

## Fund management

Just under four months after SEB ImmoPortfolio Target Return Fund was transferred to the Custodian Bank, the remaining two portfolio properties were sold. Savills Fund Management GmbH, which has been entrusted with implementing the Fund's continued dissolution at an operational level, successfully sold the two student residences in Tallahassee, USA, to a US real estate company.

The seven properties that were sold as part of the pan-European portfolio sale at the end of April 2017 but for which closing had not yet taken place were transferred to their new owner as planned. Following these last disposals, all properties in SEB ImmoPortfolio Target Return Fund's portfolio have now been sold.

## Performance

Savills Fund Management has provided information about changes in SEB ImmoPortfolio Target Return Fund's unit value on several occasions in recent weeks. There were a number of reasons for this. For example, regular reappraisals of the properties and their market values were conducted due to the buildings' age or to changes in the letting or market situation. In addition, the transfer of the risks and rewards of ownership for the properties in Poland, France and the USA all had negative effects on the unit value.

## Sales and disposals

At the beginning of its three-year dissolution period on 5 June 2014, SEB ImmoPortfolio Target Return Fund had 46 properties. During this period, the Fund management signed sales agreements for a total of 44 properties. At the end of the dissolution period the risks and rewards of ownership still had to be transferred for seven properties, while two properties had not yet been sold. As a result, a total of nine properties were transferred to the Custodian Bank, CACEIS Bank S.A., Germany Branch, as of the end of 31 May 2017. The Custodian Bank has entrusted Savills Fund Management GmbH with the continued dissolution of the Fund at an operational level, so as to ensure that rapid progress is made and to guarantee the continuity of the Fund's management.

The sale of the following seven properties had already been contractually agreed at the end of April 2017 as part of the pan-European portfolio deal. Due to local conditions in the countries in which the properties are located, the risks and rewards of ownership were only transferred to the buyers after a delay in August, September and November 2017.

The properties at a glance:

### Poland

- Lodz, Aleja Pilsudskiego 22
- Warsaw, Szturmowa 2
- Warsaw, Szturmowa 2a
- Warsaw, Ulica Domaniewska 49

### France

- Aix-en-Provence, 320 Avenue Archimède
- Aix-en-Provence, 290 Avenue Galilée



- Labège/Toulouse, 2480 L'Occitane

The two student residences in Tallahassee, Florida, USA, were sold at the end of September 2017. They were held indirectly via a real estate company in which SEB ImmoPortfolio Target Return Fund had a 90 per cent equity interest. The sale took the form of a structured bidding process that was won by a US real estate company. The equity interests in the student residences were acquired for the Fund in April 2006. The fact that the sale was for less than the most recent appraised value was the result of the competition between the potential purchasers in the course of the structured bidding process. Among other things, it took the keen competition due to the construction of new student residences in the immediate vicinity into account. An in-depth analysis revealed that selling them at this time was the best option from an economic perspective.

### USA, Tallahassee

- Tallahassee, 235 Ocala Road South
- Tallahassee, 2700 West Pensacola Street

## Taking stock after 16 years

SEB ImmoPortfolio Target Return Fund was launched in October 2001 as a special fund and transformed into a retail fund three years later. It was positioned as a core plus product. The investment strategy was based on a fundamentally diversified portfolio that allowed a predictable risk/return profile.

Key features of its proactive investment strategy included investing both in established real estate markets and in regions and types of use offering significant growth prospects. At its

peak, the Fund had total assets of approximately EUR 923 million and held 50 properties in 13 countries (as of 28 February 2011). The Fund generated an overall return of 75.02% in the period since its launch 16 years ago (15 October 2001 to 31 October 2017).

In June 2012, SEB ImmoPortfolio Target Return Fund was forced to suspend unit redemption. This move was triggered by a number of redemption requests received from institutional investors that could not be serviced from free liquidity. In the following months the Fund management spoke with a large proportion of investors in order to discuss the possibility of repositioning the Fund. Although the discussions were consistently positive, the majority of investors was unable to commit to a long-term investment in the Fund. As a result, it became apparent that resuming unit redemption for the long term was not feasible given the expected volume of redemption requests. Therefore, the Fund management was forced to give notice in June 2014 to terminate its management mandate effective 31 May 2017, and to initiate the dissolution process for SEB ImmoPortfolio Target Return Fund.

The Fund management had already used the period in which unit redemption was suspended to develop a selling strategy for the properties and made preparations for a large number of sales, in order to generate liquidity as quickly as possible and pay it out to investors. The plan was continually updated once the dissolution process had been launched. Most of the Fund properties were sold as part of portfolio transactions. Particularly noteworthy were the sale in July 2014 of the logistics portfolio including 10 properties from SEB ImmoPortfolio Target Return Fund's portfolio, the sale in December 2014 of the two London properties as part of a pan-European portfolio, the sale in October 2016 of the German portfolio, which included six Fund properties, and the sale in April 2017 of the pan-European portfolio, which included nine properties from the Fund's portfolio. This meant that it was possible to successfully dissolve the Fund while incurring only moderate losses.

### Dissolution of the Fund

All 46 properties belonging to SEB ImmoPortfolio Target Return Fund's portfolio were sold in the period between the start of the Fund dissolution period on 5 June 2014 and 31 October 2017 – a few months after the Fund was transferred to the Custodian Bank. The debt ratio was reduced to 0%. The Fund's performance since the start of the dissolution period is –18.23% (5 June 2014 to 31 October 2017). Overall, SEB ImmoPortfolio Target Return Fund is positioned well in comparison with other open-ended real estate funds that are being wound up.

### Distributions

EUR 8.00 per unit was paid out to investors on 13 November 2017. This corresponds to an aggregate amount of EUR 51,7 million. The liquidity for the distribution came from the recent sales, and in particular from the nine properties that were sold as part of the pan-European portfolio sale and the sale of the student residences in Tallahassee, USA.

The total amount paid out during the liquidation period since the dissolution of the Fund was announced is EUR 472,6 million, or approximately 61% of Fund assets as of 5 June 2014, the date on which the termination of the management mandate was announced.

	Date	Amount per unit
1st distribution	1 October 2014	EUR 18.00
2nd distribution	15 April 2015	EUR 37.00
3rd distribution	12 August 2016	EUR 7.10
4th distribution	3 April 2017	EUR 3.00
5th distribution	13 November 2017	EUR 8.00
Total		EUR 73.10

### Outlook

Even though all properties from SEB ImmoPortfolio Target Return Fund's portfolio have now been sold, the final dissolution of the Fund will still take some time. No estimate can be given of how long will be needed for the tax audits following the sales. The procedure for these depends on the applicable tax law in the relevant countries. SEB ImmoPortfolio Target Return Fund was invested in countries in Europe, the USA and Asia. The processing period depends on the rules in force in the countries concerned. Equally, warranty and guarantee agreements entered into in connection with sales may give rise to longer-term obligations.

Sufficient liquidity reserves must be retained to meet all obligations until the Fund is finally wound up. Further distributions can be made once the risks have declined over time. The Custodian Bank decides on the timing and amount of the distributions. There is no statutory final deadline for winding up the Fund. Instead, this depends on the time at which all conceivable obligations have been met or have become statute-barred.

Savills Fund Management GmbH would like to take this opportunity to thank all investors for the confidence and patience that they have had to show over the past years.

All options were reviewed in depth at all times in order to achieve the best possible solution and the best possible results in the interests of investors.

## Contacts

Going forward, the Custodian Bank and Savills Fund Management GmbH will provide information on the continuing dissolution process for the Fund at regular intervals. In addition, a liquidation report will be prepared once a year.

Your contacts at Savills Fund Management GmbH remain available to answer any questions you may have about the Fund. Information will also be provided regularly on the following website:

<http://www.savillsim-publikumsfonds.de/en/>

The capital management company Savills Fund Management GmbH, which manages the fund capital SEB ImmoPortfolio Target Return Fund, has declared the cancellation of the management of the fund assets with effect as of 31 May 2017 and at the same time definitely stopped the issuance of shares and redemption of shares. Consequently, the Information contained in this document does not constitute a contractual offer or investment advice or recommendation by Savills Fund Management GmbH, but intends to inform the investors in summary of the essential activities of the fund management during liquidation. Due to simplified presentations, this document cannot present any and all information and could therefore be subjective. The contained statements of opinion reflect our current assessments at the time of preparation, which can change at any time without notification. If you would like investment advice or explanations regarding the risk in conjunction with the acquisition of shares in investment funds or regarding the tax Treatment of investment funds, we would like to ask that you contact your financial or tax adviser. The information, data, numbers, statements, analyses, forecasts, and presentations of simulations, concepts, as well as other details contained in this investor notification are based on our factual and knowledge status at the time of preparation. Nevertheless, unintended erroneous presentations can occur. The referenced information can also be changed at any time without notification. We are not liable and cannot give any guarantee for the topicality, accuracy, and completeness of the provided information.

As part of the ongoing cooperation between CACEIS and Savills Fund Management, you can continue to obtain information from:



Savills Fund Management GmbH, Rotfeder-Ring 7, 60327 Frankfurt, Germany,  
service hotline: + 49 69 - 15 34 01 86,  
<http://www.savillsim-publikumsfonds.de/en>, e-mail: [info@savillsim.de](mailto:info@savillsim.de)

CACEIS Bank S.A., Germany Branch, Lilienthalallee 36, 80939 Munich.