SEB ImmoPortfolio Target Return Fund

Semi-annual Report as of 30 June 2016

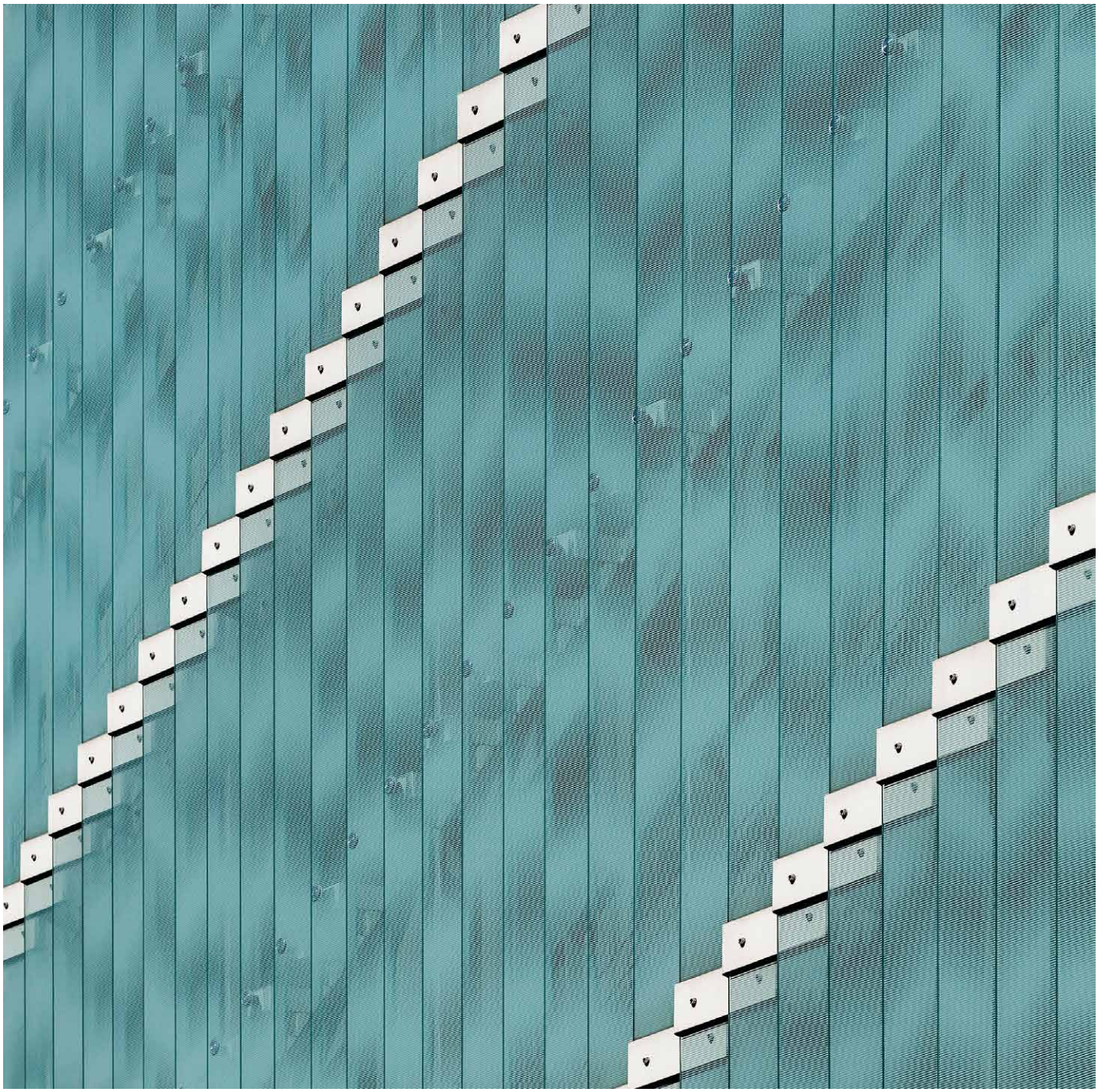

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Table of Contents

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 Semi-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 Semi-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 30 June 2016

France – Aix-en-Provence, 320 Avenue Archimède

Fund assets	EUR	370.5 million
Total property assets (market values)	EUR	535.2 million
thereof held directly	EUR	329.3 million
thereof held via real estate companies	EUR	205.9 million
Total Fund properties		25
thereof held via real estate companies [1]		12
Changes during the period under review		
Sales		3
Disposals		1
Letting rate (estimated gross rental) [2]		78.6%
Letting rate (estimated net rental)		79.3%
Final distribution on 12 August 2016	EUR	45.9 million
Final distribution per unit	EUR	7.10
Total property return [3] **for the period 1 January 2016 – 30 June 2016**		–8.0%
Liquidity return [4] **for the period 1 January 2016 – 30 June 2016**		0.1%
Investment performance [5] **for the period 1 January 2016 – 30 June 2016**		–7.5%
Investment performance [5] **since Fund launch**		99.6%
Unit value/redemption price	EUR	57.30
Issuing price	EUR	59.02
Total expense ratio (TER) [6]		1.01%

[1] The units held in part-ownership in 133 New Bridge Road, Singapore, that were acquired via five special purpose entities are counted as separate properties in each case.
[2] The estimated gross rental corresponds to the estimated net rental plus incidental expenses.
[3] Based on the Fund's average directly and indirectly held property assets financed by equity
[4] Based on the Fund's average liquid assets
[5] Calculated according to the BVI method
[6] Total costs as a percentage of average Fund assets within a financial year, calculated as of 31 December 2015

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

Siegfried A. Cofalka
and Axel Kraus

Dear investor,

In the first half of financial year 2016, the Fund management successfully continued SEB ImmoPortfolio Target Return Fund's dissolution by selling three properties. The transfer of ownership for one of these properties has already taken place. As of the reporting date, the portfolio had been reduced to 25 Fund properties in six countries. Measured in terms of their market values, more than half of the properties are in Poland and Germany. Following the sale of the two buildings in London in financial year 2015, the United Kingdom is no longer included in the portfolio.

In Bratislava, the capital of Slovakia, an office building changed hands for less than the market value determined in the most recent appraisal in the course of a structured marketing process. The property was recorded as a disposal from the Fund in June. In addition, a joint venture partner signed a purchase agreement securing the shares in two equity interests in student residences in Gainesville, Florida, USA. The sale price was below the current market value, since it was adjusted to take account of upcoming investments that would have impacted the Fund's current earnings if the sale had not taken place.

SEB ImmoPortfolio Target Return Fund generated a negative performance of –7.5% in the period from 1 January to 30 June 2016. Negative factors included the changes in value resulting from the regular reappraisals on the one hand, and the loss on the sale in Bratislava on the other. Effects that will impact the yield must be expected in future, too. However, the Fund has generated a positive average performance of 4.8% p.a. in the period since it was launched in October 2001, bringing the cumulative return to 99.6%.

Effective 1 February 2016, CACEIS Bank Deutschland GmbH, Munich, is SEB ImmoPortfolio Target Return Fund's new custodian bank. It is the custodian bank for several open-ended real estate funds and has experience with real estate funds in liquidation. The change was approved by the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin – Federal Financial Supervisory Authority). This does not result in any costs for investors. Section 1 of the Special Fund Rules of the mutual real estate fund was amended accordingly.

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.seb-assetmanagement.de), and information about this was made available to the custodians so that these could pass it on to investors.

The Fund management 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.

Germany – Stuttgart, Ingersheimer Strasse 10

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. For example, 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

Poland – Lodz, Aleja Pilsudskiego 22

market movements, are 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 global economy encountered headwinds in the first half of 2016. Factors increasing uncertainty included the Chinese economy and levels of private indebtedness in the country, the slump in commodities prices and the expected tightening of monetary policy in the USA, as well as political topics such as the refugee crisis in Europe, the EU referendum in the United Kingdom and the elections in the USA. All these impacted global economic growth, which was only muted as a result. The economy picked up slightly in Western Europe but eased in the other parts of the world. At the same time, inflation persisted at an extremely low level. Against this backdrop, the trend among central banks across the world towards monetary policy easing was unchanged. For the first time in their history, the ECB and the Japanese central bank also resorted to negative key interest rates to supplement quantitative easing.

The British voted in June 2016 to leave the EU ("Brexit"), although it is currently unclear when this will actually happen and to what it extent it will affect future trade relationships. This uncertainty will significantly impact the United Kingdom's prospects and will also affect other countries, depending on how close their links are. As a result, growth forecasts will see another downward revision in the near future.

Therefore the blip in global growth that has already been forecast for 2016 is like to be more pronounced than previously expected. Equally, there are question marks surrounding the slight uptick in the economy in 2017, which depends primarily on the USA and the emerging markets. Inflation is likely to rise marginally on the back of the slight recovery in oil and commodities prices, although it will remain low overall. Consequently, monetary policy in Europe should ease further, while the USA is likely to postpone its forthcoming interest rate increase towards 2017. For the same reasons, Asian countries also have room for further monetary and fiscal policy measures designed to support their economies. Apart from Brexit, there are risks relating to a hard landing in China and a debt crisis in the emerging markets. To these must be added the US presidential elections and Europe's fragile banking system.

Global real estate markets

The situation on the leasing markets continued to improve in the year to date, although momentum was less pronounced as a result of the increased uncertainty. Overall vacancies on the leading property markets declined slightly, while prime rents rose moderately on average, although individual markets were not always in line with this. In keeping with the macroeconomic indicators, the largely positive trend is expected to continue on many markets, albeit at a lower level. Depending on their number, corporate relocations associated with Brexit could have a positive effect on some Continental European markets (especially Paris and Frankfurt).

Activity on the global investment market eased in the first half of 2016, although it remained pretty robust. Transaction volumes in North America rose year-on-year, but declined in Europe and Asia-Pacific. Investors were looking for greater security in view of the challenging environment. However, initial yields for prime properties continued to decline on many markets due to a lack of products. Given the lack of alternatives, the reduction in yields also spread to peripheral and regional markets.

Real estate continues to appear attractive worldwide in view of the continued investment pressure being experienced by institutional investors in today's negative/low interest rate environment and financial market volatility. Since Brexit means that investors will be more cautious for a time, transaction volumes are likely to be down year-on-year at the end of 2016. Consequently, there is still downside potential for selected initial yields, even though in some cases they have already reached the lows of 2007. Since both key interest rates and market interest rates are remaining lower for longer than previously anticipated, the trend reversal in initial yields that was expected from 2017 onwards is also likely to be delayed further.

Germany

A moderate but steady economic upturn in Germany was also reflected in growing demand for office space. Vacancies continued to decline in view of the low completion rates. Prime rents increased at almost all top locations, led by Berlin. For 2016/2017, economic growth is expected to ease temporarily as a result of Brexit. Nevertheless, the positive trend in office rents is likely to continue provided there is no change in the constellation of limited construction activity and a slight increase in demand.

The German investment market lost momentum in the first six months of 2016. Transaction volumes for all commercial types of use declined, with retail properties seeing the strongest fall. Although domestic institutional investors were the most active group of buyers, foreigners remained the dominant force despite lower sales levels. Prime yields at top locations in Germany continued to decline. Since the German market is attractive, there is scope for a further decline in yields, although this is likely to be increasingly limited in certain submarkets.

United Kingdom

The UK economy grew slightly in the first half of the year, although both the leasing and the investment markets were dominated by the EU referendum. As a result, demand for office space lost momentum in the first six months of this year, although it remained comparatively robust. Prime rents recorded a further rise but eased slightly in parts of London. The vote to leave the EU has led to sharp downward revisions for growth forecasts for the United Kingdom. Both a clear blip in the economy and temporary recessionary tendencies seem possible. The negative impact on the leasing market will be exacerbated by the fact that the construction cycle has started. In addition, enterprises are discussing relocating some of their operations.

Following a record volume in 2015, activity on the UK investment market in the first half of the year dropped sharply, led by London. While this must be seen in the context of the EU referendum, the drop is considerably smaller than the slump in 2008/2009. Overseas investors were the most important buyers, both in absolute and in relative terms. Although prime yields both in London and in regional locations remain lower than last year in some cases, the decline has slowed somewhat recently. At present, a slight increase in initial yields can be expected. In the meantime, though, the UK market is becoming more attractive from a US and Asian perspective in particular because of the sharp drop in the value of sterling.

France

The French economy is recovering at a moderate pace. However, this trend is expected to weaken again as a result of Brexit and the terrorist attacks. Office market take-up picked up somewhat thanks to a number of major deals. As a result, prime rents increased marginally on some Parisian submarkets, whereas regional markets saw little movement. Rent trends in France are likely to be muted in 2016/2017, led by Paris.

After a record 2015, investment activity in France also decreased markedly in the first half of 2016. Investor focus increasingly shifted back to office properties. The decline in prime yields slowed, with yields at some locations remaining stable.

Netherlands

The Dutch economy has seen a modest but continuous gain in momentum. Demand for leases on the office markets has picked up slightly, with tenant interest concentrated on high-quality properties in established microlocations. Prime rents were largely stable, although a small rise was recorded in parts of Amsterdam. Since the economic upturn is expected to continue unbroken, vacancies will probably decline slightly. However, these are still pretty high in some cases despite the continuing trend towards office space conversions; as a result, only established office locations are expected to see (limited) rental growth.

The Netherlands saw the largest investment volume since 2007 at the end of 2015, but the market here has also since cooled down. However, demand for office and logistics properties remained lively. This is accompanied by an easing of initial yields. This trend seems set to continue given the relatively attractive prices.

Italy

Italy has experienced a muted but steady upturn in growth since 2015, and this is set to continue in 2016/2017. The office leasing markets have picked up tangibly over the past quarters, helped by the recent rent corrections. However, expectations of rent increases in 2016/2017 remain subdued because of the high level of vacancies. The situation for Italy's retailers is also improving, even though the forecast increase in sales for the coming years is below the European average.

Finland – Vantaa, Äyritie 8b

Nevertheless, demand from international chains in particular for high-visibility prime locations – including in some cases in the larger regional cities – remains unchanged.

Italy remains attractive to investors in real estate ahead of a potential recovery and due to the better yields. Following a record result in 2015, transaction volumes in the first half of the year were down only slightly on the prior-year period. Investor interest has shifted from office to retail properties. Nevertheless, prime yields on the leading office markets continued to retreat. However, political and economic risks mean there is a danger that Italy will become less attractive to foreigners.

Northern Europe

The economy in Northern Europe was mixed. Although highly robust in Sweden, it cooled off in Norway as a result of the oil price while only moderate signs of an upswing were discernible in Finland for structural reasons. This was also reflected in divergent trends on the leasing markets. In Sweden, prime rents are expected to record a further slight increase whereas, conversely, in Norway they could come under pressure due to a large number of completions. Prime-sector rents in Helsinki should stabilise in view of the record low volume of new space coming onto the market.

Transaction volumes in Northern Europe exceeded 2007 levels in 2015 and also remained strong in the first half of the year. The decline in Norway was more than offset by the other countries. Consequently, initial yields continued to fall. There is scope in the short term for a prolonged if limited decline in yields in Northern Europe.

Central / Eastern Europe

Central and Eastern Europe has now regained its position as one of Europe's fastest-growing regions. Only in Hungary was the upswing dampened by special factors.

The positive environment is reflected in growing demand for office space, although this is being hampered in some cases by substantial additions of new space and the general trend in rents. This applies to Warsaw in particular. Given the recent decline in rents, demand is focusing on new, modern office space. However, since this often entails a switch from "old" space that then becomes vacant, the existing high vacancy rates are in danger of rising further in view of the large number of completions expected. As a result, both prime and average rents in Warsaw are expected to remain under pressure.

Transaction activity in Central and Eastern Europe remains lively. Poland was the main focus in the first half of 2016, while investment activity in the other countries eased. However, initial yields declined across all markets. This trend is likely to continue to a moderate extent throughout the year as a whole.

USA

US economic growth has slowed since mid-2015, and most recently was below the historical average. Since a modest recovery is expected for the second half of the year, growth should be back on trend in 2017.

Rental activity on the office markets cooled off somewhat, but remained robust. Vacancy rates continued to decline and rents increased slightly, led by markets in the Midwest and on the West Coast (San Francisco, Los Angeles). The recovery in rents is likely to slow further due to the low level of growth and increased construction activity. To date, the retail sector has lagged behind the office markets here, primarily for structural reasons (e-commerce). The slight upturn is expected to continue in 2017 given the strong labour market and consumer data.

After 2015 transaction volumes reached their highest level since 2008, investment activity lost steam in the first half of 2016. Only the apartment sector recorded a rise year-on-year. Nevertheless, initial yields declined steadily in most markets and sectors. Only a few secondary locations bucked the trend. This situation is not expected to change overall, although there is little room for a further decline in yields.

Asia-Pacific

The economy in the Asia-Pacific region recorded a mixed performance and has tailed off since mid-2015. Nevertheless, growth is still approximately 3% higher than that seen in the industrialised nations. Although export risks have risen as a result of Brexit's negative effect on Europe, stable growth is still expected for the region in 2016 / 2017. The economic slowdown in China will be offset by other countries. A moderate, yet stable upturn is expected in Japan and Australia. Singapore is expected to experience a blip in growth in 2016 / 2017, due above all to export-related factors.

Despite the gloomy economic environment, the situation on the region's office markets has improved in most cases and a large number of locations saw a slight rise in office rents. However, these declined in Singapore and certain secondary markets in China that are experiencing an oversupply of office space as a result of increased construction activity. Although sentiment in the Asia-Pacific retail sector has improved somewhat overall, leasing demand was uneven and muted overall. The latter situation applies in particular to Singapore, where retail rents also declined against the backdrop of a weaker sales trend and increasing cost pressure. The leasing markets in the Asia-Pacific region will gain momentum in line with economic growth, although in some cases to a lesser extent than previously supposed. Australia and Japan are expected to remain at the forefront of this trend. Developments in China are expected to be mixed, while rents in Australian locations connected to the raw materials sector will remain under pressure. Equally, office and retail rents in Singapore are not expected to stabilise until 2017 / 2018.

Investment market activity in the Asia-Pacific region also tailed off in the first half of the year, following record levels at the end of 2015. Overall, the decline recently covered all types of use, although it was most pronounced in the retail sector. Singapore, Hong Kong, Taiwan and India bucked the trend to record an increase in transaction volumes. This was mostly due to large individual sales in the office sector. In China, development activity – which is dominated by the residential sector – was the main area to see a recovery. Transaction volumes in Japan also declined, although demand from domestic investors was still extremely robust. Initial yields on most property markets in the region fell, albeit less strongly and in a more differentiated fashion. This mixed trend is likely to continue in the region in 2017.

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 30 June 2016 EUR thousand
Properties	1,075,182	843,533	348,100	329,300
Equity interests in real estate companies	99,987	106,868	102,280	92,106
Liquidity portfolio	78,042	48,224	16,079	29,628
Other assets	83,401	84,415	68,792	41,578
Less: liabilities and provisions	–540,916	–436,819	–134,944	–122,123
Fund assets	**795,696**	**646,221**	**400,307**	**370,489**
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	57.30
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**	**–**
Date of final distribution	1 April 2014	15 April 2015	12 August 2016	–

[1] Payable after the end of the financial year

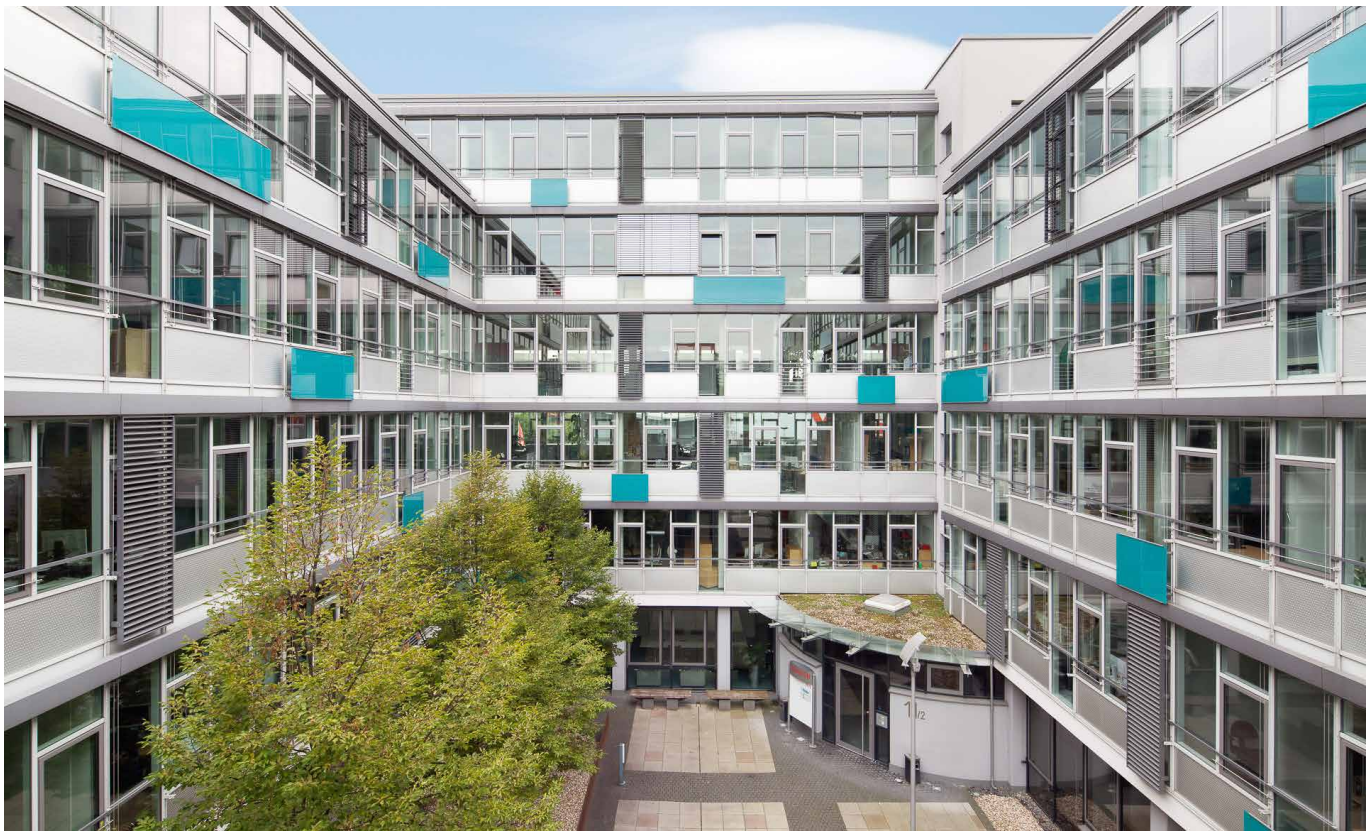
Structure of Fund assets

SEB ImmoPortfolio Target Return Fund's assets decreased by EUR 29.8 million to EUR 370.5 million in the reporting period from 1 January to 30 June 2016. The number of units in circulation was unchanged, at 6,465,095.

Liquidity

The gross liquidity ratio as of the reporting date was 8.0%; all liquid assets were held as demand deposits at the end of the reporting period. The average liquidity ratio during the last six months, including the investment vehicles' liquid assets, amounted to 9.0% of Fund assets.

Germany – Ottobrunn, Robert-Koch-Strasse 100



Germany – Korntal-Münchingen, Lingwiesenstrasse 11–13

Investment performance

The Fund generated a total performance of –7.5% over the reporting period, or EUR –4.61 per unit. Its performance since its launch on 15 October 2001 amounts to 4.8% p.a.

Unit value as of 30 June 2016	EUR	57.30
Minus unit value on 1 January 2016	EUR	–61.91
Investment performance	**EUR**	**–4.61**

Return according to the BVI method

	Return in %	Return in % p.a.
Current year	–7.5	
1 year	–9.2	–9.2
3 years	–7.1	–2.4
5 years	–3.5	–0.7
10 years	32.3	2.8
Since launch	99.6	4.8

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

Overview of loans as of 30 June 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 (Germany)	22,300,000	4.2	0.1 years	–	–	–	22,300,000	4.2
EUR loans (abroad)	61,600,000	11.5	0.1 years	–	–	–	61,600,000	11.5
USD loans	–	–	–	54,877,501	10.3	0.2 years	54,877,501	10.3
SGD loans	–	–	–	57,674,097	10.8	0.6 years	57,674,097	10.8
Total	**83,900,000**	**15.7**	**0.1 years**	**112,551,598**	**21.1**	**0.4 years**	**196,451,598**	**36.8**

Breakdown of loan volumes per currency by fixed interest rate period as of 30 June 2016

Fixed interest rate term	EUR loans Loan volume in EUR	USD loans Loan volume in EUR	SGD loans Loan volume in EUR	Total loans Loan volume in EUR
under 1 year	83,900,000	54,877,501	28,849,115	167,626,616
1–2 years	–	–	28,824,982	28,824,982
2–5 years	–	–	–	–
5–10 years	–	–	–	–
over 10 years	–	–	–	–
Total	**83,900,000**	**54,877,501**	**57,674,097**	**196,451,598**

Overview of exchange rate risks as of 30 June 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	–76,661	EUR	–17,273	–0.4	–0.4 [2]
NOK (Norway)	NOK	857,004	EUR	92,013	100.0	100.0 [3]
USD (USA)	USD	–48,337	EUR	–43,379	–0.1	–0.1 [2]
SGD (Singapore)	SGD	277,053	EUR	184,862	0.7	0.7
GBP (United Kingdom)	GBP	–36,414	EUR	–43,989	–1.6	–1.6 [2]
Total			**EUR**	**172,234**	**0.2**	**0.2 [4]**

[1] Based on the equity interest held
[2] Overhedged as of the reporting date
[3] 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.
[4] Hedges of Fund assets held in foreign currency amounted to 99.8% of Fund assets as of the reporting date of 30 June 2016.

Income components

Fund income comprises the return on the properties and on the liquidity portfolio. The portfolio properties generated a gross return of 4.4% during the period under review, based on average property assets.

Management costs reduced this figure at the portfolio level by 3.0%. Management costs for the equity interests amounted to 4.4%. 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 value resulting from changes in the carrying amounts of properties such as those arising from construction and modernisation costs, and gains and losses on disposals. At –6.0% 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 from the sale of the equity interest in Slovakia (see the "Key return figures" table on page 22).

By contrast, the foreign deferred taxes item (capital gains taxes) during the reporting period was slightly positive at 0.5% 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.

The debt ratios at country level at the reporting date range from 0.0% (Finland) to 69.3% (Singapore). At the Fund level, income after borrowing costs amounted to –7.8%.

Losses from exchange rate differences reduced the result by 0.2%. The hedging ratio for all currencies at the reporting date was 99.8%.

All in all, the Fund's management generated a total property return of –8.0% in the first half of 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 –7.3%.

Income components of Fund return in % from 1 January 2016 to 30 June 2016

		Germany Direct acquisitions	Abroad Direct acquisitions [1]	Abroad Equity interests [1]	Total abroad	Total
I.	**Properties**					
	Gross income [2]	2.4	4.2	5.6	4.9	4.4
	Management costs [2]	–1.1	–2.6	–4.4	–3.6	–3.0
	Net income [2]	1.3	1.6	1.2	1.3	1.4
	Changes in value [2]	0.4	–10.2	–6.2	–8.0	–6.0
	Foreign income taxes [2]	0.0	–0.2	0.2	0.0	0.0
	Foreign deferred taxes [2]	0.0	1.4	0.0	0.7	0.5
	Income before borrowing costs [2]	1.7	–7.4	–4.8	–6.0	–4.1
	Income after borrowing costs [3]	1.9	–11.6	–13.4	–12.4	–7.8
	Exchange rate differences [3] [4]	0.0	–0.1	–0.5	–0.3	–0.2
	Total income in Fund currency [3] [5]	**1.9**	**–11.7**	**–13.9**	**–12.7**	**–8.0**
II.	**Liquidity [6] [7]**					**0.1**
III.	**Total Fund income before Fund costs [8]**					**–7.3**
Total Fund income after Fund costs (BVI method)						**–7.5**

[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 91.04%.
[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 8.96%.
[8] Based on the average Fund assets in the period under review

Portfolio Structure

As of 30 June 2016, the portfolio comprised 12 properties held via equity interests and 13 directly held properties. The Fund has property assets totalling EUR 535.2 million, compared with EUR 589.9 million at the end of 2015. The portfolio is diversified across six countries.

Based on their market values, 73.5% of property assets were invested abroad and 26.5% in Germany as of the reporting date. The greatest regional concentration in the portfolio was on Poland.

26.2% of property assets were invested in properties with an economic age of no more than ten years. In terms of types of use, based on the estimated net rental for the year, the portfolio was dominated by offices (52.6%) and residential properties (27.8%).

Letting

The Fund's management signed 368 new leases for 23,750 m² of space in the period from 1 January to 30 June 2016. In addition, 98 existing leases for 7,645 m² of space were extended, corresponding in the aggregate to 12.3% 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
Panasonic Automotive & Industrial Systems Europe GmbH, Ottobrunn, Robert-Koch-Strasse 100
Hewlett-Packard Polska Sp. z o.o., Warsaw, Szturmowa 2 and 2 a
FARO Europe GmbH & Co. KG, Korntal-Münchingen, Lingwiesenstrasse 11–13
Balcke-Dürr GmbH, Düsseldorf, Theodorstrasse 180
Mondelez Europe Services GmbH, Warsaw, Ulica Domaniewska 49

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

Top properties
Singapore, 133 New Bridge Road
Warsaw, Ulica Domaniewska 49
Warsaw, Szturmowa 2 a
Hamburg, Lübecker Strasse 128/Landwehr 2
Gainesville, 2330 SW Williston Road

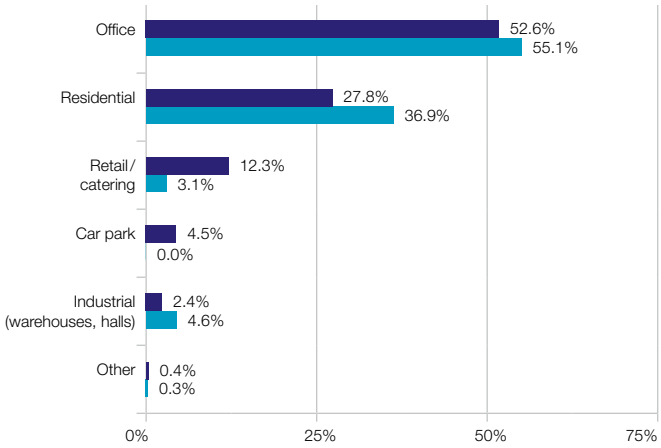
Basis: market values (incl. properties held via equity interests)

Geographical distribution of Fund properties

- Poland: 27.0% (4)
- Germany: 26.5% (6)
- USA: 20.3% (5)
- Singapore: 15.6% (5)
- France: 8.0% (3)
- Finland: 2.6% (2)

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 79.3% of the estimated net rental (–1.9 percentage points as against 31 December 2015), or 78.6% of the estimated gross rental (–2.5 percentage points). The average letting rate during the period under review was 79.5% of the estimated net rental (–2.3 percentage points), or 78.9% of the estimated gross rental (–2.6 percentage points).

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

Since mid-June 2016, Aerius Marine GmbH has been the tenant of approximately 4,430 m² of office space in the Lübecker Strasse 128/Landwehr 2 property in Hamburg. The lease runs for over five years until 31 December 2021 and includes an extension option for two five-year periods. Another tenant will move into approximately 270 m² of space on the ground floor as of 1 October 2016. This lease runs for 10 years. In addition, an existing tenant increased its space effective 1 April 2016, bringing the total to 678 m², and extended its lease until 31 October 2026. These signings have significantly increased the letting rate for the property.

A company from the construction sector has leased roughly 1,400 m² of space in the building at Ingersheimer Strasse 10 in Stuttgart for 10 years as from 1 August 2016. In addition, a new tenant secured a further 280 m² of office space in the building as of 1 July 2016 for five years.

An existing tenant from the chemical industry signed a new five-year lease for roughly 2,000 m² of office space in the Szturmowa 2 building in Warsaw as of 1 July 2016.

Two follow-on leases for a total of roughly 650 m² of space in the Äyritie 8b building in Vantaa, near Helsinki, were signed for a minimum of two years in the first half of 2016.

Lease extensions for a total of 740 m² of retail space were signed for the 133 New Bridge Road shopping centre in Singapore; as is usual in Asia, the terms of the leases are between one and three years. An existing tenant in the neighbouring CP 3 office building extended its lease until 31 December 2018.

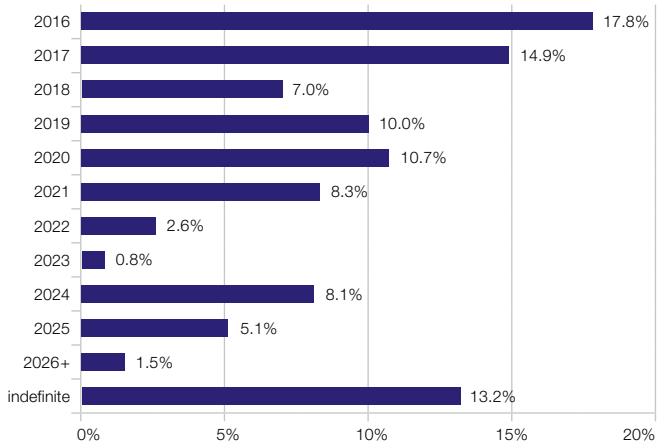
Germany – Hamburg, Lübecker Strasse 128/Landwehr 2

The student housing portfolio in Florida comprises two residential complexes in Gainesville and Tallahassee, respectively, with a total of around 113,400 m² of residential space. New leases or lease extensions were signed for 12.5% of the space, which is leased per semester.

At present, 31.3% 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.

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: 1.8% (6 properties)
- EUR 10<25 million: 33.5% (11 properties)
- EUR 25<50 million: 36.1% (6 properties)
- EUR 50<100 million: 28.6% (2 properties)

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

Economic age distribution of Fund properties

- up to 5 years: 4.3% (1 property)
- 5 to 10 years: 21.9% (6 properties)
- 10 to 15 years: 24.3% (5 properties)
- 15 to 20 years: 25.1% (6 properties)
- more than 20 years: 24.4% (7 properties)

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

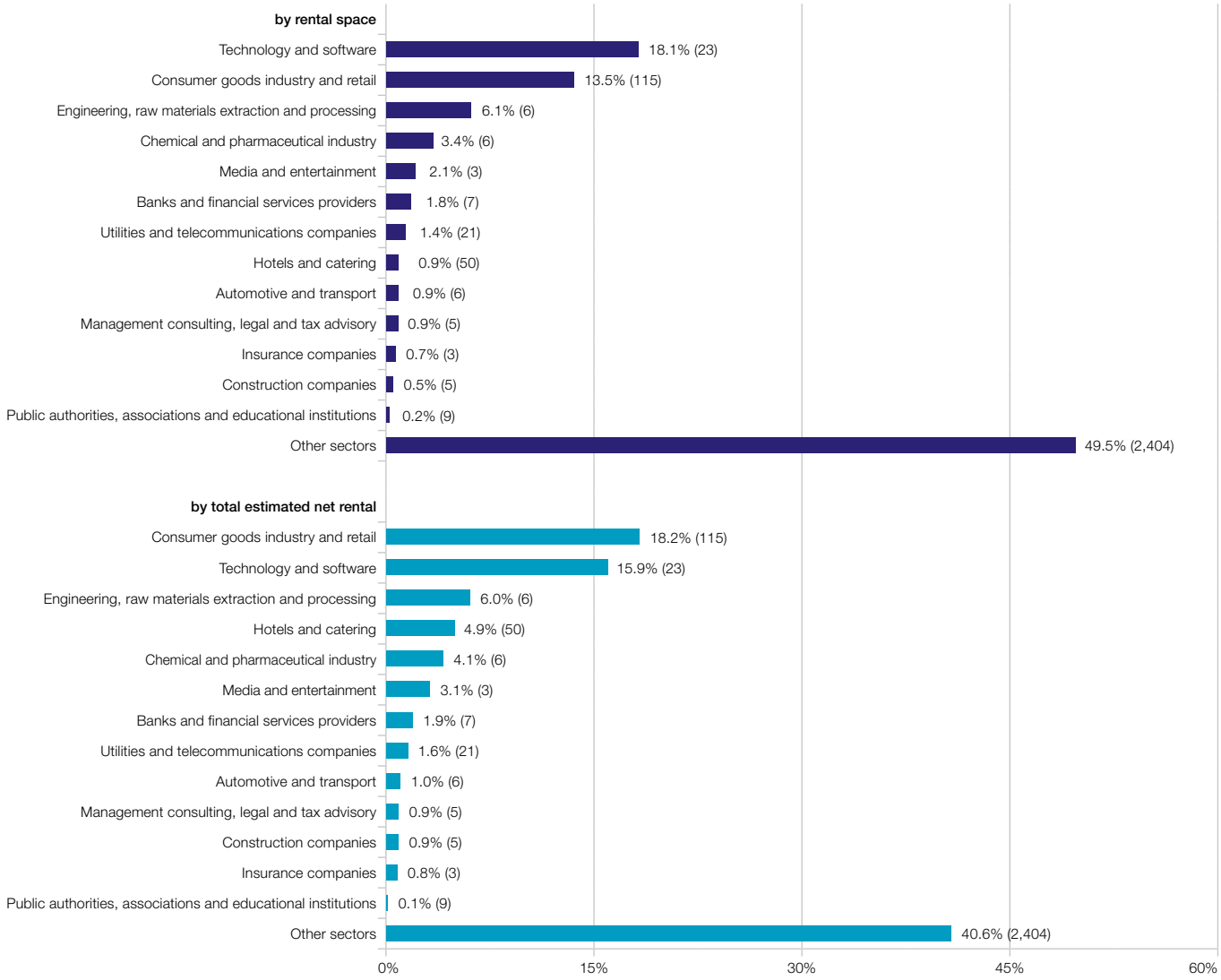
Letting situation of individual properties

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, 30 June 2016.

Property	Vacancy rate at property level in %	Vacancy rate at Fund level in %
Warsaw, Szturmowa 2 Letting is very difficult due to the general market trend in Warsaw, which is characterised by rising vacancy rates and a growing number of completions.	83.2	3.6
Warsaw, Ulica Domaniewska 49 Letting the space remains extremely difficult due to the many new builds that are coming onto the market and the increasing number of vacancies in Warsaw.	51.6	6.9
New Providence, 41 Spring Street The repositioning has been well received, as can be seen from the growing interest in the space to be let. However, no leases have yet been signed.	41.5	2.4
Aix-en-Provence, 320 Avenue Archimède Despite viewings of the property, no leases have been signed yet due to the tight leasing market in Aix-en-Provence.	36.9	0.6

Poland – Warsaw, Ulica Domaniewska 49

Tenant structure by sector



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

Changes to the Portfolio

In the first half of financial year 2016, the Fund management sold one equity interest together with the property held by it. In addition, the sales agreement for two equity interests in student residences in the USA was signed.

Sales

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 plus ancillary buildings for communal use, and sports and leisure facilities to its joint venture partner in July. 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. The 95% equity interest in the property at 3700 SW 27th Street had been in SEB ImmoPortfolio Target Return Fund's portfolio since 2006. 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.

Sales and disposals

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

Slovakia – Bratislava, Europeum, Suché Mýto 1

Sales: 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	Market value at the time of sale in millions
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

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	Market value at the time of sale in millions
Slovakia	Bratislava	Europeum Business Center s.r.o.	100.00%	06/2016	EUR 21.0 [1]	EUR 26.0 [1]

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

Outlook

The Fund's management is working hard to sell all properties by the end of the three-year dissolution period for SEB ImmoPortfolio Target Return Fund on 31 May 2017. To achieve this it is primarily using its proven strategy of portfolio transactions, bundling multiple properties into packages according to predefined criteria. In this way, it can sell more properties for what tend to be lower transaction costs than is the case with individual sales – although where the latter make sense they will also be considered – and can reach additional groups of buyers, too.

Asset management measures are intended to create optimal preconditions for selling the properties in the future as well by improving the letting rate and performing maintenance measures that preserve the buildings' attractiveness for tenants and investors.

As part of the Fund's continued dissolution, the two equity interests in the student residences in Gainesville, Florida, were recorded as disposals from the Fund for less than the market value at the start of the second half of financial year 2016.

The third distribution was also made in the second half of financial year, on 12 August 2016. The positive disposal gains generated in spring 2015 from the transaction involving the two London properties resulted in a second distribution of EUR 37.00 per unit for investors in April 2015. UK disposal gains have to be taxed at investor level in Germany. This tax burden is due with the third distribution, since the profits were only included in the annual financial statements as of 31 December 2015. Consequently, the custodians remitted the distribution amount of EUR 7.10 per unit almost in its entirety to the tax office on 12 August 2016 as investment income tax.

Savills Fund Management GmbH has terminated the management of SEB ImmoPortfolio Target Return Fund effective 31 May 2017. On this date, SEB ImmoPortfolio Target Return Fund will be transferred to the Custodian Bank, Munich-based CACEIS Bank Deutschland GmbH. If it is not possible in individual cases to sell the properties before the end of the dissolution period, the remaining properties and all other remaining assets such as cash funds, as well as the Fund's liabilities, will be transferred to the Custodian Bank on 1 June 2017. The latter will then also become the Fund's legal successor in relation to deferred claims such as those arising under transactions or tax obligations.

The Custodian Bank can delegate additional measures that are necessary to dissolve the Fund to external service providers, including Savills Fund Management GmbH. The Custodian Bank must retain sufficient liquidity to meet all obligations until the Fund is finally dissolved. Free liquidity that becomes successively available once these obligations have been taken into consideration will be distributed by the Custodian Bank at regular intervals until the Fund is finally wound up. There is no statutory deadline by which the dissolution must have been completed. The process may take several years.

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

Savills Fund Management GmbH

Cofalka Kraus

Frankfurt am Main, August 2016

Overview: Returns, Valuation and Letting

	Germany	France	Poland	Rest of world (A, E, NL, UK)[1]	Total direct investments	Equity interests (FIN, MY, N, SG, SK, USA)[1]	Total
Key return figures (in % of average Fund assets)[2]							
I. Properties							
Gross income[3]	2.4	3.6	3.7	30.4	3.4	5.6	4.4
Management costs[3]	–1.1	–3.0	–2.5	–1.0	–2.0	–4.4	–3.0
Net income[3]	1.3	0.6	1.2	29.4	1.4	1.2	1.4
Changes in value[3]	0.4	–6.2	–11.6	0.0	–5.8	–6.2	–6.0
Foreign income taxes[3]	0.0	–0.4	–0.1	0.0	–0.1	0.2	0.0
Foreign deferred taxes[3]	0.0	1.5	1.4	0.0	0.9	0.0	0.5
Income before borrowing costs[3]	1.7	–4.5	–9.1	29.4	–3.6	–4.8	–4.1
Income after borrowing costs[4]	1.9	–6.2	–15.1	29.4	–5.2	–13.4	–7.8
Exchange rate differences[4][5]	0.0	0.0	0.0	–2.3	0.0	–0.5	–0.2
Total income in Fund currency[4][6]	**1.9**	**–6.2**	**–15.1**	**27.1**	**–5.2**	**–13.9**	**–8.0**
II. Liquidity[7][8]							**0.1**
III. Total Fund income before Fund costs[9]							**–7.3**
Total Fund income after Fund costs (BVI method)							**–7.5**
Net asset information (weighted average figures in EUR thousand)[2]							
Directly held properties	136,611	40,705	145,887	3,487	326,690	0	326,690
Properties held via equity interests	0	0	0	0	0	234,249	234,249
Total properties	136,611	40,705	145,887	3,487	326,690	234,249	560,939
of which equity-financed property assets	113,845	31,330	91,525	3,487	240,186	111,545	351,731
Loan volume	22,766	9,375	54,362	0	86,504	122,704	209,208
Liquidity	8,459	3,807	1,581	1,416	15,264	19,373	34,637
Total Fund assets	122,304	35,137	93,106	4,903	255,450	130,918	386,368
Information on changes in value (at the reporting date in EUR thousand)							
Portfolio market values (expert opinions)	141,900	42,700	144,700	–	329,300	205,857	535,157
Portfolio rental valuations (expert opinions)[10]	9,581	3,083	11,503	–	24,167	25,820	49,987
Positive changes in value acc. to expert opinions[11]	500	0	0	–	500	748	1,248
Other positive changes in value[12]	0	0	0	–	0	2,271	2,271
Negative changes in value acc. to expert opinions[11]	0	–2,500	–16,800	–	–19,300	–7,324	–26,624
Other negative changes in value[12]	0	–12	–95	–	–107	–32	–139
Total changes in value acc. to expert opinions[11]	500	–2,500	–16,800	–	–18,800	–6,576	–25,376
Total other changes in value[12]	0	–12	–95	–	–107	2,239	2,132
Addition (capital gains tax)	0	609	2,098	–	2,707	54	2,761
Total changes in value	**500**	**–1,903**	**–14,797**	**–**	**–16,200**	**–4,283**	**–20,483**

[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 first half of the financial year are calculated using seven month-end values (31 December 2015 to 30 June 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 91.04%.
[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 8.96%.
[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 30 June 2016.

	Germany	France	Poland	Total direct investments	Equity interests (FIN, SG, USA)	Total
Letting information (in % of estimated net rental for the year) [1]						
Office	17.3	6.9	20.9	45.1	7.5	52.6
Retail/catering	0.5	0.1	0.5	1.1	11.2	12.3
Industrial (warehouses, halls)	1.8	0.0	0.6	2.4	0.0	2.4
Residential	0.0	0.0	0.0	0.0	27.8	27.8
Car park	1.6	0.1	2.6	4.3	0.2	4.5
Miscellaneous	0.1	0.0	0.2	0.3	0.1	0.4
% of total annual rental income	**21.3**	**7.1**	**24.8**	**53.2**	**46.8**	**100.0**
Vacancy rate (in % of estimated net rental for the year) [1]						
Office	1.8	1.3	8.9	12.0	2.6	14.6
Retail/catering	0.0	0.1	0.0	0.1	1.5	1.6
Industrial (warehouses, halls)	0.1	0.0	0.3	0.4	0.0	0.4
Residential	0.0	0.0	0.0	0.0	2.7	2.7
Car park	0.1	0.0	1.2	1.3	0.0	1.3
Miscellaneous	0.1	0.0	0.0	0.1	0.0	0.1
% of total vacancies	**2.1**	**1.4**	**10.4**	**13.9**	**6.8**	**20.7**
Letting rate (at the reporting date) in % of the estimated net rental for the year and country [1]	**90.3**	**80.5**	**58.2**	**74.0**	**85.4**	**79.3**
Letting rate (at the reporting date) in % of the estimated gross rental for the year and country [2]	**90.6**	**80.6**	**57.9**	**73.4**	**85.2**	**78.6**
Remaining lease terms (in % of estimated net rental for the year) [1]						
indefinite	0.4	0.0	0.2	0.6	12.6	13.2
2016	0.0	0.9	1.7	2.6	15.2	17.8
2017	1.6	0.3	2.6	4.5	10.4	14.9
2018	0.0	0.3	1.8	2.1	4.9	7.0
2019	1.5	1.8	2.5	5.8	4.2	10.0
2020	6.5	1.2	2.5	10.2	0.5	10.7
2021	5.1	0.5	2.0	7.6	0.7	8.3
2022	1.6	0.1	0.5	2.2	0.4	2.6
2023	0.6	0.2	0.0	0.8	0.0	0.8
2024	1.4	1.0	4.2	6.6	1.5	8.1
2025	4.3	0.8	0.0	5.1	0.0	5.1
2026 +	1.5	0.0	0.0	1.5	0.0	1.5
% of estimated net rental for the year	**24.5**	**7.1**	**18.0**	**49.6**	**50.4**	**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.

Condensed Statement of Assets as of 30 June 2016

		EUR	EUR	EUR	EUR	% of Fund assets
I.	**Properties** (see Statement of Assets Part I, page 30ff.)					
	1. Commercial properties			329,300,000.00		88.88
	of which in foreign currency		0.00			
	Total properties				**329,300,000.00**	**88.88**
	Total in foreign currency		0.00			
II.	**Equity interests in real estate companies** (see Statement of Assets Part I, page 32ff.)					
	1. Majority interests			60,924,553.14		16.44
	of which in foreign currency		44,527,657.88			
	2. Minority interests			31,181,795.34		8.42
	of which in foreign currency		29,455,823.12			
	Total equity interests in real estate companies				**92,106,348.48**	**24.86**
	Total in foreign currency		73,983,481.00			
III.	**Liquidity portfolio** (see Statement of Assets Part II, page 39)					
	1. Bank deposits			29,628,433.05		
	of which in foreign currency		3,383,145.11			
	Total liquidity portfolio				**29,628,433.05**	**8.00**
	Total in foreign currency		3,383,145.11			
IV.	**Other assets** (see Statement of Assets Part III, page 40ff.)					
	1. Receivables from real estate management			4,625,004.83		
	of which in foreign currency		2,637,719.56			
	2. Receivables from real estate companies			13,760,203.89		
	of which in foreign currency		13,760,203.89			
	3. Interest claims			192,776.07		
	of which in foreign currency		192,776.07			
	4. Transaction costs					
	for properties			830,190.19		
	of which in foreign currency		19,068.48			
	for equity interests in real estate companies			191,015.68		
	of which in foreign currency		191,015.68			
	5. Miscellaneous			21,978,807.14		
	of which in foreign currency		14,013,562.87			
	Total other assets				**41,577,997.80**	**11.22**
	Total in foreign currency		30,814,346.55			
Total					**492,612,779.33**	**132.96**
Total in foreign currency			108,180,972.66			

Germany EUR	Other EU countries EUR	USA EUR	Asia EUR
141,900,000.00	187,400,000.00	0.00	0.00
141,900,000.00	**187,400,000.00**	**0.00**	**0.00**
0.00	16,396,895.26	44,527,657.88	0.00
0.00	1,725,972.22	0.00	29,455,823.12
0.00	**18,122,867.48**	**44,527,657.88**	**29,455,823.12**
21,370,249.26	8,258,183.79	0.00	0.00
21,370,249.26	**8,258,183.79**	**0.00**	**0.00**
2,396,353.48	2,228,651.35	0.00	0.00
0.00	0.00	13,760,203.89	0.00
0.00	0.00	192,776.07	0.00
0.00	830,190.19	0.00	0.00
0.00	0.00	0.00	191,015.68
701,635.37	17,671,423.19	3,605,454.31	294.27
3,097,988.85	**20,730,264.73**	**17,558,434.27**	**191,309.95**
166,368,238.11	**234,511,316.00**	**62,086,092.15**	**29,647,133.07**

Disclosures on the Statement of Assets

Fund assets decreased by EUR 29.8 million to EUR 370.5 million in the first half of the financial year from 1 January to 30 June 2016.

I. Properties

No properties were disposed of in the period under review.

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 18.8 million to EUR 329.3 million in the period under review, and comprised 13 directly held properties as of the reporting date, 30 June 2016.

II. Equity interests in real estate companies

Europeum Business Center s.r.o., Bratislava, Slovakia, was sold in the reporting period (see the Sales/Disposals table on page 20).

The **equity interests in real estate companies** item comprises 8 companies with 12 properties with an aggregate market value of EUR 205.9 million. After adjustment for the companies' liabilities and other assets (EUR 12.6 million), debt finance (EUR 112.6 million) and shareholder loans (EUR 13.8 million), the value of the equity interests is EUR 92.1 million.

Liabilities from debt finance comprise loans in US dollars totalling EUR 54.9 million and a loan in Singapore dollars of EUR 57.7 million. 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 0.4 years.

The minority interests 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.

In addition, the Fund holds a 30.0% equity interest in a company in Singapore, which in turn is invested in the 133 New Bridge Road property in Singapore via five property companies.

III. Liquidity portfolio

The bank deposits reported under the **liquidity portfolio** item serve to meet ongoing payment obligations in connection with the management of the properties.

		EUR	EUR	EUR	EUR	% of Fund assets
V.	**Liabilities from** (see Statement of Assets Part III, page 40ff.)					
	1. Loans			83,900,000.00		
	of which collateralised	83,900,000.00				
	of which in foreign currency		0.00			
	2. Land purchases and construction projects			772,305.49		
	of which in foreign currency		107,766.07			
	3. Real estate management			8,322,272.17		
	of which in foreign currency		1,560,468.82			
	4. Miscellaneous			5,133,787.02		
	of which in foreign currency		169,604.87			
	Total liabilities				**98,128,364.68**	**26.48**
	Total in foreign currency		1,837,839.76			
VI.	**Provisions**				**23,995,005.66**	**6.48**
	of which in foreign currency		10,108,766.00			
Total					**122,123,370.34**	**32.96**
Total in foreign currency			11,946,605.76			
Total Fund assets					**370,489,408.99**	**100.00**
of which in foreign currency			96,234,366.90			
Unit value (EUR)					**57.30**	
Units in circulation					**6,465,095**	

IV. Other assets

Receivables from real estate management comprise rent receivables totalling EUR 1.3 million and expenditures relating to service charges allocable to tenants in the amount of EUR 3.3 million. These are matched by prepayments by tenants of allocable costs in the amount of EUR 4.7 million, which are included in the **liabilities from real estate management** item.

The **receivables from real estate companies** item contains a shareholder loan in US dollars amounting to EUR 13.8 million.

Interest claims result from the shareholder loan to the real estate company.

Transaction costs comprise the ancillary costs relating to the acquisition of properties and equity interests in real estate companies. The item consists of those transaction costs that had not yet been amortised at the reporting date because the property/equity interest 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 10 years.

The other assets disclosed under the **miscellaneous** item mainly represent receivables from advance payments for operating costs due in the amount of EUR 11.8 million from property managers abroad, tax receivables from domestic and foreign fiscal authorities in the amount of EUR 5.1 million and other receivables from equity interests amounting to EUR 2.9 million.

Germany EUR	Other EU countries EUR	USA EUR	Asia EUR
22,300,000.00	61,600,000.00	0.00	0.00
199,361.17	572,944.32	0.00	0.00
2,939,142.61	5,383,129.56	0.00	0.00
1,512,212.66	3,619,519.72	914.22	1,140.42
26,950,716.44	**71,175,593.60**	**914.22**	**1,140.42**
2,313,128.95	**18,471,900.85**	**3,209,975.86**	**0.00**
29,263,845.39	**89,647,494.45**	**3,210,890.08**	**1,140.42**
137,104,392.72	**144,863,821.55**	**58,875,202.07**	**29,645,992.65**

V. Liabilities

Liabilities from loans refer to loans totalling EUR 83.9 million taken out to acquire properties. 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 4.7 million for prepaid allocable costs, EUR 1.0 million for cash security bonds and EUR 1.2 million for advance rental payments.

The **miscellaneous** item includes EUR 1.4 million in liabilities from property sales, EUR 2.2 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 0.9 million and relate solely 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 16 forward exchange transactions with an aggregate volume of USD 80.8 million, four forward exchange transactions with an aggregate volume of GBP 3.6 million, 11 forward exchange transactions with an aggregate volume of PLN 44.0 million, and seven forward exchange transactions with an aggregate volume of SGD 31.7 million were entered into in the reporting period to hedge exchange rate risks.

VI. Provisions

Provisions relate to taxes, among other things, with EUR 3.9 million being attributable to provisions for deferred taxes on potential capital gains and EUR 2.9 million to current taxes on income abroad. Provisions were also recognised for maintenance measures and construction services (EUR 7.4 million), for non-allocable operating costs (EUR 5.3 million) and for transaction costs (EUR 2.0 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: 15 properties, of which 6 properties in Germany


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
Gainesville
USA: 5 properties
Bangkok
Kuala Lumpur
Singapore
Asia: 5 properties

Statement of Assets, Part I: Property Record as of 30 June 2016

Location of property	Type of property	Project/portfolio development measures	Type of use (as a % of estimated net rental): Office	Retail/catering	Industrial (warehouses, halls)	Hotel	Residential	Leisure	Car park	Other	Acquisition date	Year built/renovated	Area in m²: Site area in m²	Commercial	Residential	Property data: Number of parking spaces	Features	Property quality	Location category
I. Directly held properties in eurozone countries																			
Germany																			
40472 Düsseldorf Theodorstrasse 180	C	–	91	0	1	0	0	0	8	0	09/2008	2002	8,925	9,817	0	195	A, P, H, C	2	C
20251 Hamburg Strassenbahnring 6–18	C	–	74	13	1	0	0	0	12	0	10/2005	1900/2004	7,528	8,591	0	176	D, A, G, S, H, C	2	B
22087 Hamburg Lübecker Strasse 128/Landwehr 2	C	–	94	0	1	0	0	0	5	0	12/2005	2004	5,727	16,424	0	123	D, A, P, H, C	2	B
70825 Korntal-Münchingen Lingwiesenstrasse 11–13	C	–	63	0	27	0	0	0	10	0	02/2008	2000/2004	12,002	11,249	0	230	P, S, H, C	2	D
85521 Ottobrunn Robert-Koch-Strasse 100	C	–	75	0	19	0	0	0	5	1	12/2004	2002	18,180	20,289	0	218	D, G, P, S, H	2	D
70499 Stuttgart Ingersheimer Strasse 10	C	–	84	0	5	0	0	0	9	2	04/2006	1997	4,203	7,302	0	121	P, H, C	3	C
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	–	88	2	2	0	0	0	7	1	06/2005	1997	9,928	12,370	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	–	80	4	3	0	0	0	13	0	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 first half of 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	Gross profit in EUR	Remaining useful life in years
3	–	–	2.7	18,700,000	–	–	–	–	–	–	–	–	1,261,426	58
17	–	–	0.2	28,000,000	–	–	–	–	–	–	–	47.5	1,664,966	59
12	5.9	0.0	24.1	38,500,000	–	–	–	–	–	–	–	23.4	2,451,648	59
3	–	–	0.0	16,900,000	–	–	–	–	–	–	–	–	1,192,181	50
3	–	–	0.9	26,900,000	–	–	–	–	–	–	–	–	2,089,996	52
4	–	–	29.6	12,900,000	–	–	–	–	–	–	–	–	921,002	51
7	4.9	24.4	36.9	10,400,000	–	–	–	–	–	–	–	44.7	761,117	60
9	4.6	0.0	7.6	23,100,000	232,135	–	232,135	0.9	11,565	127,474	5.5	–	1,582,675	65
8	3.3	31.5	27.2	9,200,000	–	–	–	–	–	–	–	50.5	738,720	60
10	3.3	0.5	1.4	12,800,000	–	–	–	–	–	–	–	–	926,467	60
13	–	–	83.2	21,300,000	–	–	–	–	–	–	–	20.8	1,869,156	51
13	6.9	0.1	12.7	40,000,000	–	–	–	–	–	–	–	31.4	3,110,426	54
16	2.0	11.5	51.6	70,600,000	1,907,475	–	1,907,475	2.1	95,425	702,716	3.7	50.0	5,597,315	63
				329,300,000					**106,990**	**830,190**				

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 36

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

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 report-ing date) in EUR Market value/ purchase price (at the report-ing 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 first half of 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	Gross profit in EUR	Remaining useful life in years
				16,396,895										
17	2.3	13.1	6.6	12,177,900	–	–	–	–	–	–	–	–	906,282	60
				1,725,972										
n.a.	n.a.	n.a.	n.a.	1,722,100	–	–	–	–	–	–	–	–	n.a.	60

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 36

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
IV. Properties held via real estate companies in countries with other currencies																			
Singapore																			
Perennial Chinatown Point LLP, 6 Temasek Boulevard, #25-04/05, Suntec Tower Four, Singapore Company's capital: EUR 18,215,787.02 Shareholder loans: EUR 0.00 Equity interest held: 30.00000%											10/2010								
CP1 Pte. Ltd., Singapore, 6 Temasek Boulevard, #25-04/05, Suntec Tower Four, Singapore 038986 Company's capital: EUR 4,009,677.05 Shareholder loans: EUR 13,849,698.47 Equity interest held: 100.00000% 1. 059413 Singapore 133 New Bridge Road	C/H	–	0	100	0	0	0	0	0	0	10/2010	1980/2013	1,782	6,339	0	108	D, A, G, P, S, H	2	E
CP2 Pte. Ltd., Singapore, 6 Temasek Boulevard, #25-04/05, Suntec Tower Four, Singapore 038986 Company's capital: EUR 16,015.88 Shareholder loans: EUR 54,985.65 Equity interest held: 100.00000% 1. 059413 Singapore 133 New Bridge Road	C/H	–	100	0	0	0	0	0	0	0	10/2010	1980/2013	6	30	0	0	D, A, G, P, S, H	2	E
CP3 Pte. Ltd., Singapore, 6 Temasek Boulevard, #25-04/05, Suntec Tower Four, Singapore 038986 Company's capital: EUR 15,215.19 Shareholder loans: EUR 52,257.09 Equity interest held: 100.00000% 1. 059413 Singapore 133 New Bridge Road	C/H	–	100	0	0	0	0	0	0	0	10/2010	1980/2013	6	29	0	0	D, A, G, P, S, H	2	E
CP4 Pte. Ltd., Singapore, 6 Temasek Boulevard, #25-04/05, Suntec Tower Four, Singapore 038986 Company's capital: EUR 15,615.53 Shareholder loans: EUR 53,323.61 Equity interest held: 100.00000% 1. 059413 Singapore 133 New Bridge Road	C/H	–	100	0	0	0	0	0	0	0	10/2010	1980/2013	6	29	0	0	D, A, G, P, S, H	2	E
CP5 Pte. Ltd., Singapore, 6 Temasek Boulevard, #25-04/05, Suntec Tower Four, Singapore 038986 Company's capital: EUR 16,615.53 Shareholder loans: EUR 53,323.61 Equity interest held: 100.00000% 1. 059413 Singapore 133 New Bridge Road	C/H	–	100	0	0	0	0	0	0	0	10/2010	1980/2013	6	29	0	0	D, A, G, P, S, H	2	E

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 first half of 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	Gross profit in EUR	Remaining useful life in years
				29,455,823	389,648	–	389,648	1.6	32,291	191,016	4.3			
162	1.8	23.9	12.7	–	–	–	–	–	–	–	–	–	7,047,616	38
0	–	–	0.0	–	–	–	–	–	–	–	–	–	11,489	38
1	–	–	0.0	–	–	–	–	–	–	–	–	–	12,407	38
1	–	–	0.0	–	–	–	–	–	–	–	–	–	11,150	38
1	–	–	0.0	–	–	–	–	–	–	–	–	–	12,671	38

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 36

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
USA																			
Kings Gainesville Apartments, LLC, USA, 32601 Gainesville, 220 North Main Street																			
Company's capital: EUR 6,887,445.18																			
Shareholder loans: EUR 0.00																			
Equity interest held: 90.00000%																			
1. 32608 Gainesville																			
2330 SW Williston Road	R	–	0	0	0	0	100	0	0	0	11/2005	1989/1994	143,346	0	40,855	1,053	A, H	4	H
Lexington Gainesville Associates, LLC, USA, 32601 Gainesville, 220 North Main Street																			
Company's capital: EUR 9,127,605.91																			
Shareholder loans: EUR 0.00																			
Equity interest held: 95.00000%																			
1. 32608 Gainesville																			
3700 SW 27th Street	R	–	0	0	0	0	100	0	0	0	01/2006	1996	107,084	0	33,755	1,070	A, H	4	H
41 Spring Street, LLC, USA, 19046 Jenkintown, 165 Township Line Road																			
Company's capital: EUR 4,825,373.71																			
Shareholder loans: EUR 13,760,203.89																			
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 22,704,104.69																			
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 4,546,257.28																			
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																			

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

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 first half of 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	Gross profit in EUR	Remaining useful life in years
				6,592,585										
540	–	0.0	3.6	30,611,146	–	–	–	–	–	–	–	85.8	5,231,240	26
				8,681,706										
945	–	0.0	7.6	28,986,808	–	–	–	–	–	–	–	76.5	4,519,576	30
				0.00										
5	–	–	41.5	16,799,785	–	–	–	–	–	–	–	–	2,559,920	31
				19,618,300										
578	–	0.0	18.0	18,092,076	–	–	–	–	–	–	–	–	3,391,153	35
				9,635,068										
305	–	0.0	21.1	14,215,202	–	–	–	–	–	–	–	45.5	2,116,200	34
				92,106,348					**32,291**	**191,016**				

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

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, sound-proof 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 vehicles, 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
IV. Bank deposits		
Germany	21,370,249.26	
Netherlands	194,423.55	
United Kingdom	1,245,909.38	
Austria	96,608.01	
France	3,804,785.16	
Spain	20,700.50	
Poland	1,290,202.34	
Finland	1,605,554.85	
Total liquidity portfolio	**29,628,433.05**	**8.00**

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					4,625,004.83		
of which in foreign currency				2,637,719.56			
of which rent receivable			1,302,111.18				
of which advance payments for operating costs			3,322,893.65				
2. Receivables from real estate companies					13,760,203.89		
of which in foreign currency				13,760,203.89			
3. Interest claims					192,776.07		
of which in foreign currency				192,776.07			
4. Transaction costs							
for properties					830,190.19		
of which in foreign currency				19,068.48			
for equity interests in real estate companies					191,015.68		
of which in foreign currency				191,015.68			
5. Miscellaneous					21,978,807.14		
of which in foreign currency				14,013,562.87			
of which from hedging transactions			376,457.78				
Currency	Market value sale EUR	Market value rept. date EUR	Preliminary result EUR				
GBP	2,932,279.49	−2,778,019.04	154,260.45				
USD	58,803,272.02	−58,678,084.71	125,187.31				
PLN	4,226,348.00	−4,129,337.98	97,010.02				
Total other assets						**41,577,997.80**	**11.22**
Total in foreign currency				30,814,346.55			

			EUR	EUR	EUR	EUR	% of Fund assets
II. Liabilities from							
1. Loans					83,900,000.00		
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					772,305.49		
of which in foreign currency				107,766.07			
3. Real estate management					8,322,272.17		
of which in foreign currency				1,560,468.82			
4. Miscellaneous					5,133,787.02		
of which in foreign currency				169,604.87			
of which from hedging transactions			927,414.57				
Currency	Market value sale EUR	Market value rept. date EUR	Preliminary result EUR				
SGD	28,782,220.37	–29,709,634.94	927,414.57				
Total liabilities						**98,128,364.68**	**26.48**
Total in foreign currency				1,837,839.76			
III. Provisions						**23,995,005.66**	**6.48**
of which in foreign currency				10,108,766.00			
Total Fund assets						**370,489,408.99**	**100.00**
of which in foreign currency				96,234,366.90			
Units (EUR)						**57.30**	
Units in circulation						**6,465,095**	
Exchange rates* as of 30 June 2016							
Sterling (GBP)		0.8278 = EUR 1					
US dollar (USD)		1.1143 = EUR 1					
Polish zloty (PLN)		4.4381 = EUR 1					
Norwegian kroner (NOK)		9.3139 = EUR 1					
Singapore dollar (SGD)		1.4987 = 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 30 June 2016	Sales Market value EUR from 1 Jan. 2016 to 30 June 2016
Purchases and sales of financial instruments that were entered into during the reporting period; no transactions were entered into with affiliated companies			
	GBP	1,690,051.02	2,778,019.01
	USD	38,016,188.76	34,495,849.70
	PLN	4,212,202.20	5,764,521.58
	SGD	9,638,275.36	11,294,079.73
	Total	**53,556,717.34**	**54,332,470.02**

Disclosures on the Measurement Policies

Forward exchange transactions were measured at their forward rate on 30 June 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.

Fund Bodies

Investment Company

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

Management

Siegfried A. Cofalka
Axel Kraus

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 Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft,
Frankfurt am Main

Shareholders

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

Depositary (Custodian Bank)

CACEIS Bank Deutschland GmbH
Lilienthalallee 34 – 36
80939 Munich
(since 1 February 2016)

SEB AG
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60313 Frankfurt am Main
(until 31 January 2016)

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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

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