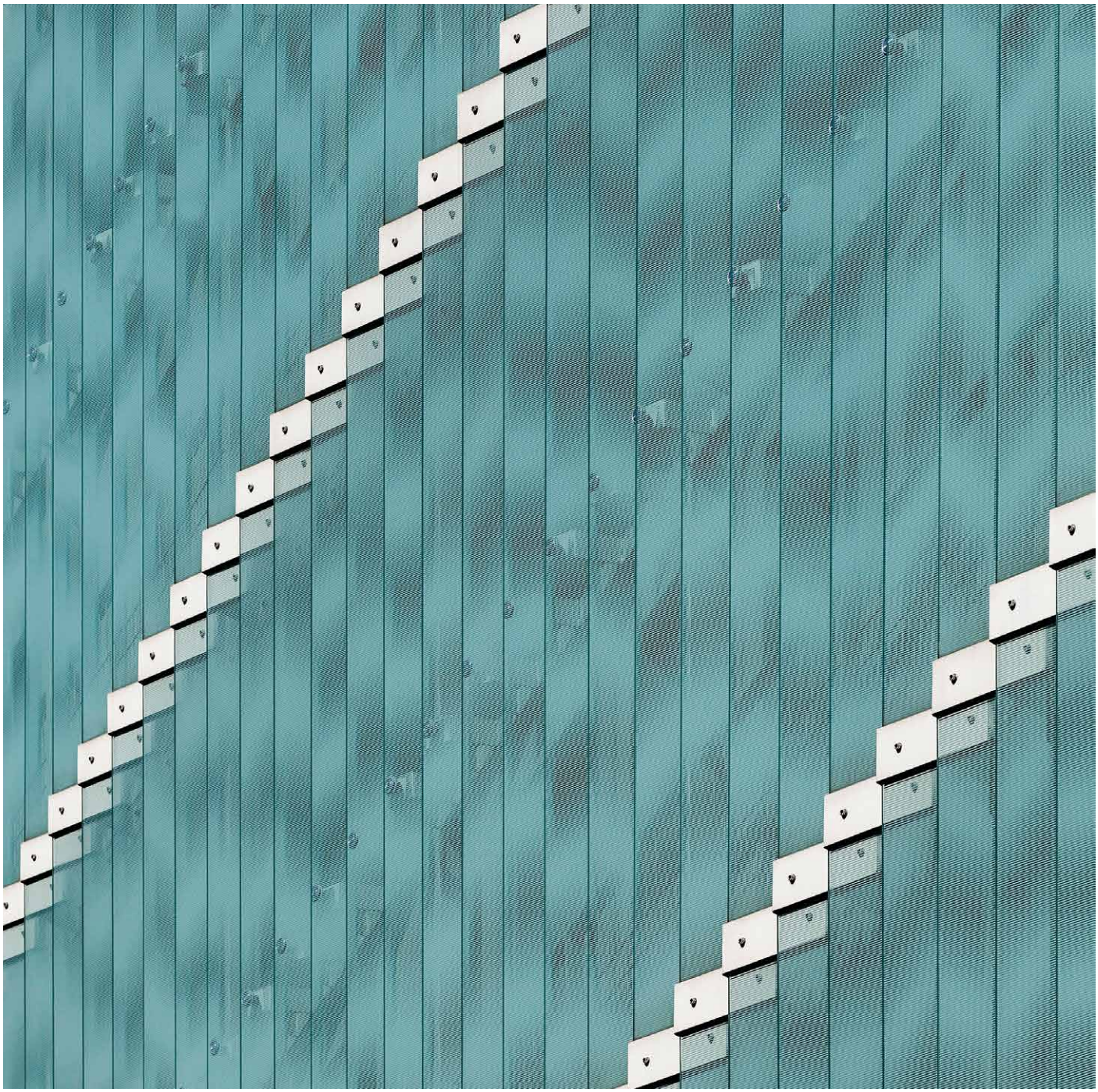
SEB ImmoPortfolio Target Return Fund

Annual Report as of 31 December 2016



savills investment management

savillsim.com

Table of Contents

Notice

SEB ImmoPortfolio Target Return Fund has not amended its Fund Rules in line with the *Kapitalanlagegesetzbuch* (German Investment Code), which has been in force since 2014, due to the suspension of the issuance and redemption of units and the subsequent dissolution of the Fund. This annual report has been prepared in accordance with the provisions of the *Investmentgesetz* (InvG – German Investment Act), and in this case especially section 44 of the InvG, and of the *Investment-Rechnungslegungs- und Bewertungsverordnung* (InvRBV – German Investment Fund Accounting and Valuation Regulation). For this reason, we will continue to use the relevant InvG terminology in this annual report.

Terms used in the *Kapitalanlagegesetzbuch* (KAGB – German Investment Code)	Terms used in the *Investmentgesetz* (InvG – German Investment Act)
General Fund Rules (AAB)	General Fund Rules (AVB)
Special Fund Rules (BAB)	Special Fund Rules (BVB)
External valuers	Experts, Expert Committee
Investment company (KVG)	Investment company (KAG)
Overview of assets	Condensed statement of assets
Depositary	Custodian Bank

SEB ImmoPortfolio Target Return Fund at a Glance as of 31 December 2016

Slovakia – Bratislava, Europeum, Suché Mýto 1

Fund assets	EUR	332.4 million
Total property assets (market values)	EUR	250.8 million
thereof held directly	EUR	187.4 million
thereof held via real estate companies	EUR	63.4 million
Total Fund properties		12
thereof held via real estate companies		5
Changes during the period under review		
Sales/disposals		14
Letting rate (estimated gross rental)[1]		69.5%
Letting rate (estimated net rental)		70.2%
Final distribution on 3 April 2017	EUR	19.4 million
Final distribution per unit	EUR	3.00
Total property return[2] for the period 1 January 2016 to 31 December 2016*		–5.8%
Liquidity return[3] for the period 1 January 2016 to 31 December 2016*		0.1%
Investment performance[4] for the period 1 January 2016 to 31 December 2016*		–5.5%
Investment performance[4] since Fund launch*		101.8%
Unit value/redemption price	EUR	51.41
Issuing price	EUR	52.95
Total expense ratio[5]		1.02%

[1] The estimated gross rental corresponds to the estimated net rental plus incidental expenses.
[2] Based on the Fund's average directly and indirectly held property assets financed by equity
[3] Based on the Fund's average liquid assets
[4] Calculated according to the BVI method
[5] Total costs as a percentage of average Fund assets within a financial year, calculated as of 31 December 2016

* The key return figures were not included in the audit for which the Auditors' Report was issued.

German Securities Code Number: 980231 ISIN: DE0009802314

Launched as SEB ImmoSpezial I, a special fund, on 15 October 2001; transformed into a mutual fund on 1 October 2004.

Editorial

Carolina von Groddeck
and
Hermann Löschinger

Dear investor,

The process of dissolving SEB ImmoPortfolio Target Return Fund continued in financial year 2016 with 14 sales. As a result, the Fund exited the markets in Germany, Singapore and Slovakia.

Among other things, half a dozen properties belonging to SEB ImmoPortfolio Target Return Fund changed hands as part of a German portfolio of 17 office properties belonging to multiple funds with a total selling price of approximately EUR 630 million. The six office buildings with a market value of EUR 142 million in Düsseldorf, Hamburg, Ottobrunn, Korntal-Münchingen and Stuttgart were recognised as disposals as of 1 December 2016 and generated an attractive result at Fund level.

The sale of the 30% equity interest in the Chinatown Point shopping centre in Singapore also produced a positive return. Following the acquisition of the development project in 2010 the property, which is located near Raffles Place, was extensively renovated and repositioned, and hence enhanced. The selling price for the equity interest was approximately EUR 87 million.

In addition, a purchase agreement was signed in July with the joint venture partner for two equity interests in student residences in Gainesville, Florida, USA. The selling price in this case was below the current market value. The buildings were recognised as disposals at the start of the second half of the year.

An office building in Bratislava, the capital of Slovakia, had already changed hands for less than its most recently appraised market value in the first half of the financial year. The building has not been included in the Fund's portfolio since June.

The transactions in financial year 2016 significantly changed the portfolio's country structure. Whereas 24% of the portfolio was still invested in Germany as of 31 December 2015, the twelve properties remaining as of 31 December 2016 were in four countries. The bulk of the property assets (57.7%) is now invested in Poland, followed by the USA (19.8%), France (17.0%) and Finland (5.5%). The focus in terms of the type of use continues to be on office properties.

The annual performance of –5.5% as of 31 December 2016 reflects reappraisals and transaction costs, among other things. Nevertheless, since its launch in October 2001 the Fund has generated a positive return of 4.7% p.a. or 101.8% on a cumulative basis.

Carolina von Groddeck and Hermann Löschinger were appointed as managing directors of Savills Fund Management GmbH during the reporting period. Siegfried A. Cofalka and Axel Kraus left the management as of 31 December 2016.

Information on the Dissolution of the Fund

Notice of termination of the management mandate for SEB ImmoPortfolio Target Return Fund initiated the Fund's dissolution and the payout of the sales proceeds at regular intervals as part of an orderly process. At the same time, the suspension of the issuance and redemption of units became permanent. The notice of termination of the management mandate was published in the *Bundesanzeiger* and on the Company's website, http://am.savillsim.de (formerly www.sebassetmanagement.de), and information about this was made available to the custodians so that these could pass it on to investors.

The investment company, Savills Fund Management GmbH (formerly SEB Investment GmbH), will remain responsible for SEB ImmoPortfolio Target Return Fund's ongoing management and for providing support to investors and sales partners until the termination takes effect on 31 May 2017. The Fund management will continue with the sales until the end of the notice period. If possible, the period until 31 May 2017 will be used to sell all properties and equity interests in real estate companies on reasonable terms. The Fund management has two goals during this process: to generate liquidity as quickly as possible so that it can be used to pay out investors and to exploit market opportunities to achieve the best possible sales results under the circumstances. The Fund management aims to complete the property sales by the end of the notice period.

Sales proceeds are to be paid out to investors in SEB ImmoPortfolio Target Return Fund at half-yearly intervals. The size of the payouts will depend on the property sales, less the funds needed to ensure the orderly ongoing management of the Fund and other costs and liabilities incurred in the course of its dissolution.

Savills Fund Management GmbH will continue to provide information in the normal way as of the reporting dates for the semi-annual and annual reports in the period between announcement of the notice of termination and its taking effect. A separate dissolution report will be prepared as of 31 May 2017.

Once termination takes effect, the Fund (i.e. any remaining assets belonging to SEB ImmoPortfolio Target Return Fund) will be transferred to the Custodian Bank. If not all properties and equity interests in real estate companies have been sold by this point, the Custodian Bank will continue dissolving SEB ImmoPortfolio Target Return Fund and paying out the proceeds. However, if all properties and equity interests in real estate companies have been sold at the end of the notice period, the Custodian Bank will finally wind up the Fund after settling any other liabilities and will pay out the remaining proceeds to the investors.

Poland – Warsaw, Szturmowa 2

Risk Management

Risk management is a continuous, integral process that covers all areas of the business, comprising all of the measures applied to systematically deal with risk. One of the key aims of this process is identifying and mitigating any potential risks at an early stage. The early identification of risk creates room for manoeuvre that can be used to help safeguard existing potential for success over the long term and create new opportunities. Savills Fund Management GmbH (formerly SEB Investment GmbH) established a risk management process for this consisting of a risk strategy and the identification, analysis and assessment, management and monitoring, and communication and documentation of risks. The risks will continue to be covered by the risk management process until the management mandate expires, in line with statutory and contractual requirements in particular.

In keeping with the relevant legal provisions, a distinction is made between the following main risk types:

Counterparty risk

Default by a securities issuer, tenant or counterparty could lead to losses for the Fund. Issuer risk describes the effect of specific developments at an individual issuer that impact the price of a security in addition to general capital market trends. Default by tenants is countered through active portfolio management and regular monitoring. Other measures include credit rating checks and the avoidance to a large extent of cluster risk in the rental segment.

Even when securities and tenants are carefully selected, losses due to the financial collapse of issuers or tenants cannot be ruled out. Counterparty risk comprises the risk that the other party to an agreement will partially or fully default on its obligation. This applies to all contracts signed for the account of a fund, but particularly in connection with derivative transactions that are entered into, for example, to hedge currency risk.

Interest rate risk

The liquidity portfolio is exposed to interest rate risk and influences the Fund return. If market interest rates change in relation to the rate applicable when the investment was made, this will affect the price and yield of the investment and lead to fluctuations. However, these price movements vary depending on the investment duration. Fixed-interest securities with shorter maturities entail lower price risks than fixed-interest securities with longer maturities. By contrast, fixed-interest securities with shorter maturities generally have lower returns than fixed-interest securities with longer maturities. Liquidity was held in current account balances at banks during the reporting period.

Loans are also exposed to interest rate risk. In order to minimise negative leverage effects as far as possible, fixed interest rate periods and the final maturity of loans are aligned carefully with the planned holding period of the properties, letting rate trends and expected interest rate developments. If loans are terminated early, there is a risk of early repayment penalties.

The Fund management company may employ derivatives to reduce exchange rate and interest rate risks. Derivatives are used exclusively for hedging purposes to mitigate risk.

Currency risk

If the assets belonging to a fund are invested in currencies other than the fund currency, the fund receives the income, repayments and proceeds from such investments in the relevant currency. If the value of this currency falls against the fund currency, the value of the fund declines. In principle, foreign currency items are largely hedged as part of a low-risk currency strategy. Thus, in addition to taking out loans in the relevant currencies, foreign currency items are hedged using forward exchange transactions.

Real estate risk

The properties owned by an open-ended real estate fund are the basis for its returns. Such real estate investments are subject to risks that may have an effect on the unit value of the fund. For this reason, a large number of factors can cause both property values and income from properties to fluctuate:

- In any investment decision, political, economic and legal risks – including those posed by tax law – should be considered, along with how transparent and well developed the real estate market in question is.
- In decisions to invest outside the eurozone, the volatility of the national currency must be taken into consideration as well. Exchange rate fluctuations and the costs of currency hedging have an impact on the property return.
- Any change in the quality of the location may have a direct effect on the lettability and current letting situation. If the location increases in attractiveness, lease contracts can be signed for higher rents; however, in the worst possible case a decrease could mean lasting vacancies.
- Building quality and condition also have a direct impact on the capacity of a property to generate income. The condition of the building may require expenditures for maintenance that exceed budgeted maintenance costs. Additional investment costs may impact the return over the short term, but may also be necessary to achieve long-term positive development.
- Risks posed by fire and storm damage as well as natural forces (such as flooding and earthquakes) are covered internationally by insurance if this is possible, reasonable from a financial point of view and objectively necessary.
- Vacancies and expiring leases can mean either earnings potential or risk. Properties with vacancies can deliberately be purchased countercyclically to realise later value increases. Regular observation of the markets invested in, and the implementation of measures based on this knowledge with a view to reacting in good time to market movements, are

France – Aix-en-Provence, 290 Avenue Galilée

crucial parts of the process. At the same time, vacancies result in income shortfalls and increased costs to enhance the attractiveness of the property for rental.

- The creditworthiness of tenants is also a significant risk component. Poor creditworthiness can lead to high outstandings and insolvencies can lead to a total loss of income. One of the tasks of portfolio management is to aim to reduce dependencies on individual tenants or sectors.

- Equity interests in real estate companies, i.e. indirect real estate investments, may be exposed to the risk of changes to company or tax law, particularly abroad.

Market risks specific to real estate, such as letting rates, lease expiries and the performance of the real estate portfolio, are regularly monitored. Appropriate departments are responsible for monitoring performance and the major performance components, and for financial control of the latter (e.g. returns on real estate, returns on the liquidity portfolio, other income and fees). A reporting system has been set up for the relevant performance indicators.

Operational risk

The investment company is responsible for ensuring the orderly management of the Fund. It has made the appropriate arrangements for this and implemented risk minimisation measures for all operational risks identified. The Fund's operational risks include legal and tax risks, for example.

Liquidity risk

Unlike exchange-traded securities, for example, real estate cannot always be sold quickly. Depending on internal cash flows, the Fund therefore holds liquidity over and above the minimum required by law.

Risks existing during the reporting period are addressed in the individual chapters.

Real Estate Markets – An Overview

Economic environment

The political and economic environment in 2016 was dominated by ongoing uncertainty. Underlying topics included the fragile state of the economy in China, changing expectations of interest rate rises in the USA, the presidential elections there, the European refugee and banking crises, and geopolitical conflicts and terror attacks. In the summer of 2016, the unexpected vote by the British to leave the European Union (EU) was also a shock.

Given this situation, global economic growth fell from 2.8% to around 2.5% in 2016. This was primarily due to the USA and China, whereas the European economy proved stable. Inflation turned around following the increase in oil prices from mid-2016 onwards and fears of deflation receded. However, a large number of central banks further loosened their monetary policy in the first half of 2016 in response to the fragile economy up to then and historically low levels of inflation. For the first time in their history, the ECB and the Japanese central bank resorted to negative key interest rates in addition to purchasing securities. This led to negative yields on the European and Japanese bond markets as well. An opposing trend was seen in the USA, following the long-forecast increase in interest rates in December 2016.

Global growth is expected to accelerate slightly again in 2017 to 2.8%. At the same time, the moderate increase in inflation should continue. However, uncertainty will again remain very high in 2017. This is due primarily to the Brexit negotiations, which are scheduled to begin in March, to the latent banking crisis (particularly in Italy), and to the elections in France, Germany and the Netherlands. The course adopted by the new administration in the US is a source of political risk. Increased protectionism and a more expansionary fiscal policy are on the agenda. Other risks relate to the possibility of a hard landing in China and a debt crisis in the emerging markets. The conflicts in the Middle East, Africa and Asia pose geopolitical risks. Monetary policy in Europe and the USA is likely to diverge further. The question of how much the USA will tighten monetary policy going forward also depends on fiscal policy there. In Europe and Japan, monetary policy is expected to remain expansionary in 2017 and to mute the impact of the USA on capital market rates.

Global real estate markets

Letting activity on the core global office markets saw only a slight decline despite strong headwinds. In the USA, activity was buoyed by the robust labour market, while Europe with the exception of the United Kingdom surprised on the upside. In Asia, take-up excluding China and India rose, although it fell overall. Average office rents on the markets that we track saw another moderate rise. Global take-up is expected to be more or less steady in 2017. Although the economic environment is expected to remain positive, uncertainty is likely to lead to muted letting activity in some cases.

The investment markets in 2016 were hit harder by the higher levels of uncertainty than were the letting markets. Transaction volumes declined in all three main regions, although some regional markets were able to buck the trend. Investors tended to shift their focus away from Europe and Asia in 2016 and towards North America. Overall, the proportion of cross-border investments declined. Initial yields remained under pressure worldwide as a result of the investment pressure being experienced by institutional investors the flight to safety, the unattractive yields offered by other forms of investment and the scarcity of suitable real estate products. This situation will not change much in 2017. A further rise in capital market rates due to higher key interest rates in the USA is being mitigated in many parts of the world by ongoing expansionary monetary policies. Consequently, initial yields still have downside potential in selected cases. Besides, there is a time lag before a rise in interest rates leads to a trend reversal in initial yields.

Germany

The further moderate upturn in Germany can also be seen in the office markets. Take-up reached a record high in 2016, while vacancies are continuing to decline despite the increase in construction activity. As a result, office rents rose at most top seven locations. Demand for office space is expected to remain brisk despite the lower growth rates predicted for 2017; as a result, vacancies are likely to decline further even though relatively high levels of new space will be added. The positive trend in office rents is expected to continue in Munich, Berlin and Cologne in particular.

Although transaction volumes declined in 2016 compared to 2015, they were still above the long-term average. On the investment market, only the hotel sector recorded a rise in 2016. Foreign investors are the key players, with institutional investors being the principal net buyers. Prime yields at top locations in Germany continued to decline. Since the German market is highly attractive and the supply of investment products is getting tighter and tighter, there is room for a further, although limited, decline in yields.

United Kingdom

Although the UK economy saw robust growth until the autumn of 2016, both the letting and the investment markets were increasingly overshadowed by the EU referendum. Thus letting activity on the office markets was more subdued, albeit it still relatively solid. While prime rents were stable in principle, effective rents came under pressure. The British investment market cooled off tangibly in 2016, although the decline in transaction volumes was less pronounced than that seen during the slump in 2008/2009. At the same time, initial yields stopped falling and actually rose slightly in some submarkets.

At a general level, the start of the Brexit process that has been scheduled for March 2017 entails uncertainty for the economy and for the letting and investment markets. Growth forecasts for the United Kingdom were slashed following the vote to exit the EU. Although relatively robust development is

forecast for core locations on the letting markets, secondary locations are likely to become less attractive. On the investment market, British property prices are now considerably more appealing to foreign investors due to the sharp drop in the value of the pound. This should mitigate against a further increase in initial yields.

France

Economic growth in France, which was muted to begin with, eased somewhat in 2016. A steady rate of growth is expected in 2017, although the medium-term outlook will depend on the results of the elections. Take-up of office space in the top four markets reached a record high in 2016. Vacancy rates in Paris continued to decline, a fact that was also reflected in rising rents. By contrast, the regional markets did not see much movement. Rental trends are likely to be mixed in 2017, while completions should increase. An upturn is expected in downtown Paris locations and in the La Défense office district.

Transaction volumes also declined in France over the course of 2016. Office properties, especially in Paris, remained the preferred sector for investors. Prime yields continued to decline in most cases, although more slowly than before. This trend may continue in the office sector, albeit only to a limited extent.

Netherlands

The leisurely upturn in the Netherlands continued, with growth recently surprising on the upside. By contrast, demand for office space in 2016 was disappointing. The only place where the ongoing high vacancy rate declined significantly in 2016 was Amsterdam. In general, tenant interest in the Netherlands is focused primarily on high-quality properties in central locations. Some bottlenecks are starting to emerge in the case of modern space, buoyed by ongoing conversions and low levels of construction. As a result, a limited rise in prime rents with a focus on Amsterdam is being forecast.

The Netherlands continue to be a popular investment location for foreign investors in particular. Transaction volumes are likely to be in excess of the previous post-crisis record seen in 2015. The only declines seen to date were for retail properties. As a result, yield compression continued. This trend seems set to continue given the relatively attractive prices.

Southern Europe

Led by Spain, Southern Europe is experiencing an economic upturn. Italy is also recovering gradually, although at a slower pace. Growth in Spain is forecast to ease slightly in 2017. However, in Italy it will remain weak, held back by the banking crisis and political uncertainty. The differences in the economic cycles are also reflected in the performance of the office markets. Prime rents in Spain are picking up faster than those in other Southern European markets. This is unlikely to change in 2017.

France – Aix-en-Provence, 320 Avenue Archimède

Investment market trends are also mixed. 2016 transaction levels in Spain were the highest since 2007, whereas investment activity in the other countries declined. Prime yields declined in some cases to, or even below, their 2007 lows. This yield compression is likely to continue in 2017. However, foreign investors in Italy can be expected to take a more cautious approach due to the looming elections.

Northern Europe

The strong Swedish upturn lost momentum in 2016. However, demand for office space remains robust and the tighter supply of modern space in downtown locations is causing prime rents to rise. This positive trend is expected to continue despite the cyclical slowdown in growth.

The economy in Finland has been gradually recovering since the beginning of 2015. Vacancies in Helsinki remain elevated even though demand for office space is picking up. This upward trend is expected to continue in 2017 and may lead in some cases to rent increases for modern space in downtown Helsinki.

Trends on the transaction markets in Northern Europe were also mixed. Investment volumes increased in Sweden and Finland, although initial yields softened on a broad front. There is scope for a further decline in yields in some cases in Northern Europe. However, this is likely to be limited in Sweden in particular due to the historically low level already reached.

Central/Eastern Europe

The strong rates of growth previously seen in Central and Eastern Europe tailed off somewhat in the course of 2016, mainly due to the expiry of government incentive programmes in Poland and Hungary. Current forecasts point to a robust upturn in 2017. Although take-up of office space in the top

three metropolises declined, it remained above the long-term average. However, substantial volumes of space were added in some cases. This applies in particular to Warsaw, where existing high vacancy rates look set to rise even further in 2017 due to scheduled completions. As a result, prime rents in the city are expected to remain under pressure for the time being, while a slight increase is probable in Prague and Budapest.

Transaction activity in Central and Eastern Europe remains lively. Poland and Hungary were the main focuses in 2016, while investment activity in the Czech Republic eased. However, initial yields continued to decline in all markets. This trend is likely to continue moderately for the year as a whole.

USA

The US economy cooled off in the period since autumn 2015 and only regained momentum in the summer of 2016. Higher growth is forecast for 2017 than for 2016. Additional upside potential is expected in view of the new US administration's announcement of a more expansionary fiscal policy. Rising interest rates are only likely to dampen the economy again in the medium term.

The blip in the economy in the year to date has also cast somewhat of a pall over the recovery on the office markets. In 2017, average vacancies nationwide should continue to decline despite increasing construction activity, while office rents are also expected to go on rising moderately.

Buoyed by low levels of construction, the US retail sector also gathered momentum, albeit at a more cautious pace than in previous cycles. The picture varies depending on the precise regions and retail formats involved. In general, the upturn is being held back not least by the structural shift towards e-commerce. These diverse trends are set to persist in 2017.

Investment market activity in the USA also cooled off in 2016, although it remained robust compared with previous years. Only the apartment sector was relatively stable, while office investments saw the smallest decline. Given this situation, initial yields declined more slowly with some submarkets even seeing a slight rise. Pressure on initial yields is likely to persist in 2017 and yield trends will diverge more strongly.

Asia-Pacific

Growth in the Asia-Pacific region stabilised at a slightly lower level in the period up to autumn 2016. The economies of the region's industrialised nations and emerging markets alike were relatively constant. Growth forecasts for 2017 are 4.6% after 4.7% in the previous year, with the expected continued slowdown in China being almost offset by other countries. Thus Japan and Singapore are expected to see a slight recovery in 2017 while the economy in Australia should be stable. Overall, this means that the growth rate in the region will still be substantially above that in the USA or Europe.

The situation on the office markets in the Asia-Pacific region was mixed in 2016. Japan, parts of Australia and certain Tier 1 metropolises in China were the main places to see rental increases. By contrast, office rents declined in the oversupplied markets of Singapore and many Tier 2 locations in China, as well as in Australian locations connected to the raw materials sector and in Hong Kong.

This mixed trend is likely to continue in 2017. Supply pressure should tend to ease, as the construction cycle seems to have peaked in 2016. A further, although less pronounced, increase in rents is expected in Japan and Australia. The disparate trend in China will continue, with a moderate increase in rents being expected in the Tier 1 metropolises. Otherwise, high levels of completions and high vacancy rates are depressing rental trends. The supply-side driven decline in rents will also persist in Singapore in 2017. An end to the correction is only in sight for 2018. Rents in Australian locations connected to the raw materials sector are also expected to remain under pressure.

Investment activity in the Asia-Pacific region eased in 2016 following the record volume recorded at the end of 2015. Only Hong Kong, Singapore, South Korea and parts of South-east Asia saw higher transaction volumes for existing properties. The decline affected all types of use with the exception of residential properties. In China, development activity – which is dominated by the residential sector – remained particularly stable. Initial yields on most real estate markets in the region softened further. Only Hong Kong saw a slight increase in yields. This mixed trend is set to continue in 2017, with a slight increase in yields being forecast for Singapore as well.

Results of the Fund in Detail

Development of SEB ImmoPortfolio Target Return Fund

	Reporting date 31 Dec. 2013 EUR thousand	Reporting date 31 Dec. 2014 EUR thousand	Reporting date 31 Dec. 2015 EUR thousand	Reporting date 31 Dec. 2016 EUR thousand
Properties	1,075,182	843,533	348,100	187,400
Equity interests in real estate companies	99,987	106,868	102,280	49,375
Liquidity portfolio	78,042	48,224	16,079	104,832
Other assets	83,401	84,415	68,792	47,181
Less: liabilities and provisions	–540,916	–436,819	–134,944	–56,371
Fund assets	**795,696**	**646,221**	**400,307**	**332,417**
Number of units in circulation	6,465,047	6,465,095	6,465,095	6,465,095
Unit value (EUR)	123.07	99.95	61.91	51.41
Interim distribution per unit (EUR)	**–**	**18.00**	**–**	**–**
Date of interim distribution	–	1 October 2014	–	–
Final distribution per unit (EUR)[1)]	**1.00**	**37.00**	**7.10**	**3.00**
Date of final distribution	1 April 2014	15 April 2015	12 August 2016	3 April 2017

[1)] Payable after the end of the financial year

Structure of Fund assets

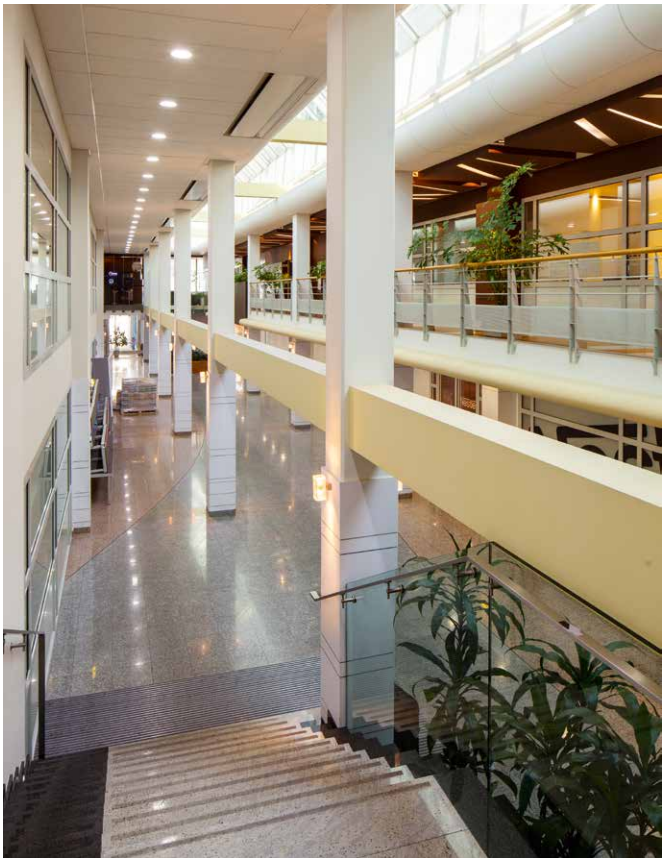
SEB ImmoPortfolio Target Return Fund's assets decreased by EUR 67.9 million to EUR 332.4 million in the reporting period from 1 January to 31 December 2016. The number of units in circulation was unchanged, at 6,465,095.

Liquidity

The gross liquidity ratio as of the reporting date was 31.5%; all liquid assets were held as demand deposits at the end of the reporting period. The average liquidity ratio during the last 12 months, including the equity interests' liquid assets, amounted to 13.8% of Fund assets.

Distribution

The aggregate distribution for financial year 2016 to be made on 3 April 2017 amounts to EUR 19.4 million, or EUR 3.00 per unit. Further information on the distribution and the taxable profit can be found on pages 45 and 47ff.



Poland – Warsaw, Szturmowa 2

Finland – Vantaa, Äyritie 8b

Investment performance*

The Fund generated a total performance of –5.5% over the reporting period, or EUR –3.40 per unit. Its performance since its launch on 15 October 2001 amounts to 4.7% p.a.

Unit value as of 31 December 2016	EUR	51.41
Plus final distribution on 12 August 2016	EUR	7.10
Minus unit value on 1 January 2016	EUR	–61.91
Investment performance	**EUR**	**–3.40**

Return according to the BVI method*

	Return in %	Return in % p.a.
1 year	–5.5	–5.5
3 years	–7.0	–2.4
5 years	–4.0	–0.8
10 years	28.9	2.6
Since launch	101.8	4.7

Note: Calculated according to the BVI standard for funds in dissolution; no reinvestment of distributions in fund units since notice was given to terminate the management mandate. Historical performance data are no indication of future performance.

* The tables and the explanatory text were not included in the audit for which the Auditors' Report was issued.

Overview of loans as of 31 December 2016

Currency	Loan volume (direct) in EUR	in % of property assets	Fixed interest rate term	Loan volume (equity interests) [1] in EUR	in % of property assets	Fixed interest rate term	Loan volume (total) in EUR	in % of property assets
EUR loans (abroad)	9,200,000	3.7	0.2 years	–	–	–	9,200,000	3.7
USD loans	–	–	–	6,823,998	2.7	0.2 years	6,823,998	2.7
Total	**9,200,000**	**3.7**	**0.2 years**	**6,823,998**	**2.7**	**0.2 years**	**16,023,998**	**6.4**

Breakdown of loan volumes per currency by fixed interest rate period as of 31 December 2016

Fixed interest rate term	EUR loans Loan volume in EUR	USD loans Loan volume in EUR	Total loans Loan volume in EUR
under 1 year	9,200,000	6,823,998	16,023,998
1 – 2 years	–	–	–
2 – 5 years	–	–	–
5 – 10 years	–	–	–
over 10 years	–	–	–
Total	**9,200,000**	**6,823,998**	**16,023,998**

Overview of exchange rate risks as of 31 December 2016

Currency			Open currency items as of reporting date		in % of Fund assets (incl. loans) per currency zone	in % of Fund volume per currency zone
PLN (Poland)	PLN	334,189	EUR	75,661	3.1	3.1
NOK (Norway)	NOK	857,004	EUR	94,352	100.0	100.0 [2]
USD (USA)	USD	– 27,056	EUR	– 25,643	– 0.1	– 0.1 [3]
SGD (Singapore)	SGD	– 2,783	EUR	– 1,826	– 0.2	– 0.2 [3]
GBP (United Kingdom)	GBP	– 288,429	EUR	– 336,478	– 13.5	– 13.5 [3]
Total			**EUR**	**– 193,934**	**– 0.4**	**– 0.4** [4]

[1] Based on the equity interest held
[2] A Norwegian real estate company was recorded as a disposal in financial year 2014. As of the reporting date, there are still Fund assets reported in Norwegian kroner. No new currency hedges were entered into in Norwegian kroner for these Fund assets.
[3] Overhedged as of the reporting date
[4] Hedges of Fund assets held in foreign currency amounted to 100.4% of Fund assets as of the reporting date of 31 December 2016.

Income components*

Fund income comprises the return on the properties and on the liquidity portfolio. The portfolio properties generated a gross return of 7.5% during the period under review, based on average property assets.

Management costs reduced this figure at the portfolio level by 5.9%. Management costs for the equity interests amounted to 8.9%. This is mainly due to properties in the United States, where high management costs are the norm.

The changes in value item contains changes in value determined in the course of appraisals by experts, changes in the carrying amounts of properties such as those arising from construction and modernisation costs, and gains and losses on disposals. At –5.6% of average property assets, capital growth was negative. The negative changes in value from appraisals – mainly in France, Poland and the USA – were exacerbated by the negative effect resulting from the sale of the equity interests (see the "Key return figures" table on page 22). This could only be partially offset by the disposal gains on properties in Germany.

By contrast, the foreign deferred taxes item (capital gains taxes) during the reporting period was slightly positive at 0.4% of the Fund's average property assets; this was due to the need to revalue a number of properties in Poland and France. Provisions that had previously been recognised were partially reversed. Foreign income taxes also increased the result by a slight 1.3%. This was primarily due to tax refunds and to the partial reversal of provisions for incomes taxes in Poland, France, the USA and the United Kingdom.

The debt ratios at country level at the reporting date range from 0.0% (Singapore, among other places) to 21.6% (France). At the Fund level, income after borrowing costs amounted to –5.7%.

Losses from exchange rate differences reduced the result by 0.1%. The hedging ratio for all currencies at the reporting date was 100.4%.

All in all, the Fund's management generated a total property return of –5.8% in financial year 2016. Investments in the liquidity portfolio generated an average return of 0.1% for market-related reasons. This results in a total return at Fund level before Fund costs of –5.0%.

Income components of Fund return in % from 1 January 2016 to 31 December 2016*

		Germany Direct acquisitions	Abroad Direct acquisitions[1]	Abroad Equity interests[1]	Total abroad	Total
I.	**Properties**					
	Gross income[2]	5.8	8.0	8.2	8.1	7.5
	Management costs[2]	–5.1	–3.5	–8.9	–6.2	–5.9
	Net income[2]	0.7	4.5	–0.7	1.9	1.6
	Changes in value[2]	14.7	–11.8	–11.9	–11.9	–5.6
	Foreign income taxes[2]	0.0	3.1	0.2	1.7	1.3
	Foreign deferred taxes[2]	0.0	1.1	0.0	0.5	0.4
	Income before borrowing costs[2]	15.4	–3.1	–12.4	–7.8	–2.3
	Income after borrowing costs[3]	23.9	–4.7	–27.6	–14.1	–5.7
	Exchange rate differences[3][4]	0.0	0.0	–0.5	–0.2	–0.1
	Total income in Fund currency[3][5]	**23.9**	**–4.7**	**–28.1**	**–14.3**	**–5.8**
II.	**Liquidity[6][7]**					**0.1**
III.	**Total Fund income before Fund costs[8]**					**–5.0**
Total Fund income after Fund costs (BVI method)						**–5.5**

[1] Countries which continue to contribute to total income after the properties are recorded as disposals are also included in the calculation.
[2] Based on the Fund's average property assets in the period under review
[3] Based on the Fund's average property assets financed by equity in the period under review
[4] Exchange rate differences include both changes in exchange rates and currency hedging costs for the period under review.
[5] The total income in Fund currency was generated with an average share of Fund assets invested in property and financed by equity for the period of 86.24%.
[6] Based on the Fund's average liquid assets in the period under review
[7] The average share of Fund assets invested in the liquidity portfolio for the period was 13.76%.
[8] Based on the average Fund assets in the period under review

* The table and the explanatory text were not included in the audit for which the Auditors' Report was issued.

Portfolio Structure

As of 31 December 2016, the portfolio comprised five properties held via equity interests and seven directly held properties. The Fund has property assets totalling EUR 250.8 million, compared with EUR 589.9 million at the end of 2015. The portfolio is diversified across four countries.

Measured in terms of their market values, 100% of the property assets were invested outside Germany as of the reporting date. The greatest regional concentration in the portfolio was on Poland.

37.4% of property assets were invested in properties with an economic age of no more than ten years. Measured in terms of the estimated net rental for the year, the dominant type of use for the portfolio was offices (72.5%).

Letting

The Fund's management signed 1,528 new leases for 72,300 m² of space in the period from 1 January to 31 December 2016. In addition, 142 existing leases for 20,990 m² of space were extended, corresponding in the aggregate to 62.2% of the Fund's total estimated net rental. The number of leases signed and the total letting volume are influenced in particular by the student residences in Florida, which are also leased on a quarterly basis.

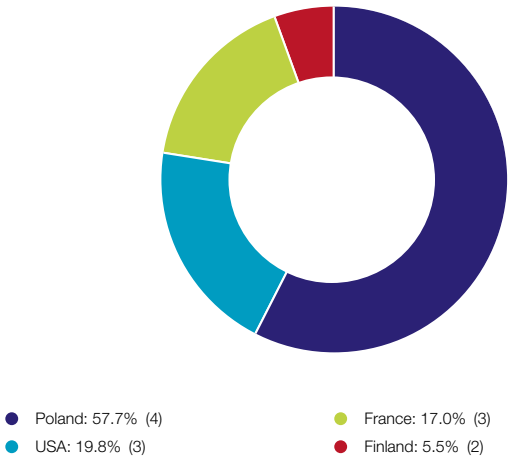
Top tenants
Hewlett-Packard Polska Sp. z o.o., Warsaw, Szturmowa 2 and 2a
Mondelez Europe Services GmbH, Warsaw, Ulica Domaniewska 49
Accenture Inc., New Providence, 41 Spring Street
PPD Poland, Warsaw, Ulica Domaniewska 49
TRC Environmental Corporation, New Providence, 41 Spring Street

Basis: estimated net rental for the year (incl. properties held via equity interests)

Top properties
Warsaw, Ulica Domaniewska 49
Warsaw, Szturmowa 2a
Aix-en-Provence, 290 Avenue Galilée
Warsaw, Szturmowa 2
Tallahassee, 2700 West Pensacola Street

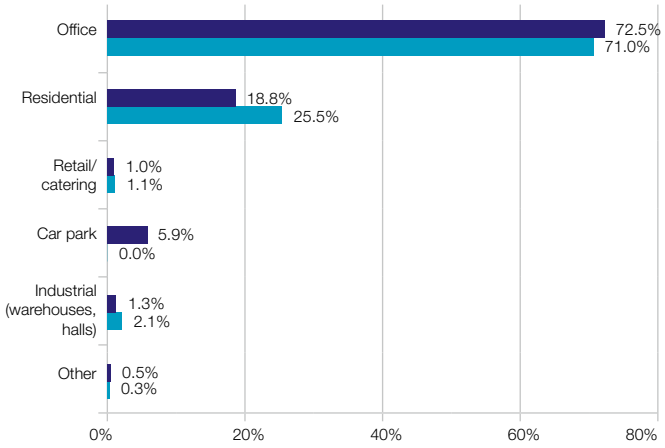
Basis: market values (incl. properties held via equity interests)

Geographical distribution of Fund properties



Number of properties in brackets
Basis: market values (incl. properties held via equity interests)

Types of use of Fund properties



Basis: By estimated net rental for the year
By rental space
(incl. properties held via equity interests)

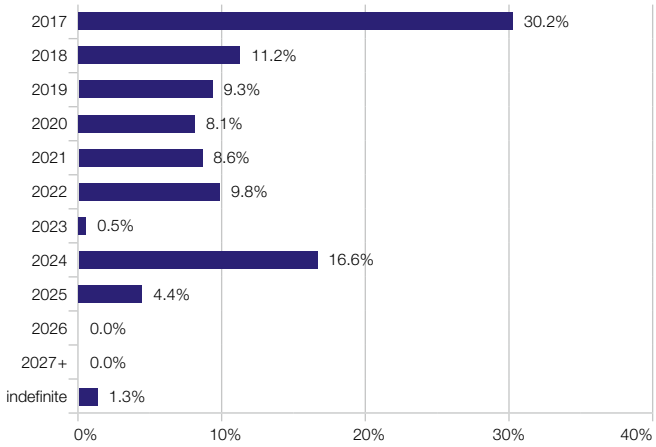
The letting rate for SEB ImmoPortfolio Target Return Fund as of the reporting date was 70.2% of the estimated net rental (–11.0 percentage points as against 31 December 2015), or 69.5% of the estimated gross rental (–11.6 percentage points). The average letting rate during the reporting period was 77.7% of the estimated net rental (–4.1 percentage points), or 77.3% of the estimated gross rental (–4.2 percentage points).

The decline in the letting rate was due in particular to the sales and expiring leases in Poland, as well as to the ongoing vacancies in France and the USA.

In France, two new leases with standard local durations were signed for the 320 Avenue Archimède property in Aix-en-Provence. The first lease for approximately 335 m² of office space entered into force on 1 September 2016. The second tenant moved into its 700 m² of space on 12 October 2016.

The Savills letting team acquired a new tenant for approximately 120 m² of space for the 2480 L'Occitane property in Labège/Toulouse; the lease runs for the standard local duration.

Remaining lease terms



Basis: estimated net rental for the year (incl. properties held via equity interests)

Allocation of Fund properties by value class

- up to EUR 10 million: 3.7% (2 properties)
- EUR 10<25 million: 52.2% (8 properties)
- EUR 25<50 million: 16.0% (1 property)
- EUR 50<100 million: 28.1% (1 property)

Basis: market values (incl. properties held via equity interests)

Economic age distribution of Fund properties

- 5 to 10 years: 37.4% (2 properties)
- 10 to 15 years: 18.5% (5 properties)
- 15 to 20 years: 38.0% (4 properties)
- more than 20 years: 6.1% (1 property)

Basis: market values (incl. properties held via equity interests)

New tenant Solenis Poland moved into more than 1,990 m² of space in Szturmowa 2, Warsaw, as of 1 July 2016. The lease runs for five years. An existing tenant signed a follow-on lease for approximately 3,200 m² of space in the neighbouring building, Szturmowa 2a, for the same period. In addition, a lease extension for approximately 1,000 m² of space was signed for this building.

Two lease extensions were entered into for the Ulica Domaniewska 49 property in Warsaw. On 14 September 2016, existing tenant Mondelez Europe signed a legally binding agreement prolonging its right to use approximately 3,300 m² of space for a further three years. On 19 December 2016, PPD signed a five-year lease extension for roughly 2,800 m² of space.

A new lease for 240 m² of space was agreed for the Äyritie 8b building in Vantaa near Helsinki, Finland. The lease took effect on 1 December 2016 and runs for two years.

Seen from the perspective of the year as a whole, all space in the American student residences in Tallahassee, Florida, which amounts in total to approximately 38,800 m², was newly let or the leases extended; the accommodation is let by semester.

A new tenant was acquired for 41 Spring Street in New Providence. It moved into the approximately 1,800 m² of office space on 1 November 2016 for 5 years.

At present, 32.6% of all leases have a term of more than five years, a fact that safeguards SEB ImmoPortfolio Target Return Fund's stability and earnings power.

For further information on the portfolio structure, please also refer to the section entitled "Overview: Returns, Valuation and Letting" on pages 22 and 23.

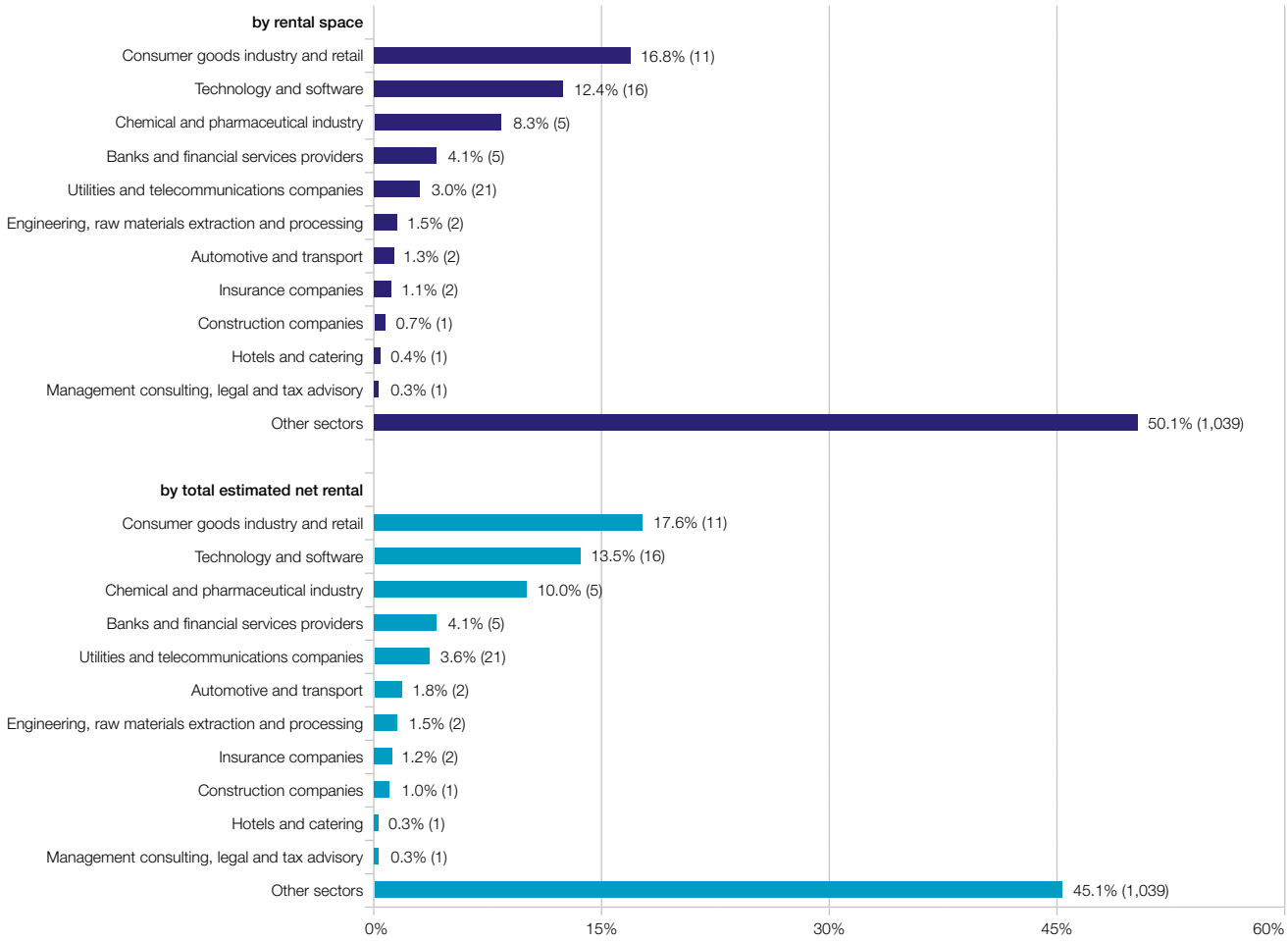
Poland – Lodz, Aleja Pilsudskiego 22

Letting situation for individual properties

The following part of the report on the letting situation provides a detailed overview of properties with a vacancy rate of over 33% of the estimated (gross) rental for the property as of the reporting date, 31 December 2016.

Property	Vacancy rate at property level in %	Vacancy rate at Fund level in %
Warsaw, Szturmowa 2 Solenis Poland signed a new five-year lease for 1,990 m² of space as of 1 July 2016. Discussions with other potential tenants are taking place.	**75.2**	**6.4**
Warsaw, Ulica Domaniewska 49 After extending its lease, existing tenant Mondelez Europe started using its approximately 3,300 m² of space for a further three years in mid-September 2016. In addition, PPD will remain in the building after extending its lease effective as of 1 December 2016. The lease for the 2,800 m² or so of space runs for five years.	**59.9**	**15.4**

Tenant structure by sector



Number of tenants in brackets (incl. properties held via equity interests)

Changes to the Portfolio

In financial year 2016, the Fund management sold six of the directly held properties and eight properties held via real estate companies – the property in Singapore comprised five companies. All these properties have already been recorded as disposals from the Fund.

Sales and disposals

German office property portfolio transaction

The Fund management closed a large portfolio transaction in mid-October 2016. The package comprised 17 office buildings in Germany owned by multiple funds, including six belonging to SEB ImmoPortfolio Target Return Fund's portfolio. The properties were recorded as disposals at the beginning of December.

Düsseldorf, Theodorstrasse 180
The property, which is located in the north of the city near the airport, was constructed in 2002 and comprises approximately 10,000 m² of lettable space. It is leased almost entirely to three tenants.

Hamburg, Strassenbahnring 6–18
The clinker-faced former tram depot, which was built in 1929, was converted to commercial use in 2002. It is located to the north of the city centre in Hamburg-Eppendorf. Its 8,600 m² of space is fully let to five tenants.

Hamburg, Lübecker Strasse 128/Landwehr 2
This multi-tenant building, which has 16,400 m² of space, is 75% let. Known as the "Hamburger Welle", it was designed by the architect Hadi Teherani and is located in Hohenfelde, to the north-east of the city centre. Acquired in 2005, the building was the Fund's largest German property, measured in terms of its market value.

Korntal-Münchingen, Lingwiesenstrasse 11–13
Constructed in 2000, the office building plus adjoining production facility is located to the north-east of Stuttgart. The approximately 11,000 m² of space is used in full by three tenants.

Ottobrunn, Robert-Koch-Strasse 100
Located in the vicinity of Munich, this building was constructed for its tenant, Robert Bosch, in 2002. It has belonged to the Fund since 2004, making it one of the first properties in its portfolio. The property has approximately 20,000 m² of space, which is fully let to three tenants.

Stuttgart, Ingersheimer Strasse 10
This property, which is situated in the Weilimdorf office district in north-west Stuttgart, was constructed in 1998 and repositioned for multi-tenant use in 2014. A number of tenants have leased over 90% of the space.

Sales/disposals: directly held properties in eurozone countries

Country	Postcode	City	Street	Transfer of risks and rewards of ownership as of	Selling price in millions	Market value at the time of sale in millions
Germany	40472	Düsseldorf	Theodorstrasse 180	12/2016	2)	2)
Germany	22087	Hamburg	Lübecker Strasse 128/Landwehr 2	12/2016	1)	1)
Germany	20251	Hamburg	Strassenbahnring 6–18	12/2016	1)	1)
Germany	70825	Korntal-Münchingen	Lingwiesenstrasse 11–13	12/2016	2)	2)
Germany	85521	Ottobrunn	Robert-Koch-Strasse 100	12/2016	2)	2)
Germany	70499	Stuttgart	Ingersheimer Strasse 10	12/2016	2)	2)

1) The properties were sold as a portfolio: the selling price was EUR 82.5 million and the market value at the date of sale was EUR 68.7 million.
2) The properties were sold as a portfolio: the selling price was EUR 79.0 million and the market value at the date of sale was EUR 75.7 million.

Slovakia – Bratislava, Europeum, Suché Mýto 1
The office property with its 183 parking spaces, which was erected in 2004, changed hands in the course of a structured marketing process. The selling price obtained on the market was below the market value given in the most recent appraisal. The property has been awarded a "very good" BREEAM certificate for sustainable construction. The transfer of the risks and rewards of ownership took place in June.

Singapore – 133 New Bridge Road
The 30% equity interest in the Chinatown Point shopping centre in Singapore consisted of five real estate companies. Following the acquisition of the shares in the development project in 2010 the property was extensively renovated and repositioned as a prelude to its successful sale. It was recorded as a disposal from the portfolio in December.

USA – Gainesville, 2330 SW Williston Road and Gainesville, 3700 SW 27th Street
In Gainesville, a town that is heavily influenced by the University of Florida among other things, the Fund management sold its shares in two student residences comprising residential buildings, ancillary buildings for communal use, and sports and leisure facilities, to its joint venture partner. The timing of the sale was favourable due to the high occupancy rates of over 95% for both of the properties. After a holding period of almost 11 years, the Fund's 90% equity interest in the property at 2330 SW Williston Road was transferred to the new owner on 1 July 2016. At the same time the 95% equity interest in the property at 3700 SW 27th Street, which had been in SEB ImmoPortfolio Target Return Fund's portfolio since 2006, changed hands. The sale price was below the market value, since it was reduced by the costs of upcoming investments that would have impacted the Fund's current earnings if the sale had not taken place.

Slovakia – Bratislava, Europeum, Suché Mýto 1

Sales/disposals: equity interests in real estate companies in eurozone countries

Country	Domicile	Company	Equity interest held	Transfer of risks and rewards of ownership as of	Selling price in millions[1]		Market value at the time of sale in millions[1]	
Slovakia	Bratislava	Europeum Business Center s.r.o.	100.00%	06/2016	EUR	21.0	EUR	26.0

Sales/disposals: equity interests in real estate companies in countries with other currencies

Country	Domicile	Company	Equity interest held	Transfer of risks and rewards of ownership as of	Selling price in millions[1]		Market value at the time of sale in millions[1]	
USA	Gainesville	Kings Gainesville Apartments, LLC	90.00%	07/2016	USD	32.3	USD	34.1
USA	Gainesville	Lexington Gainesville Associates, LLC	95.00%	07/2016	USD	26.8	USD	32.3
Singapore	Singapore	Perennial Chinatown Point LLP	30.00%	12/2016	SGD	132.8	SGD	127.1

[1] The selling price and market value relate to the property.

Outlook

SEB ImmoPortfolio Target Return Fund's residual portfolio comprises 12 Fund properties in Poland, the USA, France and Finland with a total market value of approximately EUR 251 million.

Since portfolio transactions have proven their value as a sales strategy, this approach will be continued for the remaining 12 properties. The aim is to dispose of the properties in investors' interests at the best possible price that can be realised on the market. Nine properties in Europe are currently being marketed as part of portfolio transactions involving properties from multiple funds:

- In Poland, the two properties at Szturmowa 2 and 2a in Warsaw, another office building the capital and a building in Lodz are being offered for sale. High vacancy rates are typical of the property market in the country, and particularly in Warsaw. Nevertheless, moderate growth in Central and Eastern Europe in 2017 should provide support for the transactions.

- The three French properties in Aix-en-Provence and Toulouse are also part of the portfolio. France is expected to see below-average economic growth in 2017, as in 2016 before it, with little movement on the regional markets.

- In addition, an office property in Finland is being marketed along with its property company. It is located in Vantaa, directly to the north of Helsinki. The Scandinavian country's economy has been experiencing a muted recovery since the beginning of 2015. The upturn in demand should also lead to an increase in investment volumes this year, despite high vacancy levels.

In the USA, the two student residences in Tallahassee, the Florida capital, and the office block in New Providence, New Jersey, are in the advanced stages of marketing. After a blip, the US economy has been gathering momentum again since the summer of 2016, although the recovery on the real estate markets is extremely mixed depending on the regions and types of use involved.

The proceeds of sale will initially be used to repay loans and establish reserves for potential claims for back taxes, warranty and guarantee claims, and administrative and management costs.

The distribution for financial year 2016 will be made on 3 April 2017. A total of EUR 19.4 million or EUR 3.00 per unit will be paid out to investors.

The dissolution period of nearly three years will end on 31 May 2017. At that point, all rights and duties will be transferred by law to the Depositary effective 1 June 2017. CACEIS Bank S.A., Germany Branch ("CACEIS") will take over responsibility for all aspects of the management of the Fund. Its job is to dispose of the remaining assets while preserving investors' interests and to distribute the proceeds to investors.

CACEIS has entrusted Savills Investment Management GmbH with implementing the dissolution at an operational level. However, the Custodian Bank still remains responsible for taking the final decisions on the sales.

We would like to offer our warmest thanks for the confidence you have shown in us.

Savills Fund Management GmbH

Carolina von Groddeck Hermann Löschinger

Frankfurt am Main, April 2017

Overview: Returns, Valuation and Letting

Key return figures (in % of average Fund assets)[2]*	Germany	France	Poland	Rest of world (A, E, NL, UK)[1]	Total direct investments	Equity interests (FIN, MY, N, SG, SK, USA)[1]	Total
I. Properties							
Gross income[3]	5.8	8.0	6.7	56.9	7.2	8.2	7.5
Management costs[3]	–5.1	–5.6	–3.0	–0.3	–4.1	–8.9	–5.9
Net income[3]	0.7	2.4	3.7	56.6	3.1	–0.7	1.6
Changes in value[3]	14.7	–12.7	–11.9	0.0	–1.7	–11.9	–5.6
Foreign income taxes[3]	0.0	2.5	2.6	30.1	1.9	0.2	1.3
Foreign deferred taxes[3]	0.0	0.8	1.2	0.0	0.7	0.0	0.4
Income before borrowing costs[3]	15.4	–7.0	–4.4	86.7	4.0	–12.4	–2.3
Income after borrowing costs[4]	23.9	–10.0	–6.4	86.7	4.6	–27.6	–5.7
Exchange rate differences[4][5]	0.0	0.0	0.1	–2.1	0.0	–0.5	–0.1
Total income in Fund currency[4][6]	**23.9**	**–10.0**	**–6.3**	**84.6**	**4.6**	**–28.1**	**–5.8**
II. Liquidity[7][8]							**0.1**
III. Total Fund income before Fund costs[9]							**–5.0**
Total Fund income after Fund costs (BVI method)							**–5.5**

Net asset information (weighted average figures in EUR thousand)[2]*							
Directly held properties	115,464	39,728	142,599	3,740	301,531	0	301,531
Properties held via equity interests	0	0	0	0	0	184,355	184,355
Total properties	115,464	39,728	142,599	3,740	301,531	184,355	485,886
of which equity-financed property assets	69,408	30,402	109,368	3,740	212,918	99,374	312,292
Loan volume	46,056	9,326	33,231	0	88,613	84,981	173,594
Liquidity	30,367	4,218	1,771	1,180	37,536	12,294	49,830
Total Fund assets	99,775	34,620	111,139	4,920	250,454	111,668	362,122

Information on changes in value (at the reporting date in EUR thousand)							
Portfolio market values (expert opinions)	0	42,700	144,700	0	187,400	63,374	250,774
Portfolio rental valuations (expert opinions)[10]*	0	3,083	11,503	0	14,586	9,423	24,009
Positive changes in value acc. to expert opinions[11]	0	0	0	0	0	574	574
Other positive changes in value[12]	0	0	0	0	0	476	476
Negative changes in value acc. to expert opinions[11]	0	–2,500	–16,800	0	–19,300	–7,861	–27,161
Other negative changes in value[12]	0	–23	–192	0	–215	–1,053	–1,268
Total changes in value acc. to expert opinions[11]	0	–2,500	–16,800	0	–19,300	–7,287	–26,587
Total other changes in value[12]	0	–23	–192	0	–215	–577	–792
Addition (capital gains tax)	0	318	1,690	0	2,008	–54	1,954
Total changes in value	**0**	**–2,205**	**–15,302**	**0**	**–17,507**	**–7,918**	**–25,425**

[1] Countries which continue to contribute to total income after the properties are recorded as disposals are also included in the calculation.
[2] The weighted average figures in the financial year are calculated using 13 month-end values (31 December 2015 to 31 December 2016).
[3] Based on the Fund's average property assets in the period under review
[4] Based on the Fund's average property assets financed by equity in the period under review
[5] Exchange rate differences include both changes in exchange rates and currency hedging costs for the period under review.
[6] The total income in Fund currency was generated with an average share of Fund assets invested in property and financed by equity for the period of 86.24%.
[7] Based on the Fund's average liquid assets in the period under review
[8] The average share of Fund assets invested in the liquidity portfolio for the period was 13.76%.
[9] Based on the average Fund assets in the period under review
[10] Rental valuations (expert opinions) are defined as the gross profit from rental determined by experts. Gross profit in this case equates to the sustainable net basic rent estimated by the experts.
[11] Total changes in market values established by experts
[12] Other changes in value comprise changes in carrying amounts such as the amortisation of transaction costs and purchase price settlements.

The "Changes in value" item in the "Key return figures" table includes disposal gains and losses realised in the period under review from properties recorded as disposals. The "Information on changes in value" table only includes data for properties held in the Fund as of the reporting date of 31 December 2016.

* This table or line was not included in the audit for which the Auditors' Report was issued.

	France	Poland	Total direct investments	Equity interests (FIN, USA)	Total
Letting information (in % of estimated net rental for the year)[1]*					
Office	14.2	42.4	56.6	15.9	72.5
Retail/catering	0.1	0.9	1.0	0.0	1.0
Industrial (warehouses, halls)	0.0	1.2	1.2	0.1	1.3
Residential	0.0	0.0	0.0	18.8	18.8
Car park	0.1	5.4	5.5	0.4	5.9
Miscellaneous	0.0	0.5	0.5	0.0	0.5
% of total annual rental income	**14.4**	**50.4**	**64.8**	**35.2**	**100.0**
Vacancy rate (in % of estimated net rental for the year)[1]*					
Office	2.2	19.2	21.4	3.7	25.1
Retail/catering	0.1	0.0	0.1	0.0	0.1
Industrial (warehouses, halls)	0.0	0.7	0.7	0.0	0.7
Residential	0.0	0.0	0.0	1.2	1.2
Car park	0.1	2.5	2.6	0.1	2.7
Miscellaneous	0.0	0.0	0.0	0.0	0.0
% of total vacancies	**2.4**	**22.4**	**24.8**	**5.0**	**29.8**
Letting rate (at the reporting date) in % of the estimated net rental for the year and country[1]	**83.9**	**55.4**	**61.8**	**85.8**	**70.2**
Letting rate (at the reporting date) in % of the estimated gross rental for the year and country[2]	**84.0**	**55.3**	**61.3**	**85.9**	**69.5**
Remaining lease terms (in % of estimated net rental for the year)[1]*					
indefinite	0.0	0.5	0.5	0.8	1.3
2017	3.1	0.8	3.9	26.3	30.2
2018	1.2	4.2	5.4	5.8	11.2
2019	1.9	6.7	8.6	0.7	9.3
2020	2.9	4.3	7.2	0.9	8.1
2021	0.4	6.5	6.9	1.7	8.6
2022	0.2	6.3	6.5	3.3	9.8
2023	0.5	0.0	0.5	0.0	0.5
2024	2.9	9.9	12.8	3.8	16.6
2025	3.4	1.0	4.4	0.0	4.4
2026	0.0	0.0	0.0	0.0	0.0
2027 +	0.0	0.0	0.0	0.0	0.0
% of estimated net rental for the year	**16.5**	**40.2**	**56.7**	**43.3**	**100.0**

[1] Based on the ratio of the estimated net rental for the year from directly or indirectly held properties to the total estimated net rental for the Fund. In the case of the equity interests, the estimated rental is included in proportion to the equity interest held.

[2] The estimated gross rental comprises net rental ("basic rent") along with service charges to be paid by the tenant, e.g. heating, power, cleaning and insurance, which are represented by the advance service charge payments.

* This table was not included in the audit for which the Auditors' Report was issued.

Development of Fund Assets from 1 January 2016 to 31 December 2016

	EUR	EUR	EUR
I. Fund assets at start of the financial year on 1 January 2016			400,306,563.35
1. Distribution for the previous year			–45,902,174.50
of which distribution in accordance with annual report		–45,902,174.50	
2. Ordinary net income			6,328,329.22
of which equalisation paid		0.00	
2a. Amortisation of transaction costs			80,817.09
of which for properties		–215,155.64	
of which for equity interests in real estate companies		295,972.73	
3. Realised gains			
on properties		15,592,207.04	
of which in foreign currency	0.00		
on equity interests in real estate companies		6,760,696.61	
of which in foreign currency	6,760,696.61		
on forward exchange transactions		479,023.69	
of which in foreign currency	0.00		
Miscellaneous		3,866,680.02	
of which in foreign currency	0.00		26,698,607.36
4. Realised losses			
on properties		–16,175,342.58	
of which in foreign currency	0.00		
on equity interests in real estate companies		–32,241,886.61	
of which in foreign currency	–14,516,058.58		
on forward exchange transactions		–2,757,628.14	
of which in foreign currency	0.00		
Miscellaneous		–580,340.54	
of which in foreign currency	0.00		–51,755,197.87
5. Net change in value of unrealised gains/losses			
on properties		–2,304,034.95	
of which in foreign currency	0.00		
on equity interests in real estate companies		1,078,501.10	
of which in foreign currency	–5,329,828.27		
on forward exchange transactions		–759,958.66	
of which in foreign currency	0.00		
Changes in exchange rates		–1,354,604.78	–3,340,097.29
II. Fund assets at end of the financial year on 31 December 2016			**332,416,847.36**

Disclosures on the Development of Fund Assets

The development of Fund assets shows which transactions entered into during the period under review are responsible for the new assets disclosed in the Fund's statement of assets. It thus presents a breakdown of the difference between the assets at the beginning and the end of the financial year.

The **distribution for the previous year** is the distribution amount reported in the annual report for the previous year (see the total distribution item under "Application of Fund income" in that document).

The **ordinary net income** can be seen from the statement of income and expenditure.

The **amortisation of transaction costs** item is used to report the amounts by which the transaction costs for properties or equity interests in real estate companies were amortised in the year under review. This includes both straight-line amortisation and write-offs on the disposal of assets in the financial year.

Realised gains and losses on properties, equity interests in real estate companies, forward exchange transactions and currency transactions contained in the miscellaneous item can be seen from the statement of income and expenditure.

The **net change in value of unrealised gains / losses** on properties and on equity interests in real estate companies is the result of remeasurement gains and losses and changes in carrying amounts during the financial year. Changes in market value due to subsequent appraisals by the Expert Committees are recognised, as are all other changes in the carrying amounts of the properties/equity interests. These can be the result, for example, of the recognition or reversal of provisions, subsequent purchase price adjustments or cost refunds, the acquisition of additional minor spaces, etc.

The net change in value of unrealised gains/losses on **forward exchange transactions** is the result of exchange rate changes during the financial year.

This item also includes changes in value resulting from exchange rate fluctuations.

Condensed Statement of Assets as of 31 December 2016

		EUR	EUR	EUR	EUR	% of Fund assets
I.	**Properties**					
	(see Statement of Assets Part I, page 32ff.)					
	1. Commercial properties			187,400,000.00		56.38
	of which in foreign currency		0.00			
	Total properties				**187,400,000.00**	**56.38**
	Total in foreign currency		0.00			
II.	**Equity interests in real estate companies**					
	(see Statement of Assets Part I, page 34ff.)					
	1. Majority interests			47,644,958.88		14.33
	of which in foreign currency		31,077,184.60			
	2. Minority interests			1,730,634.25		0.52
	of which in foreign currency		0.00			
	Total equity interests in real estate companies				**49,375,593.13**	**14.85**
	Total in foreign currency		31,077,184.60			
III.	**Liquidity portfolio**					
	(see Statement of Assets Part II, page 37)					
	1. Bank deposits			104,831,623.29		
	of which in foreign currency		3,401,876.84			
	Total liquidity portfolio				**104,831,623.29**	**31.54**
	Total in foreign currency		3,401,876.84			
IV.	**Other assets**					
	(see Statement of Assets Part III, page 38ff.)					
	1. Receivables from real estate management			5,708,608.47		
	of which in foreign currency		3,641,139.86			
	2. Receivables from real estate companies			14,532,267.27		
	of which in foreign currency		14,532,267.27			
	3. Transaction costs					
	for properties			662,833.15		
	of which in foreign currency		0.00			
	4. Miscellaneous			26,277,083.31		
	of which in foreign currency		18,441,396.40			
	Total other assets				**47,180,792.20**	**14.19**
	Total in foreign currency		36,614,803.53			
Total					**388,788,008.62**	**116.96**
Total in foreign currency			71,093,864.97			

Germany EUR	Other EU countries EUR	USA EUR	Asia EUR
0.00	187,400,000.00	0.00	0.00
0.00	**187,400,000.00**	**0.00**	**0.00**
0.00	16,567,774.28	31,077,184.60	0.00
0.00	1,730,634.25	0.00	0.00
0.00	**18,298,408.53**	**31,077,184.60**	**0.00**
97,491,143.28	7,340,480.01	0.00	0.00
97,491,143.28	**7,340,480.01**	**0.00**	**0.00**
3,112,367.33	2,596,241.14	0.00	0.00
0.00	0.00	14,532,267.27	0.00
0.00	662,833.15	0.00	0.00
707,076.89	16,636,505.58	8,933,211.55	289.29
3,819,444.22	**19,895,579.87**	**23,465,478.82**	**289.29**
101,310,587.50	**232,934,468.41**	**54,542,663.42**	**289.29**

Disclosures on the Statement of Assets

Fund assets decreased by EUR 67.9 million to EUR 332.4 million in the financial year from 1 January to 31 December 2016.

I. Properties

Six properties in Germany were recorded as disposals in the reporting period as a result of the sale of two portfolios of properties from different funds (see the Sales / disposals table on page 19). This means that all directly held Fund properties in Germany have been sold.

The commercial properties were included in the Fund assets at the market values calculated by the experts in each case. Property assets decreased by EUR 160.7 million to EUR 187.4 million in the reporting period and comprised seven directly held properties as of the 31 December 2016 reporting date.

II. Equity interests in real estate companies

Two equity interests in real estate companies in the USA and one equity interest in a real estate company in Slovakia were sold in the reporting period. In addition, one minority interest in Singapore, which owns five property companies there, was sold (see the Sales / disposals table on page 20).

The **equity interests in real estate companies** item now comprises five companies with five properties with an aggregate market value of EUR 63.4 million. After adjustment for the companies' liabilities and other assets (EUR 7.3 million), debt finance (EUR 6.8 million) and shareholder loans (EUR 14.5 million), the value of the equity investments is EUR 49.4 million.

Liabilities from debt finance declined to EUR 6.8 million and relate to a loan in US dollars. No bank loans to the real estate companies exist for which the Fund is liable in accordance with section 69(2) of the InvG. The duration of the companies' debt financing is 0.2 years.

The minority interest item relates to the equity interest of 17.702% held by the Fund in the Finnish company Kiinteistö Oy Plaza 2 Park. This company holds a car park in Vantaa (Finland). A corresponding number of the property's parking spaces are allocated to the adjacent property, which is held by Kiinteistö Oy Plaza Allegro.

III. Liquidity portfolio

The bank deposits reported under the **liquidity portfolio** item serve to meet ongoing payment obligations and the payment of future distributions to investors. EUR 16.6 million has been set aside to fulfil the statutory requirements on minimum liquidity.

		EUR	EUR	EUR	EUR	% of Fund assets
V.	**Liabilities from**					
	(see Statement of Assets Part III, page 38ff.)					
	1. Loans			9,200,000.00		
	of which collateralised	9,200,000.00				
	of which in foreign currency		0.00			
	2. Land purchases and construction projects			59,433.33		
	of which in foreign currency		0.00			
	3. Real estate management			9,997,862.78		
	of which in foreign currency		2,850,937.87			
	4. Miscellaneous			6,046,939.13		
	of which in foreign currency		890,212.24			
	Total liabilities				**25,304,235.24**	**7.60**
	Total in foreign currency		3,741,150.11			
VI.	**Provisions**				**31,066,926.02**	**9.35**
	of which in foreign currency		13,102,405.68			
Total					**56,371,161.26**	**16.95**
Total in foreign currency			16,843,555.79			
Total Fund assets					**332,416,847.36**	**100.00**
of which in foreign currency			54,250,309.18			
Unit value (EUR)					**51.41**	
Units in circulation					**6,465,095**	

IV. Other assets

Receivables from real estate management comprise rent receivables totalling EUR 1.0 million and expenditures relating to service charges allocable to tenants in the amount of EUR 4.7 million. These are matched by prepayments by tenants of allocable costs in the amount of EUR 6.4 million, which are included in the **liabilities from real estate management** item.

The **receivables from real estate companies** item contains shareholder loans in US dollars amounting to EUR 14.5 million.

Transaction costs comprise the ancillary costs relating to property acquisitions. The item consists of those transaction costs that had not yet been amortised at the reporting date because the property acquired was still part of the Fund assets and the amortisation period since acquisition had not expired.

The item does not include transaction costs incurred by a real estate company when it acquires a property or another equity interest. Such transaction costs only have an indirect effect on Fund assets via the value of the equity interest in the relevant company.

Transaction costs include property purchase tax, costs of legal advice, court costs and notary fees, property agent fees and due diligence costs, as well as expert fees and construction and purchase fees. They are amortised in equal annual amounts over ten years.

The other assets disclosed under the **miscellaneous** item mainly represent receivables from advance payments for operating costs due in the amount of EUR 12.1 million from property managers abroad, receivables from property sales amounting to EUR 9.1 million and tax receivables from domestic and foreign fiscal authorities in the amount of EUR 4.8 million.

Germany EUR	Other EU countries EUR	USA EUR	Asia EUR
0.00	9,200,000.00	0.00	0.00
44,839.56	14,593.77	0.00	0.00
3,803,393.15	6,194,469.63	0.00	0.00
2,574,741.75	2,263,393.24	269,566.13	939,238.01
6,422,974.46	**17,672,456.64**	**269,566.13**	**939,238.01**
6,421,215.51	**18,697,319.07**	**5,948,391.44**	**0.00**
12,844,189.97	**36,369,775.71**	**6,217,957.57**	**939,238.01**
88,466,397.53	**196,564,692.70**	**48,324,705.85**	**–938,948.72**

V. Liabilities

Liabilities from loans refer to a loan of EUR 9.2 million taken out to acquire a property. Please see the tables on page 13 for a breakdown of the loan portfolio by the currency and duration in each case, as well as the breakdown of the loan volume by fixed interest rate period.

Liabilities from land purchases and construction projects are the result of outstanding payment obligations relating to the acquisition of properties.

Liabilities from real estate management primarily consist of EUR 6.4 million for prepaid allocable costs, EUR 1.2 million for cash security bonds and EUR 1.0 million for advance rental payments.

The **miscellaneous** item includes EUR 1.4 million in liabilities from property sales, EUR 1.9 million in sales tax liabilities to domestic and foreign fiscal authorities and EUR 0.3 million in liabilities from management and custodian bank fees. Liabilities to counterparties under forward exchange transactions amount to EUR 1.9 million. EUR 1.6 million of this amount relates to US dollars and EUR 0.3 million to Singapore dollars.

Fund assets held in foreign currency are hedged against changes in exchange rates using forward exchange transactions. An overview of open currency items is given in the Statement of Assets, Part III.

A total of 41 forward exchange transactions with an aggregate volume of USD 241.2 million, ten forward exchange transactions with an aggregate volume of GBP 12.6 million, 21 forward exchange transactions with an aggregate volume of PLN 112.4 million, and 29 forward exchange transactions with an aggregate volume of SGD 261.5 million were entered into in the reporting period to hedge exchange rate risks.

VI. Provisions

Provisions relate to taxes, among other things, with EUR 4.7 million being attributable to provisions for deferred taxes on potential capital gains and EUR 0.7 million to current taxes on income abroad. Provisions were also recognised for maintenance measures and construction services (EUR 10.5 million), for non-allocable operating costs (EUR 7.8 million) and for transaction costs (EUR 6.4 million).

Capital gains tax

Taxes on foreign capital gains are only incurred if a property is disposed of and actually generates a book profit. The timing and amount of such taxes is uncertain, as both market conditions and the basis for tax assessment can change constantly. Deferred tax liabilities were recognised in full (100%) and classified as provisions. The difference between the current market values and the carrying amounts for tax purposes of the properties was taken as the basis for assessment in calculating the size of the provision for deferred taxes on foreign capital gains, using country-specific tax rates; generally applicable sales costs were taken into consideration during this process. The provision was charged to Fund capital, as it is not classified as a distributable reserve.

The Finnish and US real estate companies were also included in the calculation. These are treated as direct acquisitions for tax purposes, with the result that any gain on the disposal of shares in the companies is subject to capital gains tax. Capital gains tax was calculated in the same manner as the method described above.

Regional Distribution of Fund Properties

Europe: 9 properties


Vantaa
Helsinki
Stockholm
Tallinn
Riga
Warsaw
Lodz
Bratislava
Vienna
Budapest
Zagreb
Belgrade
Sarajevo
Tirana
Athens
New York
New Providence
San Francisco
Washington, D.C.
Tallahassee
USA: 3 properties

Statement of Assets, Part I: Property Record as of 31 December 2016

Location of property			Type of use (as a % of estimated net rental)										Area in m²			Property data			
	Type of property	Project/portfolio development measures	Office	Retail/catering	Industrial (warehouses, halls)	Hotel	Residential	Leisure	Car park	Other	Acquisition date	Year built/renovated	Site area in m²	Commercial	Residential	Number of parking spaces	Features	Property quality	Location category
I. Directly held properties in eurozone countries																			
France																			
13090 Aix-en-Provence 320 Avenue Archimède	C	–	100	0	0	0	0	0	0	0	06/2006	2006	16,408	5,638	0	300	A, P, H, C	2	C
13290 Aix-en-Provence 290 Avenue Galilée	C	–	97	1	0	0	0	0	2	0	12/2007	2011	42,588	11,476	0	576	A, P, H, C	3	C
31670 Labège/Toulouse 2480 L'Occitane	C	–	100	0	0	0	0	0	0	0	06/2006	2006	11,103	6,156	0	260	A, P, H, C	2	C
II. Directly held properties in countries with other currencies																			
Poland																			
99-051 Lodz Aleja Pilsudskiego 22	C	–	88	0	1	0	0	0	8	3	07/2008	2006	10,078	6,433	0	130	D, A, P, S, H	2	A
02-678 Warsaw Szturmowa 2	C/H	–	87	2	2	0	0	0	8	1	06/2005	1997	9,928	12,242	0	244	D, A, P, H	3	C
02-678 Warsaw Szturmowa 2a	C/H	–	89	0	3	0	0	0	7	1	06/2005	2000	5,667	20,050	0	404	D, A, P, H	2	C
02-672 Warsaw Ulica Domaniewska 49	C/H	–	79	3	3	0	0	0	14	1	03/2010	2009	10,838	32,496	0	869	D, A, G, P, H, C	2	C
Total properties																			

Type of property:
C = Commercial property
H = Heritable building right
R = Residential property for letting

Project/portfolio development measures:
Po = Portfolio development measure
Pr = Project development measure

Features:
D = District heating
A = Air conditioning/auxiliary cooling
G = Goods lift
P = Passenger lift
S = Sprinkler system
H = Hot water (central/decentralised)
C = Central heating

Letting				Property performance												Results of expert valuation	
Number of tenants	Average remaining lease terms in years	Remaining lease terms expiring in the next 12 months in %	Vacancy rate in % of estimated gross rental	Market value/purchase price (at the reporting date) in EUR	Transaction costs in EUR	of which fees and taxes in EUR	of which other costs in EUR	Total transaction costs in % of purchase price	Transaction costs amortised in the financial year in EUR	Transaction costs still to be amortised in EUR	Expected remaining amortisation period in years	Debt ratio in % of market value/ purchase price	Rental income during the financial year in EUR*	Forecast rental income for the next financial year in EUR*	Property return in the financial year in %*	Gross profit in EUR	Remaining useful life in years
8	6.4	14.4	31.4	10,400,000	–	–	–	–	–	–	–	–	421,013	512,720	4.0	761,117	60
8	3.6	20.9	9.2	23,100,000	232,135	–	232,135	0.9	23,258	115,782	5.0	39.8	1,385,859	1,336,323	6.0	1,582,675	65
11	5.7	3.6	15.3	9,200,000	–	–	–	–	–	–	–	–	607,396	451,420	6.6	738,720	60
10	3.3	0.5	1.4	12,800,000	–	–	–	–	–	–	–	–	813,358	902,288	6.4	926,467	60
11	–	–	75.2	21,300,000	–	–	–	–	–	–	–	–	–	–	–	1,869,156	51
14	6.7	0.3	12.7	40,000,000	–	–	–	–	–	–	–	–	1,491,841	1,889,682	3.7	3,110,426	54
14	3.6	1.3	59.9	70,600,000	1,848,075	–	1,907,475	2.1	191,898	547,051	3.2	–	2,810,971	2,028,046	4.0	5,597,315	63
				187,400,000					**215,156**	**662,833**							

Property quality:
1 = Very high
2 = High
3 = Medium
4 = Simple

Location category:
A = Central business district (CBD)
B = Other city centre locations
C = Local office centre
D = Commercial estate
E = City centre (1a)
F = Solo location (shopping centre)
G = Established logistics location
H = Other locations
I = Urban district centre

Footnotes see page 35

* This column was not included in the audit for which the Auditors' Report was issued.

Location of property			Type of use (as a % of estimated net rental)										Area in m²			Property data			
Company	Type of property	Project/portfolio development measures	Office	Retail/catering	Industrial (warehouses, halls)	Hotel	Residential	Leisure	Car park	Other	Acquisition date	Year built/renovated	Site area in m²	Commercial	Residential	Number of parking spaces	Features	Property quality	Location category
III. Properties held via real estate companies in eurozone countries																			
Finland																			
Kiinteistö Oy Plaza Allegro, c/o Newsec Asset Management Oy, Mannerheiminaukio 1A/P.O. Box 52, Finland, 00101 Helsinki																			
Company's capital: EUR 14,702,738.77																			
Shareholder loans: EUR 0.00																			
Equity interest held: 100.00000%																			
1. 01510 Vantaa																			
Äyritie 8b [1]	C	–	99	0	1	0	0	0	0	0	12/2006	2006	2,470	4,602	0	0	D, A, P, S, H, C	3	C
Kiinteistö Oy Plaza 2 Park, Finland, 01510 Vantaa, Äyritie 8b																			
Company's capital: EUR 796,452.32																			
Shareholder loans: EUR 0.00																			
Equity interest held: 17.702%																			
1. 01510 Vantaa																			
Äyritie 8b [2]	C	–	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12/2006	2008	n.a.	n.a.	n.a.	115	P	n.a.	C
IV. Properties held via real estate companies in countries with other currencies																			
USA																			
41 Spring Street, LLC, USA, 19046 Jenkintown, 165 Township Line Road																			
Company's capital: EUR 5,096,117.83																			
Shareholder loans: EUR 14,532,267.27																			
Equity interest held: 90.00000%																			
1. 07974 New Providence																			
41 Spring Street	C	–	100	0	0	0	0	0	0	0	09/2006	1957/1998	55,470	14,174	0	603	A, S, H	3	H
VDL Tallahassee Associates, LLC, USA, 32601 Gainesville, 220 North Main Street																			
Company's capital: EUR 23,977,996.27																			
Shareholder loans: EUR 0.00																			
Equity interest held: 90.00000%																			
1. 32304 Tallahassee																			
2700 West Pensacola Street	R	–	0	0	0	0	100	0	0	0	04/2006	1988/2004	76,149	0	26,507	563	A, H	4	H
Ocala Road Tallahassee Associates, LLC, USA, 32601 Gainesville, 220 North Main Street																			
Company's capital: EUR 4,801,340.62																			
Shareholder loans: EUR 0.00																			
Equity interest held: 90.00000%																			
1. 32304 Tallahassee																			
235 Ocala Road South	R	–	0	0	0	0	100	0	0	0	04/2006	1996/2003	30,022	0	12,281	292	A, H	4	H
Total equity interests in real estate companies																			

Type of property:
C = Commercial property
H = Heritable building right
R = Residential property for letting

Project/portfolio development measures:
Po = Portfolio development measure
Pr = Project development measure

Features:
D = District heating
A = Air conditioning/auxiliary cooling
G = Goods lift
P = Passenger lift
S = Sprinkler system
H = Hot water (central/decentralised)
C = Central heating

Letting				Property performance													Results of expert valuation	
Number of tenants	Average remaining lease terms in years	Remaining lease terms expiring in the next 12 months in %	Vacancy rate in % of estimated gross rental	Value of the equity interest (at the reporting date) in EUR Market value/ purchase price (at the reporting date) in EUR	Transaction costs in EUR	of which fees and taxes in EUR	of which other costs in EUR	Total transaction costs in % of purchase price	Transaction costs amortised in the financial year in EUR	Transaction costs still to be amortised in EUR	Expected remaining amortisation period in years	Debt ratio in % of market value/ purchase price	Rental income during the financial year in EUR*	Forecast rental income for the next financial year in EUR*	Property return in the financial year in %*	Gross profit in EUR	Remaining useful life in years
				16,567,774													
18	2.0	8.4	7.1	12,177,900	–	–	–	–	–	–	–	–	920,414	892,332	7.6	906,282	60
				1,730,634													
n.a.	n.a.	n.a.	n.a.	1,722,100	–	–	–	–	–	–	–	–	n.a.	n.a.	n.a.	n.a.	60
				0.00													
6	4.5	22.8	27.7	15,353,995	–	–	–	–	–	–	–	–	1,605,741	1,590,187	10.5	2,770,692	30
				20,908,278													
645	–	–	8.3	19,107,194	–	–	–	–	–	–	–	–	2,991,129	2,962,473	15.7	3,581,425	35
				10,168,907													
371	–	–	3.4	15,012,795	–	–	–	–	–	–	–	45.5	1,857,563	1,934,517	12.4	2,234,937	34
				49,375,593					**–**	**–**							

Property quality:
1 = Very high
2 = High
3 = Medium
4 = Simple

Location category:
A = Central business district (CBD)
B = Other city centre locations
C = Local office centre
D = Commercial estate
E = City centre (1a)
F = Solo location (shopping centre)
G = Established logistics location
H = Other locations
I = Urban district centre

Footnotes:
[1] The figures also contain the figures for the multi-storey car park.
[2] Partly-owned multi-storey car park

* This column was not included in the audit for which the Auditors' Report was issued.

Property quality – standard of appointments according to normal production costs 2000

Type of use	Part of building	Skeleton construction / timbering / frame	Solid construction	Windows	Roofs	Sanitary installations
Office	simple	Simple walls, wooden / sheet metal / fibre cement siding	Brickwork with plaster or combined bedding and pointing and paint	Wood, single glazing	Corrugated fibre cement / sheet metal roofing, bitumen / plastic film seal	Small number of basic toilet facilities, surface-mounted fittings
	medium	Lightweight concrete walls with thermal insulation, concrete sandwich elements, 12 – 25 cm infill	Thermal insulation plaster / composite system, exposed brickwork with combined bedding and pointing and paint, medium thermal insulation standard	Wood, plastic, insulation glazing	Concrete roof tiles, medium thermal insulation standard	Adequate number of toilet facilities, flush-mounted fittings
	high	High-density concrete plates, faced brickwork, clinker, up to 30 cm infill	Faced brickwork, metal siding, curtain facade, high thermal standard	Aluminium, shutters, solar shading system, thermal protection glazing	Clay roof tiles, slate / metal covering, high thermal insulation standard	Good quality toilet fittings
	very high	Glass siding, over 30 cm infill	Natural stone	Floor-to-ceiling glazing, large sliding panels, electric shutters, soundproof glazing	Large number of skylights, elaborate roof extensions and roof heightening, glass roof cut-outs	Generous toilet facilities with sanitary facilities, high standard
Retail	simple	Simple walls, wooden / sheet metal / fibre cement siding	Brickwork with plaster or combined bedding and pointing and paint	Wood, steel, single glazing	Corrugated fibre cement / sheet metal roofing, bitumen / plastic film seal	Small number of basic toilet facilities, surface-mounted fittings
	medium	Lightweight concrete walls with thermal insulation, concrete sandwich elements, 12 – 25 cm infill	Thermal insulation plaster / composite system, exposed brickwork with combined bedding and pointing and paint, medium thermal insulation standard	Wood, plastic, insulation glazing	Concrete roof tiles, medium thermal insulation standard	Adequate number of toilet facilities, flush-mounted fittings
	high	High-density concrete plates, faced brickwork, clinker, up to 30 cm infill	Faced brickwork, metal siding, curtain facade, high thermal standard	Aluminium, shutters, solar shading system, thermal protection glazing	Clay roof tiles, slate / metal covering, prefabricated glass concrete elements, web concrete planks, high thermal insulation standard	Generous toilet facilities with good-quality fittings
Logistics	simple	Simple walls, wooden / sheet metal / fibre cement siding	Brickwork with plaster or combined bedding and pointing and paint	Wood, single glazing	Corrugated fibre cement / sheet metal roofing, bitumen / plastic film seal	Basic toilet facilities, small number of showers, surface-mounted fittings
	medium	Lightweight concrete walls with thermal insulation, concrete sandwich elements, 12 – 25 cm infill	Thermal insulation plaster / composite system, exposed brickwork with combined bedding and pointing and paint, medium thermal insulation standard	Wood, plastic, insulation glazing	Concrete roof tiles, medium thermal insulation standard	Adequate toilet facilities, several showers, some surface-mounted fittings

Disclosures on the Property Record

The property record on the preceding pages contains information on properties requiring further explanation.

In the case of properties held via investment companies, rents and market values are indicated in proportion to the respective equity interest held. The individual values cannot be extrapolated to the Fund's assets as a whole.

Please read the following information in order to interpret the data:

The **year built/renovated** relates to the last year in which major conversions, extensions, or modernisations took place.

The **area** corresponds to the leased area at the reporting date.

The **average remaining lease terms in years** do not include any indefinite leases.

The **market value** is determined by the price that would be obtained within a short time in the normal course of business in accordance with the legal situation and actual characteristics, the other attributes and the location of the property, disregarding unusual or personal factors. The valuation procedure is based on the income approach (*Ertragswertverfahren*), in which a property's value is calculated on the basis of the sustainable rental income that it will generate. The market value is determined at least once a year by a committee of external, publicly certified and sworn experts.

The **purchase price** and **transaction costs** are only reported for properties that were purchased/added to the Fund after the changeover to the new *Investmentgesetz* (InvG – German Investment Act) on 15 January 2010.

The long-term **gross profit** corresponds to the rental valuations determined by an external expert that are used as a basis to calculate the income obtainable. This net basic rent that can be generated from a property in the long term if it is fully let represents the long-term income achievable from a property – regardless of short-term fluctuations in demand. Premiums or discounts that reflect the property's current market situation (such as vacancies or leases signed at above-market conditions) are deducted from or added to the market value separately. For this reason, the rental valuation based on the expert opinion may differ from the actual estimated position. Rather, it provides a current estimate of a property's long-term earnings power.

Interior wall finishing of wetrooms	Floor coverings	Interior doors	Heating	Electrical fittings	Installations and other fittings
Oil-based paintwork	Wooden floorboards, needle felt, linoleum, PVC, wetrooms: PVC	Panel framed doors, painted leaves and frames	Individual stoves, electric storage heating, boilers for hot water	One lighting outlet and 1–2 surface-mounted sockets per room	n.a.
Part-tiled walls (1.50 m)	Carpet, PVC, tiles, linoleum, wetrooms: tiles	Plastic/wooden leaves, steel frames	Central heating with radiators (gravity hot water system)	1–2 lighting outlets and 2–3 sockets per room, IT facilities, surface-mounted fittings	n.a.
Floor-to-ceiling tiles	Large tiles, parquet, cast stone, wetrooms: large tiles, special coated tiles	Leaves with high-quality wood veneer, glass doors, wooden frames	Central heating/pumped heating system with flat radiators, central water heating	Several lighting outlets and sockets per room, sill trunking with IT cabling	n.a.
Natural stone, elaborately laid	Natural stone, elaborately laid, wetrooms: natural stone	Solid construction, intruder protection, wheelchair-enabled, automatic doors	Underfloor heating, air conditioning and other HVAC systems	Elaborate fittings, security facilities	n.a.
Oil-based paintwork	Wooden floorboards, linoleum, PVC, wetrooms: PVC	n.a.	Individual stoves, electric storage heating, boilers for hot water	Basic surface-mounted fittings	n.a.
Part-tiled walls (1.50 m)	Coated screed, mastic asphalt, wetrooms: tiles	n.a.	Warm air heating units, warm air heating units connected to central boiler system, district heating	Adequate flush-mounted fittings	n.a.
Floor-to-ceiling tiles	Tiles, wood block flooring, cast stone, wetrooms: large tiles	n.a.	Central heating/pumped heating system with flat radiators, central water heating	Elaborate fittings, security facilities	n.a.
Oil-based paintwork	Rough concrete, paint	n.a.	Warm air heating with a direct-fired system	n.a.	Surface-mounted power and water outlets, cooking facilities, sink
Part-tiled walls (1.50 m)	Screed, mastic asphalt, block paving without bedding	n.a.	Central heating	n.a.	Surface-mounted power and water outlets, kitchenette

Statement of Assets, Part II: Liquidity Portfolio

	Market value EUR	% of Fund assets
I. Bank deposits		
Germany	97,491,143.28	
Netherlands	33,263.25	
United Kingdom	659,727.80	
Austria	101,069.62	
France	5,350,599.00	
Spain	23,761.01	
Poland	730,041.24	
Finland	442,018.09	
Total liquidity portfolio	**104,831,623.29**	**31.54**

Statement of Assets, Part III: Other Assets, Liabilities and Provisions, Additional Disclosures

			EUR	EUR	EUR	EUR	% of Fund assets
I. Other assets							
1. Receivables from real estate management					5,708,608.47		
of which in foreign currency				3,641,139.86			
of which rent receivable			974,704.82				
of which advance payments for operating costs			4,733,903.65				
2. Receivables from real estate companies					14,532,267.27		
of which in foreign currency				14,532,267.27			
3. Transaction costs							
for properties					662,833.15		
of which in foreign currency				0.00			
4. Miscellaneous					26,277,083.31		
of which in foreign currency				18,441,396.40			
of which from hedging transactions			52,347.12				
Currency	Market value sale EUR	Market value rept. date EUR	Preliminary result EUR				
GBP	2,852,280.90	−2,814,743.25	37,537.65				
PLN	2,372,010.90	−2,357,201.43	14,809.47				
Total other assets						**47,180,792.20**	**14.19**
Total in foreign currency				36,614,803.53			
II. Liabilities from							
1. Loans					9,200,000.00		
of which short-term loans (section 53 of the InvG)			0.00				
of which in foreign currency				0.00			
2. Land purchases and construction projects					59,433.33		
of which in foreign currency				0.00			
3. Real estate management					9,997,862.78		
of which in foreign currency				2,850,937.87			
4. Miscellaneous					6,046,939.13		
of which in foreign currency				890,212.24			
of which from hedging transactions			1,873,582.47				
Currency	Market value sale EUR	Market value rept. date EUR	Preliminary result EUR				
USD	46,649,810.01	−48,187,866.03	1,538,056.02				
SGD	504,412.36	−839,938.81	335,526.45				
Total liabilities						**25,304,235.24**	**7.60**
Total in foreign currency				3,741,150.11			

		EUR	EUR	EUR	EUR	% of Fund assets
III. Provisions					**31,066,926.02**	**9.35**
of which in foreign currency			13,102,405.68			
Total Fund assets					**332,416,847.36**	**100.00**
of which in foreign currency			54,250,309.18			
Units (EUR)					**51.41**	
Units in circulation					**6,465,095**	
Exchange rates* as of 31 December 2016						
Sterling (GBP)	0.8572 = EUR 1					
US dollar (USD)	1.0551 = EUR 1					
Polish zloty (PLN)	4.4169 = EUR 1					
Norwegian kroner (NOK)	9.0831 = EUR 1					
Singapore dollar (SGD)	1.5244 = EUR 1					

* Assets denominated in foreign currencies are translated into euros at the exchange rate for the currency calculated using Reuters AG's midday fixing at 1.30 p.m.

Disclosures on financial instruments

		Purchases Market value EUR from 1 Jan. 2016 to 31 Dec. 2016	Sales Market value EUR from 1 Jan. 2016 to 31 Dec. 2016
Purchases and sales of financial instruments that were entered into during the reporting period; no transactions were entered into with affiliated companies			
	GBP	6,854,652.49	8,222,903.20
	USD	118,464,643.87	102,846,095.40
	PLN	12,914,543.50	12,671,844.52
	SGD	99,326,574.43	72,037,031.06
	Total	**237,560,414.29**	**195,777,874.18**

Disclosures on the Measurement Policies

Forward exchange transactions were measured at their forward rate on 31 December 2016.

Bank deposits and time deposits are valued at their nominal amount plus interest accrued.

Liabilities are recognised at their repayment amounts.

Provisions are recognised at their settlement amounts.

Statement of Income and Expenditure

for the period from 1 January 2016 to 31 December 2016	EUR	EUR	EUR
I. Income			
1. Income from properties		19,613,012.41	
of which in foreign currency	8,491,107.80		
2. Income from equity interests in real estate companies		1,433,562.34	
of which in foreign currency	1,433,562.34		
3. Other income		15,881,290.97	
of which in foreign currency	10,273,662.20		
Total income			**36,927,865.72**
II. Expenditure			
1. Management costs			
1.1 Operating costs		13,571,212.70	
of which in foreign currency	12,536,051.10		
1.2 Maintenance costs		7,755,930.32	
of which in foreign currency	2,345,870.50		
1.3 Property management costs		1,558,890.98	
of which in foreign currency	697,730.45		
1.4 Other costs		166,410.48	
of which in foreign currency	55,039.24		
2. Foreign taxes		527,469.70	
of which in foreign currency	143,458.61		
3. Interest on loans		1,542,407.15	
of which in foreign currency	0.00		
4. Remuneration of Fund management		3,199,416.82	
5. Custodian Bank fee		70,047.24	
6. Audit and publication costs		181,820.38	
7. Other expenditure		2,025,930.73	
of which remuneration of experts (in accordance with section 12 of the BVB)	116,222.31		
Total expenditure			**30,599,536.50**
III. Ordinary net income			**6,328,329.22**

for the period from 1 January 2016 to 31 December 2016	EUR	EUR	EUR
IV. Disposals			
1. Realised gains			
plus unrealised changes in value from previous years			
1.1 on properties in the period under review	17,653,034.37		
Changes in value from previous years	–2,060,827.33	15,592,207.04	
of which in foreign currency	0.00		
1.2 on equity interests in real estate companies in the period under review	340,834.60		
Changes in value from previous years	6,419,862.01	6,760,696.61	
of which in foreign currency	6,760,696.61		
1.3 on forward exchange transactions in the period under review	354,439.39		
Changes in value from previous years	124,584.30	479,023.69	
of which in foreign currency	0.00		
1.4 Miscellaneous		3,866,680.02	
of which in foreign currency	0.00		
2. Realised losses			
plus unrealised changes in value from previous years			
2.1 on properties in the period under review	1,671,642.39		
Changes in value from previous years	–17,846,984.97	–16,175,342.58	
of which in foreign currency	0.00		
2.2 on equity interests in real estate companies in the period under review	–17,356,994.90		
Changes in value from previous years	–14,884,891.71	–32,241,886.61	
of which in foreign currency	–14,516,058.58		
2.3 on forward exchange transactions in the period under review	–1,571,767.13		
Changes in value from previous years	–1,185,861.01	–2,757,628.14	
of which in foreign currency	0.00		
2.4 Miscellaneous		–580,340.54	
of which in foreign currency	0.00		
Net loss on disposals			**–25,056,590.51**
IV. Net profit for the financial year			**–18,728,261.29**

Total expense ratio	**1.02%**
Transaction-based remuneration	**0.92%**
Transaction costs	**4,643,953.28**

Disclosures on the Statement of Income and Expenditure

Income

Income from properties comprises the rental income from the Fund's German and foreign properties. Of the total figure, EUR 11.1 million is attributable to domestic and foreign properties in the eurozone and EUR 8.5 million to properties outside this area.

Income from equity interests in real estate companies consists of the distributions received by the Fund from the real estate companies in Singapore in the period under review.

The **other income** mainly comprises income from tax refunds in the amount of EUR 8.3 million, income from the reversal of provisions in the amount of EUR 4.8 million and interest income from shareholder loans in the amount of EUR 1.2 million.

Expenditure

Management costs consist of **operating costs** (EUR 13.6 million), **maintenance costs** (EUR 7.8 million) and **property management costs** that cannot be passed on to the tenants (EUR 1.6 million). **Other costs** primarily contain valuation allowances on rent receivables of EUR 0.2 million.

The Fund incurred expenses and recognised provisions amounting to EUR 0.5 million for the payment of **foreign taxes.** This tax expense relates primarily to France (EUR 0.3 million) and Singapore (EUR 0.1 million).

Provisions for taxes on deferred capital gains are taken directly from Fund assets.

Interest on loans resulted from debt finance taken out to fund property acquisitions.

The **remuneration of Fund management** item amounts to EUR 3.2 million, or 0.9% p.a. of average Fund assets. In accordance with the Fund Rules, remuneration of up to 1.5% p.a. of average Fund assets may be charged. The investment company pays regular – usually annual – brokerage fees (trailer fees) to brokers such as credit institutions from the management fee paid to it.

In accordance with section 11(4) of the BVB, the Custodian Bank receives a **Custodian Bank fee** of 0.005% of Fund assets at the end of each calendar quarter.

Other expenditure in accordance with section 11(5) of the BVB mainly comprises consultancy costs, external accounting costs, bank fees and financing costs.

The members of the Expert Committees receive remuneration for the statutory annual valuations.

Ordinary net income on the reporting date amounted to EUR 6.3 million.

Realised gains on properties and equity interests in real estate companies represent the difference between the proceeds of sale and cost. Unrealised changes in value from previous years on properties/equity interests in real estate companies are a result of measurement gains and losses and changes in carrying amounts up to the end of the previous year. Deducting the unrealised gains from the previous year results in the realised gains for the period under review.

Realised gains on forward exchange transactions represent the difference between the lower purchase prices and the prices at sale or maturity. Unrealised changes in the value of the forward exchange transactions consist of changes up to the end of the previous year in the market values of the financial instruments that matured during the financial year. Deducting the unrealised gains from the previous year results in the realised gains for the period under review.

The realised gains/losses reported in the **miscellaneous** item are the result of currency transactions.

Realised losses from properties and equity interests in real estate companies represent the difference between the proceeds of sale and cost. Unrealised changes in value from previous years on properties/equity interests in real estate companies are a result of measurement gains and losses and changes in carrying amounts up to the end of the previous year. Deducting the unrealised losses from the previous year results in the realised losses for the period under review.

Realised losses on forward exchange transactions represent the difference between the higher purchase prices and the prices at sale or maturity. Unrealised changes in the value of the forward exchange transactions consist of changes up to the end of the previous year in the market values of the financial instruments that matured during the financial year. Deducting the unrealised losses from the previous year results in the realised losses for the period under review.

The **net loss on disposals** (EUR 25.1 million) represents the aggregate realised gains and losses.

Net profit for the financial year amounted to EUR –18.7 million as of the reporting date.

The **total expense ratio (TER)** shows the impact of costs on Fund assets. It takes into account management and Custodian Bank fees, the costs of the Expert Committees and other costs in accordance with section 11 of the BVB, with the exception of transaction costs. The TER expresses the total amount of these costs as a percentage of average Fund assets within a financial year, thus providing results that comply with international cost transparency standards. The method of calculation used is in line with the BVI's recommended method.

The TER for SEB ImmoPortfolio Target Return Fund is 1.02%.

The **transaction-based remuneration** comprises the sales fee of EUR 3,253,406.22. This represents 0.92% of the average Fund assets.

Transaction costs comprise the incidental costs of sale of properties and equity interests in real estate companies that are recorded as disposals, measured at the time of the transfer of the risks and rewards of ownership in the financial year. The transaction costs amount to EUR 4,643,953.28, of which EUR 556.13 is attributable to fees and taxes and EUR 4,643,397.15 to other costs.

Application of Fund Income as of 31 December 2016

		Total in EUR	Per unit in EUR
I.	**Calculation of the distribution**		
	1. Carried forward from previous year	8,805,684.68	1.36
	2. Net profit for the financial year	–18,728,261.29	–2.90
	3. Transfer from the Fund	29,317,861.61	4.54
II.	**Amount available for distribution**	**19,395,285.00**	**3.00**
III.	**Total distribution** [1]	**19,395,285.00**	**3.00**
	1. Final distribution on 3 April 2017	19,395,285.00	3.00

[1] In accordance with section 7(3), (3a) and (3c) of the *Investmentsteuergesetz* (InvStG – German Investment Tax Act), the account custodian or the most recent domestic paying agent is obliged to withhold investment income tax and the solidarity surcharge.

Disclosures on the Application of Fund Income

The net profit for the financial year in the amount of EUR –18.7 million can be seen from the statement of income and expenditure.

After adjustment for the amount carried forward from the previous year (EUR 8.8 million) and the transfer from the Fund (EUR 29.3 million), EUR 19.4 million is available for distribution.

The total distribution in the amount of EUR 19.4 million (EUR 3.00 per unit) will be made on 3 April 2017.

Payouts after termination of the management mandate on 5 June 2014

Payout in financial year	Payout date	Payout per unit EUR	of which return of capital distribution EUR
2014	1 October 2014	18.00	13.81
2015	15 April 2015	37.00	37.00
2016	12 August 2016	7.10	0.00
2017	3 April 2017	3.00	3.00

Auditors' Report*

To Savills Fund Management GmbH, Frankfurt am Main

Savills Fund Management GmbH appointed us to audit the Annual Report of SEB ImmoPortfolio Target Return Fund for the financial year from 1 January 2016 to 31 December 2016 in accordance with section 44(5) of the *Investmentgesetz* (InvG – German Investment Act).

Responsibility of the management

The preparation of the Annual Report in compliance with the provisions of the InvG is the responsibility of the management of the investment company.

Responsibility of the auditors

Our responsibility is to express an opinion on the Annual Report based on our audit.

We conducted our audit in accordance with section 44(5) of the InvG and the generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the Annual Report are detected with reasonable assurance. Knowledge of the management of the Fund and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal accounting control system and the evidence supporting the disclosures in the Annual Report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used for the Annual Report and significant estimates made by the investment company's management. We believe that our audit provides a reasonable basis for our opinion.

Auditors' opinion

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the Annual Report complies with the statutory regulations.

Additional information

Without qualifying our opinion, we draw attention to the fact that the Company gave notice of termination of the management mandate of the Fund effective 31 May 2017 in accordance with section 38(1) of the InvG in conjunction with section 16(1) of the General Fund Rules. We refer in this context to the information given by the Company in the section of the Annual Report entitled "Information on the Dissolution of the Fund".

Frankfurt am Main, 12 April 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Eva Handrick
Auditor

ppa. Fatih Agirman
Auditor

* Translation of the German auditors' report on the German annual report by the management of Savills Fund Management GmbH.

Tax Information for Investors

The distribution for financial year 2016 on 3 April 2017 amounts to EUR 3.00 per investment unit. The following tax treatment applies to the distribution:

Tax treatment of the distribution per unit

	Private assets EUR	Units held as business assets (income tax payers) EUR	Units held as business assets (corporation tax payers) EUR
Payment	**3.0000**	**3.0000**	**3.0000**
Withholding tax paid	–0.2248	–0.2248	–0.2248
Tax result	**2.7752**	**2.7752**	**2.7752**
of which management income			
tax-free income from previous years	2.1423	2.1423	2.1423
taxable net income from properties	0.6329	0.6329	0.6329
Basis of calculation for investment income tax	**0.6329**		
Investment income tax (25%) [1]	**0.1582**		

[1] Plus the solidarity surcharge of 5.5% and, if applicable, church tax

General taxation principles

Under German law, real estate funds (hereinafter referred to as "investment funds") are exempted from all income and asset-based taxes. Income is taxed at the level of the investors. Investors can only be taxed if income is distributed or retained or if investment units are redeemed or sold. In more detail, taxation is based on the provisions of the *Investmentsteuergesetz* (InvStG – German Investment Tax Act) in conjunction with general tax law.

In line with the principle of transparency, investors should be treated as if they had generated the income produced by the investment fund directly. However, exceptions apply to this general principle. For example, negative income generated by investment funds is offset against positive income of the same kind at the level of the investment fund. If the negative income cannot be offset in full, this cannot be claimed by the investor but must be carried forward at investment fund level and offset against income of the same kind in following years.

Thus a distinction needs to be made for tax treatment purposes between investment fund income attributable to private investors and that attributable to business investors.

The information on the bases of taxation used to determine the tax payable by investors is published by the investment company in the *Bundesanzeiger* (Federal Gazette; www.bundesanzeiger.de) together with a professional attestation report in accordance with section 5 of the InvStG (determination of the information in accordance with the provisions of German tax law), in addition to being disclosed in the annual report.

Taxation at private investor level

If the investment units are held as private assets, the income distributed on investment units and the deemed distributed income are classified as investment income for tax purposes. 25% tax (plus the solidarity surcharge and, if applicable, church tax) is withheld on investment income. As the tax withheld is generally definitive (flat tax), this investment income does not generally have to be disclosed in the investor's income tax return.

The scope of the taxable income, i.e. the tax base for the flat tax, was widened significantly as of 2009. In addition to distributed and deemed distributed investment fund income and interim profits, investment income includes gains from the

disposal of investment units where these were acquired after 31 December 2008. [1)]

When the tax is withheld, losses incurred are, as a rule, already offset by the domestic paying agent (units held in custody) and foreign withholding taxes are taken into account. If units of distributing investment funds are not held in a custody account and coupons are presented to a domestic bank (self-custody), tax of 25% (plus the solidarity surcharge and, if applicable, church tax) is withheld.

No tax needs to be withheld if the investor is a German tax resident and submits an exemption instruction, provided that the taxable income components do not exceed the lump-sum savings allowance of EUR 801 for single persons or EUR 1,602 for married couples filing jointly. The same applies if a non-assessment certificate is submitted or if foreign investors furnish proof of their non-resident status for tax purposes for certain income (for example, non-residents for tax purposes are always subject to withholding tax on domestic rental income and domestic dividends).

The tax withheld is generally definitive. If the investor's personal tax rate is lower than the 25% flat tax rate, the investment income may be disclosed in the income tax return. The tax office will then apply the lower personal tax rate and count the tax withheld towards the investor's tax liability (*Günstigerprüfung* – most favourable tax treatment).

If no tax has been withheld on investment income, this income must be disclosed in the investor's tax return. This investment income is then also subject to the 25% flat tax rate or to the lower personal tax rate in the course of the assessment. However, income-related expenses (e.g. custody account fees) actually incurred at investor level cannot be taken into account.

In the case of distributions, both the distributed and the deemed distributed income are taxable. Income is taxable or is subject to definitive withholding tax in the year it accrues.

In particular distributed or retained domestic rental income, interest and similar income and dividends from real estate corporations are taxable and subject to 25% withholding tax (plus the solidarity surcharge and, if applicable, church tax). The Fund assets include properties located outside Germany. As a rule, rental income from such properties accrues to investors in Germany tax-free due to existing double taxation agreements.

Gains from the sale of domestic and foreign real estate not falling within the 10-year period that are generated at the investment fund level are always tax-free for private investors.

Gains from the sale of domestic properties within the 10-year period that are generated at investment fund level are always taxable for the investor and are subject to withholding tax of 25% (plus the solidarity surcharge and, if applicable, church tax). This applies regardless of whether they are distributed or retained. By contrast, gains from the sale of foreign real estate within the 10-year period in respect of which Germany has waived taxation in accordance with a double taxation agreement are not subject to withholding tax. Gains from the sale of shares, equity-equivalent profit participation rights and investment units, gains from forward transactions and income from option premiums generated at the investment fund level are not recognised at the level of the investor unless they are distributed. Gains from the sale of the capital claims listed in section 1(3) sentence 3 no. 1 letters a) to f) of the InvStG are also not recognised at the level of the investor if they are not distributed.

Return of capital distributions (e.g. in the form of development project interest) are not taxable. A return of capital distribution occurs where the distribution exceeds the income for tax purposes generated by the investment fund. Return of capital distributions that investors receive during their period of ownership are treated as reducing the cost from a tax law point of view, i.e. they have an effect when the investment units are disposed of.

Taxation at business investor level

Investors who hold their investment units as business assets realise business income as a rule.

25% tax (plus the solidarity surcharge) is withheld on this income. However, the withheld tax is not definitive, so that tax prepayments made during the course of the year must be offset against income tax and corporation tax on assessment. Tax need only not be withheld, or withheld tax can only be refunded, upon presentation of a corresponding non-assessment certificate. In other cases, investors receive a tax certificate documenting the tax withheld.

However, the paying agent will not withhold tax on certain income (e.g. foreign dividends) if the investor is a corporation with unlimited tax liability or this investment income is the business income of a domestic business and a declaration to this effect is submitted to the paying agent by the obligee of the investment income in an official form.

Business investors with unlimited tax liability in Germany who qualify as cash-basis taxpayers must tax the investment income when it accrues. Where profits are determined using accrual-basis accounting, investors must recognise distributed and deemed distributed income when the claim arises (date of the declaration of the distribution). To this extent general tax accounting law rules are applied.

The Fund assets include properties located outside Germany. As a rule, rental income from such properties accrues to investors in Germany tax-free due to existing double taxation agreements. However, investors that are not subject to the *Körperschaftsteuergesetz* (KStG – German Corporation Tax

[1)] Gains from the sale of Fund units acquired prior to 1 January 2009 are tax-free as a rule for private investors (private disposals).

Act) are subject to the progression clause in the case of income from countries outside the European Union and the European Economic Area (EEA).

Only 60% of domestic and foreign dividends[1] that are distributed or retained by the investment fund are taxable at the level of investors subject to income tax (*Teileinkünfteverfahren* – partial income method). As a result of the *EuGH-Dividendenumsetzungsgesetz* (EuGH-Div-UmsG – Act Implementing the ECJ Judgement on Dividends), dividends are only tax-free for investors subject to corporation tax if they accrued to the investment fund before 1 March 2013. 5% of dividends are considered as non-deductible business expenses at investor level.

Income that is tax-free in accordance with double taxation agreements and income subject to the partial income method must be deducted from taxable and accounting profit during preparation of the income tax and corporation tax returns. In the case of income subject to the partial income method accruing to investors subject to income tax, only 40% of the amount shall be deducted. In line with section 2(2a) of the InvStG, distributed or retained interest income must be taken into account under the earnings stripping rule within the meaning of section 4h of the *Einkommensteuergesetz* (EStG – German Income Tax Act).

With the entry into force of the *AIFM-Steuer-Anpassungsgesetz* (AIFM-StAnpG – AIFM Tax Amendment Act) on 23 December 2013, the previous 10% lump-sum amount of non-deductible income-related expenses was abolished for financial years after 31 December 2013 as part of the reorganisation of the indirect allocation of income-related expenses. However, the tax authorities do not object to these new rules only being used for the first time for financial years beginning after 31 March 2014. For financial years before 1 April 2014, the allocation of income-related expenses applicable before the AIFM-StAnpG entered into force can be used. This provides that 10% of income-related expenses that cannot be directly allocated to specific income at the investment fund level are non-deductible for business investors as well. In its decree on 11 January 2008, the Rhineland Regional Finance Office, in agreement with the German Federal Ministry of Finance and the Ministry of Finance of North Rhine-Westphalia, expressed the view that business investors in investment funds are allowed to create a tax adjustment item for the non-deductible income-related expenses in the case of non-distributing and distributing investment funds. Investors required to prepare accounts must provide evidence of the amount of the adjustment item. If the amount of the adjustment item is not evidenced, the non-deductible income-related expenses must be added back as off-balance sheet items when determining taxable income.

Investment income tax

The investment company and domestic custodians (e.g. custodian banks) are generally required to withhold and remit investment income tax for the investor. The investment income tax is generally definitive for private investors. However, investors have an assessment option and in some cases an assessment obligation. If the investment units are held as business assets, an assessment obligation generally exists.

No investment income tax needs to be withheld if a non-assessment certificate or a valid exemption instruction is submitted. If the investor can prove that it is non-resident for tax purposes, the investment income tax withheld is limited to income from German dividends, German rental income and disposal gains on properties located in Germany.

Foreign investors can only have investment income tax that has been remitted for them offset or reimbursed within the framework of the relevant double taxation agreement between their state of residence and Germany. The *Bundeszentralamt für Steuern* (BZSt – Federal Central Office of Taxation) is responsible for reimbursements.

Solidarity surcharge

A 5.5% solidarity surcharge is levied on the tax withheld and remitted when the investment fund distributes or retains income. The solidarity surcharge can be offset against the investor's income tax or corporation tax liability.

Church tax

If income tax is already levied via the tax withheld by a German custodian (withholding agent), the church tax payable on this is levied as a surcharge to the tax withheld in accordance with the church tax rate for the religious community / denomination to which the investor belongs. To this end, persons subject to church tax must inform the withholding agent in a written application that they are a member of a particular religion. As of 1 January 2015, it is no longer necessary to file an application to withhold church tax on definitively taxed investment income. Instead, the tax will be automatically withheld for and remitted to the religious community levying the tax in the future. To this end, the withholding agent asks the BZSt about the religious affiliation of all investors on an annual basis. Married couples must also declare the proportion of the spouses' entire investment income constituted by the investment income attributable to each spouse, so that the church tax can be allocated, withheld and remitted on this basis. If no allocation ratio is indicated or if the spouses are members of different religions, the allocation will be made equally. The deductibility of church tax as a special personal deduction is already recognised as reducing the tax burden when the tax is withheld.

Foreign withholding tax

In some cases, withholding tax is retained on the investment fund's foreign income in the countries of origin. Moreover, in some cases investments were made in countries in which no withholding tax is actually levied on the income, although

[1] This does not apply to dividends in accordance with the *REIT-Gesetz* (German REIT Act).

withholding tax can be asserted (notional withholding tax). Imputable foreign withholding tax is already recognised as reducing the tax burden for private investors when the tax is withheld.

Capital gains at investor level

If investment fund units acquired after 31 December 2008 are disposed of by a private investor, the capital gains are subject to the flat tax rate of 25%. Provided the investment units are held in a domestic custody account, the account custodian will withhold the tax. The withholding of the 25% tax (plus the solidarity surcharge and, if applicable, church tax) can be avoided by submitting a sufficient exemption instruction or a non-assessment certificate. Gains and losses incurred can be offset against other income from the sale of investments (with the exception of losses from the sale of shares).

Gains from the sale of investment units acquired after 31 December 2008 are tax-free for private investors insofar as they relate to income that accrued to the investment fund during the period of ownership, that has not yet been recognised at investor level, and that is tax-free for the investor under double taxation agreements (gains from real estate for the proportionate period of ownership).

Capital gains realised on investment units acquired prior to 1 January 2009 are not taxable for private investors if the units have been held for a period of more than one year.

Gains from the sale of investment units held as business assets are tax-free for business investors insofar as they consist of foreign rental income that has not yet accrued or been deemed to have accrued and of realised and unrealised investment fund gains from foreign real estate, insofar as Germany has waived taxation (gain from real estate for the proportionate period of ownership).

Gains from the sale of investment units are tax-free for corporations[1] if they consist of realised and unrealised investment fund gains in connection with domestic and foreign real estate corporations. In the case of business investors taxed in accordance with the EStG, these gains from the sale of units are 40% tax-free (*Teileinkünfteverfahren*).

From a tax law point of view, the redemption of investment units is treated as a sale, i.e. the investor recognises a disposal gain or loss. Custodians located in Germany calculate the capital gain as the tax base for the tax to be withheld for investors.

In this context, a gain or loss is the difference between the disposal price less any relevant expenses and the original cost. When calculating the capital gain, the interim profits at the time of acquisition must be deducted from the original cost, and the interim profits at the time of disposal from the disposal price, so that interim profits are not taxed twice. In addition, retained income that the investor has already taxed must be deducted from the disposal price so as to avoid double taxation in this area, too.

Interim profits

Interim profits consist of payments for interest accrued or deemed to have accrued contained in the sale or redemption price as well as gains from the sale of capital claims not listed in section 1(3) sentence 3 no. 1 letters a) to f) of the InvStG that have not yet been distributed or retained by the investment fund and that were therefore not yet taxable for the investor (comparable to accrued income on fixed-interest securities in the case of direct investments). Interest income and interest claims generated by the investment fund are subject to income tax and investment income tax in the case of the redemption or sale of the investment units by German tax residents. The investment income tax withheld on interim profits amounts to 25% (plus the 5.5% solidarity surcharge and, if applicable, church tax).

Interim profits paid on the purchase of investment units can be deducted as negative investment income for income tax purposes in the year of payment, provided that the investment fund calculates an equalisation paid item. They are already recognised as reducing the tax burden at the custody account level for the purposes of tax withholding. In addition, no tax is withheld if a non-assessment certificate or an exemption instruction is submitted. In calculating interim profits, rental and leasing income and income from the valuation and disposal of properties are not taken into account.

Interim profits are calculated every time the unit value is determined and are published on each valuation date. The interim profits are calculated by multiplying the respective interim profits per investment unit by the number of investment units given in the purchase/sale note. Interim profits may also be ascertained regularly from the account and income statements issued by the banks.

Gains from real estate and shares

The rules governing gains from real estate apply both to investors whose investment units are held as private assets and to investors whose investment units are held as business assets. The rules governing gains from shares apply only to investors whose investment units are held as business assets.

Real estate gains consist of foreign rental income that has not yet accrued or been deemed to have accrued, and realised and unrealised changes in value of foreign real estate belonging to the investment fund in respect of which Germany has waived taxation in accordance with a double taxation agreement. The investment company publishes gains from real estate as a percentage of the value of the investment unit on each valuation date.

Gains from shares for business investors taxed in accordance with the EStG (gains from shares I) comprise dividend income that has not yet accrued or been deemed to have accrued to the investor, and realised and unrealised gains and losses

[1] In the case of corporations, 5% of the tax-free capital gains are considered to be non-deductible business expenses and are therefore taxable.

from certain equity interests held by the investment fund, especially in real estate investment corporations.

Gains from shares for investors taxed in accordance with the KStG (gains from shares II) comprise only dividend income that has not yet accrued or been deemed to have accrued to the investor that was received by the investment fund before 1 March 2013, and realised and unrealised gains and losses from certain equity interests held by the investment fund, especially in real estate investment corporations.

The investment company publishes the gains from shares I and the gains from shares II on each valuation date as a percentage of the value of the investment unit.

On the date of purchase and sale of the investment units, as well as on the reporting date, the investor must multiply the published percentages by the respective redemption price to calculate the absolute investor gains from real estate and shares. The difference between the two figures represents the investor's gains from real estate and shares for the proportionate period of ownership that are relevant for tax purposes.

Notice

Further explanations on the tax treatment of investment fund income can be found in the notice regarding important tax regulations for investors in the Sales Prospectus.

Tax liability in Austria

Taxation at the level of investors with limited tax liability

Since the introduction of the *Immobilien-Investmentfondsgesetz* (ImmoInvFG – Austrian Real Estate Investment Fund Act), a limited tax liability has been in force in Austria in respect of the gains generated by non-Austrian resident investors from Austrian real estate held by the investment fund. Tax is levied on regular rental income and (in the amount of 80%) on the increases in the value of the Austrian real estate resulting from the annual appraisals. This limited tax liability applies to individual investors who are neither domiciled nor have their habitual residence in Austria (in the case of corporations, which are neither headquartered in nor managed from Austria):

- For natural persons, the rate of tax on this income in Austria has been 27.5% since 1 January 2016. If the investor's total taxable income in Austria amounts to no more than EUR 2,000 per calendar year, the investor is not required to submit a tax return, and the income remains tax-free. If this limit is exceeded or if a notice to this effect is issued by the Austrian tax office, a tax return must be filed in Austria.
- For corporations, the tax rate in Austria is 25%. There is no statutory allowance as there is for natural persons.
- The income (deemed distributed income) subject to tax in Austria applicable to a single investment unit in SEB ImmoPortfolio Target Return Fund amounts to EUR 0.0023 for financial year 2016. The amount of income subject to tax in Austria can be calculated by multiplying this figure by the number of investment units held by the respective investor.
- Austrian income is taxable for private investors and investors who determine their profits using cash-based accounting in the year it accrues (here: 2017). If no distribution is paid, the deemed distributed income is deemed to have accrued at the end of four months after the end of the Fund's financial year.
- Investors who determine their profits using accrual accounting must recognise taxable income (deemed distributed income) when the claim arises (= end of the Fund's financial year; here: 2016).
- Since 2012, increases in value that are realised when Fund units are sold have been subject in certain circumstances to capital gains tax (*Vermögenszuwachssteuer*) in Austria. However, due to the double taxation agreement Austria has no intergovernmental right to tax investors in Germany. Therefore, gains from the sale of Fund units are not generally subject to limited tax liability in Austria.

Taxation at the level of investors with unlimited tax liability

Unlimited tax liability applies to individual investors who are domiciled or have their habitual residence in Austria (in the case of corporations, which are headquartered in or managed from Austria). Tax is levied on regular Fund income (gains as defined in section 14 of the ImmoInvFG) and on gains from the sale of "new assets", i.e. Fund units that were purchased after 31 December 2010.

Regular Fund income comprises current income from rental management and the appreciations in value resulting from the annual appraisals of real estate in Austria and countries with which Austria has agreed on the tax credit method for income from immovable assets under existing double taxation agreements (in the amount of 80%), plus liquidity gains.

Any gains from the sale of Fund units that were purchased after 31 December 2010 are the result of the difference between amortised cost and the proceeds of sale (repayment amount). Deemed distributed income must be added to the cost, and tax-free distributions and the payment of investment income tax deducted from it. Transaction costs (e.g. front-end load) are not recognised unless the Fund units are held as business assets.

For natural persons, the rate of tax on this income in Austria has been 27.5% since 1 January 2016.

- If the Fund units are held in an Austrian custodian bank, all current gains from the Fund and from the sale of Fund units, provided they are held as private assets, are subject to final taxation in the form of the mandatory withholding of investment income tax by the investor's custodian bank.

This means that taxable income from interests held in SEB ImmoPortfolio Target Return Fund no longer has to be declared in private investors' income tax returns, unless – in the case of a more favourable general tax rate – application is made to use the general tax rate (standard taxation option) or the loss offset option is exercised in accordance with section 97(2) of the EStG in cases in which losses from capital investments were not taken into account by the custodian when deducting investment income tax. The Austrian custodian bank does not have to withhold any security tax for SEB ImmoPortfolio Target Return Fund.

- Gains from the sale of Fund units held as private assets that were acquired before 1 January 2011 are tax-free.

- In the case of Fund units held as business assets, the definitive taxation effect applies solely to regular Fund income. Gains from the sale of Fund units held as business assets still have to be declared in tax assessments under the new legislation. Withheld investment income tax must be credited.

- If the Fund units are held in a foreign custodian bank, taxable income from interests in SEB ImmoPortfolio Target Return Fund (current gains from the Fund and gains from the sale of Fund units) have been subject to the special tax rate of 27.5% since 1 January 2016 and must be included in the investor's income tax return. In this case, too, it is possible to exercise the standard taxation option or the loss offset option.

For corporations, the tax rate in Austria is 25%.

- If the Fund units are held at an Austrian custodian bank, investment income tax is generally also withheld in the case of corporations. Withholding of investment income tax by the Austrian custodian bank can be avoided by submitting a declaration of exemption to the Austrian custodian bank. The taxable income (including capital gains) from the interest in SEB ImmoPortfolio Target Return Fund must be included in all cases in the corporation tax return. If a declaration is not submitted, any withheld investment income tax must be offset against corporation tax.

- For private foundations, the rate of tax in Austria is 25%. Private foundations are exempted from the withholding of investment income tax. Current gains from the Fund in accordance with section 14 of the ImmoInvFG and taxable capital gains must be declared in the corporation tax return.

- Gains from the sale of unit certificates that were acquired before 1 January 2011 continue to be tax-free. Units acquired as from 1 January 2011 are subject to interim tax of 25% when sold.

- For investors who have unlimited tax liability in Austria, the deemed distributable income applicable to one unit of SEB ImmoPortfolio Target Return Fund that is taxable in Austria for financial year 2016 amounts to EUR 0.0096. The investor must multiply this amount by the number of Fund units he or she holds. No foreign taxes are creditable against the resulting tax amount.

- Austrian income is taxable for private investors and investors who determine their profits using cash-based accounting in the year it accrues (here: 2017). The deemed distributed income is deemed to have accrued at the end of four months after the end of the Fund's financial year.

- Investors who determine their profits using accrual accounting must recognise taxable income (deemed distributed income) when the claim arises (= end of the Fund's financial year; here: 2016).

- The relevant adjustment item to the cost for Austrian tax purposes amounts to EUR 2.6828 per unit as of 31 December 2016.

Notice

The information concerning taxation given above is based on the legal position and associated tax authority practice as it is known to stand at present. No assurance can be given that the tax treatment will not change as a result of legislation, court rulings, or decrees issued by the tax authorities. We recommend that investors consult their personal tax advisors on issues concerning taxation.

France: Current position and disclosure obligations in relation to the 3% tax

Since 1 January 2008, real estate funds have been subject to a special French tax (known as the "French 3% tax"), which is levied annually on the market value of properties located in France. This 3% tax is designed to apply to French citizens and institutions that hold French properties indirectly via funds. Despite the minor significance for investors in German mutual funds, SEB ImmoPortfolio Target Return Fund is also required to comply with the reporting requirements.

The French law provides for the exemption from the 3% tax for French real estate funds and comparable foreign funds. In the opinion of the French tax authorities, German real estate funds are not comparable in principle with French real estate funds, meaning that they are not exempt in principle from the 3% tax.

- In order to be exempt from this tax, the French tax authorities are of the opinion that SEB ImmoPortfolio Target Return Fund must issue an annual return specifying its French properties on 1 January of each year and disclosing the names of those unitholders who held 1% or more of the fund as of 1 January of each year. Thus, investors who held at least 64,651 units (corresponding to approximately EUR 3.3 million) in SEB ImmoPortfolio Target Return Fund as of 1 January 2017 must be named.

- This disclosure has no financial repercussions for you, nor does it require you to file a return with or inform the French tax authorities, provided that you held less than 5% of the Fund on 1 January, and that this is the only investment you have in French property.

- If, on 1 January 2017, your equity interest amounted to or exceeded 5%, or if you held additional properties in France either directly or indirectly, you may be liable for tax in your own right on account of your investment in French real estate and you must ensure that you are exempted from taxation by providing the French tax authorities with your own return.

- However, various groups of investors may be covered by general exemptions; for example, natural persons and listed companies are exempted from the 3% tax. In these cases, no separate return need be submitted. For more information on the potential obligation to submit a return, we recommend that you contact a French tax advisor.

- So that the Fund can comply with its obligation to submit a return and thus avoid the French 3% tax being levied, we ask that you send us a written declaration (see the back cover page for contact details) consenting to the disclosure of your name, address, the number of units held and the percentage held to the French tax authorities if your interest in SEB ImmoPortfolio Target Return Fund amounted to or exceeded 1% on 1 January 2017.

Documentation of the Bases for Taxation in Accordance with Section 5(1) Sentence 1 Nos. 1 and 2 of the InvStG: Final Distribution

Final distribution		Private assets [1] Amount per unit in EUR	Business assets [2] (income tax payers) Amount per unit in EUR	Business assets [3] (corporation tax payers) Amount per unit in EUR
Ex date:	3 April 2017			
Payment date:	5 April 2017			
Declaration date:	20 March 2017			
Section 5(1) sentence 1 nos. 1 and 2 of the InvStG letter:				
a) Distribution amount [4]		2.7751706	2.7751706	2.7751706
Memo item: distribution amount paid, including investment income tax withheld		3.0000000	3.0000000	3.0000000
aa) Deemed distributed income from previous years contained in the distribution		2.1423205	2.1423205	2.1423205
bb) Return of capital distributions contained in the distribution		0.0000000	0.0000000	0.0000000
b) Income distributed		0.6328501	0.6328501	0.6328501
Deemed distributed income (amount partially retained)		0.0000000	0.0000000	0.0000000
c) Included in distributed income				
bb) Capital gains as defined by section 2(2) sentence 2 of the InvStG in conjunction with section 8b(2) of the KStG or section 3 no. 40 of the EStG [5]		–	0.0000000	0.0000000
dd) Tax-free capital gains as defined by section 2(3) no. 1 sentence 1 of the InvStG in the version applicable as of 31 Dec. 2008		0.0000000	–	–
ee) Income as defined in section 2(3) no. 1 sentence 2 of the InvStG in the version applicable as of 31 Dec. 2008, insofar as the income is not investment income as defined in section 20 of the EStG		0.0000000	–	–
ff) Tax-free capital gains as defined by section 2(3) of the InvStG in the version applicable as of 1 Jan. 2009		0.0000000	–	–
Cumulatively included in the distribution and deemed distributed income (amount partially retained)				
aa) Income as defined in section 2(2) sentence 1 of the InvStG in conjunction with section 3 no. 40 of the EStG or, in the case of section 16 of the InvStG, in conjunction with section 8b(1) of the KStG [5]		–	0.0000000	0.0000000
cc) Income as defined in section 2(2a) of the InvStG [6]		–	0.5487482	0.5487482
gg) Income as defined in section 4(1) of the InvStG		0.0000000	0.0000000	0.0000000
hh) Income contained in letter gg) that is not subject to the progression clause		0.0000000	0.0000000	0.0000000
ii) Income as defined in section 4(2) of the InvStG for which no deduction was made in accordance with section 4(4) [7]		0.3309955	0.3309955	0.3309955
jj) Income contained in letter ii) to which section 2(2) of the InvStG in conjunction with section 8b(2) of the KStG or section 3 no. 40 of the EStG or, in the case of section 16 of the InvStG, in conjunction with section 8b(1) of the KStG is to be applied [7]		–	0.0000000	0.0000000
kk) Income contained in letter ii) as defined in section 4(2) of the InvStG giving rise to an entitlement to credit tax deemed to have been paid against income or corporation tax in accordance with an agreement to avoid double taxation [7]		0.0000000	0.0000000	0.0000000
ll) Income contained in letter kk) to which section 2(2) of the InvStG in conjunction with section 8b(2) of the KStG or section 3 no. 40 of the EStG or, in the case of section 16 of the InvStG, in conjunction with section 8b(1) of the KStG is to be applied [7]		–	0.0000000	0.0000000

Final distribution	Private assets [1] Amount per unit in EUR	Business assets [2] (income tax payers) Amount per unit in EUR	Business assets [3] (corporation tax payers) Amount per unit in EUR
d) Portion of distribution and deemed distributed income warranting the crediting of investment income tax			
aa) as defined in section 7(1) and 7(2) of the InvStG	0.6328501	0.6328501	0.6328501
bb) as defined in section 7(3) of the InvStG	0.0000000	0.0000000	0.0000000
cc) as defined in section 7(1) sentence 4 of the InvStG, insofar as included in letter aa)	–	0.0000000	0.0000000
e) (Repealed)	–	–	–
f) Amount of foreign tax incurred on the income as defined in section 4(2) of the InvStG that is included in distributed and deemed distributed income and			
aa) Creditable in accordance with section 4(2) of the InvStG in conjunction with section 32d(5) or section 34c(1) of the EStG or an agreement to avoid double taxation if no deduction was made in accordance with section 4(4) of the InvStG [8]	0.0296900	0.0296900	0.0296900
bb) Contained in letter aa) and attributable to income to which section 2(2) of the InvStG in conjunction with section 8b(2) of the KStG or section 3 no. 40 of the EStG or, in the case of section 16 of the InvStG, in conjunction with section 8b(1) of the KStG is to be applied [8]	–	0.0000000	0.0000000
cc) Deductible in accordance with section 4(2) of the InvStG in conjunction with section 34c(3) of the EStG if no deduction was made in accordance with section 4(4) of the InvStG [8]	0.0000000	0.0000000	0.0000000
dd) Contained in letter cc) and attributable to income to which section 2(2) of the InvStG in conjunction with section 8b(2) of the KStG or section 3 no. 40 of the EStG or, in the case of section 16 of the InvStG, in conjunction with section 8b(1) of the KStG is to be applied [8]	–	0.0000000	0.0000000
ee) Deemed to have been paid in accordance with an agreement to avoid double taxation and creditable in accordance with section 4(2) of the InvStG in conjunction with this agreement [8][9]	0.0000000	0.0000000	0.0000000
ff) Contained in letter ee) and attributable to income to which section 2(2) of the InvStG in conjunction with section 8b(2) of the KStG or section 3 no. 40 of the EStG or, in the case of section 16 of the InvStG, in conjunction with section 8b(1) of the KStG is to be applied [8]	–	0.0000000	0.0000000
g) Amount of depreciation or depletion	1.0414940	1.0414940	1.0414940
h) Withholding tax paid in the financial year, reduced by reimbursed withholding tax for the financial year or earlier financial years	−0.2248294	−0.2248294	−0.2248294

[1] Investment units that unitholders hold as private assets according to tax law
[2] Investment units that unitholders taxed in accordance with the EStG hold as business assets
[3] Investment units that unitholders taxed in accordance with the KStG hold as business assets
[4] Distribution in accordance with section 12 of the Circular from the Federal Ministry of Finance (BMF) dated 18 August 2009
[5] Income and profits are disclosed in full.
[6] Income is disclosed net.
[7] Income is disclosed in full.
[8] Withholding taxes are disclosed in full in business assets.
[9] Not contained in letter f) aa)

Attestation Report in Accordance with Section 5(1) Sentence 1 Number 3 of the InvStG on the Preparation of the Tax Law Information

To the Savills Fund Management GmbH investment company (hereinafter referred to as the Company):

The Company has appointed us to determine the above-mentioned tax law information for the

SEB ImmoPortfolio Target Return Fund

investment fund in accordance with section 5(1) sentence 1 numbers 1 and 2 of the *Investmentsteuergesetz* (InvStG – German Investment Tax Act), and to submit an attestation report in accordance with section 5(1) sentence 1 number 3 of the InvStG that the tax law information was determined in compliance with the provisions of German tax law.

The financial reporting for the Fund, which serves as the basis for the determination of the tax law information in accordance with section 5(1) sentence 1 numbers 1 and 2 of the InvStG in conjunction with the requirements of German tax law, is the responsibility of the management of the Company.

Our responsibility was to determine the information in accordance with section 5(1) sentence 1 numbers 1 and 2 of the InvStG for the Fund in accordance with the provisions of German tax law on the basis of the records and the Company's other documents for the Fund. To this end, the Fund's income and expenditure were identified in the course of a tax law reconciliation in accordance with German tax provisions. To the extent that the Company has invested funds in units of target investment funds, our activities were limited exclusively to the correct incorporation of the tax law information made available for these target investment funds on the basis of certificates supplied to us. We did not review the corresponding tax law information or whether this target investment fund qualifies as an investment fund as defined by section 1(1b) of the InvStG. Furthermore, we are required to state in the attestation report whether there are any indications of the abuse of legal options for tax planning schemes in accordance with section 42 of the *Abgabenordung* (German Fiscal Code) that could have an effect (1) on the bases of taxation in accordance with section 5(1) of the InvStG or (2) on the gains from shares in accordance with section 5(2) sentence 1 of the InvStG that were published for the period to which the information in accordance with section 5(1) sentence 1 number 1 of the InvStG relates. Our role in this context is not to perform a definitive legal assessment or specific audit of the legal options exercised by the investment fund, but merely to describe circumstances under which the abuse of such legal options could arise. Amounts from an equalisation paid item were included in the determination of the tax law information.

The scope of our audit did not include an examination of the completeness and accuracy of the documents and information presented to us in the same manner as an audit under German commercial law. To this extent, we relied on the audit opinion issued by the auditor of the annual financial statements. We did not perform any separate audit activities as regards compliance with the amended investment requirements of section 1(1b) of the InvStG. In addition, we have assumed that the documents and information presented to us by the Company are complete and accurate.

The determination of the tax law information in accordance with section 5(1) sentence 1 numbers 1 and 2 of the InvStG is based on the interpretation of the tax laws to be applied. Insofar as several possible interpretations exist, the decision on this is the responsibility of the management of the Company. No objection may be raised to this if the decision reached was justifiably supported in each case by legal materials, court rulings, relevant specialist literature, and published opinions of the fiscal authorities. Attention is drawn to the fact that future legal developments and, in particular, new insights from court rulings could necessitate a different assessment of the interpretation adopted by the Company.

On the basis of this, we certify to the Company in accordance with section 5(1) sentence 1 number 3 of the InvStG that the information in accordance with section 5(1) sentence 1 numbers 1 and 2 of the InvStG was determined in accordance with the provisions of German tax law. Furthermore, there were no indications of the abuse of legal options for tax planning schemes in accordance with section 42 of the *Abgabenordung* (German Fiscal Code) that could have an effect on the bases of taxation in accordance with section 5(1) of the InvStG or on the gains from shares in accordance with section 5(2) sentence 1 of the InvStG that were published for the period to which the information in accordance with section 5(1) sentence 1 numbers 1 and 2 of the InvStG relates.

The situation cannot be ruled out in which the tax authorities conclude that indications of the abuse of legal options for tax planning schemes exist in relation to the transactions performed by the Fund or other circumstances, in particular the purchase and sale of securities and other assets, the sourcing of services leading to income-related expenses, the implementation of an equalization paid item or decisions on the distribution of income.

We have prepared this attestation report on the basis of the engagement entered into with the Company, which is based on the General Engagement Terms for *Wirtschaftsprüfer* and *Wirtschaftsprüfungsgesellschaften* dated 1 January 2002. Our responsibility for performing the engagement is governed exclusively by the engagement relationship with the Company, to whom we are solely responsible.

Frankfurt am Main, 31 March 2017

PwC FS Tax GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Markus Hammer
Tax consultant

Martina Westenberger
Lawyer / tax consultant

Fund Bodies

Investment Company

Savills Fund Management GmbH
Rotfeder-Ring 7, 60327 Frankfurt am Main, Germany
Phone: +49 (0)69 2 72 99 – 1000
Fax: +49 (0)69 2 72 99 – 090
Subscribed and paid-up capital EUR 5.113 million
Liable capital EUR 8.691 million
(as of 31 December 2016)
Frankfurt am Main Commercial Register, HRB 29859
Established: 30 September 1988

Management

Siegfried A. Cofalka (until 31 December 2016)
Carolina von Groddeck (since 1 September 2016)
Axel Kraus (until 31 December 2016)
Hermann Löschinger (since 1 September 2016)

Supervisory Board

Luke Justin O'Connor
Chief Executive Officer,
Savills Investment Management LLP,
Stockholm, Sweden
– Chairman –

Dr. Anton Heinrich Wiegers
Winterbach, Germany
– Deputy Chairman –

Dr. Stefan Frank Zeranski
Professor of Financial Services and
Financial Management,
Bergisch Gladbach, Germany

Auditors

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft,
Frankfurt am Main

Shareholders

TOMASO Verwaltung GmbH (6%)
Savills Fund Management Holding AG (94%)

Depositary (Custodian Bank)

CACEIS Bank S.A.,
Germany Branch
Lilienthalallee 36
80939 Munich
(since 1 January 2017)

CACEIS Bank Deutschland GmbH
Lilienthalallee 34 – 36
80939 Munich
(from 1 February 2016 until 31 December 2016)

SEB AG
Stephanstrasse 14–16
60313 Frankfurt am Main
(until 31 January 2016)

Expert Committee A

Ulrich Renner, Dipl.-Kfm.
Publicly certified and sworn expert for the valuation of developed and undeveloped properties, Wuppertal

Prof. Michael Sohni, Dr.-Ing.
Publicly certified and sworn expert for the valuation of developed and undeveloped properties, Darmstadt

Klaus Thelen, Dipl.-Ing.
Publicly certified and sworn expert for the valuation of developed and undeveloped properties, Gladbeck

Expert Committee B

Klaus Peter Keunecke, Dr.-Ing.
Publicly certified and sworn expert for the valuation of rents and developed and undeveloped properties, Berlin

Günter Schäffler, Dr.-Ing.
Publicly certified and sworn expert for the planning and control of construction costs, the valuation of developed and undeveloped properties, and rents for properties and buildings, Stuttgart

Bernd Fischer-Werth, Dipl.-Ing., Dipl.-Wirtsch.-Ing.
Publicly certified and sworn expert for the valuation of developed and undeveloped properties, Wiesbaden

Investment Company:
Savills Fund Management GmbH
Rotfeder-Ring 7
60327 Frankfurt am Main, Germany
Phone: +49 (0)69 2 72 99 - 1000
Fax: +49 (0)69 2 72 99 - 090

Sales:
Savills Fund Management GmbH
Rotfeder-Ring 7
60327 Frankfurt am Main, Germany

savills | investment management

savillsim.com