). Finally, object of the company is the administration and licensing of trademarks within the areas mentioned before.

Members of the Executive Board of Nemetschek AG are:

- Mr. Patrik Heider
- Mr. Viktor Várkonyi
- Mr. Sean Flaherty.

The supervisory board of Nemetschek AG consists according to the articles of incorporation of three members, all of them elected by the general meeting. Chairman of the supervisory board is Mr. Kurt Dobitsch.

As of 31 December 2014, the work force of Nemetschek AG amounts to 19 employees. The overall work force of Nemetschek Group amounts to 1,561.

For the fiscal year 2014 the consolidated sales of Nemetschek Group amount to TEUR 218,451. The annual surplus amounts to TEUR 31,486. For further information regarding business performance reference is made to the consolidated financial statements of Nemetschek AG and the group management report for the fiscal year 2014.

1.2 Frilo Software GmbH

Registered office of Frilo Software GmbH is Stuttgart. The company is registered with the commercial register at the local court of Stuttgart under HRB 18196. Registered object of Frilo Software GmbH is the production and sale of computer programs and accessory material. The registered share capital of Frilo Software GmbH amounts to DM 100,000.00. All shares in Frilo Software GmbH are held by Nemetschek AG.

Managing directors of Frilo Software GmbH are:

- Mr. Hans-Joachim Stegmüller
- Mr. Patrik Heider.

Between Nemetschek AG and Frilo Software GmbH a profit transfer agreement dated 19 November 2002 as amended on 2 April 2014 is in place (the "**PTA**"), according to which Frilo Software GmbH is obliged to transfer its profits to Nemetschek AG (Sec. 301 AktG). Corresponding to Sec. 302 AktG as amended from time to time Nemetschek AG is obliged to compensate every annual net loss of Frilo Software GmbH occurring under the PTA to the extent that such loss is not compensated by withdrawing amounts from the profit reserves which were transferred to such reserves during the term of the PTA.

2. Legal and economic rationale for the conclusion of the intended Domination Agreement

2.1 Corporate

The Nemetschek Group is managed by Nemetschek AG as the strategic holding company, the operative business activities being carried out by legally independent subsidiaries like Frilo Software GmbH. Currently, the (group)- management of Frilo Software GmbH is effected by giving instructions via shareholders' resolutions and by appointing members of the managing board of Nemetschek AG as managing directors of Frilo Software GmbH. Due to the Domination Agreement and the right to give directions deriving from such agreement, Frilo Software GmbH hence could be managed irrespective of the persons acting as managing directors of Frilo Software GmbH and without relying on the formal and cumbersome procedure of giving instructions via shareholders' resolutions. Thus, the conclusion of the Domination Agreement makes the management of Frilo Software GmbH easier, more practicable and more efficient.

2.2 Tax

Nemetschek AG as the controlling company (Organträgerin) and Frilo Software GmbH as the controlled company (Organgesellschaft) constitute a VAT group (in addition to the profit tax consolidation based on the PTA). The VAT consolidation allows to record VAT and input VAT of the controlled company with the controlling company. All tax duties of the controlled company like filing sales tax summary reports and tax returns may be combined and fulfilled by the controlling company. Further, intra-group-transactions remain untaxed. Sole debtor of the VAT within the VAT group is the controlling company, though the controlled company remains liable for the VAT to be allotted to herself.

The VAT consolidation requires that the controlled company is financially, economically and organizationally integrated into the controlling company. In order to secure the organizational integration of Frilo Software GmbH the member of the board of Nemetschek AG, Mr. Patrik Heider, concurrently acts as managing director of Frilo Software GmbH. However, Nemetschek AG considers to end this practice of dual positions of the board members as to allow them to fully concentrate on the strategic management of the Nemetschek Group. In case Mr. Heider should no longer be a managing director of Frilo Software GmbH its organizational integration into Nemetschek AG would be sustained by the Domination Agreement. Thus, the conclusion of the Domination Agreement serves to secure the VAT consolidation between Nemetschek AG and Frilo Software GmbH.

3. Commentaries on the Domination Agreement

3.1 Pursuant to Clause 1 of the Domination Agreement the controlled company puts its management under the control of the controlling company. The controlling company is therefore entitled to give instructions to the managing directors of the controlled company regarding its management. The controlled company is obliged to comply with such instructions. Clause 1 then describes the mandatory provision of Sec. 299 AktG pursuant to which instructions regarding the alteration, continuance or termination of the Domination Agreement may not be given. Instructions under the Domination Agreement must be given in text form (Sec. 126b German Civil Code).

3.2 According to Clause 2 of the Domination Agreement the controlling company is entitled to inspect the books and records of the controlled company at any time. The managing directors of the controlled company must give all information requested by the controlling company and are further obliged to continuously report to the controlling company.

3.3 Regarding the assumption of losses Clause 3 of the Domination Agreement provides that Sec. 302 AktG as amended from time to time shall apply analogously, whereby the controlling company shall compensate any annual net loss occurring during the term of the Agreement to the extent that such loss is not compensated by withdrawing amounts from the profit reserves which were transferred to such reserves during the term of the Agreement. This loss assumption of the controlling company is the legally mandatory consequence of a Domination Agreement. The existing PTA already contains an equal loss assumption obligation of Nemetschek AG, so that insofar the Domination Agreement does not constitute any further obligation to assume losses for Nemetschek AG.

3.4 Clause 4 of the Domination Agreement points out that the Domination Agreement requires the consent of the general meeting of Nemetschek AG and of the shareholders' meeting of Frilo Software GmbH. The Domination Agreement becomes effective upon its registration with the commercial register of Frilo Software GmbH. As set out under (B) in the Preamble to this report the consent of the general meeting of Nemetschek AG shall be obtained on 20 May 2015 in the form of an authorization of the managing board to enter into the Domination Agreement. A further approval of the general meeting after signing of the Domination Agreement is therefore not required.

Clause 4 of the Domination Agreement contains detailed provisions regarding the term and the termination of the Domination Agreement. The Domination Agreement is entered into for an indefinite term. The Agreement may be ordinarily terminated with three months' notice to the end of a calendar month. For good cause the Domination Agreement may also be terminated without notice. A good cause is in particular (but not exclusively) given if

- The controlling company is no longer the sole shareholder of the controlled company,
- the controlling company or the controlled company is merged or demerged,
- insolvency proceedings over the assets of the controlling company or the controlled company are opened or the opening of such proceedings is dismissed due to insufficiency of assets,
- the controlling company or the controlled company is liquidated,

- the controlling company or the controlled company is transformed or its business seat is transferred, if as a consequence of this the relevant party may no longer be a party to a domination agreement.

Notice of termination must be given in writing.

3.5 Clause 5 of the Domination Agreement contains as common final provisions a Severability Clause and a Written Form Requirement. According to the Severability Clause the validity of the other provisions of the Domination Agreement shall remain unaffected if a provision of the Domination Agreement becomes invalid or unenforceable or if a gap (Lücke) is found to exist. To the extent permitted by law, any such invalid or unenforceable provision shall be deemed replaced by such valid and enforceable provision as most closely reflects what the parties would have agreed on had they considered that point.

3.6 The Written Form Requirement provides that amendments to the Domination Agreement shall be valid only if made in writing, except when more stringent form requirements must be satisfied under applicable law.

4. No Guaranteed Dividends or Compensation Claims; no Audit of the Domination Agreement

Nemetschek AG is the sole shareholder of Frilo Software GmbH. Thus, stipulations regarding guaranteed dividends (Sec. 304 AktG) and compensation (Sec. 305 AktG) for outside shareholders of Frilo Software GmbH are not required. An audit of the Domination Agreement corresponding to Sec. 293b AktG is likewise not required.

Munich, April 2, 2015

Nemetschek AG
The Executive Board

Patrik Heider

Viktor Várkonyi

Sean Flaherty

Frilo Software GmbH
The Managing Board

Patrik Heider

Hans-Joachim Stegmüller