

SEB ImmoInvest

Sales Prospectus and Fund Rules

June 2010



SEB Investment GmbH

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This Sales Prospectus was published by:

SEB Investment GmbH

Managing Directors: Barbara Knoflach, Matthias Bart, Choy-Soon Chua,

Siegfried A. Cofalka, Axel Kraus and Thomas Körfgen

Rotfeder-Ring 7, 60327 Frankfurt am Main, Germany

Postal address: P.O. Box, 60283 Frankfurt am Main, Germany

Phone: +49 69 27 299-1000, fax: +49 69 27 299-090

Internet: www.sebassetmanagement.de

E-mail: Info@sebam.de

Registry court: Frankfurt HRB 29859

Date of formation: 30 September 1988

Sales Prospectus

This Prospectus and the General Fund Rules and Special Fund Rules constitute the basis for the purchase of Fund units. This Sales Prospectus is a sales document prescribed by law. It must be offered to investors interested in purchasing units along with the most recent annual report and semi-annual report before an agreement is concluded.

No other information or explanations may be provided that deviate from the content of this Sales Prospectus. Any purchase of units that is based on information and explanations other than those contained herein is at the sole risk of the purchaser.

The contractual relationship between the Investment Company and the investors as well as their precontractual relationship are governed by German law. In accordance with section 18(2) of the General Fund Rules, the place of jurisdiction for disputes arising out of the contractual relationship is the domicile of the Investment Company if the investor has no general place of jurisdiction in Germany. In accordance with section 123 of the *Investmentgesetz* (InvG – German Investment Act), all sales documents must be written in German. The Investment Company will also conduct all communication with its investors in German. However, SEB Investment GmbH may prepare translations in other languages and also conduct communication in languages other than German, without investors having a right to this.

In the event of disputes arising out of the application of the provisions of the *Bürgerliches Gesetzbuch* (BGB – German Civil Code) concerning distance selling contracts for financial services, the parties involved may contact the Arbitration Board at Deutsche Bundesbank (P.O. Box 11 12 32, 60047 Frankfurt, phone: +49 (0)69/2388-1907 or -1906, fax: +49 (0)69/2388-1919). The right to bring the matter before the courts shall not be affected by this.

The annual report and semi-annual report valid at any given time contain up-to-date information on the Investment Company's executive bodies and liable capital, the liable capital of the Custodian Bank and details of the auditors appointed to audit the Investment Fund.

The Sales Prospectus, the Fund Rules, and the current annual and semi-annual reports are available free of charge from SEB Investment GmbH, Rotfeder-Ring 7, 60327 Frankfurt am Main, Germany, or in electronic form on SEB Asset Management AG's website at www.sebassetmanagement.de. Further information regarding the investment limits used in the Investment Fund's risk management, its risk management methods, and recent risk and return trends are available in electronic form on SEB Investment GmbH's website at www.sebassetmanagement.de.

Sales Restrictions

The dissemination of the information contained in this Sales Prospectus and the offer of investment units described in this Sales Prospectus are prohibited in many countries unless the Investment Company for the Investment Fund has been approved by the local regulatory authorities. The information contained in this Sales Prospectus and the SEB ImmoInvest Investment Fund managed by SEB Investment GmbH are not intended for distribution in the USA or to US citizens due to US regulatory restrictions. US citizens are defined as persons who are nationals of the USA or who are resident and/or subject to tax in the USA. US citizens may also be partnerships or corporations that were established in accordance with the laws of the USA or a federal state, territory, or possession of the USA.

Units in the SEB ImmoInvest Investment Fund are not intended for distribution to natural or legal persons who are resident in France.

The Fund at a Glance

Fund information	
Fund name	SEB ImmoInvest
WKN/ISIN	SEB ImmoInvest P: 980230 / DE0009802306 SEB ImmoInvest I: SEB1AV / DE000SEB1AV5
Fund type	Open-ended real estate fund
Fund currency	EUR
Investment Company	SEB Investment GmbH
Custodian Bank	SEB AG
Launch	2 May 1989 (SEB ImmoInvest Unit Class I: 1 December 2009)
Financial year	1 April to 31 March
Front-end load	Currently 5.25%. No front-end load is charged for SEB ImmoInvest Unit Class I if the twelve-month notice period for redemption is complied with
Management fee	Up to 1.0% p.a.
Custodian Bank fee	0.005%, quarterly
Fee for the purchase, sale, development, or refurbishment of properties	Up to 1.0% of the purchase or sale price or of the construction costs
Custody of units	In an SEB ImmoInvestDepot account or elsewhere
Redemption of units	Possible on each trading day in principle. A long-term investment of at least five years is recommended.
Appropriation of income	Distribution

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SEB ImmoInvest Sales Prospectus

1. Investment Company

The Investment Company for the real estate fund described in more detail in this Sales Prospectus (hereinafter referred to as the "Fund") is SEB Investment GmbH (hereinafter referred to as the "Investment Company"), which was established on 30 September 1988 and is domiciled in Frankfurt am Main. SEB Investment GmbH is an investment company within the meaning of the *Investmentgesetz* (InvG – German Investment Act) organised in the legal form of a limited liability company (GmbH).

Information concerning the composition of management, the Supervisory Board, the Expert Committee and the shareholders as well as the subscribed and paid-up capital and the liable capital of the Investment Company and the Custodian Bank is provided in table form at the end of this Sales Prospectus.

2. Code of Conduct

The Investment Company has pledged to observe the Code of Conduct published by the BVI Bundesverband Investment und Asset Management e.V. (BVI – German Association of Investment Companies), Frankfurt am Main. The Code of Conduct formulates a standard for the treatment of investors' capital and rights in a sound, responsible manner. It demonstrates how investment companies meet their legal obligations to investors and how they look after investors' interests as against third parties. The companies aim to strengthen investor and public confidence through reliability, integrity and transparency and to meet their needs for increased information. Should the Sales Prospectus need to be modified to comply with the Code of Conduct, the changes will be made in a reprint.

3. Custodian Bank

SEB AG, which is domiciled in Ulmenstrasse 30, Frankfurt am Main, has assumed the function of Custodian Bank for SEB ImmoInvest. The bank is a credit institution under German law. Its primary activities comprise money transmission and clearing operations, deposit-taking and lending as well as securities business.

The Custodian Bank is entrusted with the ongoing monitoring of the property portfolio, equity interests in real estate companies and other assets that cannot be held in custody and with the custody of the Fund's bank deposits, insofar as they have not been made with other credit institutions, money market instruments, securities and investment units held for liquidity purposes. This is in accordance with the provisions of the InvG, which requires the separation of the Investment Fund's management and custody functions.

The Custodian Bank holds Fund securities and deposit certificates in custody in blocked accounts insofar as they are not held in blocked accounts by other custodians. The Custodian Bank holds the Fund's bank deposits in blocked accounts insofar as they are not held in custody in blocked accounts with other credit institutions. To ensure that the interests of investors are protected, any sale or encumbrance of a property requires the approval of the Custodian Bank. In addition, the Custodian Bank is required to determine whether investments held in blocked accounts with another credit institution comply with the InvG and the Fund Rules. If they do, the Custodian Bank is required to approve the investment.

The land register for each individual property contains a blocking notice in favour of the Custodian Bank to the extent that the property in question is not held via a real estate company for the account of the Fund. No property can therefore be disposed of without the approval of the Custodian Bank. Where, in the case of properties located abroad, it is not possible to record the restriction on disposal in a land register or similar register, the Investment Company shall ensure the effectiveness of the restriction on disposal by other appropriate means.

Furthermore, in the case of equity interests in real estate companies, the Custodian Bank is required to monitor compliance with the statutory regulations as set forth below. Custodian Bank approval is required for disposals by the Investment Company of equity interests in real estate companies. Custodian Bank approval is required for disposals of

properties by the real estate company, as well as for amendments to the Shareholders' Agreement or the Articles of Association of the real estate company if the Investment Company holds a majority interest in the real estate company.

The Custodian Bank is responsible for the issuing and redemption of units and for reviewing the calculation of the value of the Fund and the unit value by the Investment Company.

It must ensure that, in the case of transactions effected for the joint account of the investors, it receives the relevant consideration for custody within the customary time limits. Furthermore, the Custodian Bank must ensure that the Fund income is used in accordance with the provisions of the Act and of the Fund Rules, and must disburse the income appropriated for distribution.

4. Experts and Valuation Procedure

4.1 Expert Committees

The Investment Company is required to appoint at least one Expert Committee comprising three members and one substitute member and entrusted with the task of conducting property valuations. Each member must be an independent, impartial and reliable person with appropriate professional expertise and sufficient practical experience with regard to the type of real estate to be valued by him or her and the regional real estate market in question.

The Investment Company has appointed two Committees that conduct valuations of all Fund properties. The experts are appointed for one year; re-appointments are possible. An expert may only serve on the Committees for the Investment Company until the expiry of the fifth calendar year following his or her first appointment. This term can be subsequently extended by the Investment Company for a further year in each case if the income received by the expert as a result of his or her service as a Committee member or in any other capacity on behalf of the Investment Company over the four years immediately preceding the final year of the respective term accounts for no more than 30% of his or her average total income, and that fact is confirmed to the Investment

Company by the expert in an appropriate declaration made in the final year of the permitted term of service. The activities of the Expert Committees appointed by the Investment Company are regulated by by-laws. The valuation reports are prepared in accordance with the by-laws by the respective Committee.

The Expert Committee is required to value the following in particular:

- the properties belonging to the Fund or owned by a real estate company, at least once every twelve months;
- the properties intended for disposal by the Investment Company or a real estate company, to the extent that the valuation report prepared annually can no longer be deemed to be up-to-date.

In addition, after a heritable building right is created, the Expert Committee must reassess the value of the property within two months.

4.2 Pre-purchase valuation

A property may only be acquired for the Fund or for a real estate company in which the Fund directly or indirectly holds an equity interest if it has previously been valued by an expert as defined by section 77(2) sentence 1 of the InvG who is not a member of an Expert Committee formed by the Investment Company and the consideration to be furnished by the Fund does not exceed the calculated value or only exceeds it by an insignificant amount.

An equity interest in a real estate company may only be directly or indirectly acquired for the Fund if the properties reported in the real estate company's annual financial statements or statement of assets were valued by an expert as defined by section 77(2) sentence 1 of the InvG who is not a member of an Expert Committee formed by the Investment Company.

A property belonging to the Fund may only be encumbered with a heritable building right if the appropriateness of the ground rent has previously been confirmed by an expert as defined by section 77(2) sentence 1 of the InvG who is not a member of an Expert Committee formed by the Investment Company.

4.3 Valuation method

The Expert Committee or the expert responsible for the pre-purchase valuation shall determine the market value of the property using a valuation procedure that is recognised on the relevant real estate market. Other valuation methods that are recognised on the relevant real estate market may additionally be used to review the reasonableness of the valuation if the Committee regards this as necessary and/or appropriate to ensure the proper valuation of the property.

In general, the market value shall be calculated by applying the *Ertragswertverfahren* (net income value method) in accordance with the *Wertermittlungsverordnung* (German Valuation Regulation). This method involves determining the rental income attainable over the long term and adjusting it downwards for management costs, including maintenance and administration costs, and a notional figure representing the risk of lost rental income. The net income value corresponds to the net rental income computed in this way, multiplied by a factor that reflects the typical market rate of interest for the property being valued, taking into account the location, the condition of the building and its remaining useful life. Any special factors affecting the value of a property can be taken into account by means of appropriate premiums or discounts.

5. The Fund

The Fund bears the name "SEB ImmoInvest". It was launched on 2 May 1989 for an unlimited period. The assets belonging to the Fund are owned by the Investment Company, which manages them in a fiduciary capacity on behalf of the investors.

The unit certificates do not carry any voting rights, are issued in bearer form and evidence the claims of the holder in relation to the Investment Company. Unit certificates are issued in respect of one or more units, with certificates denominated in one, five, ten, one hundred, or one thousand units.

Unit certificates are transferable. When a unit certificate is transferred, the rights evidenced by it pass to the holder. The holder of a unit certificate is always deemed the rightful owner in relation to the Investment Company. With respect to Unit Class I, it should be noted that the initially deferred front-end load is only waived if purchasers of Class I units

give sufficient notice that they will be redeeming their units. See section 5.4 in particular for further details on Unit Class I.

5.1 ISIN; WKN

SEB ImmoInvest P

ISIN: DE0009802306; WKN: 980230

SEB ImmoInvest I

ISIN: DE000SEB1AV5; WKN: SEB1AV

5.2 Unit classes

Unit classes that differ in terms of their front-end load, redemption fee, management fee including any performance-related remuneration, the minimum investment amount (per subscription certificate) or a combination of these features may be established for the Fund. Units in two unit classes that differ with regard to whether a front-end load is charged and the minimum investment amount (per subscription certificate) have been available since 1 December 2009. The applicability of a front-end load depends on whether a specific procedure is followed when redeeming units. The relevant procedures are described in more detail under sections 5.3 and 5.4.

The unit classes are referred to as "P" and "I". The respective features of the two unit classes are described in this Sales Prospectus under "Issuing and redemption of units" (see sections 11.1.1 and 11.1.2), "Front-end load/redemption fee" (see section 11.5) and "Costs" of unit issue and redemption (see section 11.7).

Due to the different features of the unit classes, the return generated by investors from their investment in the "SEB ImmoInvest" Fund may vary depending on the unit class to which the units they have purchased belong. This applies to both the pre-tax and the after-tax returns generated by investors.

As the difference between the unit classes is limited to the minimum investment amount and a possible waiver of the front-end load, the returns achieved by the unit classes will only differ if the criteria for waiving the front-end load have been met.

Assets can only be purchased for the entire Fund as a whole; they may not be purchased for individual unit classes or groups of unit classes.

Under section 16(2) of the General Fund Rules, other additional unit classes in SEB ImmoInvest that differ in terms of the appropriation of their income, their front-end load, the redemption fee, the currency of the unit value including the use of currency hedges, the management fee, the minimum investment amount or a combination of the features of existing unit classes may be established in future. However, the rights of investors who have purchased units belonging to existing unit classes will not be affected by this. Only investors who purchase units in a new class will have to pay the costs incurred by the introduction of this new unit class.

When units belonging to a unit class with a different performance are issued for the first time, their value must be calculated on the basis of the value determined for the entire Fund in accordance with section 36(1) sentence 1 of the InvG. The annual and semi-annual reports contain information on the conditions under which units with different rights are issued and what rights are allocated to individual unit classes. In addition, the number of units belonging to a unit class that are in circulation at the reporting date and the unit value determined at the reporting date are given for each unit class.

Investors may switch unit classes by redeeming units belonging to one unit class and being issued with units belonging to another unit class, subject to the conditions applicable to the redemption and issue of units respectively.

5.3 Redemption procedure for Unit Class P

No special requirements must be met when redeeming units belonging to Unit Class P (for "Private"). There is no deferral or subsequent waiver of the front-end load, regardless of the redemption procedure or the holding period. This means that investors who hold units belonging to this unit class experience no financial disadvantages in relation to the redemption date or non-compliance with a specific redemption procedure, with the exception of any temporary decline in the value of the fund assets.

However, regardless of which unit class they purchase, investors should note that unit redemption may be suspended by the Investment Company. For details, see section 12(5) of the General Fund Rules.

5.4 Redemption procedure for Unit Class I

With the exception of the minimum investment amount of EUR 5,000,000, the purchase of units belonging to Unit Class I is not tied to any special conditions. The front-end load is initially not charged to investors purchasing units belonging to Unit Class I and is waived completely if the following procedure is followed when redeeming units belonging to Unit Class I with the Investment Company:

- The investor must give at least twelve months' notice to the Investment Company of the redemption of units belonging to Unit Class I, indicating the expected date for the return of the certificates using a form (re-demption advice form) that can be obtained from the Investment Company or downloaded from the Internet at www.sebas-setmanagement.de.
- The units must be returned to the Investment Company at the latest one month after the return date notified in the redemption advice form. In this context, your attention is drawn to the acceptance deadlines for same-day settlement set by the investor's custodian and the Investment Company respectively. If the Class I units are not returned by the return date, units in this unit class may only be redeemed without incurring the front-end load if investors give at least twelve months' notice of their intention to return the units using a new redemption advice form.
- The redemption advice form must be clearly attributable to a specific investor. The investor must ensure that the redemption advice form is clearly attributable to it so as to enable the Investment Company to match the redemption advice form to the investor. The redemption advice form shall no longer be attributable to the investor if the investor sells its Class I units in the open market or via the stock exchange.

The minimum investment amount for units belonging to Unit Class I is EUR 5,000,000 (in words: five million euros).

Overview of unit classes

	Class P units	Class I units
Minimum investment amount	None	EUR 5,000,000
Front-end load	Currently 5.25%	Currently 5.25% No front-end load if notice period for redemption is complied with
Redemption fee	None	None
Management fee	Up to 1.0% p.a., based on the pro rata share of the Fund assets	Up to 1.0% p.a., based on the pro rata share of the Fund assets
WKN	980230	SEB1AV
ISIN	DE0009802306	DE000SEB1AV5

5.5 Profile of a typical investor

The Fund is aimed at all investors, including those who are not familiar with investments in properties and who want to use the Fund as a convenient product for making investments in properties. The offer to purchase Class I units is aimed at all legal persons, associations of persons, or communities of joint owners, high net worth private investors and asset managers. Investors in the two unit classes do not require experience of real estate investment and the capital markets. SEB ImmoInvest is also aimed at experienced investors who are looking for a product with the investment strategy pursued by this Fund. An investment horizon of at least five years is recommended for both unit classes. Investors should be in a position to accept moderate temporary losses. As a matter of principle, the Fund pursues an income-oriented, conservative investment policy and is suited to every investment portfolio.

6. Description of Investment Objectives and Investment Policy

A significant proportion of the Fund may be invested outside the countries that are members of the European Economic and Monetary Union. Since the Fund's assets are valued in euros, the Fund's value will fluctuate not only in response to changes in asset values but also in response to changes in the exchange rate between the currencies in which the assets are denominated and the euro. However, the properties and other assets held in the Fund may only be exposed to currency risk up to a total amount of 30%. Assets are not considered to be exposed to currency risk if hedging transactions have been entered into or if loans have been taken out

in the corresponding currency. In particular, the Company shall make use of the options to take out loans on behalf of the Fund provided for by the law and the Fund Rules in order to reduce currency risks.

In addition to existing buildings and buildings under construction, the Company may acquire land for development projects. However, the investment focus is on existing buildings.

The Fund Rules can be modified by the Investment Company. Changes to the Fund Rules, with the exception of the provisions governing the management costs and other costs, require the prior approval of the Investment Company's Supervisory Board and the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin – Federal Financial Supervisory Authority). The planned amendments are announced in the electronic *Bundesanzeiger* (Federal Gazette) and also in a financial or daily newspaper or on the Investment Company's website at www.sebassetmanagement.de and enter into force no earlier than the day after they are announced in the electronic *Bundesanzeiger*. Amendments to rules governing the management costs and other costs do not require the prior approval of the BaFin and enter into force six months after they are announced in the electronic *Bundesanzeiger*. Changes to the existing investment principles of the Fund also enter into force no earlier than six months after they are announced. They are only permitted on condition that the Investment Company offers to exchange investors' units for units in investment funds with similar investment principles free of charge, insofar as such investment funds are managed by the Investment Company.

6.1 Properties

1. The Investment Company may acquire the following properties for the Fund:
 - a) residential properties for letting, commercial properties and properties for mixed use;
 - b) properties under development;
 - c) undeveloped properties which are intended and suitable for own development in accordance with a) in the near future;
 - d) heritable building rights or foreign rights that are comparable in legal and economic terms, subject to the pre-conditions laid down in letters a) to c);
 - e) other properties, heritable building rights and rights in the form of residential property ownership, partial ownership, residential heritable building rights and partial heritable building rights;
2. To the extent permitted by law (section 67(2) sentence 3 of the InvG), the Investment Company may acquire for the Fund rights of usufruct attaching to properties in accordance with paragraph 1 letter a) which serve to fulfil public functions.
3. The Investment Company may acquire properties as defined in paragraphs 1 and 2 in countries that are not signatory states to the EEA (European Economic Area) Treaty that are specified in the Appendix to section 2(2) of the Special Fund Rules (up to the maximum percentage of the value of the Fund indicated therein in each case), if
 - a) a reasonable regional distribution of properties is assured,
 - b) the ability to transfer the properties freely is assured and no restrictions apply to the movement of capital in these states, and
 - c) the ability of the Custodian Bank to discharge its rights and obligations is assured in these countries.

Before making an acquisition, the Investment Company will determine in the course of the proper performance of its business incumbent on it whether the requirements referred to above have been complied with in full.

The information contained in the Appendix to the Special Fund Rules may be changed with respect to the countries

and respective maximum investment levels. Such changes require the approval of the BaFin.

4. At the time of acquisition, the value of any individual property may not exceed 15% of the value of the Fund. The total value of all properties accounting individually for more than 10% of the value of the Fund may not exceed 50% of the value of the Fund. Loans taken out shall not be deducted when calculating the value of the Fund, with the result that the basis of calculation for determining the limits will be increased by such borrowings.

The investment objective is to achieve regular income in the form of rent and interest, plus a steady appreciation in value.

Key considerations when selecting properties for the Fund include their capacity to generate sustainable income, as well as their diversification in terms of location, size, type of use and tenants.

The Investment Company may also acquire items for the Fund which are required to manage the assets, especially properties, held in the Fund.

The annual and semi-annual report valid at the time provide information on investments made in properties and other assets in the most recent reporting period.

6.2 Equity interests in real estate companies

1. The Investment Company may acquire and hold equity interests in real estate companies for the account of the Fund, even if it does not possess the majority of the voting rights and capital necessary to modify the Shareholders' Agreement or the Articles of Association of the real estate company. In this context, a real estate company is understood to mean a company that, in accordance with its Shareholders' Agreement or Articles of Association,
 - a) is restricted in its corporate purpose to activities that the Investment Company itself may also perform for the Fund;
 - b) may only acquire those properties and items required to manage the Fund that may be acquired for the Fund directly in accordance with the Fund Rules (see section 6.1), as well as equity interests in other real estate companies;

- c) may only acquire a property or an equity interest in another real estate company if the value of the property or the equity interest in another real estate company corresponding to the size of the equity interest does not exceed 15% of the value of the Fund.
2. Furthermore, a precondition for an equity interest in a real estate company is that the legal form of the real estate company excludes any liability to make subsequent contributions above and beyond the initial capital contributions.
 3. The capital contributions of the shareholders of a real estate company in which the Investment Company holds an equity interest for the account of the Fund must be fully paid up.
 4. If a real estate company acquires equity interests in other real estate companies, the equity interest must directly or indirectly amount to 100% of the capital and the voting rights.
 5. The value of the assets held by all the real estate companies in which the Investment Company holds equity interests for the account of the Fund may not exceed 49% of the value of the Fund. The value of the properties that belong to the assets of real estate companies in which the Investment Company does not hold the majority of the voting rights and capital necessary to modify the Articles of Association or the Shareholders' Agreement for the account of the real estate Fund may not exceed 30% of the value of the Fund.
 6. Loans taken out shall not be deducted when calculating the value of the Fund, with the result that the basis of calculation for determining limits will be increased by such borrowings.
 7. The Investment Company may grant loans for the account of an investment fund to a real estate company in which it holds an equity interest directly or indirectly for the account of the said fund, provided that such loans are made on market terms and conditions and adequate collateral is available. Furthermore, if the equity interest is sold, it must be agreed that the loan will be repaid within six months of the sale. The Investment Company may grant real estate

companies loans amounting to more than 25% of the value of the Fund for the account of which it holds the equity interests, and it must be ensured that the sums lent to an individual real estate company by the Investment Company amount to no more than 50% of the aggregate value of the properties held by the real estate company. These requirements also apply if a third party is engaged by the Investment Company to extend a loan to a real estate company in its own name for the account of the Fund.

6.3 Encumbrance with heritable building rights

Properties may be encumbered with heritable building rights.

Following the creation of a heritable building right, the total value of the properties encumbered with a heritable building right and held for the account of the Fund may not exceed 10% of the value of the Fund. The prolongation of a heritable building right is treated as the creation of a new right.

6.4 Risks associated with investing in real estate, equity interests in real estate companies and encumbrances with heritable building rights

Investments in real estate are subject to risks that can impact the unit value as a result of changes in income, expenses and the market value of the properties. This is also the case with investments in properties held by real estate companies. The following are examples of such risks and do not represent an exhaustive list.

- In addition to changes in general economic conditions, there are risks that are specific to property ownership such as, for example, vacancies, rent arrears and loss of rental income, which can result from changes in the quality of a location or the financial standing of tenants, among other things. The physical condition of a building may necessitate maintenance expenses that are not always foreseeable. To limit such risks, the Investment Company seeks to ensure that properties can easily be used by third parties and that their tenant structure extends across numerous sectors. Ongoing maintenance and modernisation or conversion of properties aims to preserve or improve their competitiveness.

- Risks of damage caused by fire and gales, as well as natural forces (flooding, earthquakes) are covered internationally by taking out insurance, insofar as such cover exists and doing so is economically justifiable and objectively advisable.
- Properties, especially in metropolitan regions, can potentially be exposed to the risk of war and acts of terror. Without being affected by an act of terror itself, a property may lose its value if the real estate market for the area affected is impaired for the long term and the search for tenants becomes more difficult or impossible. Terrorism risks are also covered by taking out insurance, insofar as such cover exists and doing so is economically justifiable and objectively advisable.
- Risks of contamination from past use (e.g. soil pollution, use of asbestos building elements, etc.) are carefully investigated (for example, by obtaining corresponding expert reports) in connection with the acquisition of properties in particular. However, despite all due care, risks of this kind cannot be completely excluded.
- In the case of development projects, risks can arise from, for example, changes in land use planning and delays in obtaining planning permission. Increases in construction costs and completion date risks are addressed where possible by entering into appropriate arrangements with carefully selected contracting parties. However, attention must be drawn to remaining risks in this regard as well as to the fact that the success of initial letting will depend on demand at the time of completion.
- Properties may suffer from construction defects. These risks cannot be completely excluded even if a careful technical inspection of a building is conducted prior to acquisition and expert reports obtained if necessary.
- In the case of foreign properties, risks that stem from the location of the properties (e.g. different legal and taxation systems, different interpretations of double taxation agreements and changes in exchange rates) need to be taken into account. In addition, the increased administrative risk as well as possible technical difficulties, including transfer risks related to the receipt of regular income or the proceeds of sale, need to be taken into consideration.
- When selling a property, even when applying the most prudent business practice possible, warranty claims on the part of the buyer or another third party may arise for which the Fund is liable.
- In the case of the acquisition of equity interests in real estate companies, the risks to be considered include those relating to the legal form of an entity, risks connected with possible shareholder defaults and risks arising from changes in the tax and company law framework. This particularly applies to real estate companies that are domiciled abroad. In addition, it should be borne in mind that the acquisition of equity interests in real estate companies could entail obligations that are not readily discernible. Finally, there may not be a sufficiently liquid secondary market in the event that the sale of such equity interests is contemplated.
- Investments in real estate outside Germany are usually debt-financed. On the one hand, this is done to hedge foreign currencies (with the loans being granted in the foreign currency of the state where the real estate is located) and/or to create a leveraging effect (increasing the return on equity by taking out debt finance at an interest rate below the return on the property). Since the Fund is taxable outside Germany, tax can be deducted on the loan interest in the foreign state concerned. Where debt finance is utilised, changes in the value of properties have a magnified effect on the capital employed by the Fund. For example, in the case of loan financing of 50%, the effect of an increase or decrease in the value of the property on the Fund capital deployed is twice as large as in the case of full equity financing, which is the dominant method used for acquisitions in Germany. Changes in value are thus more important where debt finance is utilised – which is often the case outside Germany – than for properties financed from internally generated funds, which is generally the case within Germany. Investors thus benefit more from increases in value and are impacted more strongly by decreases in value than in the case of full equity financing. In addition, the use of substantial levels of leverage to finance real estate restricts the ability to raise funds in the face of short-term liquidity squeezes, e.g. as a result of massive redemptions of units, by selling properties or taking out short-term loans. This increases the risk of having to suspend the redemption of units (see section 11.8).

- In the case of a property encumbered with a heritable building right, there is a risk that the holder of such rights will not discharge his or her obligations and will fail to pay the ground rent in particular. In this and other cases, the heritable building right may lapse prematurely. The Investment Company must then find a different economic use for the property, which may be difficult in individual cases. A similar situation can arise where such a right lapses upon expiry of the contract. Finally, the encumbrance of property with a heritable building right may limit its marketability in that it may not be as easy to sell the property as it would be if it were not so encumbered.

6.5 Liquidity portfolio

In addition to the acquisition of properties and equity interests in real estate companies, liquidity portfolio assets are permitted and envisaged.

The Investment Company may hold a maximum of 49% of the value of the Fund (maximum liquidity) in

- bank deposits;
- money market instruments;
- securities that have been authorised as collateral for credit operations by the European Central Bank or the Deutsche Bundesbank in accordance with Article 18.1 of the Protocol on the Statute of the European System of Central Banks and the European Central Bank, or for which an application for authorisation has been made in accordance with the conditions of issue, provided that such authorisation is granted within a year of issue;
- investment units in accordance with section 50 of the InvG or units in special investment funds in accordance with section 50(1) sentence 2 of the InvG which according to their Fund Rules may only be invested in bank deposits, money market instruments and securities as set out under bullet points 1 to 3;
- securities that are admitted to trading on an organised market as defined in section 2(5) of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act), or fixed-income securities, provided that these do not exceed 5% of the value of the Fund;
- shares in REIT stock corporations or comparable interests in foreign legal persons admitted to one of the markets listed in section 47(1) nos. 1 and 2 of the InvG or included

in these markets, provided that the value of these shares or interests does not exceed 5% of the value of the Fund and that the criteria outlined in Article 2(1) of Council Directive 2007/16/EC are met.

The following committed funds shall be deducted when calculating the maximum limit:

- funds required to ensure orderly ongoing management;
- funds earmarked for the next distribution;
- funds needed to fulfil liabilities under legally binding property purchase contracts, under loan agreements required for pending investments in specific properties and for specific construction measures, as well as funds required under construction contracts, insofar as these liabilities will fall due in the next two years.

6.5.1 Bank deposits

In accordance with the statutory regulations (sections 66 and 49 of the InvG), investments in bank deposits may only be made by the Investment Company at credit institutions domiciled in an EU member state or another signatory state to the EEA Treaty. Bank deposits may only be held at a credit institution in another state whose banking regulatory requirements are equivalent to those in the EU in the opinion of the BaFin.

The Investment Company may only invest up to 20% of the value of the Fund in the form of bank deposits at any one credit institution.

6.5.2 Money market instruments

Money market instruments are instruments which are normally traded on the money market as well as interest-bearing securities which have a term or remaining term of no more than 397 days at the time of their acquisition for the Fund. If their term is longer than twelve months, their interest must be repriced to market rates regularly, and at least once every 397 days. Money market instruments are also interest-bearing securities whose risk profile corresponds to that of the securities described above.

Money market instruments may only be acquired for the Fund:

1. if they are admitted to trading on a stock exchange in an EU member state or in another signatory state to the EEA Treaty, or are admitted to or included in another organised market there;
2. if they are admitted to trading on one of the stock exchanges approved by the BaFin or are admitted to or included in one of the organised markets approved by the BaFin;
3. if they are issued or guaranteed by the European Communities, the German Federal Government, a Federal Special Fund, a German Federal State, another EU member state, or another central, regional, or local authority, or by a central bank of an EU member state or of a signatory state to the EEA Treaty, the European Central Bank, or the European Investment Bank, by a third country or, where the latter is a federal state, by one of the members making up this federation, or by an international public body to which at least one EU member state belongs;
4. if they are issued by a company whose securities are traded on the markets specified under subsections 1 and 2;
5. if they are issued or guaranteed by a credit institution that is subject to supervision in accordance with the criteria laid down by EU law, or by a credit institution that is subject to and complies with regulatory requirements that are equivalent to those of EU law in the opinion of the BaFin;
6. if they are issued by other issuers and the issuer in question is
 - a) a company whose equity capital amounts to at least EUR 10 million and which prepares and publishes its annual financial statements in accordance with the provisions of the Fourth Council Directive (78/660/EEC) of 25 July 1978 on the annual accounts of certain types of companies, most recently amended by Directive 2003/51/EC of the European Parliament and the European Council dated 18 July 2003;
 - b) a legal entity within a group comprising one or more listed companies that is responsible for financing the said group; or
 - c) a legal entity that is intended to finance securitisation vehicles which benefit from a banking liquidity line; Article 7 of Directive 2007/16/EC shall apply to the securitisation vehicle and the banking liquidity line.

All the above-mentioned money market instruments may only be acquired if they meet the requirements of Article 4 paragraphs 1 and 2 of Directive 2007/16/EC. Article 4 paragraph 3 of Directive 2007/16/EC also applies to money market instruments as defined by paragraph 1 nos. 1 and 2.

Sufficient deposit and investor protection must be provided for money market instruments as defined by paragraph 1 nos. 3 to 6, e.g. in the form of an investment grade rating, and additionally the criteria in Article 5 of Directive 2007/16/EC must be met. Grades of “BBB”, “Baa”, or better issued by a rating agency as part of a rating review are referred to as “investment grade”. Article 5 paragraph 2 of Directive 2007/16/EC shall apply to the acquisition of money market instruments that are issued by a regional or local authority of an EU member state or by an international public body as defined by section 1 no. 3 but that are not guaranteed by the member state or, where the member state is a federal state, by one of the members making up this federation, and to the acquisition of money market instruments in accordance with paragraph 1 nos. 4 and 6; Article 5 paragraph 4 of Directive 2007/16/EC applies to the acquisition of all other money market instruments in accordance with paragraph 1 no. 3 with the exception of money market instruments issued or guaranteed by the European Central Bank or the central bank of an EU member state. Article 5 paragraph 3 and, if the money market instruments are issued or guaranteed by a credit institution that is subject to and complies with regulatory requirements that are equivalent to those of EU law in the opinion of the BaFin, Article 6 of Directive 2007/16/EC apply to the acquisition of money market instruments in accordance with paragraph 1 no. 5.

In addition, the Investment Company may invest up to 10% of the value of the Fund in money market instruments from issuers that do not meet the requirements set out above.

6.5.3 Investment limits for securities and money market instruments

Securities and money market instruments from a single issuer may only be purchased up to a maximum of 5% of the value of the Fund. In individual cases, securities and money market instruments issued by a single party, including securities purchased under repurchase agreements, may account for up to 10% of the value of the Fund. However, the total value of securities and money market instruments from these issuers may not exceed 40% of the value of the Fund.

The Company may invest a maximum of 20% of the value of the Fund in a combination of the following assets:

- securities and money market instruments issued by one and the same institution,
- deposits at this institution,
- weightings for the counterparty risk associated with transactions entered into with this institution in derivatives which are not admitted to trading on a stock exchange or included in another organised market.

In the case of the following public-sector issuers as defined by section 60(2) of the InvG, a combination of the assets mentioned in sentence 1 may not exceed 35% of the value of the Fund. The respective individual upper limits are not affected by this combination limit.

The Investment Company may invest up to 35% of the value of the Fund in each case in debt securities, borrower's note loans and money market instruments issued by the following issuers: the German Federal Government, German Federal States, the European Communities, EU member states or their central, regional, or local authorities, other signatory states to the EEA Treaty, third countries, or international organisations to which at least one EU member state belongs. The Investment Company may invest up to 25% of the value of the Fund in each case in mortgage bonds, municipal bonds and debt securities issued by credit institutions domiciled in an EU member state or in another signatory state to the EEA Treaty, if the credit institutions are subject to special public regulation on the basis of statutory regulations designed to protect the holders of these debt securities and if, in accordance with the statutory regulations, the funds raised when the debt securities were issued are invested in assets that are

sufficient to cover the liabilities arising from the debt securities throughout their entire term and that, in the case of default of the issuer, are prior-ranking with regard to repayments falling due and interest payments.

6.5.4 Minimum liquidity

The Investment Company must ensure that an amount of the liquidity portfolio corresponding to at least 5% of the value of the Fund is available as demand deposits (minimum liquidity).

6.5.5 Liquidity portfolio risks

Insofar as the Fund holds securities, money market instruments, or investment units as part of its liquidity portfolio, it should be noted that such investments also entail risks as well as potential gains. The prices of securities and money market instruments may fall in relation to the prices at which they were purchased because of, for example, trends on the money and capital markets or particular developments affecting issuers. This also applies to the value of investment units.

Prices of fixed-income securities are influenced by trends on the capital markets, i.e. when market interest rates rise, the prices of fixed-income securities fall. Such changes in price also depend on the maturities of the fixed-income securities. In general, fixed-income securities with shorter maturities are exposed to lower price risks than fixed-income securities with longer maturities; conversely, yields can be generally expected to be lower. It should be noted that liquidity portfolio assets denominated in foreign currencies are subject to additional exchange rate risks and transfer risks.

The risks described above also apply to funds that invest in securities and money market instruments.

In addition to offering an opportunity for price increases, shares also entail risks; they are subject to the unforeseeable influence of capital market trends and specific developments at the respective issuer. Even when shares are carefully selected, losses due to fluctuations in market prices or the financial collapse of issuers cannot be ruled out.

6.6 Borrowings and encumbrance of assets

The Investment Company may take out loans of up to 50% of the market value of the properties belonging to the Fund

for the joint account of the investors if such borrowing is compatible with proper business management. In addition, the Company may take out short-term loans of up to 10% of the value of the Fund for the joint account of the investors. Sums that the Company has received as a transferor under a repurchase agreement must be counted towards this amount. Loans may only be taken out if the loan conditions are in line with prevailing market terms and the Custodian Bank consents to this action.

If the costs of borrowing exceed the return on the properties, investment performance will be adversely affected. Nevertheless, it may be advisable to take out loans under certain circumstances – for example, to preserve a long-term source of income and returns in the face of merely short-term liquidity squeezes, for tax considerations, or to limit exchange rate risks abroad.

The Investment Company may encumber properties belonging to the Fund or assign and encumber receivables from legal relationships relating to properties, if doing so is consistent with the principles of proper business management and if the Custodian Bank approves such actions because it considers the related conditions to be in line with prevailing market terms. It may also take over encumbrances when acquiring properties. Total encumbrances may not exceed 50% of the market value of all properties held in the Fund. Encumbrances relating to the suspension of unit redemptions in accordance with section 11(4) of the General Fund Rules and ground rents are not included in this.

6.7 Derivatives used for hedging

The Investment Company may use derivatives in the management of the Fund. In line with the type and volume of derivatives used, the Company may use either the simple approach or the qualified approach as defined by the *Derivateverordnung* (DerivateV – German Derivatives Regulation) to calculate the degree of utilisation of the market risk limit for the use of derivatives laid down in section 51(2) of the InvG. Initially, the Investment Company will use the simple approach as defined by section 15 ff. of the DerivateV, with the result that investments in the derivatives listed under subsection 1 are permitted.

However, the Investment Company reserves the right to use the qualified approach as defined by section 8 ff. of the DerivateV at any time in accordance with section 7(7) of the Special Fund Rules in line with subsection 2.

1. The Investment Company may only invest in derivatives whose underlyings are assets that may be acquired in accordance with section 6(2) letters b) to f) of the General Fund Rules and properties that may be acquired in accordance with section 2(1) of the Special Fund Rules. In accordance with section 6(2) of the DerivateV, the Investment Company shall confine itself in this case exclusively to using in the Fund the following basic forms of derivatives, or combinations of these derivatives or combinations of assets that may be acquired for the Fund and these derivatives:
 - a) futures contracts on assets in accordance with section 6(2) letters b) to f) of the General Fund Rules and on properties in accordance with section 2(1) of the Special Fund Rules, interest rates, exchange rates, or currencies;
 - b) options or warrants on assets in accordance with section 6(2) letters b) to f) of the General Fund Rules and on properties in accordance with section 2(1) of the Special Fund Rules, interest rates, exchange rates, or currencies, and on futures contracts in line with letter a), if they have the following features:
 - aa) they may be exercised either during the entire term or only at expiry and
 - bb) there is a linear relationship at the time the option is exercised between the value of the option and the positive or negative difference between the exercise price and the market value of the underlying, and the value of the option becomes zero if the plus/minus sign for the difference is reversed;
 - c) interest rate swaps, foreign currency swaps and cross-currency swaps;
 - d) options on swaps listed in letter c) above, provided that they have the features defined in letters aa) and bb) of subsection b) above (swaptions);
 - e) credit default swaps on assets in accordance with section 6(2) letters b) to f) of the General Fund Rules and on properties in accordance with section 2(1) of the Special Fund Rules, provided that they are used exclu-

sively and demonstrably to hedge the credit risk of specifically attributable Fund assets.

Futures contracts, options, or warrants on investment units in accordance with section 6(2) letter d) of the General Fund Rules are not permitted.

When calculating the potential market risk for the use of derivatives, the Investment Company adopts the simple approach within the meaning of the DerivateV. The weighting for

- financial futures is the contract value multiplied by the futures price determined on each trading day,
- options or warrants whose underlying instruments are securities, money market instruments, or derivatives is the value of the instruments underlying the option (underlyings),
- options or warrants whose underlying instruments are interest rates, exchange rates, or currencies is the value of the underlying, multiplied by the multiplier laid down in the terms and conditions for the options.

In addition, the values calculated must be multiplied by the applicable delta. The delta is the ratio of the change in the value of the derivative to an assumed minimal change in the value of the underlying.

Transactions involving derivatives may only be used to hedge Fund assets, interest rate and currency risks as well as to hedge rent receivables. The InvG and the DerivateV provide for the potential market risk of a fund being doubled using derivatives. Market risk means the risk of unfavourable developments in market prices arising for the Fund. Since SEB ImmoInvest may only use derivatives for hedging purposes, such leverage is, on principle, not an issue.

6.7.1 Options

The Investment Company may engage in options trading for the account of the Fund within the framework of the investment principles for hedging purposes. This means that it may acquire the right to purchase securities from a third party against payment (option premium) within or at the end of a specified period of time at a price agreed in advance (exercise price), or to demand payment of a cash settlement. It

may also acquire the relevant rights to purchase securities from third parties against payment.

If the qualified approach in accordance with the DerivateV is used for the Fund, the Investment Company may in particular also engage in such transactions based on investment units that it could acquire directly for the Fund. This means that it may acquire the right to acquire or sell units in other investment funds at a specified price agreed in advance. It may also sell the respective rights to third parties.

The following details apply:

The purchase of a put option (long put) entitles the buyer, against payment of a premium, to demand the purchase of certain assets at a particular exercise price or the payment of a corresponding cash settlement. The purchase of such put options, for example, enables securities belonging to the Fund to be hedged against a decline in price for the term of the option. If the price of the securities falls below the exercise price, the put option can be exercised and proceeds in excess of the market price obtained. Instead of exercising the option, the Investment Company can also sell it at a profit.

Conversely, there is a risk that the option premium will be lost if it does not appear to make economic sense to exercise the put option at the previously agreed exercise price because, contrary to expectations, prices have not fallen. Such changes in the price of the securities underlying the option can produce a disproportionately large reduction in the value of the option and can even cause it to become worthless. Given its limited duration, there can be no certainty that the price of the option will recover in good time. Earnings expectations must take account of the costs connected with the acquisition as well as the exercise or sale of an option or the conclusion of an offsetting transaction (closing out). If expectations are not met with the result that the Investment Company chooses not to exercise the option, the latter will lapse upon expiry.

6.7.2 Futures contracts

Futures contracts are agreements that are unconditionally binding on the parties to them and oblige the parties to either buy or sell a certain quantity of defined underlying instruments (e.g. bonds or equities) at a particular point in

time, the maturity date, or within a specified period of time at a price agreed in advance (exercise price). This generally happens through the collection or payment of the difference between the exercise price and the market price at the time the transaction matures or is closed out.

The Investment Company can, for example, hedge Fund securities by selling futures contracts on these securities for the duration of the contracts.

Insofar as the Investment Company enters into transactions of this kind, the Fund must, if the expectations of the Investment Company are not fulfilled, bear the difference between the price at the time the transaction was entered into and the market price upon maturity or the closing out of the transaction. This represents a potential loss for the Fund. The risk of a loss cannot be determined in advance and may exceed any collateral posted. In addition, it should be noted that the sale of futures contracts and the conclusion of any offsetting transaction (closing out) entail costs.

6.7.3 Swaps

The Investment Company may engage in the following for hedging purposes for the account of the Fund within the framework of the investment principles:

- interest rate swaps
- foreign currency swaps
- cross-currency swaps
- credit default swaps
- swaptions

Swap transactions are contracts in which the underlying cash flows or risks are exchanged between the contracting parties. If changes in the prices or the value of the underlying instruments for the swap are contrary to the Investment Company's expectations, the Fund may incur losses from the transaction.

6.7.4 Swaptions

Swaptions are options on swaps. A swaption is the right, but not the obligation, to enter into a swap with precisely defined conditions at a specified point in time or within a specified period.

6.7.5 Credit default swaps

Credit default swaps are credit derivatives which enable potential credit losses to be transferred to others. The seller pays the other contracting party a premium in return for assuming the credit loss risk. The information on swaps also applies here.

6.7.6 Derivatives evidenced by securities

The Investment Company may also purchase derivatives if they are evidenced by securities. It is also possible for transactions involving derivatives to take the form of securities in part only. The statements made above concerning risks and opportunities also apply *mutatis mutandis* to such derivatives evidenced by securities, with the proviso that the risk of losses in the case of derivatives evidenced by securities is limited to the value of the security.

6.7.7 Listed and unlisted derivatives

The Investment Company may enter into transactions relating to derivatives that are admitted to trading on a stock exchange or that have been included in another organised market.

Transactions relating to derivatives that are not admitted to trading on a stock exchange or that are not included in another organised market (OTC transactions) may only be entered into with suitable credit institutions and financial services institutions on the basis of standardised general agreements. The particular risks associated with such individual transactions stem from the absence of an organised market and therefore of the possibility of selling to a third party. Closing out obligations that have been assumed can be difficult as a result of the individual nature of the agreement, or may involve substantial costs.

In the case of derivatives traded over the counter, the counterparty risk for a contracting party is limited to 5% of the value of the Fund. If the contracting party is a credit institution domiciled in the EU, the European Economic Area, or a third country with a comparable level of supervision, the counterparty risk may amount to up to 10% of the value of the Fund. Over-the-counter derivatives transactions which are concluded with the central clearing agency of a stock exchange or another organised market as counterparties are

not counted towards the counterparty limits if the derivatives are marked to market daily, and daily margin calls are made. Counterparty creditworthiness risk can thus be significantly reduced, although it cannot be completely eliminated.

6.7.8 Properties as underlyings for derivatives transactions

The Investment Company may also invest in derivatives transactions for the Fund that are based on a property that can be acquired for the Fund or on the income stream from such property. These transactions enable the Investment Company to hedge rental and other income from properties held for the Fund in particular against default and exchange rate risks.

6.7.9 Currency risks and use of derivatives transactions to hedge them

Investments in foreign currencies and transactions denominated in foreign currencies entail currency-related opportunities and risks. It should also be borne in mind that foreign currency investments are subject to transfer risks. The Investment Company may enter into derivatives transactions on the basis of currencies or exchange rates for the account of the Fund for the purpose of hedging Fund assets and rent receivables held in foreign currencies.

Such currency hedging transactions, which generally only hedge certain parts of Fund assets, serve to reduce currency risks. However, they cannot exclude the possibility that changes in exchange rates will have a negative impact on the Fund's performance even if hedging transactions have been concluded. The costs of currency hedging transactions and possible losses reduce Fund performance.

The Investment Company must make use of such opportunities in the case of exchange rate risks exceeding 30% of the total value of the Fund. Above and beyond this, the Investment Company will take advantage of these opportunities if and to the extent it deems this to be in the interest of the investors.

6.7.10 Overview of the risks of loss associated with derivatives transactions

As the earnings opportunities offered by derivatives transactions also involve a high risk of loss, investors must be aware that

- the rights of limited duration acquired under forward transactions, for example, can become impaired or expire;
- the risk of loss cannot be determined and may exceed any collateral posted;
- it may not be possible to enter into transactions that are intended to exclude or limit the risks assumed under derivatives transactions that have already been entered into, or it might only be possible to do so at a market price that would cause losses to be incurred;
- the risk of incurring losses is increased if loans are used to meet obligations arising from derivatives transactions or if the obligation arising from derivatives transactions or the related consideration that can be claimed is denominated in a foreign currency or unit of account.

Exercising derivatives transactions which consist of a combination of two basic forms (e.g. options on financial futures) can give rise to additional risks that are based on the resulting contract and can far exceed the original sum committed, e.g. in the form of the price paid for an option.

OTC transactions involve the following additional risks:

- the absence of an organised market may make it difficult to sell derivatives that have been acquired on the OTC market to third parties and the closing out of obligations assumed may be difficult as a result of the individual nature of the agreements, or may involve substantial costs (liquidity risk);
- the economic success of an OTC transaction can be jeopardised by the default of a counterparty (counterparty risk).

The risks associated with derivatives transactions vary in size depending on the position assumed for the Fund.

Thus, Fund losses can

- be limited to the price paid for an option, for example;
- far exceed the collateral posted (e.g. margins) and require additional collateral;

- result in the need to take out debt, hence impacting the Fund, without it always being possible to determine the risk of loss in advance at all times.

6.8 Securities loans

The Fund can lend available securities to third parties at market rates. All the securities held by the Fund can be lent for an indeterminate period of time. In such cases, the Investment Company has the option of serving notice of termination at any time and it is contractually agreed that securities of the same type, quality and quantity will be transferred back to the Fund within five trading days of notice being served. The borrower is obliged, once the loan has ended or been terminated, to return securities of the same type, quality and quantity. In addition, the borrower is obliged to pay interest that becomes due on the securities borrowed to the Custodian Bank for the account of the Fund. In the interest of risk diversification, it is envisaged that, if securities are transferred in the form of a loan, the aggregate securities transferred to a single borrower may not exceed 10% of the value of the Fund. However, a precondition for the transfer of securities in the form of a loan is that the Fund has been provided with sufficient collateral before the securities are transferred. In this regard, bank deposits or securities can be assigned or pledged. These deposits must be denominated in euros or in the currency in which the Fund's units were issued, and must be held at the Custodian Bank or, with its approval, in blocked accounts at other credit institutions domiciled in an EU member state, in another country that is a signatory to the EEA Treaty, or in a third country with equivalent banking supervision. They can also be invested in money market instruments as defined by section 48 of the InvG in the currency of the deposit. The economic position of the borrower of the securities must be taken into account in determining collateral. However, the value of the collateral may not amount to less than the collateral value deriving from the market price of the securities loaned and the related income plus a customary market premium. The Investment Company may use an organised system for the brokerage and settlement of securities lending transactions. If an organised system is used for the brokerage and settlement of securities lending transactions, the posting of collateral can be waived, as the conditions of the system will ensure that the interests of investors are protected. In addition, the 10% borrower

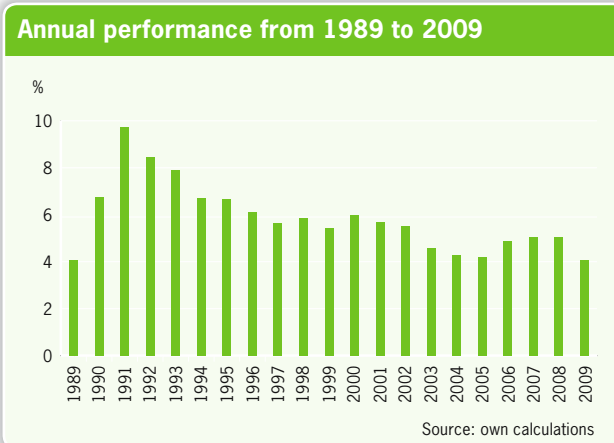
limit does not apply to the organised system when securities lending transactions are settled using it.

6.9 Securities repurchase transactions

The Investment Company can enter into securities repurchase transactions that have a maximum term of twelve months with credit institutions and financial services institutions for the account of the Fund. Fund securities can be transferred to a purchaser within the limits on borrowing to obtain liquidity temporarily, or securities purchased within the limits on bank deposits and money market securities to invest liquidity temporarily. Only genuine repurchase transactions are permitted. In the case of such transactions, the purchaser undertakes to retransfer the securities at a particular time or at a time specified by the seller. If the Fund acts as the seller, it bears the risk of any decline in price that may occur in the meantime, whereas if the Fund acts as the purchaser, it may not be able to benefit from any increase in price that may occur in the meantime as a result of the obligation to retransfer the securities.

No assurance can be given that the goals of the investment policy will be achieved.

7. Fund Performance



Average performance p.a. (31 December 2009)

3-year period	4.7 %
5-year period	4.6 %
10-year period	4.9 %

The return is calculated according to the BVI method.

The Investment Company will provide information in the annual report on the Fund's historical performance and – where necessary due to the different costs charged to the unit classes – that of the unit classes since their launch.

The Fund's historical performance is not necessarily indicative of future performance.

8. Stock Exchanges and Markets

SEB ImmoInvest's units are not admitted to trading on a stock exchange. Equally, the units are not traded on organised markets with the approval of the Investment Company. The Investment Company is aware that units were being traded on the OTC markets in Berlin-Bremen and Hamburg without its permission at the time of writing this Sales Prospectus. It cannot be ruled out that the units are also being traded on other markets.

The market price underlying stock exchange trading or trading in other markets is not solely determined by the value of the assets held in the Fund but also by supply and demand. For this reason, the market price may differ from the unit price calculated.

9. Management and Other Costs

Fees and reimbursements of expenses due to the Investment Company, the Custodian Bank and third parties are not subject to approval by the BaFin. The management and other costs are the same for both unit classes. The only differences relate to the charging of the front-end load for Class I units insofar as the redemption conditions applicable to this unit class are fulfilled

The Investment Company receives annual fees of up to 1.0% of the average value of the Fund for managing the Fund. The average value of the Fund is calculated from the end of month values. The fees are charged pro rata in monthly instalments.

If properties are acquired, sold, developed, or converted for the Fund, the Investment Company is entitled in each case to a one-off fee of up to 1.0% of the purchase or sale price, or of the construction costs.

The provision in paragraph 2 applies mutatis mutandis to the real estate companies held directly or indirectly by the Investment Company for the account of the Fund and their properties. The value of the real estate companies or of the properties held is recognised in proportion to the equity interest held.

The Investment Company uses a portion of the fees paid to it from the Fund to pay regular remuneration to unit brokers ("trail commission"). The amount of such commission generally depends on the Fund volume brokered by the sales partner concerned, as measured on agreed dates.

9.1 Custodian Bank fees

For performing its services, the Custodian Bank shall receive a quarterly fee corresponding to 0.005% of the value of the Fund at the close of each quarter.

9.2 Reimbursement of expenses

In addition to the fees referred to above, the following expenses will be charged to the Fund:

- a) incidental expenses relating to the acquisition, development, sale and encumbrance of properties (including taxes);
- b) the cost of external finance and management costs incurred during real estate management (administrative, maintenance, operating and litigation costs);
- c) costs incurred in relation to the acquisition and sale of other assets;
- d) normal bank custody account fees;
- e) the costs of the Expert Committee;
- f) the costs incurred for the printing and dispatch of the annual and semi-annual reports intended for the investors;
- g) costs incurred for announcing the annual and semi-annual report, the issuing and redemption prices, plus the distributions and the costs of the liquidation report, where appropriate;
- h) the costs relating to the audit of the Fund by the Company's auditors and the costs of announcing the bases for tax assessment and the certification that the tax information has been determined in accordance with the provisions of German tax law;
- i) coupon redemption costs;
- j) coupon sheet renewal costs;
- k) any taxes which may arise in relation to management and custody costs.

The provisions above apply mutatis mutandis to the real estate companies and their properties held directly or indirectly by the Investment Company for the account of the Fund. The value of the real estate companies or of their properties is recognised in proportion to the equity interest held. In derogation of the above, expenses incurred by a real estate company as a result of special requirements under investment law are not charged to the Fund on a pro rata basis, but in full. To the extent that the Investment Company charges its own expenses to the Fund, such expenses must be consistent with the exercise of reasonable discretion. This expenditure must be disclosed in itemised form in the annual reports.

9.3 Information relating to the total expense ratio – TER

The management costs (excluding transaction costs) charged to the Fund are disclosed in the annual report and shown as a percentage of the average fund volume (total expense ratio – TER). This ratio is composed of fees for the management of the Fund, Custodian Bank fees and the additional expenses that may be charged to the Fund (see section 9.2). Costs and incidental costs relating to the acquisition and sale of assets are not included in the total expense ratio.

In connection with transactions performed for the account of the Fund, the Investment Company may receive soft benefits (broker research, financial analyses, market and share price information systems) that it uses in making investment decisions in the interests of the investors. The Investment Company does not receive any reimbursements of the fees and expenses paid to the Custodian Bank and third parties from the Fund assets.

The Investment Company uses a portion of the fees paid to it from the Fund to pay regular remuneration to unit brokers (“trail commission”).

9.4 Special conditions for the acquisition of investment units

In addition to the fee for managing the Fund, an additional management fee is calculated and charged to the Fund for investment units held in the Fund. The total front-end loads and redemption fees that have been charged to the Fund in the reporting period for the issue and redemption of Fund

units are disclosed in the annual report and semi-annual report. The Investment Company also discloses the fees that were charged to the Fund by the Investment Company itself, another investment company, or a company related to the Investment Company by way of a material direct or indirect equity interest, or a foreign investment company, including its management company, as a management fee for the units held in the Fund. In the case of the acquisition of units that are managed directly or indirectly by the Investment Company or another company related to the Investment Company by way of a material direct or indirect equity interest, the Investment Company or the other company may not charge any front-end loads or redemption fees for acquisition and redemption.

10. Sub-funds

SEB ImmoInvest is not a sub-fund of an umbrella fund.

11. Units

Unit Class P

Investors' rights are evidenced exclusively in global certificates when the Fund is launched. These global certificates are held in custody by a securities clearing and deposit bank. The issuer is not entitled to claim delivery of individual unit certificates. Units may only be acquired if they are held in custody.

The units are issued in bearer form and evidence the claims of the holder in relation to the Investment Company. The units do not carry any voting rights.

There is no minimum investment amount.

Unit Class I

Investors' rights are evidenced exclusively in global certificates when Unit Class I is established. These global certificates are held by a securities clearing and deposit bank. The issuer is not entitled to claim delivery of individual unit certificates. Units may only be acquired if they are held in custody.

The units are issued in bearer form and evidence the claims of the holder in relation to the Investment Company. The units do not carry any voting rights.

The minimum investment amount is EUR 5,000,000.

11.1 Issuing and redemption of units

In principle, the number of units which can be issued is unlimited. They can be acquired from the Investment Company, from the Custodian Bank, or via a third party. They are issued by the Custodian Bank at the issuing price. The issuing price for Class P units corresponds to the net asset value per unit (unit value) plus a front-end load (issuing price). The Investment Company reserves the right to stop issuing units temporarily or completely.

The Investment Company is not obliged to execute orders to purchase Fund units or to have them executed by the Custodian Bank. The Investment Company therefore reserves the right to reject orders to purchase Fund units, if necessary without giving any reasons. This applies in particular to large buy orders or to buy orders where the Investment Company suspects that the purchaser is merely interested in a short-term investment in the Fund. The Investment Company therefore recommends that prospective investors wishing to place large buy orders of over EUR 1,000,000 (in words: one million euros) contact the Investment Company in advance.

In principle, investors can demand the redemption of units at any time by placing a redemption order. The redemption agent is the Custodian Bank. Unit certificates can also be redeemed via a third party, which may incur costs. The Investment Company is obliged to redeem units for the account of the Fund at the respective redemption price, which corresponds to the unit value less the redemption fee if applicable. Investors are expressly advised to take note of the consequences of any temporary suspension of unit redemption (see section 11.8).

11.1.1 Issuing and redemption of Class P units

There are no special conditions with regard to the issuing and redemption of Class P units. In particular, there is no minimum investment amount.

11.1.2 Issuing and redemption of Class I units

11.1.2.1 Issuing of Class I units

In principle, the number of units which can be issued is unlimited. Units are issued by the Custodian Bank at the issuing price. The issuing price for Class I units corresponds to the unit value plus a front-end load; however, the front-end load is not charged if investors follow the procedure described under section 5.4. The Investment Company reserves the right to stop issuing Class I units temporarily or completely.

11.1.2.2 Redemption of Class I units

In principle, investors can demand the redemption of units at any time by placing a redemption order. The redemption agent is the Custodian Bank. When Class I units are redeemed, the Investment Company charges the initially deferred front-end load if investors have not followed the procedure described under section 5.4.

Unit certificates can also be redeemed via a third party, although this may result in additional costs being incurred. The Investment Company is obliged to redeem units for the account of the Fund at the respective redemption price, which corresponds to the unit value. The Investment Company will deduct the deferred front-end load from the redemption price if the criteria for waiving the front-end load have not been met (see section 5.4).

Investors are expressly advised to take note of the consequences of any temporary suspension of unit redemption (see section 11.8).

11.1.2.3 Sale and transfer of Class I units

If Class I units are sold and transferred from investor to investor, the previous investor or the purchaser must inform the Investment Company of the transfer of the units, giving the purchaser's name and address. Failure to do so will result in the purchaser losing its right to have the deferred front-end load waived by the Investment Company – even if a redemption order is submitted in good time. If the investor has given notice of unit redemption to the Custodian Bank and thereafter sells its units on the open market or via the stock exchange, the notice given by the seller to the Custodian Bank will not be attributed to the purchaser. This also applies

where unit redemption has been suspended in accordance with section 81 of the InvG.

11.2 Valuation/issuing and redemption price

For the purpose of calculating the issuing and redemption prices of the units, the Investment Company, under the supervision of the Custodian Bank, determines the value of the Fund assets on each trading day, less any loans taken out and other Fund liabilities (net asset value). Dividing the net asset value by the number of units outstanding yields the unit value.

No unit value is computed on New Year's Day, Good Friday, Easter Monday, 1 May, Ascension Day, Whit Monday, Corpus Christi, German Reunification Day, Christmas Eve, Christmas Day, 26 December and New Year's Eve.

The details of the procedure are as follows:

Properties

Properties are included at their purchase price on acquisition and for no longer than twelve months thereafter. Subsequently, they are included at the most recent value determined by the Expert Committee. This value is determined for each property at least once every twelve months. Valuations are spread out evenly over the year to the extent possible to avoid a cluster of new valuations on certain dates. If changes in material valuation factors occur for a particular property, a revaluation may be conducted ahead of schedule. If a heritable building right has been created on a property, the property must be revalued by the Expert Committee within two months.

Construction services

Construction services are stated at book value to the extent that they have not been accounted for in the property valuation.

Equity interests in real estate companies

Equity interests in real estate companies are included at their purchase price on acquisition and for no longer than twelve months thereafter. Subsequently, valuations are based on the monthly statements of assets of the real estate companies. The value of the equity interest is determined at least once every twelve months by an auditor as defined by section 319

of the *Handelsgesetzbuch* (HGB – German Commercial Code) on the basis of the most recent statement of assets. The value calculated is then adjusted by the Investment Company until the next valuation date on the basis of the statements of assets. If changes in material valuation factors occur for a particular equity interest and cannot be reflected using an adjustment, a revaluation may be conducted ahead of schedule.

The properties listed in the statements of assets must be included at the values determined by the Fund's Expert Committee.

Liquidity portfolio

Assets admitted to trading on a stock exchange or traded on an organised market

Assets traded on a stock exchange or included in another organised market and subscription rights to the Fund are valued at the relevant daily price unless stated otherwise in the special valuation rules set out below.

Assets not traded on stock exchanges or on organised markets, or assets for which no tradable price is available

Assets that are not traded on a stock exchange or included in another organised market, or for which no tradable price is available, are valued at the current market value considered to be appropriate after careful assessment in accordance with appropriate valuation models, taking into account the current market situation, unless stated otherwise in the special valuation rules set out below.

11.3 Special valuation rules for individual assets

Unlisted debt securities and borrower's note loans

Debt securities that are not traded on the stock exchange or an organised market (such as unlisted bonds, commercial paper and deposit certificates) as well as borrower's note loans are valued using the prices agreed for comparable debt securities and borrower's note loans and, if applicable, the market prices of bonds issued by comparable issuers with similar terms and yields, if necessary with a discount to account for decreased saleability.

Money market instruments

For money market instruments that are part of the Fund, interest and similar income, as well as expenses (e.g. management fees, Custodian Bank fees, audit expenses, publication costs, etc.) are taken into account up to and including the day before the value date.

Derivatives

Options and futures contracts

Options belonging to a fund and liabilities relating to options granted to third parties that are admitted to trading on a stock exchange or another organised market are valued at the most recent market prices in each case.

The same applies to receivables and liabilities relating to futures sold for the account of the Fund. Margins calls paid on behalf of the Fund are included in the value of the Fund, taking into account the valuation gains and losses determined for the trading day.

Bank deposits, time deposits, investment units and securities lending

Bank deposits are valued at their nominal amount.

Time deposits are valued at the agreed return to the extent that a corresponding agreement has been concluded between the Investment Company and the relevant credit institution stipulating that the time deposit may be terminated at any time and that the funds will be repaid at the agreed return upon termination. The market interest rate used to calculate the agreed return is determined on a case-by-case basis. The corresponding interest receivables are recognised separately.

Receivables (such as deferred interest claims) and liabilities are stated at their nominal value.

Investment units are stated at the redemption price.

Claims for repayment in respect of securities loans are valued on the basis of the market price of the securities transferred under the lending transaction in each case.

Assets denominated in foreign currencies

Assets denominated in foreign currencies are converted to euros at the most recently known exchange rate for the respective currency.

Assets denominated in foreign currencies are converted to euros at the preceding day's exchange rate for the respective currency, based on the Reuters AG midday fixing at 13:30 hours.

Securities repurchase transactions

Securities sold for the account of the Fund under repurchase agreements are still included in the valuation. In addition, the sum received by the Fund under the repurchase transaction must be disclosed as cash funds (bank deposits). Furthermore, a liability from securities repurchase transactions must be reported during valuation in the amount of the discounted repayment obligation.

Securities purchased for the account of the Fund under resale agreements are not included in the valuation. As a result of the payment made by the Fund, the valuation must recognise a receivable from the seller in the amount of the discounted repayment obligation.

Composite assets

Assets consisting of various components must be valued proportionately applying the rules set out above.

11.4 Deadline for acceptance of orders

The Investment Company complies with the principle of equal treatment of all investors by ensuring that no investor can gain an advantage by buying or selling units at previously known unit values. Therefore the Investment Company has established a deadline by which orders for the issuing and redemption of units have to be submitted to it or to the Custodian Bank (deadline for acceptance of orders). A description of the order process including the deadlines for acceptance of orders is published on the Investment Company's website.

11.5 Front-end load/redemption fee

Front-end load

Front-end load for Unit Class P

When calculating the issuing price, a front-end load is added to the unit value to cover issuing expenses. Currently, the front-end load amounts to 5.25% of the unit value. The unit buyer only makes a profit on selling his or her units if the return exceeds the front-end load paid at the time of acquisition. For this reason, a longer investment horizon is recommended when buying investment unit certificates. The front-end load primarily represents remuneration for the distribution of the Fund units. It serves to cover the issuing costs of the Investment Company as well as remuneration for distribution services performed by the Investment Company and third parties.

No redemption fee is levied.

Front-end load for Unit Class I

When calculating the issuing price, a front-end load (currently 5.25%) is added to the unit value. The front-end load is initially deferred.

The Investment Company waives the front-end load entirely if investors follow the procedure described under section 5.4 when redeeming Class I units.

Furthermore, the Investment Company is entitled to deduct the front-end load if, contrary to the section entitled "Sale and transfer of Class I units" (see section 11.1.2.3), investors sell and transfer their units to a third party without informing the Investment Company of the sale. In this case, the Investment Company will deduct the front-end load from the redemption price to be paid to the new investor. This last provision does not apply if the Class I units were sold to a third party on the open market or on the stock exchange during the suspension of unit redemption in accordance with section 81 of InvG and the third party proves that the criteria for waiving the front-end load have been met.

Redemption fee

No redemption fee is currently charged for any unit class.

11.6 Publication of issuing and redemption prices

Issuing and redemption prices are made available at the registered office of the Investment Company and the Custodian Bank. The prices are regularly published in at least one daily or financial newspaper with a sufficiently large circulation or on the Investment Company's website at www.sebassetmanagement.de.

11.7 Costs of unit issue and redemption

Units are issued and redeemed by the Investment Company or the Custodian Bank at the issuing or redemption price without any other costs being charged.

If units are issued or redeemed through the agency of third parties, additional costs may be incurred.

Issuing and redemption of Class I units

These units are issued and redeemed by the Custodian Bank at the issuing price (unit value plus front-end load). However, the front-end load is only charged if the criteria under section 5.4 are not met when the units are redeemed.

11.8 Suspension of redemption

The Investment Company may temporarily suspend the redemption of units if extraordinary circumstances arise which make such suspension appear necessary in the interests of the investors (section 12(4) of the General Fund Rules).

Extraordinary circumstances are deemed to exist in particular if

- a stock exchange on which a substantial portion of Fund securities is traded is closed (with the exception of normal weekends and public holidays), or trading is restricted or suspended;
- assets are not at the Fund's disposal;
- the proceeds of sales cannot be transferred;
- it is not possible to properly calculate the unit value; or
- significant assets cannot be valued.

The Investment Company will advise investors of the suspension and resumption of unit redemption by making an announcement in the electronic *Bundesanzeiger*, as well as on the Investment Company's website at www.sebassetmanagement.de. When the redemption

of units is resumed, investors will receive the redemption price applicable at that time.

As the money paid in to the Fund is generally invested in property in accordance with the investment principles, the Investment Company also reserves the right to refuse to redeem units temporarily (section 12(5) of the General Fund Rules) if, in the event of a large number of redemption requests, bank deposits and the proceeds from the sale of securities, money market instruments and investment units are no longer sufficient to allow payment of the redemption price and to guarantee the proper management of the business, or if they are not immediately available. The Investment Company reserves the right not to redeem the units at the redemption price applicable at that time until after it has sold sufficient assets without delay but while safeguarding the interests of investors. The right to refuse the redemption of units extends for a period of three months.

If there are insufficient liquid funds to cover redemption after the expiry of the aforementioned period, Fund properties must be sold. The Investment Company can refuse redemption until the sale of these properties has been completed on reasonable terms, or for up to one year after the units have been presented for redemption. The one-year period mentioned above can be extended by another year by way of an announcement to investors published in the electronic *Bundesanzeiger* and in a financial or daily newspaper with a sufficiently large circulation or on the Investment Company's website at www.sebassetmanagement.de. Once this period has expired, the Investment Company may take out loans in respect of Fund properties in disregard of the borrowing limits and in excess of the restrictions set out in section 9(2) of the General Fund Rules in order to procure the necessary funds for redemption of the units.

The Investment Company will advise investors of the suspension and resumption of unit redemption by making an announcement in the electronic *Bundesanzeiger*, as well as on the Investment Company's website at www.sebassetmanagement.de. When the redemption of units is resumed, investors will be paid the redemption price applicable at that time.

11.9 Calculation of income

The Fund derives its regular income from the rental income obtained for properties less costs, from equity interests in real estate companies as well as from interest and dividends from its liquidity portfolio. Such income is allocated to the applicable accounting period.

In addition, it earns development project interest, insofar as this is carried as imputed interest rather than the normal market rate applicable to Fund money used for construction projects.

Extraordinary income can arise from the sale of properties, equity interests in real estate companies and liquidity portfolio assets. Capital gains or losses arising from the sale of properties and equity interests in real estate companies are calculated in such a way that the proceeds of any sale (less the costs of sale) are adjusted for the acquisition costs of the property or equity interest in a real estate company after deduction of the maximum depreciation permitted and possible for tax purposes (book value).

Any realised losses on sales are offset against realised gains.

Gains and losses on the sale or redemption of securities are calculated separately for each individual sale or redemption. The average value for all purchases of a particular category of security is applied in determining the gains or losses realised (average cost or continuous costing method).

11.10 Equalisation paid procedure

The Investment Company applies an equalisation paid procedure to the Fund. This means that the net amount of income and expense that accrues during the financial year prior to the purchase or sale of the units, which a unit purchaser has to pay for as part of the issuing price, and the seller of the units receives as part of the redemption price, is calculated on an ongoing basis and reported in the statement of income and expenditure as a distributable item. Equalisation accounting is used to ensure that the distributability per unit in circulation is not affected by inflows and outflows of funds. Otherwise, every inflow of funds would reduce the distributable amount per unit due to the increased number of units, while

every outflow of funds would increase the distributable amount per unit due to the reduced number of units. This method thus prevents a dilution of the distributability per unit in the case of an inflow of funds, and prevents excessively high distributability (“return of capital distribution”) per unit in the case of an outflow of funds. It is thus accepted that an investor who, for example, buys units shortly before the distribution date will receive that part of the issuing price that corresponds to income in the form of a distribution although the capital that is paid in by the investor has not contributed to generating this income.

11.11 Appropriation of income

1. The Investment Company distributes income which has accrued to the Fund from properties, equity interests in real estate companies, the liquidity portfolio and other assets during the financial year and which has not been used to cover costs, after adjustment for the relevant equalisation paid.
2. Funds required for future maintenance must be deducted from the income calculated in this way. Funds required to compensate for property impairments can be deducted.
3. Capital gains can be distributed after adjustment for the appropriate equalisation paid. Capital gains on particular categories of securities can be distributed even if other categories of securities record losses.
4. Development project interest can also be distributed insofar as it is in line with the customary market rate of interest saved.
5. Accrued interest on the liquidity portfolio earned during the period under review is also included in distributions.
6. Distributable income can be carried forward for distribution to subsequent financial years, provided that the total income carried forward does not exceed 15% of the value of the Fund at the end of the financial year in question. Income from short financial years can be carried forward in full.
7. In the interest of maintaining the intrinsic value of the Fund, income can be partly, or in special circumstances completely, reinvested in the Fund.
8. Distributions are paid annually free of charge directly after the publication of the annual report on presentation of the appropriate coupon, if necessary.

11.12 Impact of the distribution on unit value

As the distributed amount is taken from the Fund, the unit value on the date of distribution (ex-date) is reduced by the sum distributed per unit.

11.13 Crediting distributions

If the units are held in a custody account at the Custodian Bank, the branches of the latter will credit the distributions free of charge. If the custody account is maintained at other banks or savings banks, additional costs may be incurred.

All branches of SEB AG will redeem coupons free of charge. Additional costs may be charged for the redemption of coupons by other banks or savings banks.

12. Tax Treatment

Notice regarding important tax regulations for investors (law applicable as from 1 January 2009)

The following information on tax regulations only applies to investors with unlimited tax liability in Germany. Foreign investors are advised to contact their tax advisor prior to acquiring units in the Fund described in this Sales Prospectus in order to clarify the potential tax consequences of such an investment in their respective countries of residence.

As a special purpose fund, the Fund is exempt from corporation tax and trade tax. However, if the units are held as private assets, the taxable income from the Fund is treated as income from capital investments and is subject to income tax to the extent that this income, together with other income from capital investments, exceeds the current lump-sum savings allowance¹⁾.

¹⁾ As from 2009, the lump-sum savings allowance amounts to EUR 801 for single persons and EUR 1,602 for married couples assessed jointly.

²⁾ Gains from the sale of Fund units acquired before 1 January 2009 are tax-free for private investors if the period between acquisition and sale exceeds one year.

25% tax is withheld on income from capital investments (plus the solidarity surcharge and, if applicable, church tax).

Income from capital investments also includes income distributed by the Fund, deemed distributions, interim profits and gains from the purchase and sale of Fund units if these are/were acquired after 31 December 2008²⁾.

In principle, the tax withheld has definitive effect (flat tax), meaning that income from capital investments does not normally have to be disclosed in the investor's income tax return. When withholding the tax, the custodian, as a matter of principle, already offsets any losses and credits any foreign withholding taxes.

However, the tax withheld is not definitive if, among other things, the investor's personal tax rate is lower than the 25% flat tax rate. In this case, investment income may be disclosed in the investor's income tax return. The tax office then applies the lower personal tax rate and counts the tax withheld towards the investor's personal tax liability (*Günstigerprüfung* – "most favourable tax treatment").

If no tax has been withheld on investment income (for example because a gain on the sale of fund units is generated in a foreign custody account), this income must be disclosed in the tax return. This investment income is then also subject to the 25% flat tax rate or to the lower personal tax rate in the course of the assessment.

Even if tax has been withheld and the investor has a higher personal tax rate, disclosures on investment income may be required if extraordinary expenses or special personal deductions (e.g. donations) are claimed in the investor's income tax return.

Units held as business assets are treated as operating income for tax purposes. Tax legislation requires a differentiated approach in order to calculate the amount of taxable income or income subject to investment income tax.

12.1 Units held as private assets (German tax residents)

12.1.1 Domestic rental income, interest and similar income, foreign dividends (particularly from real estate corporations) and gains from the sale of domestic real estate within ten years of acquisition

25% tax is withheld on domestic rental income, interest and similar income, foreign dividends, and gains from the sale of domestic real estate within ten years of acquisition that are distributed or retained by the Fund in the case of domestic custody (plus the solidarity surcharge and, if applicable, church tax).

No tax needs to be withheld if the investor is a German tax resident and submits an exemption instruction, provided that the taxable income components do not exceed the lump-sum savings allowance³⁾.

The same also applies if a non-assessment certificate is submitted or if foreign investors furnish proof of their non-resident status for tax purposes.

Where domestic investors hold the units of an investment fund that is classed as a distributing fund for tax purposes in a German custody account at the Investment Company or a credit institution (custody), the respective custodian, as the paying agent, will not withhold tax provided that, prior to the fixed distribution date, it is presented with either an official exemption instruction for a sufficient amount or a non-assessment certificate issued by the tax office for a maximum of three years. In this case, the entire distribution is credited to the investor without deduction.

If units are held in an investment fund classed as an accumulating fund for tax purposes, the Investment Company itself remits the 25% tax (plus the solidarity surcharge) withheld on the reinvested income that is subject to tax. Consequently, the issuing and redemption prices for the Fund units are

³⁾ As from 2009, the lump-sum savings allowance amounts to EUR 801 for single persons and EUR 1,602 for married couples assessed jointly.

reduced by the tax withheld at the end of the financial year. As the investors are not usually known to the Investment Company, no church tax can be withheld, which means that investors subject to church tax must make the relevant disclosures in their income tax return.

If investors hold their units in a custody account at a German credit institution or a German investment company and submit an exemption instruction for a sufficient amount or a non-assessment certificate to their custodian prior to the end of the Fund's financial year, the remitted tax is credited to their account.

If investors fail to submit an exemption instruction or non-assessment certificate, or fail to submit it in good time, they will receive on request a tax certificate from their custodian detailing the tax and solidarity surcharge withheld and remitted. Investors can then offset the tax withheld against their personal tax liability in the course of their income tax assessment.

If units in distributing investment funds are not held in a custody account and the investor presents coupons to a German credit institution (self-custody), tax is withheld at 25% plus the solidarity surcharge.

Subject to certain conditions, dividends paid by foreign (real estate) corporations may, as qualifying intercompany dividends, be fully tax-free.

12.1.2 Gains from the sale of domestic and foreign properties not falling within the ten-year period

Gains from the sale of domestic and foreign properties not falling within the ten-year period that are generated at the Fund level are always tax-free for the investor.

12.1.3 Foreign rental income and gains from the sale of foreign properties within the ten-year period

Foreign rental income and gains from the sale of foreign properties in respect of which Germany has waived taxation under a double taxation agreement (exemption method) are tax-free (general rule). The tax-free income also has no effect

on the applicable tax rate (the *Progressionsvorbehalt* (progression clause) does not apply).

If, exceptionally, the tax credit method has been adopted under the relevant double taxation agreement or no double taxation agreement was concluded, the information on the treatment of gains from the sale of domestic real estate within ten years of acquisition applies *mutatis mutandis*. The taxes paid in the relevant countries of origin may be set off against German income tax where appropriate, insofar as the taxes paid have not already been claimed as income-related expenses at the level of the Fund.

12.1.4 Gains from the sale of securities, gains from forward transactions and income from option premiums

Gains from the sale of shares, equity-equivalent profit participation rights and investment units, gains from forward transactions and income from option premiums generated at the Fund level are not recognised at the level of the investor unless they are distributed. Gains from the sale of the capital claims listed in section 1(3) sentence 3 number 1 letters a) to f) of the InvStG are also not recognised at the level of the investor unless they are distributed.

These include the following capital claims:

- a) capital claims that have an issue yield;
- b) "normal" bonds and unsecured receivables with a fixed coupon as well as down-rating bonds, floaters and reverse floaters;
- c) risk certificates that track a share price or a published index for a large number of shares 1:1;
- d) equity-linked bonds, exchangeable bonds and convertible bonds;
- e) flat income bonds and profit participation rights classified as debt instruments; and
- f) bonds cum warrants.

If gains from the sale of the above-mentioned securities/capital claims, gains from forward transactions, and income from option premiums are distributed, they are taxable in principle; 25% tax is withheld if the units are held in a domestic custody account (plus the solidarity surcharge and, if applicable, church tax). However, distributed gains from the sale of secu-

rities and gains from forward transactions are tax-free if the securities – at the investment fund level – were acquired before 1 January 2009 or the forward transactions were entered into before 1 January 2009.

Gains from the sale of capital claims that are not included in the above list must be treated in the same way as interest for tax purposes (see above).

12.1.5 Domestic dividends (particularly from real estate corporations)

Domestic dividends paid by (real estate) corporations that are distributed or retained by the Fund are taxable in principle at the investor level.

When distributing or retaining income, the Investment Company withholds 25% tax on domestic dividends (plus the solidarity surcharge). The custodian also takes applications for the retention of church tax into account when making distributions.

Investors are immediately reimbursed the 25% tax withheld (plus the solidarity surcharge) in full if the units are held in custody by the Investment Company or a German credit institution and an exemption instruction for a sufficient amount or a non-assessment certificate has been received there. Otherwise, investors can offset the 25% tax withheld (plus the solidarity surcharge) against their personal income tax liability by supplying a tax certificate from their custodian.

12.1.6 Income from equity interests in domestic and foreign real estate partnerships

Income from equity interests in domestic and foreign real estate partnerships must be reported for tax purposes at Fund level at the end of the financial year of the partnership concerned. It must be measured in accordance with general tax principles.

12.1.7 Negative taxable income

Should negative income remain after being offset against similar positive income at Fund level, this is carried forward at Fund level for tax purposes. It can be offset against similar future positive taxable income at Fund level in subsequent periods. Negative taxable income may not be directly allocated to investors. This means that such negative amounts

will only be reflected in investors' income tax assessments in the assessment period (tax year) in which the Fund's financial year ends, or in which the distribution for the Fund's financial year for which the negative taxable income is offset at Fund level takes place. Claims by investors for the negative income account to be taken into account in earlier income tax assessments are not possible.

12.1.8 Return of capital distributions

Return of capital distributions (e.g. in the form of development project interest) are not taxable.

However, return of capital distributions that investors receive during their period of ownership must be added to the taxable net income from the sale of the fund units, i.e. they increase the taxable profit.

12.1.9 Capital gains at investor level

If units in an investment fund that were acquired after 31 December 2008 are sold by a private investor, the capital gains are subject to the 25% flat tax. If the units are held in a domestic custody account, the custodian withholds the tax. The 25% tax (plus the solidarity surcharge and, if applicable, church tax) need not be withheld if a sufficient exemption instruction or a non-assessment certificate is submitted.

If units in an investment fund that were purchased before 1 January 2009 are resold by a private investor within twelve months of purchase (taxable period), any capital gains are taxable as income from private disposals. If the total gains from "private disposals" during a calendar year amount to less than EUR 600, these gains are tax-free (exemption limit). If the exemption limit is exceeded, the total private capital gains are taxable.

If units purchased before 1 January 2009 are sold outside the taxable period, the gains are tax-free for private investors.

In calculating the capital gains, the interim profit at the time of acquisition must be deducted from the acquisition costs, and the interim profit at the time of disposal must be deducted from the sale price, so that interim profits are not taxed twice (see below). The retained income that the investor has

already taxed must also be deducted from the sale price, so that double taxation is avoided in this respect as well.

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

The Investment Company publishes the gain from real estate on each valuation date as a percentage of the value of the investment unit.

12.2 Units held as business assets (German tax residents)

12.2.1 Domestic rental income, interest and similar income

Domestic rental income and interest and similar income are taxable in principle at the level of the investor⁴⁾. This applies regardless of whether this income is retained or distributed.

Tax need only not be withheld, or withheld tax can only be refunded, upon presentation of a corresponding non-assessment certificate. Otherwise, investors receive a certificate documenting the tax withheld.

12.2.2 Foreign rental income

Germany generally exempts rental income from foreign properties from taxation (exemption due to a double-taxation agreement). However, investors that are not incorporated entities are subject to the *Progressionsvorbehalt*.

If, exceptionally, the tax credit method has been adopted under the relevant double taxation agreement or no double taxation agreement has been concluded, income taxes paid in the relevant countries of origin can be offset against German income tax or corporation tax where appropriate, insofar as the taxes paid have not already been claimed as income-related expenses at the Fund level.

12.2.3 Gains from the sale of domestic and foreign properties

Retained gains from the sale of domestic and foreign properties are of no significance for tax purposes at the investor level if they were generated outside the ten-year period at Fund level. Gains only become taxable upon distribution, whereby Germany generally does not tax foreign gains (exemption due to a double-taxation agreement).

Gains from the sale of domestic and foreign properties within the ten-year period, whether retained or distributed, are taxable at the investor level. Gains from the sale of domestic properties are fully taxable.

Germany generally exempts gains from the sale of foreign properties from taxation (exemption due to a double-taxation agreement). However, investors that are not incorporated entities are subject to the *Progressionsvorbehalt*.

If, exceptionally, the tax credit method has been adopted under the relevant double taxation agreement or no double taxation agreement has been concluded, income taxes paid in the relevant countries of origin can be offset against German income tax or corporation tax where appropriate, insofar as the taxes paid have not already been claimed as income-related expenses at the level of the Fund.

Tax need only not be withheld, or withheld tax can only be refunded, upon presentation of a corresponding non-assessment certificate. Otherwise, investors receive a certificate documenting the tax withheld.

12.2.4 Gains from the sale of securities, gains from forward transactions and income from option premiums

Gains from the sale of shares, equity-equivalent profit participation rights and investment units, gains from forward transactions and income from option premiums are of no significance for tax purposes at the investor level if they are retained. Gains from the sale of the following capital claims

⁴⁾ Pursuant to section 2(2a) of the InvStG, the taxable interest must be taken into account in relation to the earnings stripping rule in accordance with section 4h of the EStG.

are also not recognised at the level of the investor unless they are distributed:

- a) capital claims that have an issue yield;
- b) “normal” bonds and unsecuritised receivables with a fixed coupon as well as down-rating bonds, floaters and reverse floaters;
- c) risk certificates that track a share price or a published index for a large number of shares 1:1;
- d) equity-linked bonds, exchangeable bonds and convertible bonds;
- e) flat income bonds and profit participation rights classified as debt instruments; and
- f) bonds cum warrants.

If these gains are distributed, they are taxable at the investor level. Gains from the sale of shares are fully⁵⁾ tax-free for investors that are corporations or 40% tax-free for other corporate investors such as sole proprietorships (*Teileinkünfteverfahren* – German partial income method). Capital gains from bonds/capital claims, gains from forward transactions and income from option premiums are fully taxable, however.

Gains/losses from the sale of capital claims that are not included in the above list must be treated in the same way as interest for tax purposes (see above).

Distributed capital gains on securities, distributed gains on forward transactions and distributed income from option premiums are subject in principle to withholding tax (25% investment income tax plus the solidarity surcharge). This does not apply to gains from the sale of securities purchased before 1 January 2009 and to gains from forward transactions entered into before 1 January 2009. However, the paying agent shall not withhold any tax in particular if the investor is a corporation with unlimited tax liability or if the investment income represents operating income of a domestic business and this is declared to the paying agent by the creditor of the investment income in an official form.

12.2.5 Domestic and foreign dividends (particularly from real estate corporations)

Dividends paid by domestic and foreign real estate corporations that are distributed or retained on units held as business assets are tax-free⁶⁾ for corporations with the exception

of dividends in accordance with the *REIT-Gesetz* (German REIT Act). Sole proprietorships are required to tax 60% of this income (*Teileinkünfteverfahren*).

Domestic dividends are subject to withholding tax (25% investment income tax plus the solidarity surcharge).

Foreign dividends are generally subject to withholding tax (25% investment income tax plus the solidarity surcharge). However, the paying agent shall not withhold any tax in particular if the investor is a corporation with unlimited tax liability (corporations as defined by section 1(1) nos. 4 and 5 of the *Körperschaftsteuergesetz* (KStG – German Corporation Tax Act) must submit a certificate from their tax office to the paying agent) or the foreign dividends represent operating income of a domestic business and this is declared to the paying agent by the creditor of the investment income in an official form.

Subject to certain conditions, dividends paid by foreign (real estate) corporations may, as qualifying intercompany dividends, be fully tax-free. In this case, sole proprietorships are subject only to the *Progressionsvorbehalt*.

12.2.6 Income from equity interests in domestic and foreign real estate partnerships

Income from equity interests in domestic and foreign property partnerships must be reported for tax purposes at Fund level at the end of the financial year of the partnership concerned. It must be measured in accordance with general tax principles.

12.2.7 Negative taxable income

Should negative income remain after being offset against similar positive income at Fund level, this is carried forward at Fund level for tax purposes. It can be offset against similar future positive taxable income at Fund level in subsequent periods. Thus such negative amounts will only be reflected in investors' income tax assessments in the assessment period (tax year) in which the Fund's financial year ends, or in which

⁵⁾ In the case of corporations, 5% of the capital gains from shares are considered to be non-deductible business expenses and are therefore taxable.

⁶⁾ In the case of corporations, 5% of the dividends are considered to be non-deductible business expenses and are therefore taxable.

the distribution for the Fund's financial year for which the negative taxable income is offset at Fund level takes place. Claims by investors for the negative income to be taken into account for earlier income tax or corporation tax assessments are not possible.

12.2.8 Return of capital distributions

Return of capital distributions (e.g. in the form of development project interest) are not taxable. For an investor required to prepare accounts, this means that the return of capital distributions must be recognised in income in the financial accounts and an offsetting liability must be expensed in the tax accounts, thus technically reducing the historical acquisition cost without affecting tax.

12.2.9 Capital gains at investor level

Gains from the sale of units held as business assets are tax-free for business investors, provided that these consist of foreign rental income that has not yet been received or that is considered to have not yet been received, and realised or unrealised Fund gains from foreign properties, insofar as Germany has waived taxation (gain from real estate).

The Investment Company publishes the gain from real estate on each valuation date as a percentage of the value of the investment unit.

Furthermore, gains from the sale of units held as business assets are tax-free⁶⁾ for corporations if they are due to dividends that have not yet been received or that are considered to have not yet been received, and realised or unrealised Fund gains from domestic and foreign real estate corporations (gain from shares). Sole proprietorships are required to tax 60% of these capital gains.

The Investment Company publishes the gain from shares on each valuation date as a percentage of the value of the investment unit.

12.3 Non-residents for tax purposes

If a non-resident for tax purposes holds units in a distributing investment fund in a securities account at a German custodian (custody), no tax is withheld on interest and similar income, capital gains on securities, gains on forward transac-

tions, and foreign dividends if the investor furnishes proof of his or her non-resident status for tax purposes. The extent to which tax withheld on domestic dividends may be offset or reimbursed for a foreign investor depends on the double taxation agreement between the investor's country of residence and the Federal Republic of Germany. If the custodian concerned is unaware of the investor's non-resident status or if proof of this status is not furnished in good time, the foreign investor is required to apply for reimbursement of the tax withheld in accordance with section 37(2) of the *Abgabenordnung* (AO – German Tax Code) to the tax office at the place of business of the custodian.

If a foreign investor holds units of accumulating investment funds in a securities account at a German custodian, the investor is reimbursed the 25% tax withheld plus the solidarity surcharge (unless this applies to domestic dividends) on furnishing proof of his or her non-resident status for tax purposes. If the application for reimbursement is made too late, the investor may apply for reimbursement in accordance with section 37(2) of the AO even after the income is retained, as in the case where proof of non-resident status is furnished too late by investors holding units of distributing funds.

12.4 Solidarity surcharge

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

If no tax is withheld or if tax withheld is reimbursed where income is retained – for example, because a sufficient exemption instruction, a non-assessment certificate, or proof of non-resident status for tax purposes has been submitted – there is no requirement to remit the solidarity surcharge or, in the case of retained income, the withheld solidarity surcharge is reimbursed.

12.5 Church tax

If income tax has already been levied via the tax withheld by a German custodian (withholding agent), the church tax payable on it is levied as a surcharge to the tax withheld in accordance with the church tax rate for the religious community to which the person subject to church tax belongs. To this end,

persons subject to church tax must inform the withholding agent in a written application that they are a member of a particular religion. In the application, married couples must also declare the proportion of the spouses' entire investment income constituted by the investment income that is attributable to each spouse, so that the church tax can be allocated, retained and remitted in this ratio. If no allocation ratio is indicated, the allocation is made on a per capita basis.

The deductibility of church tax as a special personal deduction is already recognised as reducing the tax burden when the tax is withheld.

12.6 Foreign withholding tax

Withholding tax is sometimes retained on the Fund's foreign income in the country of origin.

The Investment Company may deduct the eligible withholding tax as an income-related expense at Fund level. In this case, the foreign withholding tax cannot be offset or deducted at investor level.

If the Investment Company does not exercise its option to deduct the foreign withholding tax at Fund level, the offsettable withholding tax will be recognised as reducing the tax to be withheld.

12.7 Equalisation paid

Those portions of the issuing price attributable to income for issued units that are eligible for inclusion in the distribution (equalisation paid procedure) are to be treated in the same way for tax purposes as the income to which these portions of the issuing price are attributable.

12.8 Separate determination of profits and external audits

The bases for tax assessment calculated at Fund level must be determined separately. For this purpose, the Investment Company must submit a profit determination return (*Feststellungserklärung*) to the responsible tax office. Amendments to the returns, for example as a result of an external tax audit by the tax authorities (section 11 (3) InvStG), take effect in the financial year in which the amended return became non-contestable. The amended return is then allocated to inves-

tors for tax purposes at the end of this financial year or on the date on which the distribution for this financial year is made.

This means that the financial effects of the correction of errors impact those investors holding units in the Fund at the time at which the error was corrected. The tax effects may be either positive or negative.

12.9 Taxation of interim profits

Interim profits consist of income included in the sale or redemption price for interest received or accrued as well as gains from the sale of capital claims not listed in section 1(3) sentence 3 number 1 letters a) to f) of the InvStG that have not yet been distributed or retained by the Fund and that are therefore not yet taxable for the investor (comparable to accrued interest on fixed-income securities). Interim profits generated by the Fund are subject to income tax when units are redeemed or sold by German tax residents. 25% tax is withheld on interim profits (plus solidarity surcharge and, if applicable, church tax).

Interim profits paid on the purchase of units may be deducted as negative income for income tax purposes in the year of payment. They are already recognised as reducing the tax burden when the tax is withheld. If the interim profits are not published, 6% of the payment made in connection with the redemption or sale of the investment unit must be recognised per annum as interim profits.

Interim profits may also be ascertained regularly from the account and income statements supplied by the banks.

12.10 Effects of merging funds

The transfer of all assets of a fund to another fund in accordance with section 40 of the InvG does not result in the realisation of hidden reserves either at the level of the funds concerned or at investor level, i.e. this process is tax-neutral.

12.11 Classification as transparent, semi-transparent and non-transparent funds

The taxation principles outlined above (transparent taxation) only apply if all information is provided on the bases for tax assessment in accordance with section 5(1) sentence 1 of

the InvStG (tax information disclosure requirement). This also applies to the extent that the Fund has acquired units in other funds within Germany and in investment stock corporations, EU investment fund shares and foreign investment fund shares that are not EU investment fund shares (target funds within the meaning of section 10 of the InvStG) and that these comply with their tax information disclosure requirements.

The Investment Company endeavours to provide all the information on the bases for tax assessments to which it has access.

However, no guarantee can be given that the disclosure requirement will be fulfilled, especially if the Fund has acquired target funds and these do not comply with their tax information disclosure requirements. In this case, the distributions and the interim profits of the respective target funds as well as 70% of the increase in the value of the respective target fund in the past calendar year (but at least 6% of the redemption price) are recognised as taxable income at the Fund level.

Furthermore, the Investment Company endeavours to disclose information on the bases for tax assessments not covered by section 5(1) of the InvStG (such as, in particular, gains from shares, gains from real estate and interim profits).

12.12 EU Savings Tax Directive/*Zinsinformationsverordnung* (ZIV – German Interest Information Regulation)

The *Zinsinformationsverordnung* (ZIV – German Interest Information Regulation), which implements Council Directive 2003/48/EC of 3 June 2003, OJ EU no. L 157 p. 38, is designed to ensure the effective cross-border taxation of interest income accruing to natural persons within the territory of the European Union. The European Union has entered into agreements that largely correspond to the Savings Tax Directive with a number of third countries (and in particular with Switzerland, Liechtenstein, the Channel Islands, Monaco and Andorra).

Under these agreements, interest income that is credited by a German credit institution (which to this extent acts as a paying agent) to a natural person living in a European country other than Germany or in certain third countries is reported

by the German credit institution as a matter of principle to the Bundeszentralamt für Steuern (the Federal German Central Tax Office) and by the latter ultimately to the foreign tax office in the person's country of residence.

Correspondingly, interest income received by natural persons in Germany from foreign credit institutions located in other European countries or certain third countries is ultimately reported by the foreign credit institutions to the German tax office at the person's place of residence. Alternatively, certain foreign states deduct withholding taxes that can be offset in Germany.

In concrete terms, therefore, this affects private investors resident in the European Union and in the third countries that have acceded to the Directive who maintain custody accounts or current accounts in another EU country and generate interest income there.

Among other countries, Luxembourg and Switzerland have undertaken to retain a withholding tax of 20% on interest income (from 1 July 2011: 35%). Investors receive a certificate as part of the tax documentation that they can use to offset the withholding tax deducted when filing their income tax returns.

Alternatively, private investors can elect to be exempted from tax deduction abroad by issuing a voluntary disclosure authorisation for their interest income to the foreign credit institution; this permits the institution concerned to refrain from deducting tax and instead to report the income to the tax authorities specified in the legislation.

According to the ZIV, the investment company must specify for each German and foreign fund whether it is subject to the ZIV ("in scope") or not ("out of scope").

The ZIV contains two material investment thresholds to assist in this assessment.

If a maximum of 15% of the fund assets consist of receivables as defined by the ZIV, the paying agents, which ultimately refer to the data reported by the investment company, do not have to submit reports to the Bundeszentralamt

für Steuern. However, exceeding the 15% threshold triggers a requirement on the part of the paying agents to disclose the interest portion of the dividend to the Bundeszentralamt für Steuern.

If the 40% threshold is exceeded, the interest portion contained in the redemption or sale of the fund units must be disclosed. If the fund is a distributing fund, the interest portion contained in the distribution must also be reported to the Bundeszentralamt für Steuern. Logically enough, if the fund is an accumulating fund, a disclosure is only made when fund units are redeemed or sold.

12.13 Property purchase tax

The sale of units in the Fund does not give rise to any property purchase tax.

12.14 Limited tax liability in Austria

On 1 September 2003, the *Immobilien-Investmentfondsgesetz* (ImmoInvFG – Austrian Real Estate Investment Fund Act) came into effect in Austria. This Act introduced a limited tax liability in respect of the gains generated from Austrian real estate by foreign investors in open-ended real estate funds. Tax is levied on current rental income and on the appreciation in value of the Austrian real estate as revealed by the annual valuation. This limited tax liability applies to individual investors who are neither domiciled nor have their habitual residence in Austria (in the case of corporations, which are neither headquartered in nor managed from Austria). For natural persons, the rate of tax on this income is 25% in Austria. If the investor's taxable income in Austria amounts to no more than EUR 2,000 per calendar year, the investor is not required to submit a tax return, and the income remains tax-free. If this limit is exceeded or if a demand to this effect is issued by the responsible Austrian tax office, a tax return must be filed in Austria. For corporations, the tax rate in Austria is 25%. There is no statutory allowance for corporations as there is for natural persons. Tax office 1/23 in Vienna is responsible for taxation. The income applicable to one unit that is subject to limited tax liability in Austria is presented separately in the annual report. The investor must multiply this amount by the number of units he or she holds at the distribution date.

12.15 French 3% tax

Since 1 January 2008, German investment funds have, in principle, fallen within the scope of a special French tax (known as the "French 3% tax") that is levied annually on the market value of properties located in France. Subject to certain conditions, the French law provides for an exemption from the 3% tax for foreign investment funds. The French tax authorities are currently assessing the status of German investment funds. As a result, the question of whether the Fund owes the 3% tax has not yet been clarified.

If the German Fund itself is not exempt from the French special tax (the so-called 3% tax), investors who hold 5% or more of the Fund's assets – measured in terms of their indirect interest in the French properties held by the Fund – fall in principle within the scope of the French 3% tax that is levied annually on the market value of the French properties. In this case, investors will have to ensure that they are exempt from the tax at an individual level.

Notice:

This information concerning taxation is based on the legal position as it is known to stand at present. It is intended for those persons with unlimited income or corporation tax liability in Germany. No assurance can be given that the tax treatment will not change as a result of legislation, court rulings, or decrees issued by the tax authorities. Such changes may also be introduced retrospectively and could have an adverse effect on the tax consequences described above. Details of the taxation of Fund income can be found in the annual reports.

The information given in this Prospectus merely represents a summary and does not claim to be a full and exhaustive treatment of all tax aspects that could be material in view of the individual investor's personal circumstances. It is therefore recommended that investors seek advice from a tax adviser on the tax consequences of purchasing, holding and selling investment units.

Legal and tax risk

Amendments to inaccurately determined bases of taxation for the Fund for past financial years (e.g. as a result of exter-

nal tax audits) may lead, in the case of a correction with negative tax consequences for investors, to investors having to carry the tax burden arising out of the correction for previous financial years even if they were not invested in the Fund at the time. Conversely, the situation may arise for investors in which they no longer benefit from a positive tax correction for the current and for past financial years in which they were invested in the Fund because they have redeemed or sold their units before the corresponding correction is implemented.

In addition, corrections to the tax data may result in taxable income and tax benefits being assessed for tax purposes in a different tax period than that actually applicable, which may have negative effects on individual investors.

13. Consulting and Outsourcing

13.1 Consulting firms

SEB AG has been engaged by the Investment Company to provide investment advice for the SEB Vermögensverwaltungsfonds umbrella construction, including all sub-funds. SEB AG advises the Investment Company on the individual transactions to be entered into for the funds: SEB AG is a credit institution and at the same time acts as the Custodian Bank for the Fund, including all sub-funds.

13.2 Outsourcing

The company has assigned the following tasks to other companies:

- Monitoring of employee transactions and front and parallel running
- Internal audits of SEB Investment GmbH
- Distribution management, product strategy and human resources support services
- Finance, reporting, IT and risk management
- Management of an institutional fund
- Administration of UCITS funds, mixed funds and *Altersvorsorge*sondervermögen (pension contribution plans)
- Management of investment accounts
- Reviewing whether trading transactions in interest-bearing securities are in line with market conditions

14. Reports, Financial Year and Auditor

1. At the end of each financial year on 31 March, the Investment Company shall provide investors with an extensive report containing a comprehensive statement of assets and a statement of income and expenditure, as well as information about the taxation of income. The annual report shall appear no later than four months after the end of the financial year. The Investment Company will prepare a semi-annual report as of the middle of each financial year on 30 September; this report will appear no later than two months after the middle of the financial year.

The annual reports and semi-annual reports can be obtained directly from the Investment Company. In addition, these documents can be inspected at the Custodian Bank and at the distribution partners. The Investment Company shall provide information on its website at www.sebassetmanagement.de regarding the investment limits used in the Fund's risk management, its risk management methods, and recent risk and return trends in the Fund's most important asset categories.

2. The financial year of the Fund begins on 1 April and ends on 31 March of the following year.
3. PricewaterhouseCoopers Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, has been engaged as the Fund auditor.

15. Preconditions for Fund Liquidation

Investors are not entitled to apply for the liquidation of the funds. The Investment Company may, however, terminate the management of a fund by giving at least six months' notice by way of a publication in the electronic *Bundesanzeiger* and in either the annual report or the semi-annual report.

Furthermore, the right of the Investment Company to manage the Fund lapses if insolvency proceedings have been opened over the assets of the Investment Company or if an application to open insolvency proceedings has been refused on the grounds of insufficient assets. The Fund does not form part of the insolvency assets of the Investment Company.

In such cases, the Fund will be transferred to the Custodian Bank, which will wind up the Fund and distribute the proceeds among the investors.

15.1 Procedure for Fund liquidation

If the Fund is to be liquidated, this will be announced in the electronic *Bundesanzeiger* and on the Investment Company's website at www.sebassetmanagement.de. The issuing and redemption of units will cease. The proceeds obtained from the sale of Fund assets, less such costs as are still to be borne by the Fund and less the costs incurred as a result of liquidation, will be distributed among the investors, who will be entitled to payment of the liquidation proceeds in proportion to the units held by them in the Fund. The liquidation of the Fund may require a long period of time. Investors will be advised of the individual stages in the liquidation process by means of liquidation reports obtainable from the Custodian Bank and issued on the customary reporting dates.

In the event that the Fund is liquidated, investors will be advised by way of an announcement in the electronic *Bundesanzeiger* and on the Investment Company's website at www.sebassetmanagement.de of the liquidation proceeds payable and when and where these will be made available.

Liquidation proceeds that have not been claimed can be deposited at the local court with jurisdiction over the Investment Company.

The provisions of the *Hinterlegungsordnung* (Deposit Regulation) of 10 March 1937 apply to the rights of investors.

16. Transfer of the Fund's Total Assets

The Fund's total assets can be transferred to another fund at the end of the financial year. Equally, at the end of the financial year of another fund, the total assets of that fund can be transferred to SEB ImmoInvest. A different transfer date may also be chosen with the approval of the BaFin.

The other fund must also be managed by the Investment Company. Its investment principles and limits, the front-end loads or redemption fees as well as the fees to be paid to the Company and the Custodian Bank may not differ significantly from those of SEB ImmoInvest.

The Investment Company must publish the resolution to transfer the assets in the electronic *Bundesanzeiger* and on the Investment Company's website at www.sebassetmanagement.de. The transfer shall take place three months after the publication unless an earlier date is determined with the approval of the BaFin.

16.1 Procedure for transferring a fund's total assets

On the transfer date, the value of the fund receiving the assets and that of the fund transferring the assets are calculated, the exchange ratio is determined and the whole process is audited by the auditor. The exchange ratio is the ratio of the net asset value of the fund transferring the assets to that of the fund receiving the assets at the time of the transfer. Investors will receive the number of units in the new fund equal in value to their units in the fund transferring the assets. The issue of the new units to the investors of the investment fund transferring the assets shall not count as an exchange. The units issued shall replace the units of the investment fund transferring the assets. A fund may only transfer its total assets to another fund if the transfer has been approved by the BaFin.

17. Other Funds Managed by the Investment Company

The Investment Company manages the following mutual funds, which are not the subject of this Sales Prospectus:

a) *UCITS funds*

BfS EuroRenten d-54 SEB Invest

BfS Nachhaltigkeitsfonds Ertrag – SEB Invest

SEB Aktienfonds

SEB EuroCompanies

SEB Europafonds

SEB Geldmarkt Euro

SEB MoneyMarket

SEB Total Return Bond Fund

SEB Total Return Quant Fund

SEB Unilever-Mitarbeiter-Fonds

SEB Zinsglobal

and the SEB Real Estate Equity umbrella construction comprising the SEB Real Estate Equity Global sub-fund and two other mutual funds with a limited group of investors

b) *Real estate funds*

SEB ImmoPortfolio Target Return Fund
SEB Global Property Fund

c) *Mixed funds*

SEB Vermögensverwaltungsfonds Kapitalprotekt Substanz and the SEB Vermögensverwaltungsfonds umbrella construction comprising the SEB Vermögensverwaltungsfonds Kapitalprotekt, SEB Vermögensverwaltungsfonds Total Return and SEB Vermögensverwaltungsfonds Total Return Chance sub-funds

d) *Altersvorsorge-Sondervermögen* (pension contribution plans)

SEB GenerationPlus

In addition, there are 38 special funds.

18. Unit Buyer's Right of Revocation in Accordance with Section 126 of the InvG

If the purchaser of units has been induced to make a declaration indicating his or her intent to purchase units as a result of verbal negotiations outside the permanent business premises of the person who has sold or arranged the sale of the units, the purchaser is bound by this declaration only if he or she does not revoke it by advising the Investment Company to this effect in writing within a period of two weeks. This shall also apply if the person selling or arranging the sale of the units has no permanent business premises.

This time period is complied with if the revocation is dispatched within the time allowed. The revocation period only starts running when the purchaser has been handed a copy of the application to enter into the agreement or has been sent a purchase statement containing a notification of the right of revocation that complies with the requirements of section 355(2) sentence 1 of the *Bürgerliches Gesetzbuch* (BGB – German Civil Code). In the event of a dispute as to when the period starts running, the burden of proof lies with the seller.

The right of revocation does not exist if the seller proves that the purchaser acquired the units in the course of his or her business or that the seller visited the buyer at the latter's prior invitation for the purpose of negotiations which led to the sale of the units (section 55(1) of the *Gewerbeordnung* (Trade Regulation)).

If the revocation has taken place and the purchaser has already made payments, the Investment Company is obliged to pay to the purchaser, where appropriate, contemporaneously with the return of the units already acquired, the costs paid and an amount which corresponds to the value of the units paid for on the day following receipt of the declaration of revocation.

The right of revocation cannot be waived.

This information applies mutatis mutandis to the sale of units by the investor.

General Fund Rules

governing the legal relationship between investors and SEB Investment GmbH, Frankfurt am Main, (hereinafter referred to as the “Company”) with regard to the real estate funds launched by the Company. These General Fund Rules are only valid in conjunction with the Special Fund Rules for the relevant fund.

1 General Principles

1. The Company is an investment company and is subject to the provisions of the *Investmentgesetz* (InvG – German Investment Act).
2. The Investment Company invests the money deposited with it in its own name and for the joint account of the investors in assets permitted by the InvG in line with the principle of risk diversification. These assets are invested separately from the Company's own assets in the form of funds. The Company issues documents (unit certificates) embodying the resulting rights of the investors.
3. The assets are the property of the Company.
4. Land, heritable building rights and rights in the form of residential property ownership, partial ownership, residential heritable building rights and partial heritable building rights as well as rights of usufruct over properties are subsumed under the term “properties” in the General Fund Rules and the Special Fund Rules.
5. The legal relationship between the Investment Company and the investor is governed by these Fund Rules and the InvG.

2 Custodian Bank

1. The Company shall appoint a credit institution as its Custodian Bank; the Custodian Bank shall act independently of the Company and in the investors' interests only.

2. The Custodian Bank is responsible for performing the supervisory and control duties laid down in the InvG and in these Fund Rules.

3 Experts

1. The Company shall appoint at least one Expert Committee to value properties. This Committee must consist of three members and a substitute member.
2. Each member must be an independent, impartial and reliable person with appropriate professional expertise and sufficient practical experience with regard to the type of real estate to be valued by him or her and the regional real estate market in question. Section 77(2) sentences 3 and 4 of the InvG must be observed with regard to their financial independence.
3. The Expert Committee is responsible for performing the tasks assigned to it by the InvG and the Fund Rules in accordance with by-laws to be issued by the Company. The Expert Committee is required to promptly value the following in particular:
 - a) the properties belonging to the Fund or owned by a real estate company, at least once yearly;
 - b) the properties intended for disposal by the Company or a real estate company.
4. In addition, after a heritable building right is created, the Expert Committee must reappraise the value of the property within two months.
5. A property may only be acquired for the Fund or for a real estate company in which the Fund holds a direct or indirect equity interest if it has previously been valued by an expert as defined by subsection (2) sentence 1 who is not a member of an Expert Committee formed by the Company.
6. An equity interest in a real estate company may only be directly or indirectly acquired for the Fund if the properties reported in the real estate company's annual financial

statements or statement of assets were valued by an expert as defined by subsection (2) sentence 1 who is not a member of an Expert Committee formed by the Company.

4 Fund Management

1. The Company shall acquire and manage the assets in its own name for the joint account of the investors, and with the diligence of a prudent businessman. In carrying out its tasks, it acts independently of the custodian bank and in the interests of the investors and the integrity of the market only.
2. The Company is authorised to acquire assets with the money deposited by the investors, to dispose of these assets and to invest the proceeds elsewhere. It is also authorised to perform any other legal acts resulting from the management of the assets.
3. The Company shall make decisions on the disposal of properties or equity interests in real estate companies in accordance with the principles of proper management (section 9(1) sentence 1 of the InvG). This shall not affect disposals made after the suspension of unit redemption in accordance with section 12(5).
4. The Company may not grant loans or enter into obligations arising from sureties or guarantee agreements for the joint account of the investors; it may not sell assets as defined in sections 47, 48 and 50 of the InvG that do not belong to the Fund at the time the transaction is concluded. This shall not affect section 51 of the InvG. In derogation of sentence 1, the Company or a third party appointed by it may grant loans to a real estate company for the account of the Fund, insofar as the Company is directly or indirectly invested in the real estate company for the account of the Fund. This loan may not exceed 50% of the market value of the properties held by the real estate company.

5 Investment Principles

1. The Company shall determine the following in the Special Fund Rules:
 - a) what properties can be acquired for the Fund;

- b) if, and to what extent, equity interests in real estate companies can be acquired for the account of the Fund;
- c) if, and on what conditions, properties belonging to the Fund may be encumbered with heritable building rights;
- d) if, and to what extent, investments may be made in derivatives as defined by section 51 of the InvG for the account of the Fund to hedge assets. When using derivatives, the Company will observe the statutory regulation on risk management and risk measurement in funds (the *Derivateverordnung* or *DerivateV* – Derivatives Regulation) issued in accordance with section 51(3) of the InvG.

2. The properties and equity interests in real estate companies intended for acquisition must be expected to generate sustainable income.

6 Liquidity, Investment and Issuer Limits

1. In acquiring, managing and disposing of assets for the Fund, the Company shall comply with the limits and restrictions set out in the InvG and the Fund Rules.
2. Unless stipulated otherwise in the Special Fund Rules, the following may be held within the framework of the maximum liquidity requirements to the extent permitted by law (section 80(1) of the InvG):
 - a) bank deposits in accordance with section 49 of the InvG;
 - b) money market instruments in accordance with sections 48 and 52 no. 2 of the InvG;
 - c) securities that are authorised as collateral for credit operations by the European Central Bank or the Deutsche Bundesbank in accordance with Article 18.1 of the Protocol on the Statute of the European System of Central Banks and the European Central Bank, or for which an application for authorisation will be made in accordance with the conditions of issue, provided that such authorisation is granted within a year of issue;
 - d) investment units in accordance with section 50 of the InvG or units in special funds in accordance with section 50(1) sentence 2 of the InvG that according to the Fund Rules may only be invested in assets as set out under sections a), b) and c);
 - e) securities that are admitted to trading on an organised market as defined in section 2(5) of the

Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) or fixed-income securities, provided that these do not exceed 5% of the value of the Fund; and additionally

- f) shares in REIT stock corporations or comparable interests in foreign legal persons admitted to one of the markets listed in section 47(1) numbers 1 and 2 of the InvG or included in these markets, provided that the value of these shares or interests does not exceed 5% of the value of the Fund and the criteria outlined in Article 2(1) of Council Directive 2007/16/EC are met.
3. The proportion of the Fund that may be held in the form of bank deposits is specified in the Special Fund Rules. The Company may only invest up to 20% of the value of the Fund in the form of bank deposits at any one credit institution.
 4. In individual cases, securities and money market instruments issued by a single party, including securities and money market instruments purchased under repurchase agreements, may exceed the 5% threshold and account for up to 10% of the value of the Fund. However, the total value of securities and money market instruments from these issuers may not exceed 40% of the value of the Fund.
 5. Only up to 20% of the value of the Fund may be invested at one and the same institution in a combination of:
 - securities or money market instruments issued by this institution;
 - deposits at this institution;
 - weightings for the counterparty risk associated with transactions entered into with this institution in derivatives which are not admitted to trading on a stock exchange or included in another organised market.
 6. The Company may invest up to 35% of the value of the Fund in each case in debt securities, borrower's note loans and money market instruments issued or guaranteed by the German Federal Government, a German Federal State, the European Communities, an EU member state or its regional authorities, another signatory state to the EEA Agreement, a third-party country, or an international organisation to which at least one EU member state belongs. The Company may invest up to 25% of the value of the Fund in each case in mortgage bonds, municipal bonds and debt securities issued by credit institutions domiciled in an EU member state or in another signatory state to the EEA Treaty, if the credit institutions are subject to special public supervision on the basis of statutory regulations designed to protect the holders of these debt securities and if, in accordance with the statutory regulations, the funds raised when the debt securities were issued are invested in assets that are sufficient to cover the liabilities arising from the debt securities throughout their entire term and that are prior-ranking with regard to repayments falling due and interest payments in the case of the issuer defaulting.
 7. The limit set out in subsection 6 sentence 1 may be exceeded for securities and money market instruments from a single issuer in accordance with section 62 of the InvG insofar as the Special Fund Rules provide for this and specify the name of the issuer. In such cases, the securities and money market instruments held for the account of the Fund must come from at least six different issues, and no more than 30% of the value of the Fund may be held in any one issue.
 8. The Company must hold at least 5% of the value of the Fund in demand deposits.

Sentence 1 applies to the issuers and guarantors named in subsection 6, subject to the proviso that a combination of the assets and weightings specified may not exceed 35% of the value of the Fund. This shall not affect the individual upper limits in each case.

7 Securities Loans

1. The Company may grant a securities borrower securities loans for the account of the Fund for an indefinite period in return for a fee in line with prevailing market rates, and following the furnishing of sufficient collateral, provided that the total of the market price of the securities which are to be transferred and the market price of any securities already transferred to the same borrower in the form

of a securities loan for the account of the Fund does not exceed 10% of the value of the Fund.

2. If the securities borrower furnishes the collateral for the securities transferred in the form of credit balances, the Company may invest these credit balances in money market instruments as defined by section 48 of the InvG that are denominated in the currency of the credit balances. The Fund is entitled to the income from the collateral.
3. The Company may also make use of a system organised by a securities clearing and deposit bank or another company specified in the Special Fund Rules whose business purpose is the settlement of cross-border securities transactions for third parties to arrange and settle securities loans, even if this system does not meet the requirements laid down in sections 54 and 55 of the InvG, provided that the conditions for this system ensure that the interests of the investors are protected.

8 Securities Repurchase Transactions

1. The Company may enter into securities repurchase transactions as defined by section 340b(2) of the *Handelsgesetzbuch* (HGB – German Commercial Code) with credit institutions or financial services institutions for the account of the Fund and in return for a fee.
2. The securities repurchase transactions must involve securities that may be acquired for the Fund in accordance with the Fund Rules.
3. The securities repurchase transactions shall have a maximum term of twelve months.

9 Borrowings and Encumbrance of Properties

1. Unless the Special Fund Rules provide for a lower percentage figure, the Investment Company may take out loans of up to 50% of the market value of the properties belonging to the Fund for the joint account of the investors, provided that the limit in accordance with section 82(3) sentence 2 of the InvG is not exceeded. In addition, the Company may take out short-term loans of up to 10% of the value of the Fund for the joint account of the investors. Sums that the Company has received as a transferor under a repurchase

agreement must be counted towards this amount. Loans may only be taken out if the conditions are in line with prevailing market conditions and the Custodian Bank consents to the loan being taken out.

2. The Company may encumber properties belonging to the Fund, and assign and encumber receivables from legal relationships relating to properties (encumbrances) if this is compatible with proper business management and provided that the Custodian Bank consents to the encumbrances because it considers the relevant conditions to be in line with prevailing market conditions. It may also take over encumbrances when acquiring properties. Unless the Special Fund Rules provide for a lower percentage figure, the total of the individual encumbrances may not exceed 50% of the market value of all properties belonging to the Fund. Encumbrances relating to the suspension of unit redemptions in accordance with section 12(5) of the General Fund Rules and ground rents are not affected by this.

10 Transfer of the Fund's Total Assets to Another Fund

1. The Company may transfer this Fund's total assets to another fund or transfer the total assets belonging to another fund to this Fund if
 - a) both funds are managed by the Company,
 - b) the investment principles and limits specified in the Fund Rules for these funds do not differ significantly,
 - c) the fees to be paid to the Company and the custodian bank, the front-end load and the redemption fees do not differ significantly,
 - d) the fund's total assets are transferred at the financial year-end of the fund transferring the assets (transfer date); the value of the fund receiving the assets and that of the fund transferring the assets are calculated on the transfer date; the exchange ratio is determined; the assets and liabilities are taken over; the entire transfer procedure is audited by the auditor; and the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin – Federal Financial Supervisory Authority) has approved the transfer of the assets, during the course of which the investors' interests must be adequately protected. Another transfer date may be specified with the

approval of the BaFin; section 44(3) and (6) of the InvG shall be applied accordingly.

2. The exchange ratio is the ratio of the net asset value of the fund transferring the assets to that of the fund receiving the assets at the time of the transfer. The resolution by the Company to transfer all assets belonging to a fund to another fund must be announced; section 43(5) sentence 1 of the InvG shall be applied mutatis mutandis. The transfer may not take place within three months of the announcement being made unless an earlier date is specified with the approval of the BaFin. The new units in the fund receiving the assets are deemed to have been issued to the investors in the fund transferring the assets at the start of the day after the transfer date.
3. Subsection 1(c) does not apply to the merger of individual funds to form a single fund with different unit classes. In this instance, the share of the fund attributable to the unit class must be calculated instead of the exchange ratio specified in subsection 2 sentence 1.
4. The issue of the new units to the investors of the investment fund transferring the assets shall not count as an exchange. The units issued shall replace the units in the investment fund transferring the assets.

11 Unit Certificates

1. The unit certificates shall be issued in bearer form for one or several units.
2. The units can have different rights especially with regard to the allocation of income, the front-end load, the redemption fee, the currency of the unit value, the management fee, the minimum investment amount, or a combination of the above-mentioned features (unit classes). Detailed information on this is provided in the Special Fund Rules.
3. The unit certificates shall bear at least the handwritten or duplicated signatures of the Company and the Custodian Bank. In addition, they shall be countersigned in the original by an authorised officer appointed by the Custodian Bank.

4. Unit certificates are transferable. When a unit certificate is transferred, the rights evidenced by it pass to the holder. The holder of a unit certificate is always deemed the rightful owner in relation to the Company.

5. If the rights of investors are to be certificated in individual unit certificates or multiple certificates rather than in a global certificate when the Fund is established, or if the rights of investors in a unit class are to be certificated in individual unit certificates or multiple certificates rather than in a global certificate when the unit class is introduced, the details will be specified in the Special Fund Rules.

12 Issue and Redemption of Unit Certificates, Suspension of Redemption

1. In principle, the number of units which can be issued and the number of corresponding unit certificates is unlimited. The Company reserves the right to stop issuing units temporarily or completely.
2. Units can be acquired from the Company, the Custodian Bank, or via a third party.
3. The investors have the right to redeem their units from the Company at any time provided that the Special Fund Rules do not specify anything different. The Company is obliged to repurchase the units at the then valid redemption price for the account of the Fund. The redemption agent is the Custodian Bank.
4. However, the Company reserves the right to suspend the redemption of units if extraordinary circumstances arise which make such suspension appear necessary in the interests of the investors.
5. In particular, the Company reserves the right to temporarily refuse the redemption of units for liquidity reasons in order to protect investors. If the bank deposits and the proceeds from the sale of the money market instruments, investment units and securities held are not sufficient to allow payment of the redemption price and to guarantee orderly ongoing management, or if they are not immediately available, the Company has the right to refuse redemption for a period of three months. If, after the expiry of the period specified

above, there are still insufficient funds to cover redemption, properties belonging to the Fund must be sold. The Company can refuse redemption until the sale of these properties has been completed on reasonable terms, or for up to one year after the units have been presented for redemption. The above period of one year can be extended by a further year. The extension must be announced in the electronic *Bundesanzeiger* and additionally in a financial or daily newspaper with a sufficiently large circulation or in the electronic information media specified in the Sales Prospectus. Once this period has expired, the Company may take out loans in respect of properties in disregard of the borrowing principles and in excess of the limit on encumbrances of properties set out in the Special Fund Rules in order to procure the necessary funds to redeem the units. When the redemption of units is resumed, the new issuing and redemption prices must be published in the electronic *Bundesanzeiger* and in a financial or daily newspaper with a sufficiently large circulation or in the electronic information media described in the Sales Prospectus.

13 Issuing and Redemption Price

1. The issuing and redemption prices of the units are calculated by determining the value of the assets belonging to the Fund (net asset value) at the points in time stipulated in subsection 5 and dividing this figure by the number of outstanding units (unit value). If different unit classes are introduced for the Fund in accordance with section 11(2), the unit value and the issuing and redemption price must be calculated separately for each unit class. The assets shall be valued in accordance with the principles for determining prices set out in the InvG and in the regulations issued under it.
2. When calculating the issuing price, a front-end load can be added to the unit value to cover issuing expenses. Apart from this front-end load, the Company will only use other sums originating from the contributions made by the purchasers of the units to cover costs where this has been provided for in the Special Fund Rules.
3. The redemption price is the unit value determined in accordance with subsection 1, subject to any redemption fee. Insofar as the Special Fund Rules provide for a redemption

fee, the Custodian Bank shall pay the unit value minus the redemption fee to the investor and the redemption fee to the Company. Detailed information on this is provided in the Special Fund Rules.

4. The settlement date for unit purchases and redemption orders is the value determination date following receipt of the unit purchase or redemption order at the latest.
5. Issuing and redemption prices are calculated on each trading day of each year. The Company and Custodian Bank may dispense with such calculation on public holidays which are also trading days, as well as on 24 and 31 December of each year; further details are provided in the Sales Prospectus.

14 Costs

Details of expenditure and the fees due to the Company, the Custodian Bank and third parties that can be charged to the account of the Fund are given in the Special Fund Rules. In the case of fees as defined in sentence 1, the Special Fund Rules must also provide details of the method of calculation applied, the amount due and the basis of calculation.

15 Financial Reporting

1. The Company shall publish an annual report including a statement of income and expenditure in accordance with section 44(1) and section 79(1) and (2) of the InvG, at the latest four months after the end of the financial year of the Fund (for financial years ending before 1 January 2009: at the latest three months).
2. The Company shall publish a semi-annual report in accordance with section 44(2) and section 79(1) and (2) of the InvG at the latest two months after the middle of the financial year.
3. If the right to transfer the Fund to another investment company is exercised during the course of the financial year, the Company shall prepare an interim report as of the transfer date meeting the standards of an annual report in accordance with section 44(1) and section 79(1) and (2) of the InvG.

4. These reports can be obtained from the Company, the Custodian Bank and other agents cited in the Sales Prospectus; they are also announced in the electronic *Bundesanzeiger*. (Additionally, reports referring to a financial year ending prior to 1 January 2009 are announced in a financial or daily newspaper with a sufficiently large circulation or in the electronic information media described in the Sales Prospectus.)

16 Termination and Liquidation of the Fund

1. The Company may terminate the management of the Fund giving at least six months' notice by means of an announcement in the electronic *Bundesanzeiger* and additionally in the annual report or semi-annual report.
2. The Company undertakes to terminate management of the Fund on being required to do so by the BaFin if the assets of the Fund are worth less than EUR 150 million four years after its launch.
3. The Company's right to manage the Fund expires once termination takes effect. In this case, the Fund passes to the Custodian Bank, which must wind up the Fund and distribute the proceeds of liquidation to the investors. During the liquidation period, the Custodian Bank may claim the fee due to the Company.
4. On the day its right to manage the Fund expires in accordance with section 38 of the InvG, the Company shall prepare a liquidation report meeting the standards of an annual report in accordance with section 44(1) and section 79(1) and (2) of the InvG.

17 Amendments to the Fund Rules

1. The Company may amend the Fund Rules.
2. Amendments to the Fund Rules, including the Appendix to the Special Fund Rules, require the prior approval of the BaFin, with the exception of those regulations governing the expenditure and fees due to the Company, the Custodian Bank, and third parties which can be charged to the Fund (section 43(2) sentence 1 in conjunction with section 41(1) sentence 1 of the InvG). Changes to the invest-

ment principles of the Fund in line with sentence 1 require the prior approval of the Supervisory Board of the Company.

3. All planned amendments will be announced in the electronic *Bundesanzeiger* and also in a financial or daily newspaper with a sufficiently large circulation or in the electronic information media described in the Sales Prospectus together with information on when they come into force and – with the exception of amendments in accordance with subsections 4 and 5 – enter into force no earlier than the day after they are announced in the electronic *Bundesanzeiger*.
4. Amendments to the rules governing expenditure and the fees due to the Company, the Custodian Bank, and third parties (section 41(1) sentence 1 of the InvG) enter into force six months after they are announced if no earlier date has been specified with the approval of the BaFin. The announcement is made in accordance with subsection 3.
5. Amendments to the Fund's existing investment principles enter into force six months after they are announced. The announcement is made in accordance with subsection 3.

18 Place of Performance, Jurisdiction

1. The place of performance shall be the domicile of the Company.
2. If the investor has no general place of jurisdiction in Germany, the place of jurisdiction is the registered office of the Company.

Special Fund Rules

governing the legal relationship between investors and SEB Investment GmbH, Frankfurt am Main, (hereinafter referred to as the “Company”) with regard to the

SEB ImmoInvest

real estate fund launched by the Company. These Special Fund Rules are only valid in conjunction with the General Fund Rules for the Company’s real estate funds.

CUSTODIAN BANK

1 Custodian Bank

The Custodian Bank for the Fund is SEB AG, domiciled in Frankfurt am Main.

INVESTMENT PRINCIPLES AND LIMITS

2 Properties

1. The Company may acquire the following properties for the Fund to the extent permitted by law (section 67(1) and (2) of the *Investmentgesetz* (InvG – German Investment Act))
 - a) residential properties for letting, commercial properties and properties for mixed use;
 - b) properties under development, up to 20% of the value of the Fund;
 - c) undeveloped properties which are intended and suitable for own development in accordance with a) in the near future, up to 20% of the value of the Fund;
 - d) heritable building rights subject to the preconditions laid down in a) to c);
 - e) other properties and other heritable building rights and rights in the form of residential property ownership, partial ownership, residential heritable building rights and partial heritable building rights, up to 15% of the value of the Fund;
 - f) rights of usufruct attaching to properties in accordance with a) which serve to fulfil public functions, up to 10% of the value of the Fund.

2. The Company may acquire assets as defined in subsection 1 in a country which is not a signatory state to the EEA Treaty, provided that the statutory requirements set out in section 67(3) of the InvG are fulfilled. The country in question and the maximum proportion of the value of the Fund that may be invested in this country must be listed in an Appendix forming part of these Special Fund Rules.
3. Any loans taken out are not included when calculating the value of the Fund for the statutory and contractual investment limits in accordance with subsection 1 letters b), c), e) and f) and subsection 2.
4. When selecting properties, the Company should aim for appropriate diversification for the Fund in terms of size, location and tenants (sectors).

3 Equity Interests in Real Estate Companies

1. The Company may acquire equity interests in real estate companies to the extent permitted by law (sections 68 to 72 of the InvG), provided that the purpose of these companies, as defined in their Shareholders’ Agreement or Articles of Association, is limited to activities which the Company is authorised to perform for the Fund. Under its Shareholders’ Agreement or Articles of Association, the real estate company may only acquire assets as defined in section 2 and items required to manage the assets or equity interests in other real estate companies. Equity interests in real estate companies shall be taken into account in relation to the investment limits in accordance with section 2, and in calculating the applicable statutory limits in this context.
2. If a loan is granted to a real estate company in accordance with section 4(4) sentence 3 of the General Fund Rules, the Company must ensure that
 - a) the terms and conditions of the loan are in line with prevailing market conditions,
 - b) the loan is sufficiently collateralised,
 - c) in the event of the sale of the equity interest, it is agreed that the loan will be repaid within six months of the sale,

- d) the sum total of the loans granted to a single real estate company for the account of the Fund does not exceed 50% of the value of the properties held by the real estate company,
- e) the sum total of the loans granted to the real estate companies for the account of the Fund does not exceed 25% of the value of the Fund. Loans taken out must not be deducted when calculating the limit.

4 Encumbrance with Heritable Building Rights

1. The Company may encumber properties belonging to the Fund as defined in section 2(1) letters a), b), c) and e) with heritable building rights, provided that the value of the property for which a heritable building right is to be created together with the value of the properties for which heritable building rights have already been created do not exceed 10% of the value of the Fund. The loans taken are not included when calculating the value of the Fund.
2. These encumbrances may only be made if unforeseeable circumstances prevent the properties being used as originally intended, or if they prevent the Fund from being economically disadvantaged, or if they allow the sensible economic use of the properties by the Fund.

5 Maximum Liquidity

1. Up to 49% of the value of the Fund may be held as investments in accordance with section 6(2) of the General Fund Rules (maximum liquidity). The following committed funds shall be deducted when calculating this limit:
 - funds required to ensure orderly ongoing management;
 - funds earmarked for the next distribution;
 - funds needed to fulfil liabilities under legally binding property purchase contracts, under loan agreements required for pending investments in specific properties, and for specific construction measures, as well as funds required under construction contracts, insofar as these liabilities will fall due in the next two years.
2. Assets in accordance with subsection 1 belonging to the Fund may also be denominated in foreign currencies.

6 Currency Risk

The assets held for the account of the Fund may only be subject to a currency risk insofar as the value of the assets subject to such a risk does not exceed 30% of the value of the Fund.

7 Derivatives Used for Hedging

1. The Company may use derivatives in the management of the Fund. In line with the type and volume of derivatives used, the Company may use either the simple approach or the qualified approach as defined by the *Derivateverordnung* (DerivateV – German Derivatives Regulation) to calculate the degree of utilisation of the market risk limit for the use of derivatives laid down in section 51(2) of the InvG. Further details are regulated in the Sales Prospectus.
2. If the Company uses the simple approach, it may only invest in derivatives whose underlyings are assets that may be acquired for the Fund in accordance with section 6(2) letters b) to f) of the General Fund Rules and properties that may be acquired in accordance with section 2(1). In accordance with section 6(2) of the DerivateV, the Company shall confine itself in this case exclusively to using in the Fund the following basic forms of derivatives, or combinations of these derivatives or combinations of assets that may be acquired for the Fund and these derivatives;
 - a) futures contracts on assets in accordance with section 6(2) letters b) to f) of the General Fund Rules and on properties in accordance with section 2(1), interest rates, exchange rates, or currencies;
 - b) options or warrants on assets in accordance with section 6(2) letters b) to f) of the General Fund Rules and on properties in accordance with section 2(1), interest rates, exchange rates, or currencies and on futures contracts in line with a), if they have the following features:
 - aa) they may be exercised either during the entire term or only at expiry and
 - bb) there is a linear relationship at the time the option is exercised between the value of the option and the positive or negative difference between the exercise price and the market value of the under-

- lying, and the value of the option becomes zero if the plus/minus sign for the difference is reversed;
- c) interest rate swaps, foreign currency swaps and cross-currency swaps;
- d) options on swaps listed in letter c) above, provided that they have the features defined in letters aa) and bb) of subsection b) above (swaptions);
- e) credit default swaps on assets in accordance with section 6(2) letters b) to f) of the General Fund Rules and on properties in accordance with section 2(1), provided that they are used exclusively and demonstrably to hedge the credit risk of specifically attributable Fund assets. In this context, the weighting of the Fund's exposure to interest rate and equity price risk, or exchange rate risk, which must be calculated in accordance with section 16 of the DerivateV, may not exceed twice the value of the Fund at any point.
3. Futures contracts, options, or warrants on investment units in accordance with section 6(2) letter d) of the General Fund Rules, are not permitted.
4. If the Company uses the qualified approach, it may invest – subject to the existence of a suitable risk management system – in any derivatives whose underlyings are assets that may be acquired in accordance with section 6(2) letters b) to f) of the General Fund Rules, and properties that may be acquired in accordance with section 2(1), or that are interest rates, exchange rates, or currencies. These include options, financial futures contracts and swaps in particular, as well as combinations of these. In this context, the market value at risk attributable to the Fund may not exceed twice the market value at risk for the market risk of the reference assets in accordance with section 9 of the DerivateV at any time.
5. Under no circumstances may the Company deviate from the investment principles and limits specified in the General and Special Fund Rules or the Sales Prospectus during these transactions.
6. The Company will use derivatives solely for hedging purposes.
7. In calculating the market risk limit when using derivatives, the Company may switch from the simple approach to the qualified approach at any time in accordance with section 7 of the DerivateV. Switching to the qualified approach does not require the BaFin's approval; however, the Company must notify the BaFin of the switch without delay and must announce it in the next semi-annual or annual report.

8 Securities Loans and Securities Repurchase Transactions

Sections 7 and 8 of the General Fund Rules must be taken into account with regard to the investment principles and limits.

UNIT CLASSES

9 Unit Classes

1. Unit classes in accordance with section 11(2) of the General Fund Rules can be established for the Fund that differ in terms of the appropriation of their income, their front-end load, the currency of the unit value including the use of currency hedges, the management fee, the minimum investment amount, or a combination of these features. Unit classes may be formed at any time at the Company's discretion.
2. Currency hedges may be entered into in favour of a single currency unit class only. In the case of currency unit classes whose currency has been hedged (reference currency) the Company may also, independently of section 7 of the Special Fund Rules, use exchange rate or currency derivatives as defined in section 51(1) of the InvG with the aim of avoiding losses in unit value resulting from exchange rate losses relating to fund assets which are not denominated in the reference currency for the unit class.
3. The unit value is calculated separately for each unit class by allocating the costs of launching new unit classes, the distributions (including any taxes payable from the Fund assets), the management fee and the gains or losses on currency hedges attributable to a specific unit class, including any equalisation paid where appropriate, exclusively to the unit class in question.

4. The existing unit classes shall be listed individually in the detailed Sales Prospectus and in the annual and semi-annual report. The defining features of the unit classes (appropriation of income, currency of the unit value, management fee, front-end load, minimum investment amount, or a combination of these features) shall be described in the detailed Sales Prospectus and in the annual and semi-annual report.

UNIT CERTIFICATES, ISSUING PRICE, REDEMPTION PRICE, REDEMPTION OF UNITS AND COSTS

10 Unit Certificates

To the extent that investors' rights are evidenced by unit certificates that bear the name BfG ImmoInvest or SEB ImmoInvest, these unit certificates remain valid.

11 Issuing and Redemption Price

The front-end load for each unit class amounts to 5.5% of the unit value. The Company has the right to levy lower front-end loads or to waive the front-end load for one or more unit classes.

12 Costs ⁷⁾

1. The Company discloses the management fee charged for each unit class in the detailed Sales Prospectus and in the annual and semi-annual report. The management fee for each unit class is up to 1.0% of the average Fund value per annum, calculated using the values at the end of each month. The Company is entitled to receive payment of proportional monthly advances on this amount. The Company has the right to charge a lower management fee or to waive the management fee for one or more unit classes.
2. If properties are acquired, developed, converted, or sold for the Fund, the Company is entitled to claim a one-off fee of up to 1% of the purchase price or construction costs.
3. For performing its services, the Custodian Bank shall receive a quarterly fee corresponding to 0.005% of the value of the Fund at the close of each quarter.
4. In addition to the fees referred to above, the following expenses will be charged to the Fund:

- a) incidental costs relating to the acquisition and sale of land and the acquisition, sale, development and encumbrance of properties (including taxes);
- b) the cost of external finance and management costs incurred during real estate management (administrative, maintenance, operating and litigation costs);
- c) costs incurred in relation to acquisition and selling activities, and the acquisition and sale of other assets;
- d) normal bank custody account fees;
- e) the costs of the Expert Committee and other experts;
- f) costs incurred for the printing and dispatch of the annual and semi-annual reports intended for the investors;
- g) costs incurred for announcing the annual report and semi-annual report, the issuing and redemption prices, any costs incurred for announcing amended Fund Rules as well as distributions and the liquidation report;
- h) the costs relating to the audit of the Fund by the Company's auditors and the costs of announcing the bases for tax assessment and the certification that the tax information has been determined in accordance with the provisions of German tax law;
- i) coupon redemption costs;
- j) coupon sheet renewal costs;
- k) any taxes which may arise in relation to management and custody costs.

5. The provisions contained in subsections 2 and 4 apply mutatis mutandis to the equity interests in real estate companies held directly or indirectly by the Company for the account of the Fund and their properties. The value of the real estate companies, or the value of their properties, is recognised in proportion to the equity interest held. In derogation of the above, expenses as defined in subsection 4 incurred by the real estate company as a result of special requirements of the InvG are not charged to the Fund on a pro rata basis, but in full.

⁷⁾ The provisions relating to costs are not subject to approval by the BaFin.

The Company must disclose in the annual report and semi-annual report the total front-end loads and redemption fees that have been charged to the Fund in the reporting period for the acquisition and redemption of Fund units as defined in section 50 of the InvG. In the case of the acquisition of units that are managed directly or indirectly by the Company itself or another company related to the Company by way of a material direct or indirect equity interest, the Company or the other company may not charge any front-end loads or redemption fees for acquisition and redemption. The Company must disclose in the annual report and semi-annual report the fees charged to the Fund by the Company itself, another investment company, an investment stock corporation with variable capital, another company related to the Company by way of a material direct or indirect equity interest, or a foreign investment company, including its management company, as remuneration for managing the units held in the Fund.

ALLOCATION OF INCOME AND FINANCIAL YEAR

13 Distributions

1. The Company distributes income for the distributing unit classes that has accrued during the financial year for the account of the Fund from properties and other assets and that has not been used to cover costs, after adjustment for the equalisation paid.
2. Funds required for future maintenance must be deducted from the income calculated in accordance with subsection 1. Funds required to compensate for property impairments can be deducted.
3. Capital gains – after adjustment for the equalisation paid – and development project interest, insofar as this is in line with the interest saved (calculated at prevailing market rates) can also be distributed.
4. Distributable income in accordance with subsections 1 to 3 can be carried forward for distribution in subsequent financial years provided that the total income carried forward does not exceed 15% of the value of the Fund at the end of the financial year in question. Income from short financial years can be carried forward in full.
5. In the interest of maintaining the intrinsic value of the Fund, income can be partly, or in special circumstances completely, reinvested in the Fund.
6. Distributions are paid annually directly after the publication of the annual report at the paying agents stated in the distribution announcements.

14. Accumulation

In the case of accumulating unit classes, the Company shall reinvest in the Fund the proportionate income that has accrued during the financial year for the account of the Fund from real estate and other assets and that has not been used to cover costs, as well as the capital gains on disposal of the accumulating unit classes, after adjustment for the equalisation paid.

15. Financial Year

The financial year of the Fund begins on 1 April and ends on 31 March of the following year.

APPENDIX

List of countries outside of the EEA in which properties can be acquired after prior examination of the conditions for acquisition by the Investment Company for the SEB Immo-Invest real estate fund, in accordance with section 2(2) of the Special Fund Rules.

The proportion of the Fund's value that may be invested in each country is as follows:

- Australia, China including Hong Kong, Japan, USA: up to 66% of the value of the Fund
- Brazil, Canada, India, Indonesia, Malaysia, Mexico, New Zealand, Russian Federation, Singapore, South Korea, Switzerland, Taiwan: up to 45% of the value of the Fund
- Argentina, Bolivia, Chile, Colombia, Costa Rica, Croatia, Dominican Republic, Egypt, Israel, Monaco, Morocco, Paraguay, Peru, Saudi Arabia, South Africa, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, Venezuela: up to 30% of the value of the Fund

Information on the Investment Company and its Bodies

Investment Company

SEB Investment GmbH
Rotfeder-Ring 7, 60327 Frankfurt am Main, Germany
P.O. Box, 60283 Frankfurt am Main, Germany
Phone: +49 (0) 69 2 72 99-10 00
Fax: +49 (0) 69 2 72 99-0 90
Subscribed and
paid-up capital: EUR 5.113 million
Liable capital: EUR 11.556 million
(as of 30 April 2010)
Frankfurt am Main Commercial Register, HRB 29859
Date of formation: 30 September 1988

Management

Barbara A. Knoflach
Matthias Bart
Choy-Soon Chua
Siegfried A. Cofalka
Thomas Körfgen
Axel Kraus

Supervisory Board

Fredrik Boheman
Head of SEB Wealth Management,
Stockholm, Sweden
– Chairman –

Jan Sinclair
Chairman of the Board of Directors of SEB AG,
Frankfurt am Main, Germany
– Deputy Chairman –

Peter Kobiela

Auditors

PricewaterhouseCoopers Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft,
Frankfurt am Main, Germany

Shareholders

SEB AG, Frankfurt am Main, Germany (6%)
SEB Asset Management AG, Frankfurt am Main, Germany
(94%)

Expert Committee A

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

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

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

Expert Committee B

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

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

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

