

Questions and Answers – SEB ImmoInvest

What led to notice being given to terminate the Fund's management mandate and to its liquidation?

As has already been reported, investors were deeply unsettled by the financial crisis, and this led to the open-ended real estate sector as a whole being faced with an unmanageable number of unit redemptions. Despite its outstanding quality, SEB ImmoInvest also experienced substantially higher numbers of unit redemptions than had been expected. The Fund did not have sufficient liquidity to service all redemption requests. As a result, its management was forced to suspend the redemption of Fund units in order to protect investors.

The *Investmentgesetz* (InvG – German Investment Act) permits the redemption of Fund units to be suspended for a maximum of two years. During this two-year period, sufficient liquidity must be generated by selling properties to ensure that redemption can be resumed for the long term. Despite the pressure to make sales and the difficult market environment, the Fund's management demonstrated its ability to achieve results and its real estate expertise by selling 17 properties with an aggregate appraisal value of roughly EUR 1 billion on reasonable terms. This brought SEB ImmoInvest's total cash funds at the beginning of May 2012 to EUR 1.8 billion. Nevertheless, this liquidity was insufficient to service all redemption requests that had been received by the order cut-off deadline on 7 May 2012. As a result, the Fund's management had no option but to give notice to terminate the management mandate and to liquidate the Fund.

Why wasn't unit redemption resumed on 7 May 2012 as planned?

The approach that SEB Investment GmbH had announced on 25 April 2012 offered a viable framework for continuing SEB ImmoInvest. The Custodian Bank collected all redemption orders up to the date scheduled for resuming unit redemption. This allowed a decision to be made as to whether all redemption requests could be serviced if unit redemption were to be resumed, ensuring that all investors were treated equally. The total redemption requests actually received by the order cut-off deadline on 7 May 2012 significantly exceeded the Fund's available liquidity. Although a large number of investors wanted to accept the offer to continue SEB ImmoInvest under the modified framework, the available liquidity was insufficient to satisfy all redemption requests in full.

What does the liquidation of SEB ImmoInvest entail?

The suspension of unit redemption due to the liquidity squeezes was limited to a period of two years, and the decision that was taken at the end of this period marked the irreversible start of the process to liquidate and pay out SEB ImmoInvest. The decision to liquidate the Fund was taken in agreement with the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – the Federal Financial Supervisory Authority). Due to the volume of redemption requests received, liquidating the Fund was the only way to treat all investors equally and to steadily return the Fund assets to investors in an orderly manner.

How long will the liquidation take?

After the notice to terminate the management mandate for SEB ImmoInvest took legal effect as of 1 May 2017, responsibility for managing the Fund passed from Savills Fund Management GmbH, the investment company (KVG), to the Custodian Bank, CACEIS Bank S.A., Germany Branch (hereinafter referred to as CACEIS).

In principle, BaFin requires the Custodian Bank, in the course of the remaining liquidation process, to sell the remaining assets within three years at the best possible price that can be realised on the market. However, the amount of time needed for the tax audits of each property sold cannot be foreseen. Equally, warranty and guarantee agreements resulting from sales may entail obligations that extend beyond this three-year period. Therefore, there is no statutory deadline for winding up the Fund.

What does the liquidation process involve in practice and who is responsible for managing the Fund going forward?

Savills Fund Management GmbH gave notice to terminate the management of SEB ImmoInvest in line with the statutory requirements effective 30 April 2017. On 1 May 2017 – following the end of the notice period – the Fund was transferred by law (section 39(1) of the InvG) to the Custodian Bank, CACEIS Bank S.A., Germany Branch. Since then, the Custodian Bank has had the job of selling the assets remaining in the Fund at the best possible selling price while preserving investors' interests.

CACEIS has commissioned Savills Fund Management GmbH as an external service provider to continue liquidating the Fund at an operational level going forward in order to ensure that the knowledge of the Fund is preserved, and that the process continues speedily. This covers both the management of the Fund and the sale of the properties.

How are the properties being sold during the ongoing liquidation process?

A total of 29 Fund properties were transferred to the Custodian Bank, CACEIS, as of 1 May 2017. Contracts of sale for 14 of these properties had already been signed as part of a pan-European portfolio transaction before the transfer took effect. These properties were transferred to the buyer in the period up to the end of November 2017. In July 2017, a hotel in Milan was sold and transferred to its new owner.

Currently, there are 14 properties left in SEB ImmoInvest's portfolio; these are being optimised as part of a proactive asset management policy in order to obtain the best possible selling prices in the interests of investors. As in the past, you will find information on any sales on the web at <http://www.savillsim-publikumsfonds.de>.

How will investors get their money back?

Since 1 May 2017, the Custodian Bank, CACEIS, has determined the timing and amount of the distributions. Distributions can be made as soon as further properties from SEB ImmoInvest's portfolio have been sold and the risks associated with the sales have decreased over time, so that liquidity reserves can be reversed. The Custodian Bank has to recognise such reserves for potential claims for back taxes on the part of the fiscal authorities, and for warranty and guarantee obligations. As has been the case to date, payments will be made on the basis of all units in issue, thus guaranteeing that all investors receive the same payout ratio. Payments continue to be made by the respective custodian, which will automatically take all tax information into account.

Is SEB ImmoInvest's unit value likely to decrease?

No predictions can be made as to how SEB ImmoInvest's unit price will perform in the period until the Fund is finally liquidated and paid out. The key factors influencing this are how the market environment develops, the proceeds that can be generated from the disposal of properties, the future rental situation, property management costs, subsequent property appraisals by the independent experts and the transaction costs incurred. A final statement can only be made once the Fund has been fully liquidated and all monies have been paid out.

Are any further revaluations of the remaining portfolio properties planned?

The Custodian Bank, CACEIS, will continue to obtain annual valuations of the properties remaining in the Fund from the experts who were previously commissioned to perform the appraisals, allowing a unit price to be published daily, as before. Value adjustments cannot be ruled out. Performance will depend on a number of factors, including several that cannot be influenced, such as the market situation in the countries in which the Fund is invested and local rental market trends.

Will additional costs be incurred during liquidation process?

Costs and expenses relating to the liquidation and payout of SEB ImmoInvest are generally charged directly to the Fund. This also applies to normal preparation and implementation costs for property sales.

CACEIS is entitled both to be reimbursed for reasonable expenses and to be remunerated for the work it performs in liquidating the Fund. The remuneration is based on that previously paid to the investment company under the Fund Rules. Since 30 April 2017, CACEIS has received remuneration of 0.65% p.a. of the value of the Fund as of the end of each quarter. Among other things, CACEIS covers the costs of the services to be provided by Savills Fund Management GmbH out of this remuneration. The Custodian Bank fee that CACEIS previously received is no longer levied.

Can any losses be deducted for tax purposes?

Any losses arising in the course of the liquidation of SEB ImmoInvest may, under certain circumstances, be deducted for tax purposes in individual cases at the level of the investor concerned. This depends on when the units were acquired.

Please note that CACEIS and Savills Fund Management GmbH are not permitted to provide tax advice. Please contact your tax consultant directly for answers to any tax-related questions.

Can units still be sold on the stock exchange?

SEB ImmoInvest units can continue to be sold over the counter on German stock exchanges for as long as they are traded in this manner there. However, the Custodian Bank has no influence on whether units will be traded over the counter in future. In this context, it should be noted that stock market prices do not correspond to the investment company's redemption price, which is calculated daily on the basis of the statutory requirements. The official redemption price will continue to be published on each exchange trading day at <http://www.savillsim-publikumsfonds.de>. In contrast, stock market prices are purely the result of supply and demand and are not linked to the unit value that is determined by the investment company together with the Custodian Bank. Investors can obtain information on the opportunities and risks associated with the purchase or sale of units via the stock exchange from their investment advisor.

How should third-party offers to purchase or exchange units be interpreted?

In recent years, the situation has repeatedly arisen in which securities account custodians have forwarded limited-term offers to purchase units in SEB ImmoInvest to investors. The enterprises behind the offers are not affiliated with the Custodian Bank. These purchase offers are not related in any way to the Custodian Bank; they are not instigated or arranged by it, and the Custodian Bank does not comment on them or evaluate them.

Will the liquidity generated by the property sales be paid out in full?

The Custodian Bank must retain sufficient liquidity reserves to meet all potential obligations until SEB ImmoInvest is finally liquidated. The management recognises these liquidity reserves to provide for potential claims for back taxes on the part of the fiscal authorities, warranty and guarantee claims, and Fund administration and management costs once rental income ceases to flow following the sale of the properties. The Custodian Bank will make further distributions as soon as additional properties are sold, the risks decline over time and reserves can be reversed.

Why are selling prices for property and portfolio sales not published?

In some cases no information on selling prices can be provided because of non-disclosure provisions in the purchase contracts.

How often will payouts be made and in what amount?

Since 1 May 2017, CACEIS has determined the timing and amount of the payouts. As has been the case to date, distributions will be made on the basis of all units in issue, thus guaranteeing that all investors receive the same payout ratio.

How are payouts and distributions during the liquidation process treated for tax purposes?

The new *Investmentsteuergesetz* (InvStG – German Investment Tax Act), which also applies to SEB ImmoInvest, entered into force on 1 January 2018 as part of the process of harmonising European tax law. Section 17 of the InvStG 2018 sets out special rules for funds that are being liquidated. Under the new law, return of capital distributions for SEB ImmoInvest will remain tax-free in the period from 1 January 2018 to 31 December 2022.

For further details, please see the [Questions & Answers about the Investment Tax Reform](#).

Please contact your tax consultant directly to clarify any tax-related questions.

How will investors and distribution partners be informed of ongoing activities?

CACEIS and Savills Fund Management GmbH will continue to provide information on the ongoing Fund liquidation process at regular intervals. A liquidation report will be prepared once a year. All information will be made available on the web at <http://www.savillsim-publikumsfonds.de>. Investors with questions and comments can continue to address them to Savills Fund Management GmbH using the existing contact data – info@savillsim.de and the telephone infoline (+49 (0)69 1534 0186).

How are property values calculated?

Unlike stocks and bonds, there are no listed prices for buildings and properties. Consequently, lawmakers have assigned responsibility for valuing investment properties to independent appraisers. Valuations themselves are performed in accordance with the *Immobilienwertermittlungsverordnung* (ImmoWertVO – German Property Valuation Regulation). This regulation requires properties to be valued on the basis of their sustainable rental income. The use of this valuation methodology ensures that peak rents achieved in exceptional cases do not distort valuations. The methodology assumes that property investments are made for the long term with the goal of generating long-term income.

Properties are valued by an independent Expert Committee at the latest every 12 months. The Expert Committee estimates the current appraisal value on the basis of its findings. Changes in value can never be ruled out in this process and affect the unit price for the underlying fund. The appraisal value is based on the net income value in accordance with the above mentioned ImmoWertVO. This takes all economic and legal aspects affecting the value of the asset into account.

It is not possible to forecast the concrete performance of properties in individual locations, since this depends on a number of different factors that cannot be influenced, such as the different market situations in individual countries.

Legal information:

The capital management company Savills Fund Management GmbH, which manages the fund capital SEB ImmoInvest, 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 investors in a summary of the essential activities of the fund management, which is carried out on behalf of the custodian bank CACEIS Bank S.A., Germany Branch, 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



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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

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