

Prospectus with investment conditions | As at 15 March 2019

Prospectus

Property investment fund *hausInvest*
Commerz Real Investmentgesellschaft mbH



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Prospectus

The purchase and sale of shares in the property investment fund *hausInvest* is carried out on the basis of this prospectus, the Key Investor Information and the General Investment Conditions in conjunction with the Special Investment Conditions in the respective current version. The General Investment Conditions and Special Investment Conditions are printed on pages 46 et seq. following this prospectus. This prospectus must be provided free-of-charge in its current version to any party interested in acquiring a share in the property investment fund *hausInvest* together with the Key Investor Information and the most recently published annual report as well as any semi-annual reports which may have been published after the annual report in good time before the contract is concluded. The party interested in acquiring a share must also be informed about the most recent net asset value of the property investment fund *hausInvest*.

Any information or explanations deviating from the prospectus must not be handed out. All purchases and sales of shares based on information or explanations which are not contained in the prospectus or the Key Investor Information are carried out exclusively at the risk of the buyer. The prospectus is supplemented by the last respective annual report and any semi-annual report which may have been published after the annual report.

Commerz Real Investmentgesellschaft mbH (“The Company”) and / or the property investment fund *hausInvest* are and will not be registered in accordance with the United States Investment Company Act of 1940 in its currently valid version. The shares of the fund are and will not be registered in accordance with the United States Securities Act of 1933 in its currently valid version or in accordance with the securities laws of a federal state of the United States of America. Shares in the property investment fund *hausInvest* may not be offered or sold either in the United States or to a US person or offered or sold on their account. If necessary, applicants must prove that they are not US persons and that they are neither acquiring shares on behalf of US persons nor selling them on to US citizens. US persons are people who are national subjects of the USA or who have their place of residence there and / or are subject to taxation there. US persons can also be partnerships or stock corporations which are established in accordance with the laws of the USA or of a US federal state, territory or dominion of the United States.

The information specified in this prospectus and the *hausInvest* investment fund are not intended to be distributed to natural or legal persons who are domiciled in France.

The contractual relationship between the company and the investor as well as pre-contractual relationships are subject to German law. The company’s headquarters is the place of jurisdiction for any legal actions arising from the contractual relationship to be brought by the investor against the company. Investors who are consumers (see the definition below) and who live in another EU state can also bring an

action before a competent court in their place of residence. In accordance with § 303 paragraph 1 of the German Capital Investment Code (‘KAGB’), all publications and promotional literature must be drawn up in the German language or provided with a German translation. Furthermore, the company will conduct all communication with its investors in the German language.

Consumers are natural persons who are investing in the *hausInvest* fund for a specific purpose, which in the main cannot be attributed to either their commercial or their freelance professional activity, in other words, they are acting for private purposes.

The company has undertaken to participate in dispute settlement procedures before a consumer arbitration body.

In the event of disputes, consumers can telephone the ombudsman’s office for investment funds of the BVI Bundesverband Investment und Asset Management e.V. (Federal Association of Investment and Asset Management) (“BVI”) as the competent consumer arbitration body. The company takes part in the procedures of this arbitration body. This does not affect the consumer’s right to apply to the courts.

The contact details of the ombudsman’s office for investment funds are as follows:

Ombudsman’s office of the BVI
(Büro der Ombudsstelle des BVI)
Bundesverband Investment und Asset Management e. V.
Unter den Linden 42
10117 Berlin
Tel: (0049 30) 6449046-0
Fax: (0049 30) 6449046-29
E-mail: info@ombudsstelle-investmentfonds.de
www.ombudsstelle-investmentfonds.de

In the event of disputes arising from the application of the provisions of the German Civil Code relating to distance contracts governing financial services consumers may also contact the arbitration body of the Deutsche Bundesbank (German Federal Bank). This does not affect the consumer’s right to apply to the courts.

The contact details are as follows:

Arbitration body of the German Federal Bank
(Schlichtungsstelle der Deutschen Bundesbank)
PO box 11 12 32
60047 Frankfurt
Tel: (0049 69) 2388-1907 or -1906
Fax: (0049 69) 2388-1919
schlichtung@bundesbank.de

Consumers can also contact the online dispute resolution platform of the EU (www.ec.europa.eu/consumers/odr) in the event of disputes relating to purchase or service agreements which have been concluded by electronic means. The following e-mail address can be specified as a contact address for the company: *hausinvest@commerzreal.com*. The platform itself is not a dispute resolution body but merely provides the parties with contact to a competent national arbitration body. This does not affect the consumer's right to apply to the courts.

In accordance with § 245 of the German Capital Investment Code, the assets belonging to the investment fund are the property of the company which holds them in trust for the investors. As a result of acquiring the shares, the investor becomes the trustor and can enforce claims under the law of obligations against the company. Voting rights are not associated with the shares.

The enforcement of judgements is governed by the Code of Civil Procedure and, if applicable, the law governing foreclosure and administrative receivership and/or the German Insolvency Code. As the company is subject to domestic law, domestic judgements do not need to be recognised before they are enforced.

The currently applicable annual report or semi-annual report contains up-to-date information about the bodies as well as the subscribed and paid-in capital and the liable equity of the company and the custodian.

This prospectus including the General Investment Conditions and the Special Investment Conditions is valid as of 15 March 2019. This is an amended version which takes into account the changes to the Special Investment Conditions as well as further updates caused particularly by the exit of the United Kingdom of Great Britain and Northern Ireland from the European Community ("Brexit").

Investment fund

Name, time of the launch, term

The investment fund is a property investment fund as defined by the German Capital Investment Code ('KAGB'). It has the name *hausInvest*. It was launched on 7 April 1972 for an unrestricted period of time. On 30 September 2010 all the assets in the *hausInvest* investment fund were transferred en masse to the *hausInvest* europa investment fund; since then it has borne the name *hausInvest*.

The company invests the capital deposited with it in its own name for the joint account of the investors in accordance with the principle of risk spreading in assets approved in accordance with the German Capital Investment Code separately from its own assets in the form of investment funds. The *hausInvest* investment fund does not form part of the insolvency estate of the company.

The business purpose of the investment fund is restricted to capital investment in accordance with a defined investment strategy within the framework of collective asset management using the funds lodged in it; any operational activity and active business management of the assets held are excluded.

In which assets the company is permitted to invest the monies of the investors and which provisions it must observe while doing so is stipulated in the German Capital Investment Code ('KAGB'), the related directives as well as the Investment Tax Law (InvStG) and the investment conditions which govern the legal relationship between the investors and the company. The investment conditions comprise a General and a Special section (General Investment Conditions and Special Investment Conditions). Investment conditions for an investment fund must be approved by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) (Federal Financial Supervisory Authority) before they are applied.¹

Sales documents and publication of information

The prospectus, the General Investment Conditions and Special Investment Conditions, the Key Investor Information as well as the current annual and semi-annual reports can be obtained free-of-charge from Commerz Real Investmentgesellschaft mbH or on the Internet at www.hausinvest.de.

Additional information about the risk management investment limits of this investment fund, the risk management methods and the most recent developments with regard to the risks and rates of return of the key categories of assets of this investment fund can be obtained electronically from www.hausinvest.de or in written form from Commerz Real Investmentgesellschaft mbH upon request.

If the company provides individual investors with further information regarding the composition of the investment fund or its performance, it will publish this information at the same time at www.hausinvest.de.

Investment conditions and procedure for changing them

The General Investment Conditions and the Special Investment Conditions are printed in this prospectus.

The company is at liberty to change the investment conditions. Changes to the investment conditions require the prior agreement of the Supervisory Board of the company and the Federal Financial Supervisory Authority. If the changes to the investment conditions are not compatible with the previous investment principles, the company can only change the investment conditions if it converts the investor's shares free-of-charge into shares in a property investment fund which is compatible with the previous investment principles and which is managed by the company or by an enterprise which belongs to the same group as defined by § 290 of the German Commercial Code (HGB).

The intended changes are publicised in the Federal Gazette and, in addition, in a business or daily newspaper or at www.hausinvest.de. If the changes concern payments and reimbursement of expenses which may be withdrawn from the investment fund, or relate to the investment principles of the investment fund or key investor rights, the investors will also be informed by their custodial bodies by way of a durable data medium, such as hard copy or electronically. This information covers the essential content of the planned changes, the background to these changes, the rights of the investors relating to the change and pointers as to where and how further information can be obtained.

The changes come into force at the earliest on the day after their publication in the Federal Gazette. If changes are made to the regulations governing payments and reimbursement of expenses, these come into force three months after their publication in the Federal Gazette. If such changes work in the investor's favour, an earlier point in time can be determined with the agreement of the Federal Financial Supervisory Authority. Changes to the previous investment principles of the investment fund also come into force at the earliest three months after their publication.

Capital management company

The capital management company for the property investment fund *hausInvest* described in greater detail in this prospectus is Commerz Real Investmentgesellschaft mbH (formerly Commerz Grundbesitz-Investmentgesellschaft mbH) established on 25 March 1992 and headquartered in Wiesbaden. It is a capital management company as defined by the German Capital Investment Code ('KAGB') in the legal form of a company with limited liability (Ltd).

Information about the composition of the Board of Management, the Supervisory Board, the external appraisers and the shareholders as well as the subscribed and paid-in capital and the liable equity of the company and the custodian is provided in the chapter "Bodies" on page 44 et seq. of the prospectus. Any changes which arise are detailed in the annual and semi-annual reports which are to be drawn up regularly.

¹ § 165 paragraph 1 German Capital Investment Code ('KAGB').

The company must hedge the professional liability risks which arise from the management of funds that do not comply with the UCITS Directive – what are known as alternative investment funds (“AIF”) – and which can be attributed to the professional negligence of its bodies or employees by using its own equity capital to cover these risks in an amount that is at least 0.01% of the value of the portfolios of all managed AIFs, where this amount is reviewed and adjusted annually. This equity is covered by the specified capital.

Custodian

Identity of the custodian

The Frankfurt branch of BNP Paribas Securities Services S.C.A., which is headquartered in Frankfurt am Main, has assumed the office of custodian for the *hausInvest* investment fund. It is a bank governed by French law.

BNP Paribas Securities Services S.C.A. is a wholly-owned subsidiary of BNP Paribas S.A. and a provider of Global Custody and Asset Servicing on a worldwide basis. This involves holding securities in safe custody on a worldwide basis and assuming the custodian function for investment funds.

Potential conflicts of interest could arise for the investment fund as the result of BNP Paribas Securities Services S.C.A. assuming the custodian function if, for the account of the investment fund, the company concludes contracts with companies which are linked to BNP Paribas Securities Services S.C.A.

Further information on the custodian can be found at the end of this prospectus.

Tasks of the custodian

The custodian has been commissioned with auditing the property of the company operating for the account of the investment fund and with the ongoing monitoring of the portfolio of properties, equity investments in property companies and the other assets which cannot be held in safe custody. It is also commissioned with the custody of the bank deposits belonging to the investment fund, provided these are not invested at other banks, and with the money market instruments, securities and fund shares which are held as part of maintaining liquidity. This complies with the provisions of the German Capital Investment Code (‘KAGB’) which provides for a separation of the management and the custody of the investment fund.

The securities and certificates of deposit of the investment fund are held in safe custody by the custodian in separate custody accounts or blocked custody accounts provided they are not being held at other custodians in separate custody accounts or blocked custody accounts. The bank deposits of the investment fund are held by the custodian in separate accounts or locked accounts provided they are not being held at other banks in separate accounts or locked accounts. To safeguard the investors’ interests, every time a property is disposed of or encumbered, the agreement of the custodian is required. In addition, the custodian must check whether investing the money in separate accounts or blocked accounts or in separate custody accounts or blocked accounts of another bank, a securities company or another custodian is consistent with the German Capital Investment Code (‘KAGB’)

and the investment conditions of the investment fund. If this is the case, the custodian must grant its consent to the investment.

In the land register a blocking notice in favour of the custodian is entered for every individual property provided that this property is not being held by a property company for the account of the investment fund. No property can therefore be disposed of without the approval of the custodian. If, for properties located abroad, it is not possible to enter the disposal restriction in a land register or a similar register, the company shall ensure the effectiveness of the disposal restriction in another suitable form.

Furthermore, in the case of equity investments in property companies, the custodian must monitor adherence to the legal provisions as illustrated below. Company disposals of equity investments in property companies require the agreement of the custodian. Disposals of the property company of properties as well as changes to the articles of association and/or the constitution of the property company require the agreement of the custodian provided that the company holds a majority interest in the property company.

The custodian must ensure that the issuance and redemption of the shares as well as the determination of the share value complies with the provisions of the German Capital Investment Code (‘KAGB’) and the investment conditions of the investment fund.

It is responsible for ensuring that in the case of transactions executed for the joint account of the investors the countervalue reaches their depository within the usual time limits. The custodian is also responsible for ensuring that the income from the investment fund will be used in accordance with the provisions of this law and the investment conditions and to pay out the earnings determined for the distribution.

Sub-custodianship

The custodian currently does not make any use of the option to outsource custody tasks to another company (sub-custodian) permissible in accordance with § 2 paragraph 3 of the General Investment Conditions.

Liability of the custodian

The custodian is generally responsible for all assets that it keeps safe or another agency, with its agreement, keeps safe. If such an asset is lost, the custodian is liable in respect of the investment fund and its investors, unless the loss can be attributed to events outside the sphere of influence of the custodian. For damages which do not constitute the loss of an asset, the custodian is generally only liable if it has not fulfilled its obligations in accordance with the provisions of the German Capital Investment Code to a degree that is at least deemed negligent.

Additional information

Upon request, the company shall provide the investors with the very latest information on the custodian and its obligations, on any sub-custodians which may be in place as well as on possible conflicts of interest in connection with the activity of the custodian or possible sub-custodians.

Risk information

Before deciding to buy shares in the investment fund, investors should read the following risk information carefully together with the other information contained in this prospectus and take it into account when making their investment decisions. The occurrence of one or more of these risks can in its own right or together with other circumstances have a negative impact on the performance of the investment fund and/or the assets held in the investment fund and also have a detrimental effect on the share value.

If the investor sells shares in the investment fund at a time in which the market prices of the assets held in the investment fund have fallen compared with when he acquired the shares, he will not get the capital he has invested in the investment fund back or not get it back in the full amount. The investor could lose the capital he has invested in the investment fund either partially or, in individual cases, entirely. Gains in value cannot be guaranteed. The investor's risk is limited to the amount invested. There is no additional payment liability beyond the capital invested by the investor.

In addition to the risks and uncertainties described below or elsewhere in the prospectus, the performance of the investment fund can be negatively impacted by various other risks and uncertainties which are currently not known. The order in which the following risks are listed neither makes an inference about the probability of their occurrence nor about their extent or significance in the event that specific risks occur.

Fund investment risks

The risks specified below can have a negative effect on the share value, on the capital invested by the investor and on the holding period of the fund investment planned by the investor.

Fluctuation in the fund share value

The fund share value is calculated from the value of the investment fund divided by the number of shares that have been placed on the market. Here, the value of the investment fund corresponds to the total of the market values of all assets in the fund assets minus the total of the market values of all liabilities of the investment fund. The fund share value therefore depends on the value of the assets held in the investment fund and the amount of the liabilities of the investment fund. Fluctuations arise in property investment funds inter alia as a result of various developments on the property markets. Negative performance is also possible. If the value of these assets falls or if the value of liabilities increases, the fund share value also falls.

Investors who acquire shares in the investment fund after 21 July 2013 ("new investors") are also made aware of the following particular risks:

- **Longer minimum lock-up for new investors**

Existing investors can redeem shares in a value of up to 30,000 euros every calendar half-year. New investors do not have this option. For more details, see the section "Issuance and redemption of shares". New investors can therefore only respond to changes in the framework conditions (e.g. falling property prices) only after adhering to the mi-

nimum holding period of 24 months and the twelve-month redemption period and therefore in comparison to existing investors only react to these changes with a time delay. This can have a negative impact in the event of a pending suspension of the redemption of shares. This risk also applies to existing investors who would like to redeem shares in an amount that exceeds 30,000 euros every calendar half-year.

- **Particular price change risk for new investors**

During the minimum holding period of 24 months and the twelve-month notice period, value losses can arise as a result of the market value of the assets falling against the cost price. There is therefore the risk that the redemption price obtained by the new investor is lower than the issuance price at the time he acquired the shares or than the redemption price at the time of the irrevocable redemption declaration. In this case, investors get less money back than they expected at the time they acquired the shares or declared the redemption. The redemption price new investors obtain may be less than the redemption price which existing investors achieve when they redeem their shares immediately. This risk also applies to existing investors who would like to redeem shares in an amount that exceeds 30,000 euros every calendar half-year.

Influence of fiscal aspects on the individual result

The tax treatment of investment income depends on the individual circumstances of the respective investor and can be subject to changes in the future. Investors should contact their personal tax advisor for individual questions, in particular considering individual tax situations.

Suspension of the share redemption

The company is entitled to suspend the redemption of shares temporarily if there are extraordinary circumstances which appear to make a suspension necessary taking into account the interests of the investors. Extraordinary circumstances in this sense can, for example, be economic or political crises, an exceptionally high number of redemption requests as well as the closure of stock exchanges or markets, trade restrictions or other factors which make it hard to determine the share value. This gives rise to the risk that the shares may not be able to be liquidated at the time requested by the investor due to restricted redemption options. The share value can also fall if the share redemption is suspended e.g. if the company is forced to sell assets below the market value while the share redemption process is suspended. The share price after the resumption of the share redemption process can be lower than the price before the redemption was suspended.

The company is also obliged to refuse and suspend the redemption of shares for a limited period of time if, in the event of a large volume of redemption requests, the liquid funds to pay the redemption price and to ensure proper management of the fund are no longer sufficient or are not available immediately (see Section "Redemption Suspension and Decisions of Investors" in the prospectus as well as "Issuance and Redemption of Shares, Redemption Suspension" in § 12 of the General Investment Conditions). This means that investors cannot redeem their shares during this time.

The acquisition of shares is not restricted by a maximum investment amount. Large volumes of redemption requests can have a negative effect on the liquidity of the investment fund

and require that the redemption of the shares is suspended. The share value can fall if the share redemption is suspended e.g. if the company is forced to sell property and property companies below the market value while the share redemption process is suspended. A temporary suspension can lead to a permanent suspension of the share redemption and to the investment fund being liquidated (see the sections "Liquidation of the Investment Fund" and "Procedure for Liquidating the Investment Fund"), if, for example, the liquidity required for the resumption of the share redemption cannot be raised by selling properties. It can take an extended period of time, sometimes even several years, to liquidate the investment fund. For the investor there is therefore the risk that he cannot realise the holding period he has planned and that a substantial portion of the capital he has invested may not be available to him for an indefinite time or is completely lost.

The company will redeem the shares only after the share redemption process has been resumed at the respective redemption price valid at this time.

Change to the investment policy or the investment conditions

The company can change the investment conditions with the approval of the Federal Financial Supervisory Authority (see Section "Investment conditions and procedure for changing them"). A change to investment conditions can also result in a change to regulations affecting the investor. For example, by changing the investment conditions, the company can change the investment policy of the investment fund or it can increase the costs to be charged to the investment fund.

Liquidation of the investment fund

The company is entitled to terminate the management of the investment fund. After terminating its management of the fund, the company can liquidate the investment fund entirely. The right of disposal to the investment fund transfers to the custodian after a notice period of six months. For the investor there is therefore the risk that he cannot realise the holding period he has planned. When the investment fund is transferred to the custodian, the investment fund can be charged taxes other than German income taxes. When the fund shares are booked out from the investor's custody account after the liquidation procedure has been completed, the investor can be charged income taxes.

Transfer of all assets of the investment fund to another investment fund (merger)

The company can transfer all assets of the investment fund to another property investment fund. In this case, the investor can convert his shares free-of-charge into shares in the other property investment fund which is compatible with the previous investment principles or redeem its shares without incurring further costs. This also applies if the company transfers all assets of another property investment fund to this property investment fund. The investor must therefore make a new investment decision prematurely as part of the transfer process. If the share is redeemed, income taxes may accrue. If the shares are converted into shares in a property investment fund with similar investment principles, the investor can be charged taxes, if for example the value of the obtained shares is higher than the value of the old shares at the time of acquisition.

Transfer of the investment fund to another capital management company

The company can transfer the investment fund to another capital management company. As a result, the investment fund remains unchanged in fact, as does the position of the investor. The investor must however decide as part of the transfer whether he deems the new capital management company to be as suitable as the previous one. If he does not wish to remain invested in the investment fund under new management, he must return his shares. This may incur income taxes.

Profitability and fulfilling the investor's investment goals

It cannot be guaranteed that the investor will achieve the investment success he desires. The share value of the investment fund can fall and lead to losses for the investor. The company or third parties make no guarantees with regard to a specific minimum payment if the shares are redeemed or a specific degree of success of the investment fund. In addition, an issuance premium levied when shares are acquired can also reduce the success of an investment or decimate it completely, in particular if the investment period is only brief. Investors could get back a lower amount than the amount originally invested.

Risks of the negative performance of the investment fund (market risk)

The risks specified below can impair the performance of the investment fund and/or of the assets held in the investment fund and therefore have a negative impact on the share value and on the capital invested by the investor.

Significant risks arising from property investment, equity investments in property companies and encumbrances with a leasehold

Investments in property are subject to risks which can have an effect on the share value as a result of changes to the earnings, the expenses and the market value of the properties. This also applies to investments in properties that are held by property companies. The examples of risks specified below do not represent an exhaustive list.

- In addition to a change in general economic framework conditions, there are property-specific risks, such as vacancies, rent arrears and rent losses which can arise inter alia from a change in the quality of the site or the creditworthiness of the leaseholder. Changes to the site quality can result in the site being no longer suitable for the chosen use. The condition of the building can make maintenance expenses necessary which cannot always be predicted. To limit these risks, the company is hoping to maximise the alternative use capacity of the properties and a tenant structure that encompasses many different industry sectors. The aim is to maintain and improve the competitiveness of the properties through ongoing maintenance, modernisation or restructuring.
- Risks arising from fire and storm damage as well as elementary damage (flooding, high tide, earthquakes) are hedged internationally by insurance policies provided that the corresponding insurance capacities are available and this is economically justifiable and objectively necessary.

- Properties, particularly in conurbations, can potentially be exposed to the risk of war or terrorist attacks. Even though it may not have been affected by an act of terrorism, a property can be devalued if the property market of the affected area is impaired in the long term and the search for tenants is made harder or rendered impossible. Terrorism risks are also hedged by insurance policies provided that the corresponding insurance capacities are available and this is economically justifiable and objectively necessary.
- Risks arising from contaminated sites (such as soil contamination, installations exposed to asbestos) are checked carefully in particular when property is being purchased (if necessary, by obtaining the appropriate expert appraisal reports). However, despite all due care, risks of this type cannot be ruled out completely.
- At the project development stage, risks can arise, for example, as the result of changes to the urban land-use planning and delays in issuing the building permit. Increases in construction costs and non-completion risks are countered as far as possible by appropriate regulations with the contractual partners and selecting such partners carefully. However, residual risks must be flagged up here just as much as the fact that the success of the first letting depends on the demand situation at the time of completion.
- Properties can be afflicted with building defects. These risks still cannot be completely ruled out even if a careful technical survey of the property has been carried out and, if applicable, expert appraisals have been obtained before the purchase of the property.
- When purchasing properties abroad, risks which arise from the location of the properties (e.g. deviating legal and tax systems, different interpretations of double taxation agreements, differing opinions with regard to the setting of transfer prices or income allocation and changes to exchange rates) must be taken into account. In addition, the development of jurisdiction can have a negative or positive impact on the property investments. Also, with foreign properties the increased management risk as well as a number of technical difficulties, including the transfer risk with current earnings or disposal proceeds must be taken into account. With investments and transactions in foreign currency, there are potential gains on the currency markets but also currency risks.
- When a property is being disposed of, even if the greatest commercial diligence is being applied, warranty claims of the buyer or other third parties can arise for which the investment fund is liable.
- When acquiring equity investments in property companies, risks arising from the legal form of a company, risks relating to the potential defaulting of shareholders and risks arising from changes in the tax and company law framework must be taken into account. This particularly applies if the property companies have their headquarters abroad. It must also be borne in mind that if equity investments in property companies are acquired, these can be encumbered with obligations which can only be discerned with difficulty. Finally, in the event of an intended disposal of the equity investment, a secondary market with sufficient liquidity may not be available.
- Property investments can be financed by way of debt financing. This is done to achieve what is known as a leverage effect (increase in the return on equity by borrowing debt capital at an interest rate below the property return) and/or in the case of properties or property companies located abroad for currency hedging purposes (borrowing in the foreign currency of the state in which the property is located). The loan interest can be enforced for tax purposes if the tax laws which apply in each case allow this. If debt financing is taken advantage of, any changes in the value of the properties have an increased effect on the invested equity capital of the investment fund, e.g. if the loan financing is only 50%, the effect of a reduced value of the property on the employed fund capital would double as compared with 100% equity financing.
- If a property is encumbered with a leasehold, there is a risk that the leaseholder does not fulfil his obligations, and in particular does not pay the ground rent. This and other cases may result in the premature reversion of the leasehold. The company must then try to find an alternative commercial use for the property, which can be difficult in individual cases. This applies analogously to reversion of the leasehold after the contract has expired. Finally, the encumbrance of the property with a leasehold may limit its fungibility in that it may not be so easy to dispose of the property than if it did not have such an encumbrance.

Significant risks arising from the liquidity investment

If, as part of its liquidity investments, the investment fund holds securities, money market instruments or fund shares, it should be noted that these investments also harbour risks.

Value adjustment risks

The assets in which the company invests for the account of the investment fund are subject to risks. Thus, losses in value can arise if the market value of the assets falls against the purchase price or spot and forward prices develop differently.

Capital market risk

The price or market value development of financial products particularly depends on the development of the capital markets which is in turn influenced by the general situation of the global economy as well as the economic and political framework conditions in the respective countries. Irrational factors such as moods, opinions and rumours can also have an effect on the general share price development, in particular on a stock exchange. Fluctuations in the price and market values can also be attributable to changes in the interest rates, exchange rates or the creditworthiness of an issuer.

Foreign exchange risk of shares

Experience shows that shares are subject to strong exchange rate fluctuations and therefore also the risk of prices declining. These exchange rate fluctuations are particularly influenced by the development of the profits of the issuing company as well as industry sector performance and overall economic trends. The trust of market participants in the respective company can also influence the development of share prices. This applies in particular to companies whose shares may only be floated for a shorter period of time on the stock exchange or another organised market; in the case of these companies, even small changes to forecasts can result in strong price movements. If, for a share, the proportion of freely tradeable shares in the possession of many shareholders (what is known as a free float) is low, even smaller

purchase and sales orders of this share can have a significant effect on the market price and therefore lead to higher price fluctuations.

Interest-rate change risk

Investing in fixed-interest securities involves the possibility that the market interest level that exists at the time a security is issued can change. If market interest rates rise in comparison with the interest rates at the time of the issue, the prices of the fixed-interest securities usually fall. If, on the other hand, the market interest rate falls, the fixed-interest securities price rises. This price development leads to the current return on a fixed-interest security corresponding approximately to the current market interest. However, these price fluctuations vary depending on the (residual) term of the fixed-interest securities. Fixed-interest securities with shorter terms have lower price risks than fixed-interest securities with longer terms. By contrast, fixed-interest securities with shorter terms usually have lower returns than fixed-interest securities with longer terms. Due to their short term of a maximum of 397 days, money market instruments tend to have lower price risks. Furthermore, the interest rates of different interest-related financial instruments denominated in the same currency with a similar residual term can develop differently.

Risk of negative credit interest

The company deposits liquid cash from the investment fund at the custodian or other banks for the account of the investment fund. For these bank deposits, an interest rate is sometimes agreed which corresponds to the European Interbank Offered Rate (Euribor) minus a specific margin. If the Euribor falls below the agreed margin, this results in negative interest on the corresponding account. Depending on how the interest rate policy of the European Central Bank develops, both short, medium and long-term bank deposits can generate a negative interest rate.

Risks relating to derivative transactions

The company is entitled to conclude derivative transactions for the investment fund. The purchase and sale of options as well as the conclusion of futures contracts or swaps are associated with the following risks:

- Price changes of the underlying asset can reduce the value of an option right or futures contract. If the value reduces to the extent that it is worthless, the company can be forced to let the acquired rights lapse. If the value of an asset underlying a swap changes, the investment fund can also suffer losses.
- As a result of the leverage effect of options, the value of the investment fund can be affected more intensely than is the case if the underlying assets are acquired directly. When the transaction is concluded, the loss risk cannot be determined.
- A liquid secondary market for a specific instrument at a given time may not be available. It may then not be possible to neutralise (close) a position in derivatives in economic terms.
- Purchasing options harbours the risk that the option is not exercised because the prices of the underlying assets do not develop as expected with the result that the option premium paid by the investment fund lapses. When op-

tions are sold, there is the risk that the investment fund is obliged to pay a higher price than the current market price in order to buy assets or to sell at a lower price than the current market price in order to deliver assets. The investment fund then suffers a loss amounting to the price difference minus the received option premium.

- In the case of futures contracts, there is the risk that the company is obliged for the account of the investment fund to bear the difference between the rate taken as the basis when the transaction was concluded and the market rate at the time of the closing out or maturity date of the transaction. If this were the case, the investment fund would suffer losses. When the futures contract is concluded, the loss risk cannot be determined.
- The conclusion of an offsetting transaction (closing out) which may be required entails costs.
- The forecasts made by the company regarding the future development of underlying assets, interest rates, exchange rates and foreign exchange markets can be proven wrong in retrospect.
- The assets underlying the derivatives cannot be bought or sold at an intrinsically opportune time or must be bought or sold at an unfavourable time.
- The use of derivatives can result in potential losses which may not be able to be predicted and may even exceed the margin deposits.

In the case of off-market transactions, also known as over-the-counter (OTC) transactions, the following risks can arise:

- An organised market may not be available with the result that the company finds it difficult to dispose of the financial instruments purchased on the OTC market for the account of the investment fund or cannot dispose of them at all.
- Due to the individual agreement, concluding an offsetting transaction (closing out) can be difficult, not possible or involve considerable costs.

Foreign exchange risk of convertible and option bonds

Convertible and option bonds certify the right to convert the bond into shares or to acquire shares. The development of the value of the convertible and option bonds depends therefore on the price development of the share as the underlying asset. The risks of the performance of the underlying shares can therefore also have an effect on the performance of the convertible and option bond. Option bonds which grant the issuer the right to tender a number of shares defined in advance (reverse convertibles) to the investor instead of repaying a nominal amount are increasingly dependent on the corresponding share price.

Risks relating to securities loans transactions

If the company grants a loan for securities for the account of the investment fund, it transfers these securities to a borrower who transfers the securities back in the same type, quantity and quality after the transaction has been completed (securities loan). During the transaction period, the company

has no right of disposal over the loaned securities. If, during the course of the transaction, the security loses value and the company wants to dispose of the security in its entirety, it must cancel the loan transaction and wait for the usual settlement cycle as a result of which a loss risk can arise for the investment fund.

Risks relating to repurchase transactions (repos)

If the company sells securities under agreements to purchase, it sells these and undertakes to buy them back at the end of the term for a premium. The buy-back price plus premium to be paid by the seller at the end of the term is defined when the transaction is concluded. If the securities sold under agreements to purchase lose value during the term of the transaction and the company wants to dispose of them to limit the value losses, it can only do this by exercising the right of early cancellation. Early cancellation of the transaction can result in financial losses for the investment fund. It can also transpire that the premium to be paid at the end of the term is higher than the earnings that the company generated as a result of re-investing the received cash funds.

If the company purchases securities under agreements to resell, it buys these and must sell them again at the end of a term. The buy-back price is defined when the transaction is concluded. The securities purchased under agreements to resell serve as collateral for the provision of liquidity to the contractual partner. Any increases in the value of the securities do not benefit the investment fund.

Risks relating to the receipt of collateral

The company receives collateral for derivative transactions, securities loans transactions and repurchase transactions. Derivatives, lent securities or securities sold under agreements to repurchase can increase in value. The provided collateral may then not be sufficient to cover the company's right to delivery and re-transfer in the full amount vis-à-vis the counterparty.

The company can invest cash securities in blocked accounts, in government bonds of high quality or in money market funds with a short-term structure. The bank in which the bank deposits are being held in safe custody can default, however. Government bonds or money market funds can perform negatively. When the transaction ends, the invested collateral may no longer be available in the full amount. They must however be restored by the company for the investment fund in the amount originally granted. Then the investment fund would have to bear the losses suffered by the collateral.

Inflation risk

Inflation harbours a devaluation risk for all assets. This also applies to the assets held in the investment fund. The inflation rate can be above the increase in value of the investment fund.

Currency risk

Assets of the investment fund can be invested in other currencies than the fund currency. The investment fund is paid the earnings, repayments and revenues from such investments in the respective currency. If the value of this currency falls against the fund currency, the value of such investments is reduced and therefore also the value of the fund

assets.

The company may conduct derivative transactions on the basis of currencies or exchange rates for the account of the investment fund in order to currency-hedge assets and rent receivables held in foreign currency. These currency hedging transactions which usually only hedge part of the fund assets are used to reduce currency exchange rate risks. However, they cannot rule out that changes in the exchange rate, despite possible hedging transactions, might negatively impact the performance of the investment fund. The costs and potential losses that arise with currency hedging transactions reduce the operating result of the investment fund.

Concentration risk

Further risks can arise as a result of the investment being concentrated in specific assets or markets. Then the investment fund is particularly dependent on the performance of these assets or markets.

Risks relating to the investment in fund shares

The risks of the fund shares which are acquired for the investment fund (what are known as target funds) are closely related to the risks of the assets held in this investment fund or the investment strategies pursued by them. As the managers of the individual target funds act independently of each other, it can however transpire that several target funds pursue the same or opposing investment strategies. As a result, existing risks can accumulate and any potential opportunities can cancel each other out. It is not usually possible for the company to monitor the management of the target funds. The investment decisions of these funds do not necessarily have to match the assumptions or expectations of the company. The company is often not aware in a timely manner of the current composition of the target funds. If the composition is not in line with its assumptions or expectations, initially it can only respond in a very hesitant way by returning target fund shares.

The investment funds in which the fund acquires shares could also temporarily suspend the redemption of shares. The company is then prevented from selling the shares to the other investment fund and returns them to the management company or custodian of the other investment fund against payment of the redemption price.

Risks arising from the investment spectrum

Taking into account the investment principles and restrictions predefined by the law and the investment conditions which provide a very broad framework for the investment fund, the actual investment policy can also be focused on primarily procuring assets from e.g. fewer sectors, markets or regions/countries. This concentration on a few particular investment sectors can be associated with risks (e.g. narrowness of the market, high fluctuation range within specific economic cycles). The annual report provides information retrospectively on the content of the investment policy for the past reporting year.

Risks arising from the restricted or increased liquidity of the investment fund and risks relating to increased subscriptions or redemptions (liquidity risk)

The risks which can impair the liquidity of the investment fund are detailed below. This can result in the investment fund not being able to fulfil its payment obligations either temporarily or permanently or the company being unable to fulfil the redemption requests of investors either temporarily or permanently. The investor may not be able to realise the holding period he has planned and the invested capital or parts of it may not be available to him for an indefinite period of time. As a result of the liquidity risks being realised, the net asset value of the investment fund and therefore also the share value could fall if, for example, the company is forced, if it is legally permissible to do so, to dispose of assets below the market value for the investment fund. If the company is not in a position to fulfil the redemption requests of the investors, this can also result in the redemption being suspended and in extreme cases to the subsequent liquidation of the investment fund.

Risks as a result of increased redemptions or issue of new shares

The issue of new shares and share redemptions respectively results in liquidity flowing into the fund assets or flowing out of them.

A large volume of redemption requests can impair the liquidity of the investment fund as the paid-in monies are predominantly invested in properties in accordance with the investment principles. The company can then be obliged to refuse and suspend the redemption of shares for a limited period of time (see also the section "Risk Information - Suspension of the Share Redemption" as well as the General Investment Conditions) if, in the event of a large volume of redemption requests, the bank deposits and the revenues from the sale of the securities, money market instruments and fund shares are no longer sufficient or are not available immediately to pay the redemption price and to ensure proper management of the fund.

In addition, the inflows and outflows can result in a net inflow or outflow of the liquid funds (cash) of the investment fund after balancing. This net inflow or outflow can cause the fund manager to buy or sell assets as a result of which transaction costs arise. This particularly applies if, as a result of the inflows or outflows, a quota of liquid funds (cash) earmarked by the company for the investment fund is exceeded or undershot. The transaction costs which arise as a result are charged to the investment fund and can have a negative impact on the performance of the investment fund. In the case of inflows, increased fund liquidity can have a negative effect on the rate of return if the company cannot invest the funds under adequate conditions.

Risk from the investment in assets

Assets which are not admitted for trading on a stock exchange or included in another organised market may also be acquired for the investment fund. It cannot be guaranteed that these assets can be sold on without deductions, a time delay or at all. Depending on the market situation, the volume, the time frame and the planned costs, even assets admitted for trading on the stock exchange may not be able to be disposed of or,

if they are, only with high price reductions. Although only assets which can be liquidated at any time in principle may be purchased for the investment fund, it cannot be ruled out that these can only be disposed of either temporarily or in the long term at a loss.

Risk as a result of borrowing

The company may take out loans for the account of the investment fund in accordance with the specifications presented in the Section "Borrowing and Encumbrance of Assets". There is the risk that the company cannot take out an appropriate loan or only at conditions which are considerably less favourable. Loans with a variable interest rate can also have a negative effect as a result of increasing interest rates. Insufficient financing liquidity can have an effect on the liquidity of the investment fund with the consequence that the company can be forced to dispose of assets either prematurely or at worse conditions than planned.

Risk with public holidays in specific regions/countries

In accordance with the investment strategy, investments into the investment fund are to be made in particular in specific regions/countries. Due to local public holidays in these regions/countries, there may be deviations between the trading days on the stock exchanges in these regions/countries and the valuation days of the investment fund. The investment fund may not be able to react on the same day to market developments in the regions / countries on a day that is not a valuation day or may not be able to trade on a valuation day which is not a trading day in these regions/countries on the markets located in these places. This can hinder the investment fund from disposing of assets in the required time. This can have a negative impact on the ability of the investment fund to fulfil redemption requests or other payment obligations.

Counterparty risks including credit and debt risk

The risks specified below can impair the performance of the investment fund and therefore also have a negative impact on the share value and the capital invested by the investor. If the investor disposes of shares in the investment fund at a time at which a counterparty or a central counterparty has defaulted and as a result the value of the fund assets is impaired, the investor may not get back the capital he has invested in the investment fund or not in the full amount.

Counterparty default risk/counterparty risks (except for central counterparties)

If an issuer or a contractual partner (counterparty) defaults against whom the investment fund has claims, losses may arise for the investment fund. The issuer risk describes the effect of the particular performance of the respective issuer which has an effect on the price of a security in addition to the general economic trends of the capital markets. Even if the securities are carefully selected, it cannot be ruled out that losses may arise as a result of the issuer's assets dwindling. The party to a contract concluded for the account of the investment fund can default either partially or completely (counterparty risk). This applies to all contracts which are concluded for the account of an investment fund.

Risk caused by central counterparties

A central counterparty – “CCP” acts as an intermediary institution in specific transactions for the investment fund, in particular in transactions involving derivative financial instruments. In this case he functions as a buyer in respect of the seller and as a seller in respect of the buyer. A CCP hedges its counterparty default risks through a series of protective mechanisms which enable it at all times to offset losses from the incoming transactions through what are known as margin deposits (e.g. collateral securities), for example. Despite these protective mechanisms it cannot be ruled out that a CCP defaults as a result of which any claims the company could potentially enforce for the investment fund could also be affected. This can result in losses for the investment fund which are not hedged.

Counterparty default risks in repurchase transactions (repos)

With repurchase transactions, the collateral is provided in the form of the consideration made by the contractual partner. If the contractual partner defaults during the term of the repurchase transaction, the company has an exploitation right with regard to the securities or cash purchased under agreements to resell. A loss risk for the investment fund can arise as a result of the collateral provided being no longer sufficient due to the interim deterioration of the issuer’s creditworthiness or increasing prices of securities sold under agreements to repurchase to cover the company’s re-transfer claim in the full amount.

Counterparty default risks in securities loans transactions

If the company grants a loan for securities for the account of the investment fund, it must arrange to have sufficient collateral granted to it to hedge the risk of the contractual partner defaulting. The extent of the collateral provided must correspond at least to the market value of the securities transferred as securities loans. The borrower must provide further collateral if the value of the securities granted as a loan increases, the quality of the collateral provided decreases or its economic circumstances deteriorate and the collateral already provided is not sufficient. If the borrower cannot fulfil this additional payment liability, there is the risk that the re-transfer claim is not fully hedged in the event that the contractual partner defaults. If the collateral is held in safe custody at an institution other than the custodian of the investment fund, there is also the risk that this collateral

cannot be utilised either immediately or to its full extent if the borrower defaults.

Operational and other risks of the investment fund

The risks specified below can impair the performance of the investment fund and therefore also have a negative impact on the share value and the capital invested by the investor.

Risks as a result of criminal activities, abuses or natural catastrophes

The investment fund can become the victim of fraud or other criminal activities. It can suffer losses as a result of misunderstandings or errors on the part of employees of the company or external third parties or be damaged as a result of external events e.g. natural catastrophes.

Country or transfer risk

There is the risk that a foreign debtor, despite its ability to pay, cannot provide services on time, at all or only in a different currency because its home state either cannot transfer the currency or is not willing to do so or for other reasons. Thus, payments which the company has a claim to for the account of the investment fund can fail to materialise, for example, or be made in a currency which can no (longer) be converted due to foreign exchange restrictions, or be made in a different currency. If the debtor pays in a different currency, this position is subject to the above-mentioned currency risk.

Legal and political risks

For the investment fund investments may be made in legal systems to which German law does not apply or where, if legal disputes do arise, the place of jurisdiction is outside Germany. Rights and obligations of the company arising from this for the account of the investment fund may deviate from those in Germany to the detriment of the investment fund or the investor. Political or legal developments including changes to legal framework conditions in these legal systems are sometimes not detected by the company or are detected too late or can lead to restrictions with regard to assets which can be purchased or have already been purchased. These consequences can also arise if the legal framework conditions for the company and/or the management of the investment fund change in Germany. **Key person risk**

If the investment result of the investment fund turns out to be very positive in a specific time period, this success may also be attributable to the suitability of the acting persons and therefore the correct decisions their management team has taken. The staff composition of the fund management team can however change, which means that new decision makers may act less successfully.

Custody risk

A loss risk is associated with the safekeeping of assets abroad in particular which can result from insolvency, breaches of duty of care and/or force majeure.

For the loss of an asset held in safe custody, the German Capital Investment Code (KAGB) provides for far-reaching compensation claims enforceable by the company as well as the investors. These regulations, however, do not apply if the custodian or a sub-custodian arranges to have the assets held in safe custody by a central securities depository (e.g. Clearstream).

Risks arising from trading and clearing mechanisms (settlement risk)

When securities are handled via an electronic system, there is the risk that one of the contractual parties pays late or does not pay in accordance with the agreement or does not deliver the securities by the agreed deadline. This settlement risk also exists when trading with other assets for the investment fund.

Risk arising from a change to the tax framework

The statements relating to tax are based on the currently known legal position. In Germany they are intended for persons with unrestricted income tax or corporation tax liability. However, no assurance can be given that the tax treatment will not change as a result of legislation, jurisdiction, or decrees of tax authorities.

Trade tax risk due to active business management

Exemption from trade tax requires that the objective business purpose of the investment fund is limited to the investment and management of its funds for the joint account of the shareholders and the company, when managing the fund, is not actively business-managing the assets to any considerable degree. This is deemed to have been fulfilled if the revenues from active business management amount to less than 5% of the total revenues of the investment fund. There is the risk that the prerequisites for trade tax exemption are not adhered to. In this case, the commercial activity of the investment fund essentially constitutes a commercial business operation and the investment fund may have to pay trade tax as a result of which the share value is reduced. However, the remaining asset management activities remain trade tax-free, in particular commercial ancillary activities in connection with letting a property do not adversely affect the remaining trade-tax exempt earnings from letting and leasing.

Explanation of the risk profile of the investment fund

In addition to opportunities for value increases and regular distributions, investing in this investment fund also harbours loss risks. The key risks of investing in the fund are described briefly below. A comprehensive illustration of the possible risks is provided in the sections "Risk Information" and "Fund Investment Risks" from page 7.

Exchange rate risk: By acquiring fund shares, the investor is involved in the performance of the properties contained in the investment fund. Value losses can arise as a result of the negative performance of individual properties (e.g. as a result of tenants withdrawing) as well as of the property markets overall. When properties are financed with a loan, their value fluctuations have a greater impact on the share price. This applies to value increases as well as to losses. At the level of individual properties, value losses can lead to total loss. This risk is reduced overall at the level of the investment fund by spreading the risk over various properties and restricting the borrowing. In addition, exchange rate and interest rate change risks arising from the liquidity investment can affect the performance of the fund.

Tax risks: The fund is subject to the German Capital Investment Code ('KAGB') and the Investment Tax Law. Possible changes to tax law can have a positive but also a negative effect on the fund. In the case of properties which the fund holds indirectly via property companies, risks arising from changes to corporate and tax law can arise abroad in particular.

Foreign currency risk: The investment fund also invests in currencies outside the euro zone whose value changes in accordance with the development of the exchange rate of the respective currency. However, these currency risks are almost completely hedged by derivative transactions.

Liquidity risk: The redemption of shares which basically takes place every day on the stock exchange can be suspended in exceptional cases if extraordinary circumstances require this taking into account the investors' interests. This can for example be the case if very many investors want to return shares in the investment fund at the same time and if sufficient liquid funds are temporarily not available to service all the redemptions while at the same time ensuring the proper ongoing management of the fund. Here the company must first sell properties (if necessary, below the

market value) to create sufficient liquidity. The suspension of the share redemption can result in the organised liquidation of the fund, with all assets being disposed of and the investors paid off.

Overall the company rates the fund's risk level as moderate (on the scale of low risk, moderate risk, increased risk, high risk and very high risk right through to the possibility that the capital is completely depleted). The investment policy of the fund which is geared to generating regular income is the basis of this assessment. In addition, the historical performance of the fund as well as the key risks to which the fund is currently exposed are taken into account. Here it should be noted that no forecasts about the future development of the fund can be derived from the risk assessment. In addition, the assessment can change if the framework conditions change.

Profile of a typical investor

The investment fund is intended for all investors including those not familiar with capital investment in property values and who want to use the investment fund as an easily accessible investment product in property values.

Experience with indirect property investments and the acquisition of investment fund shares is not required. The investment fund is also intended for experienced investors who are looking for a product with the investment strategy pursued by this investment fund. An investment horizon of at least three years is recommended. The shares are generally only subject to low fluctuations in value. It cannot be ruled out that the share values fall below the purchase prices as a result of value fluctuations and the investor suffers capital losses as a result. The investment fund pursues an income-oriented investment policy.

The investor must be in a position to absorb the restricted availability of the shares. In this regard please observe the "Risk Information" from page 7.

Appraisers and valuation procedures

External appraisers

To evaluate the properties, the company must appoint at least two external appraisers as defined in § 216 of the German Capital Investment Code ('KAGB') (hereinafter referred to as "external appraisers"). All external appraisers must be independent, impartial and reliable individuals and possess appropriate specialist knowledge as well as sufficient practical experience with regard to the type of property they are to evaluate and the respective regional property market.

The company has appointed 17 external appraisers who evaluate all the properties in the investment fund. Information about the external appraisers can be found in the overview on page 45. Changes are announced in the respective annual and semi-annual reports.

Appraisers are generally appointed for a year with the possibility of being reappointed. An external appraiser may only work for the company for a maximum period of three years for the purpose of evaluating property investment funds. The income earned by the external appraiser from his activity for the company may not exceed 30% of his total income in relation to the financial year of the external appraiser. BaFin (the

Federal Financial Supervisory Authority) can demand that appropriate proof is submitted. The company may only reappoint an external appraiser after two years have expired since the end of his term of office – in other words after a two-year waiting period has expired. An internal valuation guideline regulates the activity of the appraisers appointed by the company. The expert reports are drawn up in accordance with a distribution-of-business-plan.

In particular, an appraiser must evaluate:

- the properties earmarked for purchase for the investment fund and/or for property companies in which the company has an equity interest for the account of the investment fund;
- the properties belonging to the investment fund and/or properties owned by a property company on a quarterly basis;
- the properties earmarked for disposal by the company or by a property company if the most recently completed expert report is no longer to be regarded as current.

After ordering a leasehold, the appraiser must redefine the value of the property within two months.

Valuation before purchase

A property may only be acquired for the investment fund or for a property company in which the property fund has either a direct or indirect equity interest if it has been evaluated beforehand by at least one external appraiser who is not carrying out the regular valuation at the same time and if the consideration to be provided by the investment fund does not exceed the determined value or only exceeds it insubstantially. In the case of properties whose value exceeds 50 million euros, the evaluation must be carried out by two external appraisers acting independently of each other.

An equity investment in a property company may only be acquired for the investment fund either directly or indirectly if the properties disclosed in the annual financial statements or in the asset statement of the property company have been evaluated by an external appraiser who is not carrying out the regular valuation at the same time. In the case of properties whose value exceeds 50 million euros, the valuation must be carried out by two external appraisers acting independently of each other.

A property belonging to the investment fund may only be encumbered with a leasehold if the appropriateness of the ground rent has been confirmed beforehand by an external appraiser who is not carrying out the regular valuation at the same time.

Ongoing valuation

The regular valuation of the properties belonging to the investment fund or to a property company in which the investment fund has a direct or indirect equity interest must always be carried out by two external appraisers who are independent of each other and by way of evaluations which are independent of each other.

Valuation methods for determining the market values of properties

The market value of a property is the price which is to be targeted at the time to which the determination relates in the ordinary course of business in accordance with the legal obligations and actual properties, the condition and location of the properties without taking into account unusual or personal circumstances.

To determine the market value, the appraiser must usually determine the earnings value of the property using a procedure which is recognised on the respective property market. For the purpose of plausibility checks, the appraiser can also use other valuation procedures recognised on the respective property market if he regards this as being necessary and/or expedient for a proper valuation of the property. In this case, the appraiser must specify the results of the other valuation procedure and the reasons for using it in a comprehensible manner in the expert report.

The market value is usually determined using the general German Income Approach based on the Directive on Estate Appraisal. With this procedure, the important aspect is the normal market rental income which can be achieved which is reduced by the management costs including the maintenance as well as the administration costs and the imputed loss of rental income risk. The earnings value is derived from the net rent calculated in this way which is multiplied by a factor which takes into account a market-standard interest rate for the property to be valued taking into account the location, condition of the building and remaining useful life. Special factors affecting the value of a property can be taken into account through surcharges or discounts. For more information on the risks associated with the valuation, please see the section "Significant risks arising from property investment, equity investments in property companies and encumbrances with a leasehold".

Description of the investment goals and the investment policy

The investment goal of the *hausInvest* investment fund is to achieve a sustainable, above-average rate of return in comparison to open-ended property funds which invest predominantly in the Federal Republic of Germany. The hope is that the goal can be achieved by regular inflows of rental income, interest income and continuously increasing the value of the property portfolio. The idea is that the returns-oriented investor is to be granted access to an attractive return/risk profile within the investment spectrum of Open-Ended Property Funds. The investment fund invests predominantly in states which are signatories to the Agreement on the European Economic Area (EEA) and in the United Kingdom of Great Britain and Northern Ireland. In accordance with the Special Investment Conditions (see § 1 paragraph 2 of the Special Investment Conditions in conjunction with the "Appendix according to § 1 paragraph 2 of the Special Investment Conditions") property can be acquired for the investment fund from all over the world. The proportion of the investment fund which can be invested within this framework in economically-strong locations outside of Europe, must not exceed 40% of the value of the investment fund. The key investment markets here are the North American and the Asia-Pacific region. When selecting properties for the investment fund, their long-term earning power as well as diversifying them in

accordance with their location, size, use and tenants are at the forefront of our considerations.

As the assets of the investment fund are evaluated in euros, the value of the investment fund not only fluctuates if the value of the assets changes, but also if the exchange rates of the currencies of the assets change in relation to the euro. However, the properties and other assets contained in the investment fund may only be exposed overall to a currency risk of up to 30%. Assets are regarded as not being exposed to a currency risk if hedging transactions have been concluded or loans in the corresponding currency have been taken out. To reduce currency risks, the company will make use in particular of the borrowing options provided by law and the investment conditions for the account of the investment fund.

In addition to existing buildings or buildings under construction, the company also purchases properties for project developments which it either develops itself or has developed by suitable contractual partners for the purpose of minimising risk. If at sites, which in the opinion of the company can be developed, existing buildings do not concur with the investment strategy of the investment fund or cannot be acquired or acquired at advantageous conditions, the limits provided for in law and the investment conditions will be utilised extensively where applicable to purchase undeveloped properties and properties under construction.

The company will invest predominantly in properties for commercial use, above all in the office and retail segments. This mainly involves business and office buildings for administration, retail trade and services as well as shopping centres. To achieve optimum diversification for the investor, the fund management team strives to diversify the investments not only by regions and usage types, but also by the property features of location, size class and tenant.

All investments are checked and optimised with particular regard to changes in exchange rates and tax-law and legal framework conditions. The decision to invest directly in properties or to acquire equity investments in property companies is based on the investment goal described above. Similarly financing policy decisions and all aspects of currency hedging in accordance with the prevailing market conditions as well as the regulatory framework conditions are subjugated to securing the investment goal in the long term. Currency risks which arise are controlled by proportionate debt financing in the local currency as well as by using exchange hedging instruments authorised within the framework of the legal and contractual specifications.

In accordance with market requirements, the company strives to optimise the property portfolio on an ongoing basis by modernising, restructuring or selling buildings. The costs to be spent must be in reasonable proportion to the additional yield to be expected. Within the framework of these investment policy guidelines, the fund management team will carry out active portfolio management (buying, selling, portfolio development). Here the different cyclical developments on the global property markets - taking into account the above-mentioned yield-relevant framework conditions - will be used in a responsible manner to optimise the higher return/risk profile and therefore to achieve the investment goal. This will be reflected in an adjustment of the portfolio weighting of the property portfolio in line with market requirements.

Provided that free liquidity is available, the fund management team will invest this within the framework of the legal specifications. The ultimate objective is to generate constant income that is as high as possible with an appropriate degree of risk by exploiting the current situations and perspectives of the international money and capital markets. The priority, however, in all cases is to realise the maximum possible degree of investment in properties.

The respective annual report provides information about the current goals of the investment policy as well as the measures taken by the fund management team to achieve the desired return/risk profile.

Information on options for changing the investment principles in the future are contained in the section "Investment conditions and procedures for changing them".

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

Fixed assets in detail

Properties

1. The company may acquire the following properties for the investment fund:
 - a) Residential properties for letting, commercial properties and properties for multi-purpose use;
 - b) Properties under development;
 - c) Undeveloped properties which are intended and suitable for immediate proprietary development in accordance with provision a);
 - d) Leaseholds and/or rights imposed abroad which are similar both legally and commercially under the prerequisites of provisions a) to c);
 - e) Other properties, leaseholds as well as rights in the form of home ownership, part-ownership, leasehold rights to residential properties and partial leaseholds.
2. The company may acquire usufructuary rights to properties which are used to fulfil public functions within the legally permissible framework (§ 231 paragraph 1 number 6 of the German Capital Investment Code) in accordance with paragraph 1 point a).
3. The company is entitled to purchase properties outside the signatory states to the Agreement on the EEA in accordance with the above-mentioned paragraphs 1 and 2 in the states specified in the Appendix to § 1 paragraph 2 of the Special Investment Conditions (at a maximum up to the amount of the share in the value of the investment fund specified in each case there) if
 - a) an adequate regional diversification (i.e. spread) of the properties is guaranteed
 - b) the free transferability of properties is guaranteed and the movement of capital is not restricted in these states and
 - c) the exercise of the rights and obligations of the custodian is guaranteed.

As part of the correct and proper management incumbent upon it, the company will check, before making any purchase, whether the prerequisites specified above have been fully adhered to.

The information in the Appendix to the Special Investment Conditions can be changed with regard to the states or the respective maximum degree of investment. These changes require the approval of BaFin (the Federal Financial Supervisory Authority).

4. Subject to the investment limits defined in the above paragraphs 1, 2 and 3, the company must also invest on an ongoing basis at least 51% of the value of the investment fund in properties and property companies.
5. At the time of their acquisition, none of the properties may exceed 15% of the value of the investment fund. The total value of all properties whose individual value amounts to more than 10% of the value of the investment fund may not exceed 50% of the value of the investment fund. When calculating the value of the investment fund, any loans taken out must not be deducted with the result that the assessment basis for calculating the limit is increased by the loans.

The investment goal aspired to is to achieve regular income based on inflows of rental income and interest and to continuously increase the value of the property portfolio.

When selecting properties for the investment fund, their long-term earning power as well as diversifying them in accordance with their location, size, use and tenants are at the forefront of our considerations.

The company may also acquire objects for the investment fund which are required to manage the assets, in particular properties, contained in the investment fund.

The respective current annual and semi-annual reports provide information about the investments made in properties in the last reporting period and other assets.

Equity investments in property companies

1. The company is entitled to acquire and hold equity investments in property companies for the account of the investment fund even if it does not have the required majority of votes and capital majority to change the articles of association or the constitution of the property company. A property company in this sense is a company which in accordance with its articles of association and/or its constitution
 - a) is restricted in its business purpose to the activities which the company is itself entitled to exercise for the investment fund,
 - b) may only acquire such properties and management objects which may be acquired directly for the investment fund in accordance with the investment conditions but excluding usufructuary rights to properties (see page 17 of this prospectus) as well as equity investments in other property companies,
 - c) may only acquire a property or an equity investment

in another property company if the value of the property or the equity investment in the other property company corresponding to the scope of the equity investment does not exceed 15% of the value of the investment fund.

2. Furthermore, an equity investment in a property company also requires, inter alia, that as a result of the legal form of the property company any additional payment liability that goes beyond the capital contribution made is ruled out.
3. The capital contributions of the shareholders of a property company in which the company has an equity interest for the account of the investment fund must be fully paid in.
4. If a property company has an equity interest in other property companies, the equity investment must amount either directly or indirectly to 100% of the capital and the voting rights.
5. The value of the assets of all property companies in which the company has an equity interest for the account of the investment fund may not exceed 49% of the value of the investment fund. Equity investments amounting to 100% of the capital and voting rights are not counted towards this limit. The value of the assets of all property companies in which the company does not have the required majority of votes and capital to change the constitution and/or the articles of association for the account of the property investment fund may not exceed 30% of the value of the investment fund.
6. When calculating the value of the investment fund, any loans taken out must not be deducted with the result that the assessment basis for calculating the limit is increased by the amount of the loans.
7. The company may grant loans to a property company in which it has a direct or indirect equity interest for the account of an investment fund and for its benefit if the conditions are in line with market conditions and sufficient collateral is available. Furthermore, in the event that the equity investment is disposed of, the repayment of the loan within six months of the disposal must be agreed. The company may transfer to property companies a maximum total of 25% of the value of the investment fund for whose account it holds the equity investments in the form of loans where it must be ensured that the loans granted by the company to the individual property company amount overall to a maximum of 50% of the value of the properties held by it. These prerequisites also apply if a third party, on behalf of the company, grants a loan to the property company in its own name for the account of the investment fund.

Encumbrance with a leasehold

Properties can be encumbered with a leasehold.

If a new leasehold is ordered, the total value of properties encumbered with a leasehold which are held for the account of the investment fund may not exceed 10% of the value of the investment fund. Extending a leasehold is regarded as a new leasehold order.

A property may only be encumbered with a leasehold if unforeseen circumstances prevent the originally intended use of the property or if economic disadvantages for the investment fund are avoided or profitable utilisation is enabled as a result.

Liquidity investments

In addition to the acquisition of properties and equity investments in property companies, liquidity investments are also permitted and planned.

The company is entitled to hold 49% of the value of the investment fund (maximum liquidity) in

- Bank deposits;
- Money market instruments;
- Securities as defined in § 193 of the German Capital Investment Code which are authorised by the European Central Bank or the German Federal Bank to hedge the loan transactions specified in Article 18.1 of the protocol governing the constitution of the European System of Central Banks and the European Central Bank or their authorisation is applied for in accordance with the issue conditions provided that the authorisation is granted within a year of its issue;
- Investment fund units in accordance with § 196 of the German Capital Investment Code or shares in special investment funds in accordance with § 196 paragraph 1 clause 2 of the German Capital Investment Code which in accordance with their investment conditions may only invest exclusively in the bank deposits, money market instruments and securities specified in points 1 to 3;
- Securities as defined in § 193 of the German Capital Investment Code which are authorised for trading on an organised market as defined in § 2 paragraph 5 of the Securities Trading Act, of fixed-interest securities provided these do not exceed an amount of 5% of the value of the investment fund and in addition
- Shares in REIT stock corporations or similar shares of foreign legal persons which are authorised on or included in one of the markets specified in § 193 paragraph 1 number 1 and 2 of the German Capital Investment Code if the value of these stocks or shares does not exceed an amount of 5% of the value of the investment fund and the criteria specified in Article 2 Paragraph 1 of Directive 2007/16/EC are fulfilled.

When calculating the maximum liquidity limit, the following tied funds must be deducted:

- the funds required to ensure proper ongoing management of the fund;
- the funds earmarked for the next distribution;
- the funds required to fulfil the liabilities from legally-binding property purchase agreements, from loan agreements which are required for the above-mentioned investments in specific properties and for specific construction measures and to fulfil the liabilities from construction contracts if the liabilities are to fall due in the next two years.

Bank deposits

In accordance with the legal provisions (§§ 230 paragraph 1, 195 of the German Capital Investment Code), the company may only make investments in bank deposits at banks headquartered in an EU state or a signatory state to the agree-

ment to the EEA. Deposits may only be held in a bank in another state if the banking supervisory provisions in this state are equivalent to those in the EU in the opinion of the Federal Financial Supervisory Authority.

The company may only invest up to 20% of the value of the investment fund in bank deposits at any one bank. The bank deposits may have a maximum term of twelve months.

Money market instruments

Money market instruments are instruments which are usually traded on the money market, as well as interest-bearing securities which at the time of their acquisition for the investment fund have a term or residual term of a maximum of 397 days. If their term is longer than twelve months, their interest rate must be adjusted regularly, at least once in 397 days, in line with market conditions. 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 investment fund

1. If they are admitted for trading on a stock exchange in a member state of the EU or in another signatory state to the Agreement on the EEA or are admitted in these states on another organised market or are included in these,
2. If they are admitted for trading on a stock exchange outside the EEA or are admitted there on organised markets or are included in these provided that the Federal Financial Supervisory Authority has approved the choice of the stock exchange or the market,
3. If they are issued or guaranteed by the EU, the Federal Government, an investment fund of the Federal Government, a country, another member state or another central, regional or local regional authority or by the Central Bank of a member state of the EU, the European Central Bank or the European Investment Bank, a non-member state or, if this is a federal state, a member state of this federal state or by an international body under public law which belongs to at least one member state of the EU,
4. If they are issued by a company whose securities are traded on the markets designated in paragraphs 1 and 2,
5. If they are issued or guaranteed by a bank which in accordance with criteria defined by European Community Law is subject to supervision, or by a bank which is subject to supervisory provisions which in the opinion of Federal Financial Supervisory Authority are equivalent to those of the Community Law, and adheres to these,
6. If they are issued by other issuers and if the respective issuer is
 - a) a company with equity capital of at least 10 million euros which draws up and publishes its annual financial statements in accordance with the provisions of the Fourth Directive 78/660/EEC of the Council of 25th July 1978 governing the annual financial statements of companies with specific legal forms, last amended by Article 49 of Directive 2006/43/EC of the European Parliament and the Council of 17 May 2006,

- b) a legal entity which within a corporate group encompassing one or more listed companies is responsible for financing this group, or
 - c) a legal entity which is to finance the securitisation of liabilities using a credit line granted by the bank; Article 7 of Directive 2007/16/EC applies to the securitisation and the credit line granted by the bank
- of securities and money market instruments issued by the one and the same institution;
 - capital contributions at this institution;
 - attributable amounts for the counterparty risk of the transactions entered into with this institution.

In the case of public issuers as defined in § 206 paragraph 2 of the German Capital Investment Code (see page 19) a combination of the above-mentioned assets may not exceed 35 % of the value of the investment fund. The respective individual upper limits remain unaffected by this combination limit in all cases.

All specified money market instruments may only be acquired if they fulfil the prerequisites of Article 4 paragraph 1 and 2 of Directive 2007/16/EC. For money market instruments as defined in the above paragraphs 1 and 2, Article 4 paragraph 3 of Directive 2007/16/EC also applies.

The attributable amounts of securities and money market instruments from an issuer to be counted towards the above-mentioned limits can be reduced by the use of counter-market derivatives whose underlying asset are securities or money market instruments from the same issuer. This means that for the account of the investment fund securities or money market instruments from an issuer may be acquired that go beyond the above-mentioned limits if the issuer risk which increases as a result is reduced again by hedging transactions.

For money market instruments as defined in the above paragraphs 3 to 6, sufficient capital contribution and investor protection must be in place, e.g. in the form of an investment grade rating, and in addition the criteria of Article 5 of Directive 2007/16/EC must be fulfilled. A rating of "BBB" or "Baa" or better granted within the framework of the creditworthiness check done by a rating agency is regarded as an "investment grade". To acquire money market instruments which are issued by a regional or local regional authority of a member state of the EU or by an international institution under public law as defined in paragraph 1 number 3, but are guaranteed neither by this member state or if this is a federal state, a member state of this federal state, and to acquire money market instruments in accordance with the above paragraphs 4 and 6, Article 5 paragraph 2 of Directive 2007/16/EC applies; for the purchase of all other money market instruments in accordance with paragraph 3 above except for money market instruments which have been issued or guaranteed by the European Central Bank or by the Central Bank of a member state of the EU, Article 5 paragraph 4 of Directive 2007/16/EC applies. To acquire money market instruments in accordance with paragraph 5 above, Article 5 paragraph 3 of the Directive apply, and if these are money market instruments which are issued or guaranteed by a bank that is subject to supervisory provisions which in the opinion of Federal Financial Supervisory Authority are equivalent to those under European Community Law and the bank in question adheres to these, Article 6 of Directive 2007/16/EC applies.

The company may invest in bonds and money market instruments from the following issuers respectively up to 35 % of the value of the investment fund: The Federal Government, countries, the EU, member states of the EU or their regional authorities, other signatory states of the Agreement on the EEA, non-member states or international organisations, to which at least one member state of the EU belongs.

The company is also entitled to invest up to 10 % of the value of the investment fund in money market instruments from issuers who do not fulfil the above-mentioned prerequisites.

The company is entitled to invest in each case up to 25 % of the value of the investment fund in covered and municipal bonds as well as standard bonds which have been issued by banks headquartered in a member state of the EU or in another signatory state to the Agreement on the EEA if the banks, due to legal provisions to protect the bearers of these bonds, are subject to particular public supervision and if the funds taken up with the issue of the bonds in accordance with the legal provisions are invested in assets which sufficiently cover the liabilities arising from them during the entire term of the bonds and which are primarily intended in the event of the issuer defaulting for the repayments about to fall due and the payment of interest.

Investment limits for securities and money market instruments

Minimum liquidity

Securities and money market instruments from an issuer may only be acquired in an amount of up to 5% of the value of the investment fund. In individual cases, securities and money market instruments including securities purchased under agreements to resell from the same issuer may be acquired in an amount of up to 10% of the value of the investment fund. Here the total value of the securities and money market instruments from this issuer may not exceed 40% of the value of the investment fund.

The company must ensure that from the liquidity investments an amount which corresponds to at least 5 % of the value of the investment fund is available on a daily basis for the redemption of shares (minimum liquidity).

Borrowing and the encumbrance of assets

The company may only invest a maximum of 20% of the value of the investment fund in a combination of the following assets:

For the joint account of the investors, the company may take out loans up to an amount of 30 % of the market values of the properties contained in the investment fund if the borrowing is compatible with correct and proper economic management. In addition, for the joint account of the investors, the company may take out short-term loans up to 10 % of the value of the investment fund. Borrowing may only be granted if the conditions are in line with market requirements and the custodian agrees to the borrowing.

If when the loan is taken up, the costs for it exceed the returns from the properties, the investment result will be negatively

impacted. However, specific circumstances can speak in favour of borrowing such as the preservation of a long-term source of earnings and solid performance where liquidity bottlenecks are only short-term or tax considerations or the restriction of exchange rate risks abroad. The company may encumber assets belonging to the investment fund in accordance with § 231 paragraph 1 of the German Capital Investment Code or assign and encumber receivables from legal relationships which relate to assets in accordance with § 231 paragraph 1 of the German Capital Investment Code if doing so is compatible with the principles of proper business management and if the custodian approves these measures because it considers the intended conditions to be in line with market requirements. It may also assume encumbrances relating to the acquisition of assets in accordance with § 231 paragraph 1 of the German Capital Investment Code. In total the encumbrances may not exceed 30 % of the market value of all properties contained in the investment fund. Ground rent is not taken into consideration.

Derivatives for hedging purposes

The company can also use derivatives to manage the investment fund. A derivative is an instrument whose price depends on the price fluctuations or the price expectations of other assets ("underlying asset"). The following explanations relate to both derivatives and to financial instruments with a derivative component (hereinafter referred to jointly as "derivatives").

To determine the utilisation of the market risk limit set in accordance with § 197 paragraph 2 of the German Capital Investment Code for the use of derivatives, the company may according to the type and scope of derivatives used apply either the simplified or the qualified approach in accordance with the Directive on Risk Management and Risk Measurement when using derivatives, securities loans and repurchase transactions in investment assets in accordance with the German Capital Investment Code ("German regulation on derivatives" - "DerivateV").

1. If the company uses the simplified approach, it may only invest regularly in basic forms of derivatives which are derived from
 - Assets which may be acquired in accordance with § 6 paragraph 2 points b) to f) of the General Investment Conditions,
 - Properties which may be acquired in accordance with § 1 paragraph 1 of the Special Investment Conditions,
 - Interest rates,
 - Exchange rates or
 - Currencies.

Complex derivatives which are derived from the above-mentioned underlying assets may only be used to an insignificant degree.

Basic forms of derivatives are:

- A) Futures contracts on assets in accordance with § 6 paragraph 2 points b) to f) of the General Investment Conditions as well as on properties in accordance with § 1 paragraph 1 of the Special Investment Conditions, interest rates, exchange rates or currencies;
- b) Options or warrants on assets in accordance with § 6

paragraph 2 points b) to f) of the General Investment Conditions as well as on properties in accordance with § 1 paragraph 1 of the Special Investment Conditions, interest rates, exchange rates or currencies and on futures contracts in accordance with point a) if they exhibit the following properties:

- aa) They can be exercised either during the entire term or at the end of the term and
- bb) At the time of exercise, the option value depends linearly on the positive or negative difference between the base price and the market price of the underlying asset and is reduced to zero if the difference has the other sign;
- c) Interest-rate swaps, currency swaps or interest rate currency swaps;
- d) Options on swaps in accordance with point c) provided they exhibit the properties described in point b) and in points aa) and bb) (swaptions);
- e) Credit default swaps on assets in accordance with § 6 paragraph 2 points b) to f) of the General Investment Conditions as well as on properties in accordance with § 1 paragraph 1 of the Special Investment Conditions, if they are used exclusively and transparently to hedge the credit risk of assets of the investment fund which can be assigned exactly.

Futures contracts, options or warrants on fund shares in accordance with § 6 paragraph 2 point d) of the General Investment Conditions may not be concluded.

Other, more complex derivatives with the above-mentioned underlying assets may only be used to an insignificant degree.

Transactions involving derivatives may only be executed for the purpose of hedging assets held in the investment fund, interest rate change and currency risks and to hedge rental receivables. The German Capital Investment Code ('KAGB') and the "German regulation on derivatives" ('DerivateV') provide for the option of doubling the market risk potential of an investment fund by using derivatives. The market risk is the risk which arises for the investment fund as a result of the unfavourable development of market prices. As the *hausInvest* investment fund may only use derivatives for hedging purposes, a leverage effect is basically not an option here.

2. If the company uses the qualified approach, for hedging purposes it may, subject to a suitable risk management system, invest in those derivatives which are derived from assets which may be acquired in accordance with § 6 paragraph 2 points b) to f) of the General Investment Conditions and from properties which may be acquired in accordance with § 1 paragraph 1 of the Special Investment Conditions, or are derived from interest rates, exchange rates or currencies. This particularly includes options, financial futures contracts and swaps as well as combinations of these. In the case of the above-mentioned transactions, under no circumstances may the company deviate from the investment goals specified in the General Investment Conditions, the Special Investment Conditions and this prospectus.

The German Capital Investment Code (KAGB) and the German Regulation on Derivatives ('DerivateV') provide that by using derivatives the market risk potential of

the investment fund may be increased by up to 200 % based on the market risk potential of a derivative-free reference asset or alternatively 20 % of the value of the investment fund. The market risk is the risk which arises for the investment fund as a result of the unfavourable development of market prices. As the investment fund may only use derivatives for hedging purposes, a corresponding increase is basically not an option here. The risks associated with using derivatives are controlled by a risk management procedure which allows the risk associated with the investment position as well as the respective share in the overall risk profile of the investment portfolio to be monitored at all times.

The market risk is calculated in accordance with the regulations on the simplified approach in sections §§ 15 et seq. of the German Regulation on Derivatives. Here the nominal amounts of all derivative transactions used in the investment fund are totalled and set in relation to the fund value (NAV). If the derivatives are used individually for hedging purposes, the nominal amounts can be offset against the values of the assets to be hedged thereby reducing the market risk. The market risk can fluctuate depending on the market conditions; the stipulations of § 197 paragraph 2 of the German Capital Investment Code in conjunction with § 15 of the German Regulation on Derivatives restrict it to a maximum of 200%.

If the qualified approach as defined in § 7 paragraph 1 of the German Regulation on Derivatives (DerivateV) is used, the market risk potential is measured using a derivative-free reference asset. This is a virtual portfolio whose value always corresponds to the current value of the investment fund but which does not however contain any increases or hedges of the market risk by derivatives. Otherwise the composition of the reference asset must comply with the investment goals and the investment policy which apply to the investment fund. When mapping the investment fund and forming the virtual reference asset for the *hausInvest* investment fund, investments in properties and land are illustrated in the risk model by synthetic government bonds in the respective local currency with a residual term of eight years, based on the last month-end in each case. The reference asset also contains cash reserves in the respective local currency.

When determining the market risk potential for using derivatives, the company currently uses the simplified approach as defined in the German Regulation on Derivatives ('DerivateV').

However, in accordance with § 6 of the German Regulation on Derivatives, the company can switch at any time from the simplified to the qualified approach. The Federal Financial Supervisory Authority must be notified immediately of any switch to the qualified approach and this must be announced in the next semi-annual or annual report.

Option transactions

The company may participate in options trading for hedging purposes for the account of the investment fund within the framework of the investment principles. This means it may acquire the right from a third party for a fee (option pre-

mium) to request e.g. to buy securities or pay a differential amount during a specific time or at the end of a specific time period at a price agreed a priori (base price). It is also entitled to purchase corresponding rights for a fee from third parties.

If the qualified approach in accordance with the German Regulation on Derivatives ('DerivateV') is used for the investment fund, the company may execute such transactions on the basis of fund shares which it is entitled to acquire directly for the investment fund. This means it is entitled to acquire the right to purchase or sell shares in other investment funds at a specific price agreed a priori. It may also sell corresponding rights to third parties.

Specifically the following applies:

Buying a put option (a long put) entitles the buyer against payment of a premium to request from the seller to buy specific assets at a base price or to pay a corresponding differential amount. By buying such put options, securities in the fund can be hedged against currency exchange losses within the option period, for example. If the securities fall below the base price, the put options can be exercised and disposal proceeds that exceed the market price can be achieved. Instead of exercising the option, the company can also sell the option right at a profit.

This poses the risk that the paid option premiums are lost if exercising the put options at the base price defined in advance does not make good economic sense because the exchange rates have not fallen contrary to expectations. Such price changes of the securities underlying the option right can reduce the value of the option right to an above-average degree to the point it is worthless. Due to the restricted term, there is no guarantee that the price of the option rights will recover in good time. When it comes to the expected gains, the costs associated with the purchase as well as the exercise or the sale of the option and/or the conclusion of a counter transaction (close-out) must be taken into account. If the expectations are not fulfilled with the result that the company dispenses with exercising the option, the option right lapses when its term expires.

Futures contracts

Futures contracts are agreements that unconditionally bind both parties to buy or sell a particular amount of a specific underlying asset (e.g. bonds, shares) at a specific point in time, the maturity date, or within a specific time frame at a price agreed in advance (exercise price). This is usually effected by collecting or paying the difference between the exercise price and the market price at the time of the close-out or the maturity of the transaction.

For example, the company can hedge securities portfolios of the investment fund by selling futures contracts on these securities for the term of the contracts.

If the qualified approach in accordance with the German Regulation on Derivatives ('DerivateV') is used for the investment fund, the company may, for the account of the investment fund, conclude futures contracts for fund shares which it is entitled to purchase directly for the investment fund. This means it can commit itself at a specific point in time or within a specific period to buy or sell a specific number of shares in another investment fund for a specific price.

If the company concludes transactions of this kind, the investment fund, if the expectations of the company are not met, must bear the difference between the underlying price agreed at the time the contract was concluded and the market price at the time of the close-out or maturity of the transaction. This is what causes the loss for the investment fund. The loss risk cannot be determined in advance and can exceed any collateral provided. It must also be taken into account that the sale of futures contracts and where applicable the conclusion of a counter transaction (close-out) incur costs.

Swaps

For the account of the investment fund and within the framework of the investment principles, the company may conclude for hedging purposes

- Interest rate
- Currency
- Credit default swap transactions
- Swap transactions are exchange contracts in which the cash flows or risks underlying the transaction are exchanged between the contractual partners. If the price or value changes of the assets underlying the swap go against the expectations of the company, the investment fund can suffer losses as a result of the transaction.

Swaptions

Swaptions are options on swaps. A swaption is the right but not however the obligation at a specific time or within a specific period to enter into a swap which has been specified very exactly with regard to the conditions.

Credit default swaps

Credit default swaps are credit derivatives which enable a potential credit default volume to be transferred to other parties. In contrast to assuming the credit default risk, the seller of the risk pays a premium to its contractual partner. Otherwise, the explanations on swaps apply accordingly.

Securitised derivatives

The company can also purchase derivatives if these are vested in securities. Here the transactions which involve derivatives may only be contained to a certain extent in securities. The above-mentioned statements on opportunities and risks also apply to such securitised derivatives, however with the proviso that the loss risk with securitised derivatives is restricted to the value of the security.

Listed and non-listed derivatives

The company is entitled to execute transactions which involve derivatives authorised for trading on a stock exchange or included in another organised market.

Transactions which do not involve derivatives authorised for trading on a stock exchange or included in another organised market (OTC transactions) may only be executed with suitable banks and financial services institutions on the basis of standardised framework agreements. The particular risks of these individual transactions relate to the absence of an organised market and therefore the ability to sell them to third parties. Due to the individual agreement concluded, closing-out of assumed obligations can be difficult or incur considerable costs.

In the case of derivatives traded over-the-counter, the counterparty risk with regard to a contractual partner is restricted to 5 % of the value of the investment fund. If the contractual partner is a bank based in the EU, the EEA or a non-member state with a similar supervisory level, the counterparty risk may amount to 10 % of the value of the investment fund. Derivative transactions traded over-the-counter which are concluded with a central clearing house of a stock exchange or another organised market as the contractual partner are not counted towards the counterparty limits if the derivatives are subject to a daily valuation at market prices with a daily margin settlement. The creditworthiness risk of the counterparty is greatly reduced as a result, but not eliminated however. Claims of the investment fund against an intermediary are, however, to be counted towards the limits even if the derivative is being traded on a stock exchange or on another organised market.

Property as an underlying asset for derivative transactions

The company may also execute derivative transactions for the investment fund which are based on a property which can be acquired for the investment fund or on the development of the income from such a property. In particular, such transactions make it possible for the company to hedge rental and other income from the properties held for the investment fund against default and exchange rate risks.

Derivative transactions for hedging currency risks

The company may conduct derivative transactions on the basis of currencies or exchange rates for the account of the investment fund in order to currency-hedge assets and rent receivables held in foreign currency.

In the event of exchange rate risks which exceed 30 % of the value of the investment fund, the company must make use of these options. In addition, the company will use these options if it deems this to be in the interests of the investors.

Securities loans

The securities available in the investment fund can be transferred to third parties in the form of loans for a fee in line with market conditions. Key criteria when selecting the contractual partner are the spreading of the risk as well as the partner's creditworthiness and expertise in transactions of this kind. Here the entire portfolio of securities held in the investment fund can be transferred as securities loans indefinitely. The company is expecting that as a rule not more than 2.5 % of the fund assets will be used for loan transactions. However, this is merely an estimated value which can be exceeded in individual cases. The company has a perpetual right of termination whereby it is contractually agreed that securities of the same kind, quality and quantity are transferred back within five trading days to the investment fund after the termination has been announced. The borrower is obliged after the loan period has come to an end or following a termination to refund securities of the same kind, quality and quantity. The borrower is obliged to pay the interest from the securities received as loans when it falls due to the custodian for the account of the investment fund. In the interests of risk spreading, where securities are transferred as loans, it is stipulated that all securities transferred to a borrower may not exceed 10 % of the value of the investment fund. There is however a precondition for this loan-based transfer, this being that before the securities are transferred, sufficient collateral has been granted to the

investment fund. Here assets can be assigned and/or securities or money market instruments transferred. These assets must be denominated in euros or the currency in which the shares of the investment fund were issued and which are held at the custodian or with its agreement in blocked accounts at other banks based in a member state of the EU, in another signatory state of the Agreement on the EEA, or in a non-member state with similar banking supervisory practices.

If the collateral for the transferred securities is provided by the securities borrower in the form of assets, the assets must be held in blocked accounts. Alternatively these assets can be invested in the currency they are held in in bonds which are of a high quality and which have been issued by the Federal Government, a country, the EU, a member state of the EU or its regional authorities, another signatory state to the Agreement on the EEA or a non-member state, or invested in money market funds with a short term structure in accordance with guidelines enacted by the Federal Financial Supervisory Authority or by way of a repurchase transaction with a bank which guarantees that the credit built up can be reclaimed at all times (see the section "Securities repurchase transactions").

Securities transferred as collateral must be held in safe custody at the custodian or with its agreement at another suitable bank. The collateral provided must be determined taking into account the economic circumstances of the securities borrower. However, it may not undershoot the collateral value which is calculated from the market value of the securities transferred as loans together with the related income plus a surcharge customary for the market.

The manner in which the lent securities are kept safe is at the discretion of the borrower.

The company can also make use of an organised system for brokering and processing securities loans. When brokering and processing securities loans via the organised system, collateral does not need to be provided since the conditions of this system ensure that the interests of the investors are protected. In addition, when processing securities loans via organised systems, the borrower limit of 10 % is not to be applied to this organised system.

If the loan transactions described here are executed, this is done to generate additional income for the investment fund in the form of the lending fee.

Securities repurchase transactions (repos)

The company is entitled to conclude repurchase transactions with banks and financial service institutions with a maximum term of twelve months for the account of the investment fund. Here it can transfer securities of the investment fund for a fee to a lender (simple repurchase transaction) and purchase securities under agreements to resell within the framework of the investment limits which apply in each case (reverse repurchase transaction). The entire securities portfolio of the investment fund can be transferred to third parties by way of the repurchase transaction. The company is expecting that as a rule not more than 2.5 % of the fund assets will be used for repurchase transactions. However, this is merely an estimated value which can be exceeded in individual cases. The company has the option of cancelling the repurchase transaction

at any time; this does not apply to repurchase transactions with a term of up to a week. If a simple repurchase transaction is cancelled, the company is entitled to reclaim the securities sold under agreements to repurchase. Cancelling a reverse repurchase transaction can result in either the refund of the full amount of money or the amount of money which has accrued in the amount of the current market value. Repurchase transactions are only permissible in the form of real repurchase transactions. Here the lender assumes the obligation of transferring back the securities at a specific time or at a time to be determined by the borrower or to pay back the amount of money with interest.

The manner in which the securities purchased under agreements to resell are kept safe is at the discretion of the borrower.

If the repurchase transactions described here are executed, this is done to achieve additional income for the investment fund (reverse repurchase transaction) or to temporarily create additional liquidity in the investment fund (simple repurchase transaction).

The repurchase transactions are carried out by the company itself or involving external service providers. The annual report provides information about possible involvement of external service providers.

Collateral strategy

As part of derivative, securities loans and repurchase transactions, the company accepts collateral for the account of the investment fund. The collateral is used to reduce the default risk of the contractual partner of these transactions either in whole or in part. Securities purchased under agreements to resell or amounts received as part of repurchase transactions are regarded as collateral within the meaning of this section.

Types of permissible collateral

The company accepts the following assets as collateral for derivative transactions / securities loans transactions / repurchase transactions:

Cash payment or pledge or assignment of bank deposits, money market instruments, securities, fund shares and stocks permitted as part of the liquidity investment in accordance with § 6 paragraph 2 of the General Investment Conditions provided these fulfil the requirements of § 27 paragraph 7 and paragraph 8 of the German Derivatives Regulation (DerivateV) and as part of securities loans additionally the requirements of § 200 paragraph 2 of the German Capital Investment Code (KAGB).

In accordance with the criteria of creditworthiness, market expertise and risk spreading, the company determines the permissible issuers and the term and liquidity specifications.

The collateral provided by a contractual partner must be adequately risk-diversified in relation to issuers among other parties. If several contractual partners provide collateral from the same issuer, this must be aggregated. If the value of the collateral provided by one or more contractual partners from the same issuer does not exceed 20 % of the value of the investment fund, the risk diversification is deemed to be adequate. The company is assuming that this limit will not be exceeded.

Extent of the collateralisation

Securities loans transactions are collateralised to their full extent. Together with the related income, the market value of the securities transferred as loans forms the collateral value. The collateral provided by the borrower must not undershoot the collateral value plus a premium customary for the market.

Apart from that, derivative, securities loans and repurchase transactions must be collateralised to an extent which ensures that the amount counting towards the default risk of the respective contractual partner does not undershoot 5% of the value of the investment fund. If the contractual partner is a bank based in the EU or in a signatory state of the EEA or in a non-member country in which equivalent supervisory provisions apply, the amount counting towards the default risk may amount to 10% of the value of the investment fund.

Valuation of collateral and strategy for valuation reductions (haircut strategy)

When evaluating the collateral, the company will calculate a reduction of the nominal value of the money market instruments, securities, fund shares and stocks accepted as collateral, the amount of which depends on the creditworthiness of the respective issuer. The company justifies this on the basis of the standard market practice for carrying out differentiated valuations of the above-mentioned collateral. Where possible the company will carry out a daily market valuation and a daily margin call.

When calculating the capital charge for the counterparty risk, the company will not make use of the option granted by § 27 paragraph 6 of the German Regulation on Derivatives ('DerivateV') to deduct the market values of the collateral provided by the contractual partner taking into account sufficient safety margin deductions (haircuts).

Investment of collateral

Cash collateral in the form of bank deposits may only be held in blocked accounts at the custodian of the investment fund or with its agreement at another bank. The reinvestment may only be made in government bonds of high quality or in money market funds with a short-term structure. In addition, cash collateral can be invested with a bank by way of a reverse repurchase transaction if the reclaim of the accrued credit can be guaranteed at all times.

The company can accept securities as collateral for the account of the fund as part of derivative, securities loans and repurchase transactions. If these securities have been transferred as collateral, they must be held in safe custody at the custodian. If the company has received the securities as collateral given in pledge as part of derivative transactions, they can also be held in safe custody at another body which is subject to effective public supervision and is independent of the guarantor. Reusing the securities is not permitted.

Performance

1999/2000		5.0%
2000/2001		5.8%
2001/2002		6.3%
2002/2003		4.9%
2003/2004		3.5%
2004/2005		1.9%
2005/2006		2.0%
2006/2007		4.4%
2007/2008		7.0%
2008/2009		5.0%
2009/2010		3.6%
2010/2011		3.2%
2011/2012		2.6%
2012/2013		2.6%
2013/2014		2.5%
2014/2015		2.5%
2015/2016		2.5%
2016/2017		2.1%
2017/2018		2.1%

The historical performance of the investment fund is not necessarily indicative of future performance.

Use of leverage

Leverage refers to any method the company uses to increase the degree of investment in the investment fund. Such methods include borrowings, securities loans and leverage financing embedded in derivatives in particular. The company can use such methods for the investment fund to the extent described in this prospectus. The options for using derivatives, securities loans and borrowing are illustrated in the sections "Borrowing and encumbrance of assets" and "Derivatives for hedging purposes".

The leverage of the investment fund is determined from the ratio of the risk of the investment fund to its net asset value. The calculation of the net asset value is explained in the section "Shares" and in sub-section "Determining the issuance and redemption price". The investment fund risk is calculated in accordance with two methods: the gross method and the commitment method. In both cases, the investment fund risk denotes the total of the absolute values of all positions of the investment fund which are evaluated in accordance with the legal specifications. With the gross method it is not permissible to offset individual derivative transactions or securities positions against each other (i.e. netting and hedging agreements are not taken into account). Any effects from the reinvestment of collateral in securities loans and repurchase transactions are taken into account at the same time.

In contrast to the gross method, with the commitment method, individual derivative transactions or securities positions must be offset against each other (i.e. taking into account netting and hedging agreements).

Restrictions with regard to the use of leverage are detailed in §§ 7 to 9 of the General Investment Conditions and §§ 6 and 7 of the Special Investment Conditions.

The company expects that the investment fund risk calculated in accordance with the gross method will not exceed its net asset value by twice the amount at the most and the investment fund risk calculated in accordance with the commitment method will not exceed its net asset value by an increase of 1.65 at the most. The leverage can however fluctuate depending on market conditions so that despite constant monitoring by the company, the specified maximum limits can still be exceeded.

Stock exchanges and markets

The company has not authorised the shares of the investment fund to be traded on a stock exchange. The shares will also not be traded on organised markets without the agreement of the company.

The company is however aware that the shares are being traded on the following organised markets without its agreement:

- Hamburg stock exchange
- Gettex
- Berlin stock exchange
- Munich stock exchange
- Düsseldorf stock exchange
- LT Lang & Schwarz
- Tradegate Exchange

It cannot be ruled out that the shares are being traded on other organised markets. The company does not accept responsibility for the shares being traded on a stock exchange/on an organised market.

The market price underlying the stock exchange trade or the trade on other markets is not determined exclusively by the value of the assets held in the investment fund, but also by supply and demand. That is why this market price can deviate from the determined share price.

Sub-funds

The investment fund is not a sub-fund of an umbrella fund.

Shares

Share classes and fair treatment of investors

All issued shares have the same rights. Share classes are not formed. **The company must treat the investors of the investment fund fairly. As part of controlling the liquidity risk and the redemption of shares, the company must not place the interests of one investor or a group of investors over the interests of another investor or another group of investors.**

For information on the procedures the company uses to ensure the fair treatment of investors, see sections “Order acceptance deadline” as well as “Liquidity management”.

Type and main features of shares

The rights of the investors are securitised exclusively in global certificates. These global certificates are held in safe custody at a central securities depository. The investor does not have a right to ask for individual share certificates to be issued. Shares can only be acquired if they are held in safekeeping. The shares are bearer shares and embody the

bearer's claims against the company. They are issued for one share or a multiple of shares where there are shares for one, ten, 50 and 100 shares. The shares can be transferred. When a share is transferred, the rights vested in it are transferred to the bearer. All issued shares have the same rights. The shares do not contain any voting rights.

Deposit obligation for actual securities

In the past, bearer shares in the form of actual securities have been issued for the investment fund. In accordance with the German Capital Investment Code ('KAGB') these actual securities may no longer remain in the possession of the investors, but must be placed in collective safekeeping together with the dividend warrants (coupons) which have not yet matured at a central securities depository, an authorised or recognised domestic or foreign central securities depository or at another suitable foreign custodian. The investors cannot demand that these actual securities are re-issued to them. The company is entitled to replace the deposited actual securities with a securitisation of the corresponding shares in a global certificate. Bearer share certificates which were not held in collective safekeeping on 31 December 2016 at one of the above-mentioned bodies became null and void when this date expired. This also applied to the coupons which had not yet matured. Instead, on 1 January 2017, the rights of the affected investors were securitised in a global certificate. In accordance with their share in the fund assets, the investors then became co-owners of this global certificate and/or the collective holding to which this certificate belongs. They can then submit their null and void bearer share certificates to the custodian of the investment fund and request that their shares in the investment fund and/or the global certificate are credited to them to a custody account.

Issuance and redemption of shares

Issuance of shares

The number of issued shares is generally not restricted. They can be purchased from the company, the custodian and through the brokerage of third parties. The custodian issues them at the issue price which corresponds to the net value per share (share value) plus an issuance premium (issue price). Shares are issued on every trading day. The company, however, reserves the right to halt the issue of shares either temporarily or completely. In these cases, any direct debit authorisations which have been granted to purchase shares cannot be executed. If the redemption of shares is temporarily halted due to extraordinary circumstances (see page 7 et seq.), shares may not be issued during this time. If, on the other hand, the redemption is suspended due to a lack of liquidity, it is still possible to issue shares.

Redemption of shares

With the coming into force of the Law on Investor Protection and Function Improvement (AnsFuG) on 1 January 2013, minimum holding and redemption periods were introduced which must be observed when shares are redeemed. After this date, share redemptions of up to 30,000 euros per investor could be made every six months without the need to adhere to minimum holding and notice periods (“exemption threshold”). As a result of the German Capital Investment Code ('KAGB') which came into force on 22 July 2013, the situation had changed and for newly purchased

shares a minimum holding period now applied also for amounts below 30,000 euros per calendar half-year, i.e. an irrevocable redemption declaration with a notice period of twelve months now had to be submitted even for small amounts and the investor had to prove adherence to a holding period of 24 months. For shares which investors acquired before 22 July 2013, there was also the option of returning these shares in a value of up to 30,000 euros per calendar half-year without a minimum holding period in accordance with the contractual conditions which applied at this time. For this reason, the following specifically applies to the redemption of shares:

Regulation on the redemption of shares for shares acquired before 22 July 2013 (“former shares”)

Former shares can be redeemed up to an amount of 30,000 euros per investor every calendar half-year without adhering to minimum holding or notice periods. If for an investor the value of share redemptions of former shares exceeds 30,000 euros per calendar half-year, the redemptions can only be made if the investor has held the shares for a minimum of 24 months (“minimum holding period”). The minimum holding period is regarded to have been fulfilled for former shares which the investor has purchased before 1 January 2013.

The investor must provide evidence of a holding of shares which corresponds at least to his redemption request to his redemption body at least 24 consecutive months immediately before the requested redemption date. The custodial body is the redemption point.

The investor must also inform his custodial body/office of share redemptions whose value for an investor exceeds 30,000 euros per calendar half-year adhering to a notice period of twelve months (“redemption period”) by submitting an irrevocable redemption declaration. The redemption declaration can also be submitted during the minimum holding period. For share redemptions which do not exceed 30,000 euros per calendar half-year, the investor must submit a declaration to his custodial body that the value of the shares he is redeeming do not in total exceed 30,000 euros per calendar half-year and there are no further disposals of shares in the affected property investment fund in the same calendar half-year, also not with regard to shares in the affected property investment fund held in safe custody at other banks or their custodial bodies. To aid the investor with drawing up the declaration, the custodial bodies hold a sample declaration from the German Banking Industry which must be used by the investor.

From the point the irrevocable redemption declaration is received until the shares are actually redeemed, the investor’s custodial body locks the shares in the custody account to which the declaration relates. The investor may neither transfer the shares to another custody account of its own nor to the custody account of a third party.

The redemption of shares which investors have purchased before 22nd July 2013 is therefore still possible in accordance with the above-mentioned regulations.

Regulations on the redemption of shares for shares purchased after 21 July 2013

Shares can only be redeemed if the investor has held his shares for a minimum of 24 months (“minimum holding period”). The investor must provide evidence to his redemption body at

least 24 consecutive months immediately before the requested redemption date of his holding of shares which corresponds at least to his redemption request. The custodial body is the redemption point. The investor must also inform his custodial body of share redemptions by submitting an irrevocable redemption declaration to it, adhering to a notice period of twelve months (“redemption period”). The redemption declaration can also be submitted during the minimum holding period. From the point the irrevocable redemption declaration is received until the shares are actually redeemed, the investor’s custodial body locks the shares in the custody account to which the declaration relates. The investor may neither transfer the shares to another custody account of its own nor to the custody account of a third party.

The redemption can also be carried out through the brokerage of third parties which can incur costs. The company is obliged to redeem the shares at the redemption price which applied on the settlement day which corresponds to the share value determined on this day, where applicable with the deduction of a redemption fee, for the account of the investment fund. A redemption order which is carried out with a delay because the holding and/or notice period must first expire is invoiced at the redemption price which applied after the notice period expired. We draw your express attention to the risks and consequences of a time-limited redemption suspension (see page 7 et seq.).

Determining the issuance and redemption price

To calculate the issuance and redemption price of the shares, the company determines the market values of the assets belonging to the investment fund minus any loans which have been taken out and other liabilities and provisions of the investment fund (net asset value) under the supervision of the custodian every trading day. The share value is calculated by dividing the net asset value by the number of issued shares.

The issuance and redemption price are rounded in accordance with standard commercial practice.

Share prices are not determined on New Year’s Day, Good Friday, Easter Monday, May Day (1 May), Ascension Day, Whit Monday, Corpus Christi, German Unity Day, Christmas Eve, Christmas Day, Boxing Day and New Year’s Eve.

Order acceptance deadline

The company takes the principle of equal treatment of investors into account by ensuring that no investor is disadvantaged by the purchase or sale of shares at share values which are already known. For this reason, it has defined an order acceptance deadline by which orders for the issuance and redemption of shares must be submitted to it or the custodian. Issuance and redemption orders which are received at the custodian or the company by the order acceptance deadline are settled subject to the special features with regard to the redemption of shares with holding and notice periods described above at the share value determined for this day (=settlement day). Orders received by the custodian or company after the order acceptance deadline are settled at the share value determined for the next day (=settlement day). The order acceptance deadline for this investment fund is published on the company’s home page at www.hausinvest.de. It can be changed by the company at any time.

Asset valuation procedure

Valuation of properties, construction works, equity investments in property companies and liquidity investments

Properties

Upon acquisition and for a period of no more than three months after this, properties are recognised at the purchase price, after this they are recognised at the most recent value defined by the appraisers. This value is determined at the latest every three months for every property.

The valuations are distributed as evenly as possible to avoid a conglomeration of valuations on specific key dates. If changes to key valuation factors arise for a property, the interim valuation will be brought forward if necessary. The value of the property must be redefined within two months of a property being encumbered with a leasehold.

If the valuation of a property to be acquired by two external appraisers results in different market values, the consideration to be provided from the investment fund may not exceed or only exceed insignificantly the arithmetical mean value formed from the two market values.

Within the framework of the standard evaluation, the company determines and posts the arithmetic mean formed from these two market values as the market value of the property.

Ancillary costs which arise for the investment fund when a property is acquired, are written off over the anticipated holding period of the property, at the longest however over ten years in the same annual amounts. If the property is disposed of again, the ancillary procurement costs must be depreciated in their full amount. The treatment of ancillary procurement costs is governed in detail in § 30 paragraph 2 number 1 of the Regulation on the Content, Scope and Presentation of Accounting for Funds, Investment Stock Corporations and Investment Limited Partnerships and on the Valuation of Assets held by Investment Funds (KARBV).

For properties located abroad when the share price is determined provisions for the taxes are factored in which the state in which the property is located will probably levy if the property is sold at a profit. Further details are provided in § 30 paragraph 2 number 2 KARBV.

Construction works

If they have not been recorded when the properties are evaluated, construction works are always recognised at book value.

Equity investments in property companies

Upon acquisition and for a period of no more than three months after this, equity investments in property companies are recognised at the purchase price. Thereafter monthly asset statements of the property companies are used as the basis of the valuation. The value of the equity investment is determined by an auditor at the latest every three months based on the most recent asset statement as defined in § 319 of the German Commercial Code. The determined value is then updated by the company on the basis of the statements of assets by the next value determination date. If changes to key valuation factors arise for an equity investment which cannot be recorded by an update, the revaluation will be brought forward if necessary.

Ancillary costs which accrue for the investment fund when an equity investment is acquired are written off over the anticipated holding period of the equity investment, at the longest however over ten years in the same annual amounts. If the equity investment is disposed of again, the ancillary procurement costs must be depreciated in their full amount.

The properties disclosed in the statements of assets must be recognised at the value which was defined by the external appraiser(s) of the property investment fund.

If different market values are determined by the external appraisers as part of the purchase or standard valuation of properties to be acquired or held by property companies, the company proceeds as described above in the section "Properties".

If the property company holds a property located abroad, when the share price is determined provisions for the taxes are factored in which the state in which the property is located will probably levy if the property is sold at a profit. If, however, it is to be assumed that the equity investment including the property is going to be disposed of, a discount is applied for deferred tax burdens, if applicable, when the equity investment is evaluated.

Further details are provided in § 31 KARBV.

Liquidity investments

Assets which are authorised for trading on stock exchanges or in another organised market or are included in these as well as subscription rights for the investment fund are evaluated at the last available tradeable price which guarantees a reliable valuation, unless stated otherwise below in the section "Special valuation rules for individual assets".

Assets which are neither authorised for trading on stock exchanges nor in another organised market and are not included in these or for which there is no tradeable price are evaluated at the current market value which is appropriate if a careful assessment has been made in accordance with suitable valuation models taking into account current market conditions, unless stated otherwise below in the section "Special valuation rules for individual assets".

Special valuation rules for individual assets

Non-listed bonds

For the valuation of bonds which are not traded on the stock exchange or in an organised market (e.g. non-listed bonds, commercial papers and certificates of deposit), the prices agreed for similar bonds and, if applicable, the market values of bonds from similar issuers with a corresponding term and interest rate are used, if necessary with a markdown to offset the decreased saleability.

Money market instruments

Interest and income similar to interest is taken into account for the money market instruments contained in the investment fund.

Derivatives – option rights and futures contracts

The option rights belonging to an investment fund and the liabilities from option rights granted to a third party which are authorised for trading on a stock exchange or are included in

another organised market are evaluated at the last available tradeable price which guarantees a reliable valuation.

The same applies to receivables and liabilities from futures contracts sold for the account of the investment fund. The margins charged to the investment fund are taken into account in the value of the investment fund taking into consideration the valuation gains and losses determined on the trading day.

Bank deposits, time deposits, fund shares and securities loans

Bank deposits are always evaluated at their nominal value plus any interest which has been accrued.

Time deposits are evaluated at the market value provided that a corresponding contract has been concluded between the company and the respective bank which provides that the time deposit can be cancelled at any time and that the repayment at the time of cancellation is not made at the nominal value plus interest. Here it is defined in individual cases which market interest rate is to be used as the basis when the market value is determined. The corresponding interest receivables are also recognised.

Receivables, e.g. accrued interest claims as well as liabilities, are always recognised at the nominal value.

Fund shares are always recognised at the last redemption price determined for them or the last available tradeable price which guarantees a reliable valuation. If these values are not available, fund shares are evaluated at the current market value which is appropriate if a careful assessment has been made in accordance with suitable valuation models taking into account current market conditions.

For the refund claims from securities loans transactions, the respective market value of the securities transferred as loans is authoritative.

Assets denominated in a foreign currency

Assets denominated in a foreign currency are converted to euros on the same day at the fixed exchange rate of the respective currency determined at 10.00 a.m. CET by the WM Company and Thomson Reuters. Alternatively, the assets denominated in a foreign currency can be converted to euros on the same day at the exchange rate determined at 10.00 a.m. CET by Bloomberg Finance LP. If the above-mentioned exchange rates are not available, the corresponding exchange rates of the preceding banking business day can be applied.

Securities repurchase transactions (repos)

If securities are sold under agreements to repurchase for the account of the investment fund, these must continue to be taken into account in the valuation. In addition, the amount received as part of the repurchase transaction for the account of the investment fund must be disclosed within the liquid funds (bank deposits). In addition, during the valuation, a liability from repurchase transactions must be disclosed in the amount of the repayment obligations.

If securities are purchased under agreements to resell for the account of the investment fund, these must not be taken into account in the valuation. Due to the payment made by the investment fund, a receivable to the borrower amounting to

the repayment claims must be taken into account in the valuation.

Composite assets

Assets consisting of different elements must be evaluated on a proportionate basis in accordance with the above-mentioned regulations.

In exceptional cases, the special valuation regulations can be deviated from if the company deems this necessary to safeguard the interests of the investors while taking market conditions into account.

Issuance premium and redemption fee

When the issuance price is fixed, an issue premium is applied to the share value. The issue premium amounts to 5% of the share value. When selling his shares, the share purchaser only makes a profit if the value increase exceeds the issue premium paid when the shares were bought. For this reason, a longer investment period is recommended when purchasing shares. The issue premium is essentially a payment for the sale of the shares of the investment fund. The company can pass on the issue premium to any brokerage companies to cover any sales services.

A redemption fee is not levied.

Publication of the issuance and redemption prices

The issuance and redemption prices as well as, if applicable, the net asset value per share are available from the company headquarters and the custodian. The prices are published regularly in at least one daily or business newspaper with a sufficient circulation or on the Internet at www.hausinvest.de.

Costs for issuing and redeeming shares

The shares are issued and redeemed by the company and/or the custodian at the issue price or the redemption price without charging further costs.

If shares are issued or taken back through the brokerage of third parties, additional costs can accrue.

Suspension of redemption and investor decisions

The company can suspend the redemption of shares temporarily if there are extraordinary circumstances which appear to make a suspension necessary taking into account the interests of the investors ((§ 12 paragraph 7 of the General Investment Conditions). Extraordinary circumstances particularly apply if

- a stock exchange on which a substantial part of the securities of the investment fund are traded (except for on usual weekends and public holidays) is closed or trade is restricted or suspended,
- assets are not available,
- the countervalues for the sales cannot be transferred,

- it is not possible to determine the share value correctly or
- essential assets cannot be evaluated.

The paid-in money is invested primarily in property in accordance with the investment principles. Where there is a large volume of redemption requests, the liquid funds of the investment fund, i.e. bank deposits and revenues from the sale of the securities, money market instruments and fund shares may no longer be sufficient or be available immediately to pay the redemption price and to ensure proper management of the fund. The company is then obliged to refuse and suspend the redemption of the shares for a limited period of time (§ 12 paragraph 8 of the General Investment Conditions).

To procure the funds required to redeem the shares, the company must sell assets of the investment fund at appropriate conditions.

If the liquid funds for the redemption are still not sufficient even twelve months after the suspension, the company must continue to refuse the suspension and continue to sell assets of the investment fund. The disposal proceeds may now undershoot the market value of the properties by up to 10%.

If the liquid funds for the redemption are still not sufficient even 24 months after the suspension, the company must continue to refuse the suspension and continue to sell assets of the investment fund. The disposal proceeds may now undershoot the market value of the properties by up to 20%.

If the liquid funds for the redemption are still not sufficient even 36 months after the suspension, or if the company suspends the suspension of shares for the third time within five years, the right of the company to manage the investment fund lapses. The investment fund transfers to the custodian who liquidates it and pays out the liquidation revenues to the investors (see page 42 et seq., section "Procedure for liquidating the investment fund").

The periods specified above only start to run again after a resumption of the share redemption, if the company does not re-suspend the redemption of shares for the investment fund within three months of the resumption.

The company informs the investors about the suspension and the resumption of the redemption of shares by making an announcement in the Federal Gazette and in addition in business and daily newspapers with a sufficient circulation or on the Internet at www.hausinvest.de. The investors are also informed via their custodial bodies by way of a durable data medium, for example in hard copy or in electronic form. After the redemption process has resumed, the redemption price valid at this time is paid out to the investors.

If the company suspends the redemption of shares due to a lack of liquidity, the investors can give their consent by way of a majority resolution in accordance with § 259 of the German Capital Investment Code ('KAGB') to the disposal of individual assets of the investment fund even if the disposal is not effected at appropriate conditions as defined in § 257 paragraph 1 clause 3 KAGB. The consent of the investors is irrevocable. It does not oblige the company to carry out the corresponding disposal, it merely authorises it to do so. The vote should be carried out without the investors convening unless extraordinary circumstances make it necessary for the

investors to be informed personally at a meeting. A convened meeting is held even if the suspension of the share redemption is terminated temporarily. All investors take part in the vote based on the degree of their equity interest in the fund assets. The investors decide by way of a simple majority of the voting rights participating in the vote. A resolution is only effective if at least 30 % of the voting rights have taken part in the resolution.

The call to hold a vote about a disposal, the convening of an investors' meeting for this purpose as well as the investors' decision are announced by the company in the Federal Gazette and in addition on the Internet at www.hausinvest.de.

Liquidity management

The company has a liquidity management system.

The company has defined written principles and procedures for the investment fund which enable it to monitor the liquidity risks of the fund and ensure that the liquidity profile of the investments of the fund is covered with the underlying liabilities of the fund. Taking into account the investment strategy illustrated in section "Description of the investment goals and the investment policy" as well as the options described in section "Liquidity investments" for investing the surplus liquidity, the liquidity management system aims to create a liquid and low-risk liquidity portfolio for the *hausinvest* fund whose performance is oriented on the money market. The annual and semi-annual reports contain more detailed information about the liquidity management strategy as well as the current composition of the liquidity investments. The liabilities available in accordance with the permissible assets are aligned with the investment horizon of the assets and the resulting flows of funds are integrated in the liquidity management system. The liquidity profile of the *hausinvest* fund is rated as income-oriented in concordance with the liquidity portfolio.

The principles and procedures encompass the following:

- The company monitors the liquidity risks which can arise at the level of the investment fund or the assets. It makes an assessment of the liquidity of the assets held in the investment fund in relation to the fund assets and defines a liquidity ratio for them. The assessment of the liquidity for example involves an analysis of the trading volume, the complexity of the asset, the number of trading days which are required to dispose of the respective asset without having an effect on the market price. Here the company also monitors the investments in target funds and their redemption principles and any resulting effects on the liquidity of the investment fund.
- The company monitors the liquidity risks which can arise as the result of increased redemption requests from investors. It forms expectations about net fund changes taking into account available information about the investor structure and empirical values from historical net fund changes. It takes into account the effects of major call risks and other risks (e.g. reputation risks).
- The company has defined adequate limits for the liquidity risks for the investment fund. It monitors adherence to these limits and has defined procedures if the limits are exceeded or there is a threat of them being exceeded.

- The procedures set up by the company guarantee consistency between the liquidity ratio, the liquidity risk limits and the net fund changes to be expected.

The company reviews these principles annually and updates them accordingly.

The company carries out stress tests regularly on a monthly basis with which it can evaluate the liquidity risks of the investment fund (stress tests must be carried out at least once a year, see § 6 (Regulation on the Rules of Conduct and Organisational Rules Pursuant to the Investment Code) (KAVerOV) in conjunction with Art. 48 paragraph 2 point e) AIFM Directive). The company carries out the stress tests based on reliable and current quantitative or, if this is not adequate, qualitative information. These tests include the investment strategy, redemption periods, payment obligations and notice periods within which the assets can be disposed of as well as information in relation to general investor behaviour and market developments. Where applicable, the stress tests simulate the deficient liquidity of the assets of the investment fund as well as redemption requests which are atypical in number and scope. They cover market risks and their effects including margin calls, and requirements for collateral or credit lines. They take valuation sensitivities under stress conditions into account. They are carried out taking into account the investment strategy, the liquidity profile, the investor type and the redemption principles of the investment fund in a frequency appropriate to the type of investment fund.

The redemption rights under normal and extraordinary circumstances as well as the suspension of the redemption are illustrated in the section “Shares – Issuance and Redemption of Shares – Suspension of the share redemption”. The related risks are explained in “Risk Information – Fund Investment Risks – Suspension of the Share Redemption” as well as “Risks of the restricted or increased liquidity of the investment fund and risks relating to increased subscriptions or redemptions (liquidity risk)”.

Costs

Management and other costs

1. Payments which must be made to the company:

- a) Management fees

For managing the investment fund, the company receives an annual payment of up to 1% of the average net asset value of the investment fund in the settlement period which is calculated from the values at the end of each month. It is entitled to levy proportionate advance payments on this on a monthly basis.

- b) Payments for the acquisition, conversion or disposal of properties

If property is acquired, converted or disposed of for the investment fund, the company can demand in each case a one-off payment of up to 1% of the purchase price and/or of the building costs. If the properties are located outside the member states of the EU and/or the signatory

states to the Agreement on the EEA, the payment can be up to 1.5 % of the purchase price and/or the building costs. In the case of project developments carried out by the company for the investment fund, a payment of up to 2 % of the building costs can be levied. The regulations apply accordingly to the equity investments in property companies held either directly or indirectly by the company for the account of the investment fund and/or the properties of these companies. The following applies to the calculation of the payment to be made to the company: In the case of the acquisition, the disposal, the conversion, new construction or project development of a property by a property company, the purchase price and/or the building costs of the property must be recognised. In the case of the acquisition or disposal of a property company, the market value of the properties contained in the company must be recognised. If only one equity investment in the property company is held, acquired or disposed of, the proportionate market value and/or the building costs must be recognised in accordance with the share of the stake held, acquired or disposed of for the investment fund.

2. Payments to the custodian

The monthly payment for the custodian amounts to 1/12 of a maximum of 0.025 % p.a. of the average net asset value of the investment fund in the settlement period which is calculated from the respective values at the end of each month.

3. Permissible annual maximum amount acc. to points 1.a) and 2.

The amount that is taken annually from the investment fund as payments in accordance with the above paragraphs 1.a) and 2., can amount in total up to 1.025% p.a. of the average net asset value of the investment fund in the financial year which is calculated from the values at the end of each month.

4. Expenses

In addition to the payments specified above, the following expenses are charged to the investment fund:

- a) Costs for the external valuation;
- b) Standard bank custody account and account fees if necessary, including the standard banking costs of safekeeping foreign assets abroad;
- c) Debt capital and management costs which arise as a result of property management (management, letting, maintenance, operational and legal costs);
- d) Costs for printing and sending legally prescribed sales documents intended for the investors (annual and semi-annual reports, prospectus, Key Investor Information);
- e) Costs of publishing the annual and semi-annual reports, the issuance and redemption prices and, if applicable, the distributions or retentions and the liquidation report;
- f) Costs of creating and using a durable data medium except for where information is being provided about mergers of investment assets and measures relating to investment limit infringements or calculation errors when determining the share value;
- g) Costs for auditing the investment fund by the

- auditor of the investment fund;
- h) Costs for publishing the taxation principles and the certification that the tax information has been determined in accordance with the provisions of German tax law;
 - i) Costs for enforcing and implementing legal claims by the company for the account of the investment fund as well as the defence against any claims raised against the company at the expense of the investment fund;
 - j) Fees and costs which are levied by state bodies in relation to the investment fund;
 - k) Costs for legal and tax advice with regard to the investment fund;
 - l) Costs as well as any fees which can accrue with the purchase and / or use or specification of a benchmark or financial index;
 - m) Costs for commissioning proxies;
 - n) Costs for analysing the investment success of the investment fund by third parties;
 - o) Taxes which accrue in relation to the payments to be made to the company, the custodian and third parties, the above-mentioned expenses and management and safekeeping;
 - p) The land transfer tax which accrues if properties held by the investment fund are transferred to the custodian according to § 100 paragraph 1 number 1 KAGB and other costs (e.g. court and notary costs).

The expense compensation claims specified under points a) and b) apply accordingly to the equity investments in property companies held either directly or indirectly by the company for the account of the investment fund and/or the properties of these companies. To calculate the expense compensation, the amount of the investment fund's stake in the property company is to be used as the basis. In derogation of this, expenses which arise for the property company based on the specific requirements of the KAGB are not charged on a proportionate basis but to their full extent to the investment fund or funds for whose account a stake in the company is being held and which is subject to these requirements.

5. In addition to the above-mentioned payments and expenses, the costs which arise in connection with the acquisition and disposal of assets are charged to the investment fund. The expenses in relation to the acquisition, disposal, development and encumbrance of properties including any taxes which accrue in this connection are charged to the investment fund irrespective of whether the transaction actually comes to fruition or not.

Specification of a total expense ratio

The management costs (without transaction costs) which accrue during the financial year to be charged to the investment fund are published in the annual report and shown as a ratio of the average fund volume ("total expense ratio"). This comprises the payment for managing the investment fund, the payment to be made to the custodian as well as the expenses which can be charged in addition to the investment fund (see page 31 f.). This does not include the transaction costs which arise when assets are acquired and disposed of. Transaction costs are charged to the investment fund.

If when purchasing shares, the investor is advised by third parties or if these parties are brokering the purchase, they will disclose to him costs or expense ratios if applicable which are not congruent with the cost information in this prospectus and in the Key Investor Information and which can exceed the total expense ratio described here. This can be attributed in particular to the fact that the third party additionally takes into account the costs of his own activity (e.g. brokerage, consultancy or administration of custody accounts). In addition, where applicable, he also takes into account one-off costs such as issuance premiums and usually uses other calculation methods or estimates for the costs which accrue at fund level which include the transactions costs of the fund in particular. Deviations in the cost reporting can arise both in the information that is provided before the contract is concluded and in regular cost information about the existing fund investment within the framework of a long-term customer relationship.

Payment policy

The company's payment system comprises target group-specific payment models which fulfil both general and specific regulatory requirements. In this connection, the company takes care to ensure that both the payment models and parameters derived from the payment systems and the components of the payment are sustainable, i.e. that they focus on achieving the long-term success of the company and are designed to be transparent. Here it is taken into account that the payment-relevant objectives of the employees are sufficiently ambitious and can make an effective and sustainable contribution to achieving the corporate goals. In addition, no incentives will be offered to take disproportionately high risks which are not compatible with the risk profile or the investment conditions of the investment funds managed by the company.

The payment models are tailored to the different employee groups:

1. Basic model: for employees in the ComMap levels A, B, C and D
2. NPS model: for employees on ComMap level 2 and above
3. Management of the company

In addition, separate regulations apply to these "risk takers" to measure their performance and assess their variable remuneration. Furthermore, a payment control committee has been set up at the level of Commerz Real AG. In this regard, the payment control committee monitors the appropriate design of the payment systems in particular and takes the long-term interests of the investor(s), other participating parties and the public into account. The payment control committee of Commerz Real AG also assumes the function of the payment committee for the company. Further details on the company's current payment policy and practice are published in Commerz Real AG's remuneration report on the Internet at <http://commerzreal.com/verguetungsbericht>.

Other information

Non-cash benefits can arise for the company in connection with transactions for the account of the investment fund

(broker research, financial analyses, market and price information systems) which are used in the interests of the investors when investment decisions are made. The company is not reimbursed for the payments and expense reimbursements paid out from the investment fund to the custodian and third parties. The company uses a part of the payments made to it from the investment fund for recurring payments to brokers of shares in the form of follow-up brokerage commission.

In addition to the payment for managing the investment fund, the fund is charged an additional management fee for the fund shares held in the fund.

Furthermore, fees, costs, commissions and other expenses are usually borne by the investors of the respective investment fund either directly or indirectly.

The company must publish the amount of the issuance premiums and redemption fees in the annual and semi-annual reports which have been charged to the investment fund in the reporting period for the acquisition and redemption of shares as defined in § 196 KAGB.

When purchasing fund shares which are managed either directly or indirectly by the company or a company to which the company is affiliated through a significant direct or indirect equity interest, it or the other company may not charge any issuance premiums or redemption fees for acquiring and redeeming the shares. In the annual and semi-annual reports, the company must publish the fee which has been charged to the investment fund by the company itself, by another capital management company, an investment stock corporation or another company, to which the company is affiliated through a significant direct or indirect equity interest, or by a foreign investment company including its management company as a management fee for the shares held in the investment fund.

Determining and using the income

Determining the income

The investment fund generates ordinary income from rents received from properties which are not used to cover costs, from equity investments in property companies as well as interest and dividends from liquidity investments. These are recognised on an accrual basis.

In addition, it earns construction period interest (interest on money on account for construction projects) insofar as this is recognised as imputed interest rather than the normal market rate applicable to fund money used for construction projects.

Extraordinary income can be generated from the disposal of properties, equity investments in property companies and from liquidity investments. The capital gains or losses from the sale of properties and equity investments in property companies are determined such that the sales revenues (minus the costs incurred in connection with the sale) are compared with the procurement costs of the property or equity investment in a property company (book value) reduced by the potential depreciation allowable for tax purposes. Realised capital losses are not netted against realised capital gains.

The capital gains or losses incurred by the sale of securities and/or the redemption of securities are determined separately for each individual sale or each individual redemption. The average value determined from all purchases of the class of securities is used as the basis when determining capital gains and/or losses (what is known as the average or forward projection method).

Income equalisation procedure

The company uses what is known as an "income equalisation procedure" for the investment fund. In accordance with this procedure, the balance of expenses and earnings accrued during the financial year until the shares are bought or sold, which the share purchaser must pay for as part of the issuance price and the seller of shares receives as payment as part of the redemption price, is calculated on an ongoing basis and is shown on the earnings statement as a distributable position. The income equalisation procedure is used to protect the distribution capability per outstanding share from the effects of inflows and outflows of funds. Otherwise, due to the increased number of shares, every inflow of funds would reduce the amount that can be distributed per share and every outflow of funds would increase the amount that can be distributed per share, due to the reduced number of shares. This procedure therefore prevents a dilution of the distribution capability per share in the event of an inflow of funds and prevents a distribution capability that is too high ("capital distribution") per share in the event of a return flow of funds. Here it is taken into account that investors who, for example, purchase shares shortly before the distribution date, get back that part of the issue price allocated to income in the form of a distribution although the capital they have paid in did not play a part in the generation of the income.

Use of income

1. The company distributes the income which accrues from the properties and the assets during the financial year and which is not used to cover costs for the account of the investment fund, taking into account the associated income equalisation. Income on liquidity investments accrued in the accounting period is also used for the distribution. The company can also make interim distributions during the year on the following dates: 15 September and 15 December. Capital distributions are not permitted.
2. Amounts which are required for future repairs must be retained from the income thus determined. Amounts which are required to offset property value impairments can be retained. However, apart from retentions for repair work, at least 50 % of the income specified in paragraph 1 above must be distributed.
3. Capital gains – taking into account the associated income equalisation – can be distributed.
4. Interest on money on account for construction projects, provided it is kept within the limits of the saved standard market construction period interest, can also be used for the distribution.
5. The distributable income can be carried forward to make distributions in subsequent financial years to the extent that the total of the income carried forward does not exceed 10 % of the respective value of the investment fund at

the end of the financial year. Income from short financial years can be carried forward in its full amount.

6. In the interests of preserving capital invested, income can sometimes be earmarked partly – in special cases also completely – for reinvestment in the investment fund. However, apart from retentions for repair work, at least 50 % of the income specified in paragraph 1 above must be distributed.
7. The distribution is carried out annually free-of-charge immediately after the annual report is published, interim distributions are made on the dates specified in paragraph 1 above.

In the past, bearer shares in the form of actual securities have been issued for the investment fund. In accordance with the German Capital Investment Code (KAGB), these actual securities must be held in a central securities depository. Bearer share certificates which were not yet held in a central securities depository on 31 December 2016 became null and void upon expiry of this date together with the dividend warrants (coupons) which had not yet matured (see section “Shares – Deposit obligation for actual securities”). Coupons which matured before 1 January 2017 can be submitted to the custodian so the income allocated to them can be paid out. However, it is not permissible for the amount to be paid out in cash. It must be credited to a domestic account of the investor.

Effect of the distribution on the share value

As the distribution amount is withdrawn from the respective investment fund, on the day of the distribution (ex-day) the share value is reduced by the distributed amount per share.

Crediting of the distributions

If the shares are held in a custody account at the custodian, their offices credit the distributions free-of-charge. If the custody account is held at other banks or savings accounts, additional costs can arise.

Brief information regarding tax-law provisions

The statements on tax-law provisions only apply to investors who have unrestricted tax liability in Germany. Investors with unrestricted tax liability are also referred to hereinafter as resident taxpayers. Before purchasing shares in the investment fund described in this prospectus, we recommend to foreign investors that they get in touch with their tax advisor to clarify any tax-based consequences which may arise in their home countries as a result of purchasing shares in Germany. Foreign investors are investors who do not have unrestricted tax liability. These are also referred to hereinafter as non-resident taxpayers.

As a special purpose fund, the investment fund is exempt from corporation tax and trade tax. However with its domestic property income, i.e. domestic rental income and gains from the disposal of domestic properties (the profit from the sale of domestic properties is tax-free with regard to the hidden reserves accrued by 31 December 2017 if the period between the procurement and disposal is more than ten years), domestic income from equity investments and other domestic income in line with restricted income tax liability with the exception of profits from the sale of shares in corporations, it is partially liable for corporation tax. The tax rate is 15%. If the

taxable income is raised by deducting capital gains tax, the 15% tax rate already includes the solidarity surcharge.

However, for private investors, the investment income as income from capital assets, is subject to income tax, if this together with other capital income exceeds the lump-sum savings allowance of 801 euros annually (for single persons or married couples assessed separately) or 1,602 euros (for married couples assessed jointly).

Income from capital assets is always subject to a tax deduction of 25% (plus solidarity surcharge and, if applicable, church tax). The income from capital assets also includes the income from investment funds (investment income), i.e. the distributions from the fund, the advance lump sums and the profits from the disposal of the shares. Under certain conditions, investors can receive a lump sum of this investment income tax-free (what is known as partial exemption).

In general, for the private investor, the tax deduction acts a payment in lieu (what is known as flat-rate tax) so that the income from capital assets does not need to be disclosed on a regular basis in the income tax return. When the tax deduction is made, loss off-setting is already carried out by the custodial body and credited towards foreign withholding taxes originating from the direct investment.

The tax deduction, however, then cannot act as a payment in lieu if the personal tax rate is lower than the flat tax rate of 25%. In this case the income from capital assets can be disclosed in the income tax return. The tax office then applies the lower personal tax rate and counts the tax deducted towards the investor's personal tax liability (“most favourable tax treatment”).

If income from capital assets has not been subject to a tax deduction (because for example a profit has been achieved from the disposal of fund shares in a foreign custody account), these must be disclosed in the tax return. As part of the assessment, the income from capital assets is then also subject to the flat tax rate of 25% or the lower personal tax rate.

If the shares are held in business assets, the income is recorded for tax purposes as business income.

Shares in private assets (resident taxpayers)

Distributions

Distributions from the fund are always liable to tax. The fund fulfils however the tax prerequisites for a property fund, for this reason 60% of the distributions are tax-free. The taxable distributions are usually subject to the tax deduction of 25% (plus solidarity surcharge and church tax, if applicable).

No tax needs to be deducted if the investor is a resident taxpayer and submits an exemption order provided that the taxable income components do not exceed 801 euros for single persons and 1,602 euros for married couples assessed jointly.

The same also applies if a certificate for people who are probably not going to be assessed for income tax is submitted (what is known as a non-assessment certificate, hereinafter referred to as a NA certificate).

If the domestic investor is holding the shares in a domestic custody account, the custodial body as the payment body does not deduct any tax if an exemption order issued in a sufficient amount and adhering to an official model or an NA certificate which is issued by the tax office for a maximum duration of three years is submitted to it before the defined distribution date. In this case the investor is credited the entire distribution in the full amount.

Advance lump sums

The advance lump sum is the amount by which the distributions from the fund within a calendar year undershoot the basic income for this calendar year. The basic income is calculated by multiplying the redemption price of the share at the start of a calendar year by 70% of the basic interest which is derived from the returns which can be achieved in the long term from public bonds. The basic income is restricted to the surplus amount which results between the first and the last redemption price set in the calendar year plus the distributions within the calendar year. In the year the shares are acquired, the advance lump sum is reduced by a twelfth for each full month preceding the month of the acquisition. The advance lump sum is deemed to have been accrued on the first working day of the following calendar year. Advance lump sums are always liable to tax.

However, the fund fulfils the tax prerequisites for a property fund, for this reason 60% of the advance lump sums are tax-free. The taxable advance lump sums are usually subject to the tax deduction of 25% (plus solidarity surcharge and church tax, if applicable).

No tax needs to be deducted if the investor is a resident taxpayer and submits an exemption order provided that the taxable income components do not exceed 801 euros for single persons and 1,602 euros for married couples assessed jointly.

The same also applies if a certificate for people who are probably not going to be assessed for income tax is submitted (NA certificate).

If the domestic investor is holding the shares in a domestic custody account, the custodial body as the payment body does not deduct any tax if an exemption order issued in a sufficient amount and adhering to an official model or an NA certificate which is issued by the tax office for a maximum duration of three years is submitted to it before the fund inflow time. In this case no tax is deducted. Otherwise the investor must pay the domestic custodial body the amount of the tax to be deducted. For this purpose, the custodial body may collect the amount of the tax to be deducted from an account held in the name of the investor at its premises without the consent of the investor. Provided the investor does not object before the advance lump sum flows in, the custodial body may also collect the amount of the tax to be deducted from an account in the name of the investor only insofar as no use has been made of an overdraft facility agreed with the investor for this account. If the investor does not fulfil his obligation to provide the domestic custodial body with the amount of tax to be deducted, the custodial body must notify the tax office responsible for it of this. In this case the investor must declare the advance lump sum in his income tax return.

Capital gains at investor level

If shares in the fund are disposed of after 31 December 2017, the capital gains are subject to the flat tax rate of 25%. This also applies to shares which were purchased before 1 January 2018 and which are regarded as having been sold on 31 December 2017 and re-procured on 1 January 2018, as well as to shares purchased after 31 December 2017.

However, the fund fulfils the tax prerequisites for a property fund, for this reason 60% of the capital gains are tax-free. In the case of gains from the sale of shares which were purchased before 1 January 2018 and which are regarded as having been sold at 31 December 2017 and re-procured on 1 January 2018, it should be noted that at the time of the actual disposal, the profits from the fictitious sale carried out on 31 December 2017 must also be taxed if the shares were actually purchased after 31 December 2008. Value changes which occurred between the procurement time and 31 December 2017 for shares purchased before 1 January 2009 are tax-free.

If the shares are held in a domestic custody account, the custodial body carries out the tax deduction taking into account any partial exemptions. The tax deduction of 25% (plus solidarity surcharge and church tax, if applicable) can be avoided by submitting an adequate exemption order or an NA certificate. If such shares are sold by a private investor at a loss, the loss, which may be reduced due to a partial exemption, can be offset against other positive income from the capital assets. If the shares are held in a domestic custody account and positive income has been achieved from capital assets at the same custodial body in the same calendar year, the custodial body carries out the loss off-setting.

If the fund shares purchased before 1 January 2009 are sold after 31 December 2017, the profit that accrues after 31 December 2017 is basically tax-free up to an amount of 100,000 euros for private investors. This allowance can only be taken advantage of if these profits have been declared to the tax office responsible for the investor.

When determining the capital gains, the profit must be reduced by the advance lump sums recognised during the holding period.

Shares in business assets (resident taxpayers)

Reimbursement of the corporation tax of the fund

If the investor is a domestic corporation, association of individuals or legal estate, which in accordance with the articles of association, the foundation business or other constitution and in accordance with the actual management exclusively and directly serves charitable, benevolent or ecclesiastical purposes, or a public law foundation, which exclusively and directly serves charitable or benevolent purposes or a legal entity under public law, which exclusively and directly serves ecclesiastical purposes, it is reimbursed from the fund upon request on a proportionate basis with the corporation tax which has accrued at fund level for its holding period; this does not apply if the shares are held in a commercial business operation. The same applies to similar foreign investors whose headquarters and board of management are situated in a foreign state providing administrative and recovery assistance. The same applies if the shares in the fund are held as part of retirement provision contracts or basic annuity agreements which have been certified in accordance with the Law

on the Certification of Retirement Provision Contracts. The reimbursement requires that the investor has been the beneficial owner under civil law of the shares for at least three months before the income of the fund subject to corporation tax was accrued without there being any obligation to transfer the shares to another person. Furthermore the reimbursement essentially requires with regard to the corporation tax on German dividends and income from German participation rights similar to equity capital incurred at fund level that German stocks and German participation rights similar to equity capital were held by the fund as the beneficial owner for an uninterrupted period of 45 days within a 45-day period before and after the maturity point of the capital income and in these 45 days minimum value change risks amounting to 70% existed for an uninterrupted period of time.

The same applies in a restricted way to the corporation tax which applies to domestic property income of the fund if the investor is a domestic legal entity under public law if the fund shares are not to be allocated to a commercial business not exempt from corporation tax, or the investor is a domestic corporation, association of individuals or legal estate exempt from corporation tax which is not to be reimbursed with the corporation tax of the fund on all its taxable income.

Proof of the tax exemption and a fund share-holding certificate issued by the custodial body must be enclosed with the application. The fund share-holding certificate is a certificate drawn up in accordance with an official model attesting to the scope of the shares held by the investor on a continuous basis during the calendar year as well as the time and extent of the purchase and the sale of shares during the calendar year. Instead of the fund share-holding certificate, in the case of shares which are held in the fund as part of retirement provision contracts or basic annuity agreements, the supplier of a retirement provision contract or basic annuity agreement provides a notification detailing at what times and to what extent shares have been purchased or sold.

Due to the very complex nature of the regulation, involving a tax advisor would seem wise.

Distributions

Distributions from the fund are always liable to income tax or corporation and trade tax.

However, the fund fulfils the tax prerequisites for a property fund, for this reason 60% of the distributions are tax-free for the purposes of income and corporation tax and 30% are tax-free for the purposes of trade tax.

The distributions are usually subject to the tax deduction of 25% (plus the solidarity surcharge). The partial exemption is taken into account when the tax is deducted.

Advance lump sums

The advance lump sum is the amount by which the distributions from the fund within a calendar year undershoot the basic income for this calendar year. The basic income is calculated by multiplying the redemption price of the share at the start of a calendar year by 70% of the basic interest which is derived from the returns which can be achieved in the long term from public bonds. The basic income is restricted to the surplus amount which results between the first and the last redemption price set in the calendar year plus the distributions within the calendar year. In the year the shares are acquired, the advance lump sum is reduced by a twelfth for each full month preceding the month of the acquisition. The advance lump sum is deemed to have been accrued on the first working day of the following calendar year.

Advance lump sums are always liable to income tax or corporation and trade tax.

However, the fund fulfils the tax prerequisites for a property fund, for this reason 60% of the advance lump sums are tax-free for the purposes of income and corporation tax and 30% are tax-free for the purposes of trade tax.

The advance lump sums are usually subject to the tax deduction of 25% (plus the solidarity surcharge). The partial exemption is taken into account when the tax is deducted.

Capital gains at investor level

Gains from the sale of shares are always subject to income or corporation tax and trade tax. When determining the capital gains, the gains must be reduced by the advance lump sums recognised during the holding period.

However, the fund fulfils the tax prerequisites for a property fund, for this reason 60% of the capital gains are tax-free for the purposes of income and corporation tax and 30% are tax-free for the purposes of trade tax.

In the event of a capital loss, the loss cannot be deducted at investor level in the amount of the partial exemption to be applied.

The gains from the sale of the shares are usually not subject to the deduction of capital gains tax.

Negative taxable income

Negative taxable income cannot be attributed to the investor.

Liquidation taxation

During the liquidation of the fund, distributions are only regarded as income if they contain value increases gained over a calendar year.

Summarising overview for taxation for standard commercial investor groups

	Distributions	Advance lump sums	Capital gains
Domestic investors			
Sole proprietors	Capital gains tax: 25% (the partial exemption for property funds amounting to 60 % and/ or for property funds with a foreign focus amounting to 80 % is taken into account)		Capital gains tax: waiver
	Material taxation: income tax and trade tax, if applicable, taking into account partial exemptions (property funds 60% for income tax / 30% for trade tax; property funds with a foreign focus 80% for income tax / 40% for trade tax)		
Regulated corporations (typically industrial enterprises; banks, provided that shares are not held in the trading portfolio; property insurers)	Capital gains tax: waiver for banks, otherwise 25% (the partial exemption for property funds amounting to 60% and/or for property funds with a foreign focus amounting to 80% is taken into account)		Capital gains tax: waiver
	Material taxation: corporation tax and trade tax, if applicable, taking into account exemptions (property funds 60% for corporation tax / 30% for trade tax; property funds with a foreign focus 80% for corporation tax / 40% for trade tax)		
Life and health insurance compa- nies and pension funds in which the fund shares are to be attributed to the capital investments	Capital gains tax: waiver		
	Material taxation: corporation tax and trade tax, insofar as no provisions for contribution refunds (PcR) are established on the balance sheet, which is also to be recognised for tax purposes, if applicable taking into account partial exemptions (property funds 60% for corporation tax / 30 % for trade tax; property funds with a foreign focus 80 % for corporation tax / 40% for trade tax)		
Banks that hold the fund shares in the trading portfolio	Capital gains tax: waiver		
	Material taxation: Corporation tax and trade tax, if applicable, taking into account partial exemptions (property funds 60% for corporation tax / 30% for trade tax; property funds with a foreign focus 80% for corporation tax / 40% for trade tax)		
Tax-exempt charitable, benevolent or ecclesiastical investors (in particular churches, charitable foundations)	Capital gains tax: waiver		
	Material taxation: tax-free – in addition, the corporation tax accrued at fund level can be refunded upon request		
Other tax-exempt investors (in particular pension funds, burial funds and provident funds, provided that prerequisites laid down in the Corporation Tax Act are met)	Capital gains tax: waiver		
	Material taxation: tax-free – in addition, the corporation tax accrued at fund level, which applies to domestic property income, can be refunded upon request.		

A domestic safe custody arrangement is assumed. A solidarity surcharge is levied as a supplementary tax on the capital gains tax, income tax and corporation tax. For the waiver of the deduction of capital gains tax it can be necessary for certificates to be submitted in good time to the custodial body.

Non-resident taxpayers

If a non-resident taxpayer holds the fund shares in a custody account at a domestic custodial body, deducting tax from distributions, advance lump sums and gains from the sale of the shares is waived if the investor furnishes proof of his or her non-resident status for tax purposes. If the non-resident status of the custodial body is not known or is not proven in good time, the foreign investor is forced to apply for reimbursement of the tax deduction in accordance with the German Fiscal Code². The tax office responsible for the custodial body is the competent authority.

Solidarity surcharge

A solidarity surcharge amounting to 5.5% must be levied on the tax to be deducted from distributions, advance lump sum and gains from the sale of shares.

Church tax

If the income tax is already being levied by a domestic custodial body (withholding agent) through the tax deduction, the church tax applicable to it is levied regularly as a surcharge to the tax deduction in accordance with the church tax rate of the religious community to which the person liable to church tax belongs. The deductibility of the church tax as a special disbursement is already taken into account in the tax deduction with a diminishing effect.

² § 37 paragraph 2 AO (German Fiscal Code).

Foreign withholding tax

Withholding tax is sometimes deducted in the countries of origin from the foreign income of the fund. For the investors, this withholding tax cannot be taken into account to reduce their taxes.

Consequences of merging investment funds

If a domestic fund is merged with another domestic fund for which the same partial exemption rate is applied, hidden reserves are not covered either at the level of the investors nor at the level of the participating investment funds, i.e. this process is tax-neutral. If the investors of the transferring investment fund receive a cash payment provided for in the merger plan,³ this must be treated as a distribution.

If the partial exemption rate to be applied of the transferring investment fund deviates from that of the absorbing fund, the fund share of the transferring investment fund is deemed to be sold and the fund share of the absorbing investment fund is deemed to be procured. The profit from the fictitious sale is only deemed to have been accrued when the fund share of the absorbing investment fund is actually sold.

Automatic exchange of information in tax matters

The significance of the automatic exchange of information to combat cross-border tax fraud and tax evasion has greatly increased at international level in the last few years. To this end, the Organisation for Economic Cooperation and Development (OECD) has inter alia published a global standard for the automatic exchange of information regarding financial accounts in tax matters (Common Reporting Standard, hereinafter referred to as "CRS"). At the end of 2014 together with Directive 2014/107/EU of the Council of 9 December 2014, the CRS was integrated into Directive 2011/16/EU with regard to the obligation for the automatic exchange of information in the area of taxation. The participating states (all member states of the EU as well as a few non-member states) now use the CRS. With the Financial Accounts Information Exchange Law of 21 December 2015, Germany enshrined the CRS in German law.

The CRS obliges reporting financial institutions (mainly banks) to obtain specific information about their customers. If the customers (natural persons or legal entities) are persons subject to reporting requirements resident in other participating states (this does not include for example, stock exchange-listed corporations or financial institutions), their accounts and custody accounts are rated as accounts subject to reporting requirements. The reporting financial institutions will then transfer specific information to the tax authority in their home country for every account subject to reporting requirements. This authority then transfers the information to the customer's native tax authority.

The information to be transferred essentially involves the personal data of the customer subject to reporting requirements (name; address; tax ID number; date and place of birth (in the case of natural persons); country of residence) as well as information about the accounts and custody ac-

counts (e.g. account number; account balance or account value; total gross amount of the income such as interest, dividends or distributions from investment funds; total gross revenues from the disposal or redemption of financial assets (including fund shares)).

Consequently, investors subject to reporting requirements who maintain an account and/or custody account at a bank which is located in a participating state are those specifically affected. For this reason, German banks will report information about investors who are resident in other participating states to the Federal Central Tax Office which then forwards the information to the respective tax authorities of the investors' countries of residence. Accordingly, banks in other participating states will report information about investors who are resident in Germany to their respective tax authority in their home countries. This authority then forwards the information to the Federal Central Tax Office. Lastly it is conceivable that banks located in other participating states report information about investors who are in turn resident in other participating states to their respective tax authority at home. This authority then forwards the information to the respective tax authorities of the investors' countries of residence.

Land transfer tax

If shares in the investment fund are sold, this does not trigger any land transfer tax obligations.

Restricted tax obligations in Austria

The Property Investment Fund Law (ImmoInvFG) has been in force in Austria since 1 September 2003. As a result of this law, restricted tax liability was introduced in Austria for those profits which a foreign investor generates from Austrian property via an Open-Ended Property Fund. The ongoing operating profits from the lease and the value increases of the Austrian properties resulting from the annual valuation are taxed. Those taxpayers who qualify for restricted tax liability in Austria are individual investors who do not have their permanent or ordinary residence in Austria (in the case of corporations neither the headquarters nor the location of the board of management). For natural persons the tax rate for this income in Austria is 25%. If the investor generates per calendar year a maximum total of 2,000 euros of income that is taxable in Austria, he does not need to submit a tax return and the income remains tax-free. If this limit is exceeded or upon request of the responsible Austrian tax authority, a tax return must be submitted in Austria. For corporations the tax rate in Austria is 25%. As distinct from natural persons, for corporations there is no statutory tax-exempt amount. The Vienna Tax Office 1/23 is responsible for the taxation. The restricted taxable income which applies to a share in Austria is shown separately in the annual report. This amount must be multiplied by the number of shares held by the investor at the time of the distribution.

3% tax in France

Since 1 January 2008 property investment funds have been subject to the scope of application of a French special tax (the French 3% tax) which is levied on an annual basis on the

³ § 199 paragraph 2 number 2 of the German Capital Investment Code (KAGB).

market value of properties located in France. For French property funds as well as similar foreign investment funds, the French law provides for exemption from the 3% tax. In the opinion of the French tax authorities, German property investment funds are not always comparable with French property investment funds with the result that they are generally not exempt from the 3% tax.

To become exempt from this tax, in the opinion of the French tax authorities, the *hausInvest* fund must submit a tax return annually which discloses the French properties held on 1 January of each year and names those shareholders who had a stake in the fund of 1% or more on 1 January of any year.

The number of shares corresponding to 1% of the fund on 1 January of any year is detailed in the respective annual report.

So that the investment fund can fulfil its tax return obligations and thereby prevent the French 3% tax being levied, we would ask you, if your stake in the *hausInvest* fund on 1 January has reached or exceeded a quota of 1%, to send us a written declaration (Commerz Real Investmentgesellschaft mbH, Tax Department, Friedrichstraße 25, 65185 Wiesbaden) in which you agree to your name, your address and the amount of your stake being disclosed to the French tax authorities.

This disclosure will not have any financial consequences for you nor does it trigger any declaratory or reporting obligations on your part vis-à-vis the French tax authorities if your stake in the investment fund on 1 January was less than 5% and this is your only investment in French property.

If your stake on 1 January was 5% or more or you held further properties either directly or indirectly in France, due to your equity investment in French properties, you may yourself be liable for tax and to ensure that you are tax-exempt you must submit a separate tax return to the French tax authorities. However, different groups of investors may be covered by general exemptions; for example, natural persons and listed companies are exempted from the 3% tax. In these cases, you do not need to submit a separate tax return. For further information about any possible declaratory obligations on your part, we recommend you contact a French tax advisor.

General information

The statements relating to tax are based on the currently known legal position. In Germany they are intended for persons with unrestricted income tax or corporation tax liability. However, no assurance can be given that the tax treatment will not change as a result of legislation, jurisdiction, or decrees of tax authorities.

Service providers

Delegation of activities

Enterprises who assume functions outsourced by the company are detailed in the section "Outsourcing".

In addition, the company has appointed the following service providers whose services are not of subordinate importance for the *hausInvest* fund:

- as sales partner:

Commerzbank AG, 60261, Frankfurt am Main, for the sale of shares of the *hausInvest* investment fund

- for legal advice, the following law firms:

Norton Rose Fulbright LLP, 3 More London Riverside, London, SE1 2AQ, United Kingdom
The law firm advises the company with regard to the purchase, letting, sale and financing of properties in Great Britain.

Clifford Chance Europe LLP, 9 place Vendome, CS 50018, 75038 Paris Cedex 01, France

The law firm advises the company with regard to the purchase, letting, management, sale and financing of properties in France.

DLA Piper LLP (US), 1251 Avenue of the Americas, 27th Floor, New York, New York 10020-1104, USA
The law firm advises the company with regard to the purchase, letting, management, sale and financing of properties in the USA.

- for tax advice, the following tax consultancy firms:

Ernst & Young GmbH, auditing company
Arnulfstraße 59, 80636 Munich
The tax consultancy firm advises the company with regard to German tax law.

PricewaterhouseCoopers LLP, 1 Embankment Place and 7 More London Riverside, London WC2N 6RH and London, SE1 2RT, United Kingdom
The tax consultancy firm advises the company with regard to British tax law.

PwC Société d'Avocats, Crystal Park - 61, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France
The law firm advises the company with regard to French tax law.

FIDAL, 4-6, avenue d'Alsace, 92982 Paris La Defense Cedex, France
The law firm advises the company with regard to French tax law.

- for the publication of the share price:

comwrap GmbH, Hanauer Landstr. 126-128, 60314 Frankfurt am Main

The service provider maintains a publication tool which the company uses to publish the share price on a daily basis.

Outsourcing

The company has outsourced the following activities:

to Strabag Property and Facility Services GmbH, Frankfurt am Main:

- the property management of properties of the investment fund located in Germany

to Tectareal Premium GmbH, Munich:

- the property management of properties of the investment fund located in Germany

to Multi Germany GmbH:

- the property management of properties of the investment fund located in Germany

to Apleona GVA B.V., Utrecht, Netherlands:

- the property management of properties of the investment fund located in the Netherlands

to Matthews Goodman LLP, London:

- the property management of properties of the investment fund located in Great Britain

to Terranae SAS, Neuilly-sur-Seine:

- the property management of properties of the investment fund located in France

to Yxime SA, Paris:

- the property management of properties of the investment fund located in France

to Cushmann & Wakefield LLP, Milan:

- the property management of properties of the investment fund located in Italy

to CBRE S.r.l. Modena:

- the property management of properties of the investment fund located in Italy

to Multi Spain Management S.A., Madrid:

- the property management of properties of the investment fund located in Spain

to Multi Portugal S.A., Algés:

- the property management of properties of the investment fund located in Portugal

to Commerz Real AG, Wiesbaden:

- Legal services
- Support in risk management / risk controlling
- Monitoring adherence to legal provisions

- Property management (asset management)
- Bookkeeping, accounting (AIFM)
- Tax returns (AIFM)
- IT
- Auditing

- Acquisition / sale of fund properties
- Money laundering / compliance / data protection

Commerz Real AG has also outsourced the following activities:

to Commerz Real France & South EURL, Paris:

- assistance with the property management of the properties of the investment fund *hausInvest* located in France and southern Europe,

to Commerz Real West B.V., Amsterdam:

- assistance with the property management of the properties of the investment fund *hausInvest* located in the Benelux states,

to Commerz Real North Limited, London:

- assistance with the property management of the properties of the investment fund *hausInvest* located in Great Britain

The following conflicts of interest in particular can arise from the above-mentioned outsourcing arrangements:

Commerz Real AG, Commerz Real France & South EURL, Commerz Real West B.V. and Commerz Real North Limited are enterprises affiliated to the company.

Conflicts of interest

The following conflicts of interest in particular can arise for the company:

The interests of the investor can collide with the following interests:

- Interests of the company and affiliated enterprises,
- Interests of the employees of the company or
- Interests of other investors in this or other investment funds.

Circumstances or relationships which can result in conflicts of interest include in particular:

- Incentive systems for employees of the company,
- Employee transactions,
- Gifts to employees of the company,
- Restructuring in the investment fund,
- Reporting date-related improvement of the fund's performance ("window dressing"),
- Transactions between the company and the investment funds or individual portfolios it manages or
- Transactions between the investment funds and / or individual portfolios managed by the company,
- Pooling of several orders ("block trades"),
- Appointment of affiliated companies and people,
- Individual investments of substantial scope,
- Transactions after close of trading at the already foresee-

able closing price of the current day, i.e. late trading. To deal with conflicts of interest, the company uses the following organisational measures in particular to identify, prevent, manage, monitor and disclose conflicts of interest:

- A compliance department which monitors adherence to laws and regulations and to which conflicts of interest must be reported
- Regulations governing the acceptance and granting of gifts as well as the disclosure of these
- Organisational measures such as
- The establishment of confidentiality areas for individual departments to prevent the misuse of confidential information
- The assignment of responsibilities to prevent improper exertion of influence
- The separation of proprietary trading and customer trading
- Rules of conduct for employees in relation to employee transactions, obligations for adhering to insider law, imposition of trade bans
- Setting up of payment systems
- Best practice principles for the acquisition and disposal of financial instruments
- Establishment of order acceptance deadlines (cut-off times).

Non-cash benefits can arise for the company in connection with transactions for the account of the investment fund (broker research, financial analyses, market and price information systems) which are used in the interests of the investors when investment decisions are made.

The company is not reimbursed for the payments and expense reimbursements paid out from the investment fund to the custodian and third parties.

The company pays to brokers e.g. banks on a recurring basis, usually annually, brokerage fees in the form of what are known as "follow-up brokerage commissions".

Reports, financial year, auditors

1. The annual and semi-annual reports as well as any interim reports are available from the company and from Commerzbank AG.
2. The financial year of the investment fund ends on 31 March of every year.
3. The auditing company PricewaterhouseCoopers GmbH has been/is being commissioned with the year-end audit.
4. Liquidation and wind-up reports are available from the custodian.

Regulations governing the liquidation, merging and transfer of the investment fund

Liquidation of the investment fund

Investors are not entitled to request that investment funds are liquidated. The company can however terminate the management of an investment fund, observing a notice period of six months, by announcing this in the Federal Gazette and in the annual or semi-annual reports. The investors are also informed about the termination via their custodial bo-

ties by way of a durable data medium, for example in hard copy or in electronic form.

When the termination is declared, the issuance and redemption of shares is stopped. From the moment the termination is declared, the company is obliged until its right to manage the fund lapses to sell all assets of the investment fund at appropriate conditions in agreement with the custodian. With the consent of the investors, certain assets can also be sold at conditions that are not appropriate. The investors must declare their consent by way of a majority decision. The procedure is described on page 30.

From the revenues which are generated by disposing of the assets of the investment fund, the company must pay out semi-annual payments on account to the investors in agreement with the custodian. This does not apply if these revenues are required to ensure proper ongoing management of the fund and if warranty commitments from the disposal transactions or dispute costs to be expected require the revenues to be retained within the investment fund.

The right of the company to manage the investment fund also lapses if insolvency proceedings are initiated with regard to the company's assets or if an application to initiate such a procedure is rejected due to a lack of assets. The investment fund does not fall under the insolvency assets of the company.

The company's management right also lapses if it suspends the redemption of shares for the investment fund (see page 30) for the third time within five years. This however only includes suspensions which are declared or are still ongoing after 1 January 2013.

In these cases, the investment fund is transferred to the custodian who winds it up and pays out the revenues to the investors. The custodian must draw up a liquidation report annually as well as on the day on which the liquidation ended which complies with the requirements for an annual report.

Procedure for liquidating the investment fund

If the investment fund is liquidated, this is published in the Federal Gazette as well as in daily or business newspapers with a sufficient circulation or at www.hausinvest.de. The issuance and redemption of shares are stopped if this has not already happened when the termination was declared by the company. The revenues from the disposal of the assets of the investment fund minus the costs still to be borne by the fund and the costs incurred by the liquidation are distributed to the investors whereby these parties, depending on the amount of their respective shares in the fund, have a right to claim disbursement of the liquidation revenues to them. It can take an extended period of time to liquidate the investment fund. The investors are informed about the individual stages of the liquidation by way of liquidation reports published on the reporting dates of the previous reports. These liquidation reports are available from the custodian.

The investor is informed by way of announcements in the Federal Gazette and in daily or business newspapers or at www.hausinvest.de about which liquidation revenues are being paid out and precisely when and where these will be available.

Unclaimed liquidation proceeds can be deposited at the district court responsible for the company.

Merging the investment fund

All assets and liabilities of the investment fund may be transferred at the end of the financial year to another existing domestic property fund or to a domestic property fund newly established as a result of the merger. Furthermore, at the financial year-end of another domestic property fund all assets and liabilities of this other fund can be transferred to the *hausinvest* fund. The merger requires the approval of the Federal Financial Supervisory Authority. Another effective transfer date can also be chosen with the agreement of the Federal Financial Supervisory Authority.

Before this investment fund is merged with another, at the discretion of the investor, the company must either

- exchange the shares for shares in another property fund whose investment principles are compatible with the investment principles of this investment fund
- take back the shares without charging further costs.

Procedure for merging investment funds

For up to five working days before the planned transfer date, the investors have the option of exchanging their shares for shares in another investment fund whose investment principles are compatible with the investment principles of the *hausinvest* investment fund.

The company must inform the investors about the reasons as well as about significant procedural aspects. The information is provided by way of a durable data medium, for example in hard copy or in electronic form. The investors must also be provided with the Key Investor Information for the investment fund to which the assets of the property fund are being transferred. The investor must receive the above-mentioned information at least 30 days before the deadline for redeeming or exchanging his shares expires.⁴

On the effective transfer date, the values of the absorbing and the transferring investment fund are calculated, the conversion ratio is defined and the entire process is audited by the auditor. The conversion ratio is determined based on the ratio of the net asset values of the transferred and the receiving investment fund at the time of the transfer. The investor receives the number of shares in the new investment fund which corresponds to the value of his shares in the transferring fund. The investors of the transferring investment fund may also be paid out up to 10 % of the value of their shares in cash. If the merger takes place during the current financial year of the transferring investment fund, the company managing it must draw up a report on the effective transfer date which complies with the requirements for an annual report. The company announces in the Federal Gazette and in addition in business and daily newspapers with a sufficient circulation or on the Internet at www.hausinvest.de when the *hausinvest* fund has subsumed another investment fund and the merger has taken effect. Should the *hausinvest* fund go under as the result of a merger, the company managing the absorbing or newly established investment fund makes the announcement.

The issuance of new shares to the investors of the transferring investment fund is not deemed an exchange. The issued shares replace the shares in the transferring investment fund. Investment funds are only merged with the approval of the Federal Financial Supervisory Authority.

Transfer of the investment fund

The company can transfer the investment fund to another capital management company. The transfer requires the prior approval of the Federal Financial Supervisory Authority. The approved transfer is announced in the Federal Gazette and in addition in the annual or semi-annual report for the investment fund. The investors are also informed about the planned transfer via their custodial bodies by way of a durable data medium, for example in hard copy or in electronic form. The time at which the transfer takes effect is determined in accordance with the contractual agreements between the company and the absorbing capital management company. However, the transfer may only take effect at the earliest three months following its announcement in the Federal Gazette. All rights and obligations of the company in relation to the investment fund are then transferred to the absorbing capital management company.

Payments to the investors, dissemination of reports and other information

Additional information obligations in accordance with § 300 of the German Capital Investment Code ('KAGB')

Specific information on the investment fund in accordance with § 300 paragraph 1 to 3 of the German Capital Investment Code are published in the respective current annual report for the investment fund. Information about changes which arise in relation to the liability of the custodian is provided to investors immediately by way of a durable data medium and via the company homepage.

Buyer's revocation right according to § 305 of the German Capital Investment Code ('KAGB')

If verbal negotiations outside the permanent business premises of the party selling the shares or brokering the sale have obliged the buyer of shares to submit a declaration of intent regarding the purchase, he is only bound to this declaration if it does not revoke it in writing within a period of two weeks in respect of the company; this also applies if the party selling the shares or brokering the sale does not have permanent business premises. If the deal is a distance selling deal as defined in § 312c of the German Civil Code, revocations are ruled out if financial services whose price is subject to fluctuations on the financial market are being purchased (§ 312g paragraph 2 number 8 German Civil Code).

Timely dispatch of the revocation of declaration will suffice to meet the deadline. The revocation period first begins to run when the copy of the request to conclude a contract is handed over to the buyer or a settlement statement regarding the purchase is sent to the buyer containing instructions about the revocation right which satisfy the requirements in Article 246 paragraph 3 clause 2 and 3 of the Introductory Act of the German Civil Code. If the start of the period is in dispute, the seller bears the burden of proof.

⁴ The deadline is detailed in § 186 paragraph 2 clause 2 of the German Capital Investment Code.

The revocation right does not apply if the seller proves that the buyer is not a consumer as defined in § 13 of the German Civil Code (BGB) or that he sought out the buyer for the negotiations which led to the sale of the shares based on a previous order (§ 55 paragraph 1 of the Trade, Commerce and Industry Regulation Act).

If the revocation has taken place and if the buyer has already payments, the company is obliged to pay out to the buyer the paid costs and an amount which corresponds to the value of the paid shares on the day after the revocation declaration is received, if necessary, gradually in return for the re-transfer of the purchased shares.

The revocation right may not be waived.

These statements also apply to the sale of shares by the investor.

Capital management company

Commerz Real Investmentgesellschaft mbH
Friedrichstraße 25
65185 Wiesbaden
Tel: 0611 7105-0
E-mail hausinvest@commerzreal.com

Wiesbaden District Court HRB no.8440

Established 25 March 1992

Subscribed capital	€ 5.2m
Paid-in capital	€ 5.2m
Liable equity capital	€ 21.1m
As at 31 December 2018	

Board of Management

Dr. Andreas Muschter (Chairman of the Board of Management) ¹
Johannes Anschott ²
Sandra Scholz ²
Dirk Schuster ²

Shareholders

Commerz Real AG, Wiesbaden
(Group company of Commerzbank AG)

Commerz Grundbesitz Beteiligungsgesellschaft
mbH & Co. KG, Frankfurt am Main
(Group company of Commerzbank AG)

Custodian

BNP Paribas Securities Services S.C.A.
Frankfurt am Main branch
Europa-Allee 12
60327 Frankfurt am Main

Frankfurt am Main District Court HRB no. 50955

Endowment capital	€ 117.2m
(BNP Paribas Securities Services S.C.A. Frankfurt am Main branch)	
Liable equity capital	€ 880.7m
(Total Shareholder Equity – BNP Paribas Securities Services S.C.A.)	
As at 31 December 2017	

¹ Chairman of the Executive Board of Commerz Real AG, Wiesbaden, deputy chairman of the shareholder committee of ILV Immobilien-Leasing Verwaltungsgesellschaft Düsseldorf mbH, Düsseldorf, and Chairman of the Supervisory Board of Commerz Real Kapitalverwaltungsgesellschaft mbH, Düsseldorf.

² Member of the Executive Board of Commerz Real AG, Wiesbaden, as well as member of the Supervisory Board of Commerz Real Kapitalverwaltungsgesellschaft mbH, Düsseldorf.

Supervisory Board

Dr. Stefan Schmittmann^{1, 2}

Chairman

Chairman of the Supervisory Board of Commerzbank AG, Frankfurt am Main

Michael Mandel^{1, 2}

Deputy Chairman

Member of the Executive Board of Commerzbank AG, Frankfurt am Main

Roman Schmidt

Divisional Director Corporate Clients, Commerzbank AG, Frankfurt am Main

Joachim Plesser^{1, 2, 3}

Former member of the Executive Board of Hypothekbank Frankfurt AG, Eschborn, now retired

Sabine Schmittroth^{1, 2}

Divisional Director Private Clients, Commerzbank AG, Frankfurt am Main

Dr Jochen Sutor

Divisional Director Group Finance, Commerzbank AG, Frankfurt am Main

Appraisers

Detlev Brauweiler

Publicly-appointed and sworn-in expert, Offenbach am Main

Dirk Eßelmann

Publicly-appointed and sworn-in expert, Münster

Kai Grebin

Publicly-appointed and sworn-in expert, Berlin

Peter Hihn

Publicly-appointed and sworn-in expert, Tübingen

Florian Lehn

Publicly-appointed and sworn-in expert, Tübingen

Hartmut Nuxoll

Publicly-appointed and sworn-in expert, Düsseldorf

Michael Schlarb

Publicly-appointed and sworn-in expert, Essen

Carsten Troff

Certified sworn-in expert, Hamburg

Stefan Wicht

Publicly-appointed and sworn-in expert, Mainz

Stephan Zehnter

Publicly-appointed and sworn-in expert, Zorneding

Appraisers for carrying out valuations prior to purchase

Jörg Ackermann

Publicly-appointed and sworn-in expert, Hagen

Stefan Bröner

Publicly-appointed and sworn-in expert, Munich

Carsten Fritsch

Publicly-appointed and sworn-in expert, Frankfurt am Main

Clemens Gehri

Publicly-appointed and sworn-in expert, Kempten

Tobias Gilich

Publicly-appointed and sworn-in expert, Hanover

Tobias Neuparth

Publicly-appointed and sworn-in expert, Bonn

Christoph Pölsterl

Publicly-appointed and sworn-in expert, Munich

Annual auditors of the company's equity investments in property companies

Delfs & Partner mbH - auditing company
Haferweg 26, 22769 Hamburg

Auditors

PricewaterhouseCoopers GmbH,
Auditing company, Frankfurt am Main

As at: 15 March 2019

¹ Member of the Investment Committee.

² Member of the Supervisory Board Steering Committee.

³ Independent member of the Supervisory Board in accordance with § 18 paragraph 3 clause 1 of the German Capital Investment Code (KAGB).

Change to the Special Investment Conditions

With the agreement of the Supervisory Board of the company and with the approval of the Federal Financial Supervisory Authority as the supervisory authority, the Special Investment Conditions (SIC) for the investment fund *hausInvest* (ISIN: DE0009807016) managed by Commerz Real Investmentgesellschaft mbH have been changed.

The changes are being made to make editorial adjustments to the cost regulation of § 11 SIC and - as a result of the withdrawal of the United Kingdom of Great Britain and Northern Ireland (UK) from the European Union and the European Economic Area (EEA) - to take the UK into account as a state outside the EEA in the "List of Countries" in the appendix in accordance with § 1 paragraph 2 of the SIC and to rewrite the conditions further.

The SIC are expressed in the wording printed below. All changes (insertions) to the previous SIC have been underlined to identify them.

The changes come into force on 15 March 2019.

There is no right of exchange in accordance with § 163 paragraph 3 of the German Capital Investment Code ('KAGB').

Bodies

To regulate the legal relationship between the investors and Commerz Real Investmentgesellschaft mbH, Wiesbaden ("the company") for the property investment fund *hausInvest* managed by the company which only apply in conjunction with the Special Investment Conditions established for the respective investment fund.

§ 1 Basic information

1. The company is an AIF capital investment management company ("Capital Investment Management Company") and is subject to the provisions of the German Capital Investment Code (KAGB).
2. The company invests the money deposited with it in its own name for the joint account of the investors in accordance with the principle of risk spreading in assets approved in accordance with the German Capital Investment Code separately from its own assets in the form of a property investment fund ("the investment fund"). The company issues global certificates in relation to the resulting rights of the investors. The business purpose of the investment fund is restricted to capital investment in accordance with a defined investment strategy as part of collective asset management using the funds deposited in it.
3. The assets of the investment fund are the property of the company.
4. Properties, leaseholds as well as rights in the form of home ownership, part-ownership, leasehold rights to residential properties and partial leasehold rights as well as usufructuary rights to properties are pooled under the term "Properties" in the General Investment Conditions and the Special Investment Conditions ("Investment Conditions").
5. The legal relationship between the company and the investor is governed by the investment conditions and the German Capital Investment Code (KAGB). The General Investment Conditions and the Special Investment Conditions define the investment spectrum of the investment fund in particular. The Special Investment Conditions define the assets specified in the General Investment Conditions as well as the investment limits of the investment fund in greater detail. The Special Investment Conditions may only allow the investment limits defined in the General Investment Conditions to be exceeded if the General Investment Conditions explicitly grant such an option. Any other extensions of the investment spectrum by the Special Investment Conditions are not permitted.

§ 2 Custodian

1. The company appoints for the investment fund an institution as defined in § 80 paragraph 2 of the German Capital Investment Code as a custodian; the custodian acts independently of the company and exclusively in the interests of the investors.
2. The duties and obligations of the custodian are governed by the custodian agreement concluded with the company, the German Capital Investment Code ('KAGB') and the investment conditions of the investment fund.
3. The custodian can outsource custodial duties in accordance with § 82 of the German Capital Investment Code ('KAGB') to another company (sub-custodian). The prospectus contains further information on this.
4. The custodian is liable in respect of the investment fund or the investors for the loss of a financial instrument held in safe custody as defined in § 81 paragraph 1 number 1 of the German Capital Investment Code ('KAGB') by the custodian or a sub-custodian to whom the responsibility for holding financial instruments in safe custody in accordance with § 82 paragraph 1 of the German Capital Investment Code ('KAGB') has been transferred. The custodian is not liable if it can prove that the loss can be attributed to external events the consequences of which are unavoidable despite all reasonable countermeasures. Further claims arising from the provisions of civil law on the basis of contracts or tortious acts remain unaffected. The custodian is also liable in respect of the investment fund or the investors for all other losses which these parties suffer as a result of the custodian failing to fulfil its obligations in accordance with the provisions of the German Capital Investment Code either negligently or intentionally. If custodial duties are transferred, the liability of the custodian remains unaffected in accordance with paragraph 3 clause 1.

§ 3 Appraisers

1. The company appoints at least two external appraisers to carry out property valuations.
2. All external appraisers must fulfil the requirements of § 216 in conjunction with § 249 paragraph 1 number 1 of the German Capital Investment Code ('KAGB'). With regard to their term of office and financial autonomy, §§ 250 paragraph 2, 231 paragraph 2 clause 2 of the German Capital Investment Code ('KAGB') must be observed. The external appraisers are obliged to carry out the tasks assigned to them in accordance with the German Capital Investment Code ('KAGB') and the investment conditions following an internal valuation guideline to be enacted by the company. In particular, the external appraisers must evaluate the properties belonging to the investment fund and/or owned by a property company once every quarter in a timely manner, unless otherwise provided in the Special Investment Conditions.

3. Furthermore, at least one external appraiser must reassess the value of the estate within two months of ordering a leasehold.
4. A property may only be acquired for the investment fund or for a property company in which the investment fund has a direct or indirect stake if it has been evaluated beforehand by at least one external appraiser as defined in paragraph 2 clause 1 who is not carrying out the regular valuation at the same time in accordance with §§ 249 and 251 paragraph 1 of the German Capital Investment Code ('KAGB').
5. An equity investment in a property company may only be acquired for the investment fund either directly or indirectly if the properties disclosed in the annual financial statements or in the statement of assets of the property company have been evaluated by at least one external appraiser as defined in paragraph 2 clause 1 who is not carrying out the regular valuation at the same time in accordance with §§ 249 and 251 paragraph 1 of the German Capital Investment Code ('KAGB').

§ 4 Fund management

1. The company acquires and manages the assets in its own name for the joint account of the investors with the due expertise, probity, care and conscientiousness. In the discharge of its duties, it acts independently of the custodian and exclusively in the interests of the investors.
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 furthermore authorised to perform all other legal acts arising from the management of the assets.
3. The company shall make decisions on the disposal of properties or equity investments in property companies in accordance with the principles of proper management (§ 26 German Capital Investment Code ('KAGB')). This does not affect disposals following suspension of the share redemption in accordance with § 12 paragraph 8.
4. The company may neither grant money loans nor incur obligations from a contract of surety or a guarantee agreement for the joint account of the investors; it may not sell any assets in accordance with §§ 193, 194 and 196 of the German Capital Investment Code ('KAGB') which do not belong to the investment fund at the time the transaction is concluded. § 197 KAGB remains unaffected. In derogation of clause 1 the company or a third party acting on its behalf may grant a loan to a property company for the account of the investment fund if it has either a direct or indirect stake in this company for the account of the investment fund. This loan must not exceed 50% of the market values of the properties owned by the property company.

§ 5 Investment principles

1. The property investment fund is invested directly or indirectly in accordance with the principle of risk spreading. The company defines in the Special Investment Conditions,
 - a) which properties may be acquired for the investment fund;
 - b) whether and to what extent equity investments in property companies may be acquired for the account of the investment fund;
 - c) whether and under which conditions properties of the investment fund may be encumbered with a leasehold;
 - d) whether and to what extent it is permissible to invest in derivatives to hedge assets for the account of the investment fund as defined in § 197 of the German Capital Investment Code ('KAGB'). If using derivatives, the company shall observe the Directive on Risk Management and Risk Measurement enacted in accordance with § 197 paragraph 3 of the German Capital Investment Code ('KAGB') when using derivatives, securities loans and repurchase transactions in investment funds in accordance with the German Capital Investment Code (DerivateV - German Regulation on Derivatives).
2. The properties and equity investments in property companies earmarked for acquisition must be expected to generate sustainable income.

§ 6 Liquidity, investment and issuer limits

1. When absorbing assets into the investment fund, managing them and subsequently disposing of them, the company must observe the limits and restrictions defined in the German Capital Investment Code ('KAGB') and in the investment conditions.
2. Unless otherwise specified in the Special Investment Conditions, the following funds may be held in accordance with the maximum liquidity stipulation to the extent permitted by law (§ 253 of the German Capital Investment Code ('KAGB')):
 - a) Bank deposits according to § 195 of the German Capital Investment Code ('KAGB');
 - b) Money market instruments according to §§ 194 and 198 number 2 of the German Capital Investment Code ('KAGB');
 - c) Securities as defined in § 193 of the German Capital Investment Code ('KAGB') to hedge the loan transactions specified in Article 18.1 of the Protocol governing the constitution of the European System of the Central Banks and the European Central Bank and which are authorised by the European Central Bank or the German Federal Bank, or their authorisation is being applied for in accordance with the issue conditions provided that the authorisation is granted within a year of their issue;

General investment conditions

- d) Fund shares pursuant to § 196 KAGB or shares in special investment funds pursuant to § 196 paragraph 1 clause 2 KAGB, which in accordance with the investment conditions may invest exclusively in assets defined in points a), b) and c);
 - e) Securities as defined in § 193 KAGB which are authorised for trading on an organised market as defined in § 2 paragraph 5 of the Securities Trading Act or fixed-interest securities, provided these do not exceed an amount of 5 % of the value of the investment fund, and in addition
 - f) Shares in REIT stock corporations or similar shares of foreign legal persons which are authorised on one of the markets specified in § 193 paragraph 1 number 1 and 2 KAGB or are included in these if the value of these stocks or shares does not exceed an amount of 5 % of the value of the investment fund and the criteria specified in Article 2 paragraph 1 of Directive 2007/16/EG are fulfilled.
 - g) The amount of the equity investment in a stock corporation must be below 10 % of the capital of the respective company; this does not apply to equity investments in property companies.
3. The proportion of the investment fund which may be held in bank deposits is defined in the Special Investment Conditions. The company may only invest up to 20 % of the value of the investment fund in bank deposits at any one bank.
 4. In individual cases, securities as defined in § 193 KAGB and money market instruments including securities purchased under agreements to resell and money market instruments from the same issuer that exceed the value share of 5 % may be acquired in an amount up to 10 % of the value of the investment fund; here the total value of the securities and money market instruments of these issuers may not exceed 40 % of the value of the investment fund.
 5. If the money is being invested in the one and the same institution, only up to 20 % of the value of the investment fund may be invested in one combination
 - of securities or money market instrument issued by this institution,
 - of deposits at this institution,
 - of attributable amounts for the counterparty risk of the transactions entered into with this institution.

For the issuers and guarantors specified in paragraph 6 clause 1 applies with the proviso that a combination of the specified assets and attributable amounts may not exceed 35 % of the value of the investment fund. The respective individual upper limits remain unaffected.

6. The company may invest in those bonds and money market instruments which have been issued or guaranteed by the Federal Government, a country, the European Union, a member state of the European Union or its regional authorities, another signatory state to the Agreement on the European Economic Area, a non-member state or by an international organisation, which belongs to at least one member state of the European Union, in each case up to 35 % of the value of the investment fund. The company is entitled to invest respectively up to 25 % of the value of the investment fund in covered and municipal bonds as well as standard bonds which have been issued by banks based in a member state of the EU or in another signatory state to the Agreement on the European Economic Area if the banks, due to legal provisions to protect the bearers of these bonds, are subject to special public supervision and the funds raised with the issue of the bonds in accordance with the legal provisions are invested in assets, which sufficiently cover the liabilities arising from them during the entire term of the bonds and which are primarily intended in the event of the issuer defaulting for the repayments about to fall due and the payment of interest.
7. The company may invest in shares in investment funds in accordance with paragraph 2 point d) if the following prerequisites are fulfilled in relation to such shares:
 - a) The UCITS, the AIF or the manager of the AIF, in which the shares are being acquired, is subject in its country of domicile to supervision of assets intended for collective investment. The business purpose of the respective investment fund is restricted to capital investment in accordance with a defined investment strategy as part of collective asset management using the funds deposited in it.
 - b) Investors can basically exercise the right to redeem their shares at any time.

The respective investment fund is invested directly or indirectly in accordance with the principle of risk spreading.
 - d) At least 90 % of it is invested in the following assets:
 - aa) Securities as defined in § 193 KAGB,
 - bb) Money market instruments
 - cc) Bank deposits.
 - g) The amount of the equity investment in a stock corporation must be below 10 % of the capital of the respective company; this does not apply to equity investments in property companies.
 - f) A loan may only be taken out in the short-term and only up to an amount of 10 % of the value of the respective investment fund.
8. The limit in paragraph 6 clause 1 may be exceeded for securities and money market instruments from the same issuer in accordance with § 208 KAGB, if the Special Investment Conditions provide for this and the issuers are specified. In these cases, the securities and money market instruments held for the account of the investment fund

must come from at least six different issuers where not more than 30 % of the value of the investment fund may be held in one issue.

9. The company must hold available an amount which corresponds to at least 5 % of the value of the investment fund on a daily basis for the redemption of shares.

§ 7 Securities loans

1. Unless the Special Investment Conditions specify otherwise, for the account of the special fund, the company may grant a securities loan which can be cancelled at any time to a securities borrower for a customary market fee after sufficient collateral has been transferred in accordance with § 200 paragraph 2 KAGB. The market value of the securities to be transferred together with the market value of the securities already transferred as securities loans for the account of the investment fund to the same securities borrower including companies affiliated to the group as defined in § 290 of the German Commercial Code may not exceed 10 % of the value of the investment fund.
2. If the collateral for the transferred securities is provided by the securities borrower in the form of cash deposits, the deposits must be held in blocked accounts in accordance with § 200 paragraph 2 clause 3 number 1 KAGB. Alternatively, the company may make use of the option of investing the deposits in the currency of the deposit in the following assets:
 - a) in bonds of a high quality which have been issued by the Federal Government, a country, the European Union, a member state of the European Union or its regional authorities, another signatory state to the Agreement on the European Economic Area, or a non-member state.
 - b) in money market funds with a short-term structure in accordance with the guidelines enacted by the Federal Financial Supervisory Authority based on § 4 paragraph 2 KAGB or
 - c) by way of a reverse repurchase transaction with a bank which guarantees the reclaim of the credit which has accrued at all times.

The income from the investment of the collateral is credited to the investment fund.
3. The company can also make use of an organised system for brokering and handling securities loans from a central securities depository or from another company specified in the Special Investment Conditions, whose business purpose is to handle cross-border securities transactions for others, which deviates from the requirements of §§ 200 and 201 KAGB if the conditions of this system ensure that the investors' interests are safeguarded and if the perennial right of cancellation in accordance with paragraph 1 is not affected.

§ 8 Securities repurchase transactions (repos)

1. Unless the Special Investment Conditions specify otherwise, the company may conclude for the account of the investment fund securities repurchase transactions which can be cancelled at any time as defined in § 340b paragraph 2 of the German Commercial Code with banks or financial service institutions or a fee based on standardised framework agreements.
2. The securities repurchase transactions must involve securities which may be acquired for the investment fund in accordance with the investment conditions.
3. The repurchase transactions may have a maximum term of twelve months.

§ 9 Borrowing and the encumbrance of properties

1. If the Special Investment Conditions do not stipulate a lower percentage rate, the company may take out loans for the joint account of the investors up to an amount of 30 % of the market values of the properties in the investment fund if the limit in accordance with § 260 paragraph 3 number 3 KAGB is not exceeded. In addition, for the joint account of the investors, the company may take out short-term loans up to 10 % of the value of the investment fund. Here amounts which the company has received as a borrower as part of a repurchase transaction must be attributed. Borrowing may only be granted if the conditions are in line with market requirements and the custodian agrees to the borrowing.
2. The company may encumber assets belonging to the investment fund in accordance with § 231 paragraph 1 KAGB or assign and encumber receivables from legal relationships which relate to assets in accordance with § 231 paragraph 1 KAGB (encumbrances) if doing so is consistent with the principles of proper business management and the custodian agrees to the encumbrances because it regards the conditions stipulated for it to be in line with market requirements. It may also take over encumbrances relating to the acquisition of assets in accordance with § 231 paragraph 1 KAGB. If the Special Investment Conditions do not stipulate a lower percentage rate, the respective encumbrances overall may not exceed 30 % of the market value of all properties in the investment fund. Ground rent is not taken into consideration.

§ 10 Merger

1. In accordance with §§ 181 to 191 KAGB, the company may
 - a) transfer all assets and liabilities of this investment fund to another existing domestic property fund or a new domestic property fund established as a result of the merger;
 - b) merge all assets and liabilities of another domestic property investment fund with this investment fund.

2. The merger requires the approval of the Federal Financial Supervisory Authority.
3. In a merger, at the discretion of the investor, the company must either
 - a) convert the investor's shares free-of-charge into shares in another property investment fund which is compatible with the previous investment principles.
 - b) take back its shares without charging further costs.
4. The details of the procedure are specified in §§ 182 to 191 KAGB.

§ 11 Shares

1. The shares to be securitised in a global certificate are made out to the bearer.
2. The shares can have different defining features, in particular with regard to the use of the income, the issuance premium, the redemption fee, the currency of the share value, the management fee, the minimum investment amount or a combination of these features (unit classes). The details are set out in the Special Investment Conditions.
3. The shares can be transferred unless the Special Investment Conditions provide otherwise. When a share is transferred, the rights vested in it transfer. In all cases, in respect of the company, the bearer of the share is regarded as the beneficiary.
4. The rights of the investors or the rights of the investors of a unit class are securitised in a global certificate. It bears at least the handwritten or duplicated signatures of the company and the custodian. Investors do not have a right to demand individual share certificates. If actual securities have been issued in the past for the investment fund and upon expiry of 31 December 2016 these were not held in collective custody at one of the bodies specified in § 97 paragraph 1 clause 2 KAGB, these actual securities became null and void at midnight on 31 December 2016. Instead, the investors' shares were securitised in a global certificate and credited to a separate custody account of the custodian. If a null and void actual security is submitted to the custodian, the party submitting it can demand that an appropriate proportion of it is credited to a custody account to be specified by him and which is being managed for him. Actual securities that upon expiry of 31 December 2016 were held in collective custody at one of the bodies specified in § 97 paragraph 1 clause 2 KAGB can be transferred to a global certificate at any time.

§ 12 Issuance and redemption of shares, redemption suspension

1. The number of issued shares is generally not restricted. Unless the Special Investment Conditions provide otherwise, shares are issued on every trading day; the prospectus provides further details. The company reserves the right to halt the issue of shares either temporarily or completely.

2. The shares can be purchased from the company, the custodian and through the brokerage of third parties. The Special Investment Conditions can stipulate that shares may only be purchased or held by specific investors.
3. The redemption of shares which investors have purchased after 21 July 2013 is only possible in accordance with clause 2. Shares can only be redeemed after a minimum holding period of 24 months has expired and adhering to a redemption period of 12 months by way of an irrevocable redemption declaration to be made out to the custodial body. The investor must provide evidence to his redemption body for at least 24 consecutive months immediately before the requested redemption date of his holding of shares which corresponds at least to his redemption request. The shares to which the declaration relates must be locked by the custodial body until they are actually redeemed. The redemption of shares which investors purchased before 22 July 2013 is still possible in accordance with the provisions in paragraph 4 and 5.
4. Subject to paragraph 5 the investors can demand at any time from the company that their shares are redeemed at the next redemption date provided that the share redemption does not exceed 30,000 euros per calendar half-year for an investor. In the case of share redemptions in accordance with clause 1 the investor must submit a declaration to his custodial body that the value of the shares he is redeeming do not exceed a total of 30,000 euros and that there are no further disposals of shares in the affected property investment fund in the same calendar year.
5. If they exceed 30,000 euros per calendar half-year for an investor, shares can only be redeemed after a minimum holding period of 24 months has expired and adhering to a redemption period of 12 months by way of an irrevocable redemption declaration to be made out to the custodial body. The investor must provide evidence to his redemption body for at least 24 consecutive months immediately before the requested redemption date of his holding of shares which corresponds at least to his redemption request. The shares to which the declaration relates must be locked by the custodial body until they are actually redeemed.
6. The company is obliged to take back the shares at the redemption price which applies in each case for the account of the investment fund. The custodian is the redemption point.
7. However, the company reserves the right to suspend the redemption of shares if there are extraordinary circumstances which appear to make a suspension necessary taking into account the interests of the investors (§ 98 paragraph 2 of the German Capital Investment Code ('KAGB')).
8. In particular, the company reserves the right to refuse and suspend the redemption of shares for a limited period of time for liquidity reasons to protect the investors (§ 257 KAGB) if the bank deposits and the revenues from the sales of the money market instruments, fund shares and securities held are not sufficient or are not available immediately to pay the redemption price and to ensure proper ongoing management of the fund. To procure the funds required to redeem the shares, the company must sell assets of the investment fund at appropriate conditions. If the liquid funds in accordance with § 253 paragraph 1 KAGB are not sufficient twelve months after the suspension of the redemption process in accordance with clause 1, the company must continue to refuse the redemption and procure further liquid funds by disposing of the assets in the investment fund. In derogation of § 260 paragraph 1 clause 1 KAGB, the disposal proceeds can undershoot the value specified there by 10 %. If the liquid funds in accordance with § 253 paragraph 1 KAGB are still not sufficient 24 months after the suspension of the redemption process in accordance with clause 1, the company must continue to refuse the redemption of the shares and procure further liquid funds by disposing of the assets in the investment fund. In derogation of § 260 paragraph 1 clause 1 KAGB, the disposal proceeds can undershoot the value specified there by 20 %. 36 months after the suspension of the redemption in accordance with clause 1 all investors can demand that their stake in the investment fund is paid out to them from the fund in return for redemption of the share. If 36 months after the suspension of the redemption, the bank deposits and liquid funds are still not sufficient, the right of the company to manage the investment fund lapses; this also applies if the company suspends the redemption of shares for the third time within five years. The commencement of a new period in accordance with clauses 1 to 7 is not an option if the company re-suspends the share redemption within three months.
9. The company must inform the investors about the suspension by making an announcement in the Federal Gazette and in addition in a business or daily newspaper with a sufficient circulation or in the electronic information media specified in the prospectus in accordance with paragraph 7 and 8 and about the resumption of the share redemption process. The investors must be informed immediately after the announcement in the Federal Gazette by way of a durable data medium about the suspension and resumption of the redemption of shares. When the redemption of shares is resumed, the new issuance and redemption prices must be published in the Federal Gazette and in a business or daily newspaper with a sufficient circulation or in the electronic information media specified in the prospectus.
10. The investors can consent by majority vote in accordance with § 259 paragraph 2 KAGB to the disposal of specific properties even if this disposal is not carried out at appropriate conditions. The consent is irrevocable; it does not oblige the company to dispose of the properties. The vote should take place without the investors meeting unless extraordinary circumstances make a meeting necessary for the purpose of informing the investors. All investors take part in the vote based on the degree of their stake in the fund assets. The investors decide by way of a simple majority of the voting rights participating in the vote. Investor decisions are only effective if at least 30 % of the voting rights were represented in the passing of the resolution. The call to hold a vote or the convening of the investors' meeting as well as the investors' decision must be published in the Federal Gazette and in the electronic information media specified in the prospectus. A convened investor meeting remains unaffected by the resumption of the share redemption process.

§ 13 Issuance and redemption price

1. To calculate the issuance and redemption price of the shares, the market values of the assets belonging to the investment fund minus the loans taken out and other liabilities and provisions (net asset value) are determined at the times specified in paragraph 5 and divided by the number of outstanding shares (share value). If in accordance with § 11 paragraph 2 different share classes are introduced for the investment fund, the share value as well as the issuance and redemption price must be determined separately for each share class. The valuation of the assets is carried out in accordance with the principles for rate and price determination which are specified in the KAGB and the Regulation on the Content, Scope and Presentation of Accounting for Funds, Investment Stock Corporations and Investment Limited Partnerships and on the Valuation of Assets held by Investment Funds (KARBV).
2. When the issuance price is set, an issuance premium can be added to the share value to compensate for the issuance costs. With the exception of the issuance premium, the company will only use further amounts from the payments of the party acquiring the share to cover costs if the Special Investment Conditions provide for this.
3. The redemption price is the share value determined subject to a redemption fee in accordance with paragraph 1. If a redemption fee is provided for in the Special Investment Conditions, the custodian pays the share value minus the redemption fee to the investor and the redemption fee to the company. The relevant details are set out in the Special Investment Conditions.
4. The effective settlement date for unit calls and redemption orders is the value determination date following receipt of the unit call or redemption order at the latest. If the holding period and the cancellation period in accordance with § 12 paragraph 5 are applied, the effective settlement date is the value determination date following expiry of the holding period and the cancellation period at the latest.
5. The issuance and redemption prices are determined every trading day. Unless otherwise specified in the Special Investment Conditions, the company and the custodian can waive determining the value on statutory public holidays which are also exchange trading days, as well as on 24 and 31 December of every year; the prospectus provides further details.

§ 14 Costs

The expenses and the payments owed to the company, the custodian and third parties which can be charged to the investment fund are specified in the Special Investment Conditions. For payments as defined in clause 1 the Special Investment Conditions must also specify the method by which, the specific amount and on the basis of which calculation the payments are to be made.

§ 15 Accounting

1. At the latest six months after the financial year of the investment fund has expired, the company publishes an annual report including an earnings and expenditures statement in accordance with §§ 101, 247 KAGB.
2. At the latest two months after the mid-point of the financial year, the company publishes a semi-annual report in accordance with § 103 KAGB.
3. If the right to manage the investment fund is transferred during the financial year to another capital management company or the investment fund is merged during the financial year with another domestic property investment fund, the company must produce an interim report on the effective transfer date which complies with the requirements for an annual report in accordance with paragraph 1.
4. If the investment fund is being liquidated, the custodian must draw up a liquidation report annually as well as on the day on which the liquidation ended which complies with the requirements for an annual report in accordance with paragraph 1.
5. The reports are available from the company and the custodian and further bodies which must be specified in the prospectus and in the Key Investor Information; they are also published in the Federal Gazette.

§ 16 Termination and liquidation of the investment fund

1. The company can terminate the management of the investment fund, observing a minimum notice period of six months, by announcing this in the Federal Gazette and additionally in the annual or semi-annual reports. The investors must be informed immediately of a termination announced in accordance with clause 1 by way of a durable data medium. After the termination has been declared and until it becomes effective, shares may no longer be issued or redeemed. After the termination has been declared and until it becomes effective, the company is authorised and obliged to dispose of all the properties of the investment fund in agreement with the custodian at appropriate conditions or with the consent of the investors in accordance with § 12 paragraph 10. Provided that the disposal proceeds are not required to ensure proper ongoing management of the fund and if warranty commitments from the disposal transactions or dispute costs to be expected do not make it necessary for this money to be retained in the investment fund, a rebate must be paid out on a semi-annual basis to the investors in agreement with the custodian.
2. The company is obliged to terminate the management of the investment fund upon request of the Federal Financial Supervisory Authority if the fund undershoots a volume of 150 million euros four years after its formation.
3. When the termination takes effect, the right of the company to manage the investment fund lapses. With the loss of the management right, the investment fund transfers to the custodian which is responsible for liquidating it and

distributing the liquidation revenues to the investors. For the liquidation period, the custodian has a right to claim remuneration for its liquidation activities as well as reimbursement for any necessary expenses incurred in relation to the liquidation.

4. On the day on which its management right in accordance with § 99 KAGB lapses, the company must draw up a liquidation report which complies with the requirements for an annual report in accordance with § 15 paragraph 1.

§ 17 Change of the capital management company and the custodian

1. The company can transfer the investment fund to another capital management company. The transfer requires the prior approval of the Federal Financial Supervisory Authority.
2. The approved transfer is announced in the Federal Gazette and in addition in the annual or semi-annual reports. The investors must be informed immediately of a transfer announced in accordance with clause 1 by way of a durable data medium. The transfer takes effect at the earliest three months after its announcement in the Federal Gazette.
3. The company can change the custodian for the investment fund. The change requires the approval of the Federal Financial Supervisory Authority.

§ 18 Changes to the investment conditions

1. The company can change the investment conditions if after the change they are consistent with the previous investment principles. If the changes to the investment conditions are not consistent with the previous investment principles, the company can change these if it converts the investor's shares free-of-charge into shares in a property investment fund which is consistent with the previous investment principles and which is managed by it or by a company which belongs to the same group as defined in §

290 of the German Commercial Code.

2. Changes to the investment conditions, including the appendix to the Special Investment Conditions, require the prior approval of the Federal Financial Supervisory Authority. If the changes in accordance with clause 1 concern investment principles of the investment fund, they require the prior approval of the Supervisory Board of the company.
3. All intended changes are published in the Federal Gazette and in addition in a business or daily newspaper with a sufficient circulation or in the electronic information media specified in the prospectus. The intended changes and their coming into force must be indicated in a publication in accordance with clause 1. In the case of cost changes as defined in § 162 paragraph 2 number 11 KAGB, changes to the investment principles of the investment fund as defined in § 163 paragraph 3 KAGB or changes in relation to key investor rights must be conveyed to the investors at the same time as the announcement in accordance with clause 1 as must the key content of the intended changes to the investment conditions and the background to them as well as information about their rights in accordance with § 163 paragraph 3 in a comprehensible manner by way of a durable data medium in accordance with § 163 paragraph 4 KAGB.
4. The changes come into force at the earliest on the day after their announcement in the Federal Gazette. In the case of changes to costs and the investment principles of the fund, however, these changes do not come into effect until a three-month period following their announcement has expired.

§ 19 Place of fulfilment

The headquarters of the company is the place of fulfilment.

Special investment conditions

to regulate the legal relationship between the investors and Commerz Real Investmentgesellschaft mbH, Wiesbaden ("the company") for the property investment fund *haus-Invest* managed by the company which only apply in conjunction with the General Investment Conditions established by the company for the respective investment fund.

Investment principles and investment limits

§ 1 Properties

1. The company may acquire the following properties within the legally permissible framework (§ 231 paragraph 1 KAGB) for the investment fund:
 - a) Residential properties for letting, commercial properties and properties for multi-purpose use;
 - b) Properties under development up to 20 of the value of the investment fund;
 - c) Undeveloped properties which are intended and suitable for immediate proprietary development in accordance with provision a) up to 20 % of the value of the investment fund;
 - d) Leaseholds under the prerequisites of a) to c);
 - e) Other properties and other leaseholds as well as rights in the form of home ownership, part-ownership, leaseholds to residential properties and partial leaseholds up to 15 % of the value of the investment fund;
 - f) Usufructuary rights to properties in accordance with a) which serve to fulfil public functions up to 10 % of the value of the investment fund.
2. The company may purchase assets as defined in paragraph 1 outside a signatory state to the Agreement on the European Economic Area if the legal requirements of § 233 paragraph 1 KAGB are fulfilled. The state in question and the proportion of the value of the investment fund which may be invested in this state at a maximum must be specified in an appendix forming part of these Special Investment Conditions.
3. When calculating the value of the investment fund for the legal and contractual investment limits in accordance with paragraph 1 points b), c), e) and f) as well as paragraph 2 the loans taken out must not be deducted.
4. Subject to the investment limits defined in the above paragraphs 1 and 2, the company must also invest on an ongoing basis at least 51 % of the value of the investment fund in properties and property companies.

§ 2 Equity investments in property companies

1. The company may within the legally permissible frame-

work (§§ 234 to 242 KAGB) acquire equity investments in property companies whose business purpose in the articles of association or in the constitution is restricted to activities which the company is permitted to execute for the investment fund. In accordance with the articles of association or the constitution, the property company may only acquire assets as defined in § 1 with the exception of usufructuary rights in accordance with § 1 paragraph 1 point f), as well as the objects required to manage the assets or equity investments in other property companies. The equity investments in the property companies must be taken into account in the investment restrictions in accordance with § 1 and when calculating the legal limits which apply to these.

2. If a property company is granted a loan in accordance with § 4 paragraph 4 clause 3 of the General Investment Conditions, the company must ensure that
 - a) the loan conditions are in line with market requirements,
 - b) the loan is adequately collateralised,
 - c) if the equity investment is disposed of, repayment of the loan within six months of the disposal is agreed,
 - d) the total of the loans granted to a property company for the account of the investment fund overall does not exceed 50 % of the value of the properties held by the property company,
 - e) the total of the loans granted to property companies for the account of the investment fund overall does not exceed 25 % of the value of the investment fund. When calculating the limit, the loans taken out must not be deducted.

§ 3 Encumbrance with a leasehold

1. The company may encumber properties of the investment fund as defined in § 1 paragraph 1 points a), b), c) and e) with leaseholds if the value of the property for which a leasehold is to be ordered together with the value of the properties for which leaseholds have already been ordered does not exceed 10 % of the value of the investment fund. When calculating the value of the investment fund, the loans taken out must not be deducted.
2. Properties may only be encumbered with a leasehold if unforeseeable circumstances prevent the originally intended use of the building or if economic disadvantages for the investment fund are avoided or if profitable utilisation is enabled as a result.

§ 4 Maximum liquidity

1. Up to 49 % of the value of the investment fund may be held in investments in accordance with § 6 paragraph 2 of the General Investment Conditions (maximum liquidity). When calculating this limit, the following tied funds must be deducted:

- the funds required to ensure proper ongoing management of the fund;
- the funds earmarked for the next distribution;
- the funds required to fulfil the liabilities from legally-binding property purchase agreements, from loan agreements which are required for the above-mentioned investments in specific properties and for specific construction measures and to fulfil the liabilities from construction contracts if the liabilities are to fall due in the next two years. When deducting the tied funds from the maximum liquidity, the tax-law investment restrictions specified in § 1 paragraph 4 must be observed.

2. The assets of the investment fund in accordance with paragraph 1 can also be denominated in a foreign currency.

§ 5 Currency risk

The assets held for the account of the investment fund may only be subject to a currency risk to the extent that the value of the assets subjected to such a risk does not exceed 30 % of the value of the investment fund.

§ 6 Derivatives with hedging purpose - choice under reserve

1. D1. The company can also use derivatives to manage the investment fund. In accordance with the type and scope of the derivatives used and to determine the utilisation of the market risk limit set in accordance with § 197 paragraph 2 KAGB, it may use either the simplified or the qualified approach as defined in the German Regulation on Derivatives (DerivateV) in relation to the use of derivatives. The prospectus contains further information on this.
2. If the company uses the simplified approach, it may only regularly use basic forms of derivatives and financial instruments with a derivative component or combinations of these derivatives, financial instruments with a derivative component as well as of assets which may be acquired in accordance with § 6 paragraph 2 points b) to f) of the General Investment Conditions and of properties, which may be acquired in accordance with § 1 paragraph 1, as well as apply it to interest rates, exchange rates or currencies in the investment fund. Complex derivatives on the above-mentioned assets may only be used to an insignificant degree. Total return swaps may not be concluded.

Basic forms of derivatives are:

- A) Futures contracts on assets in accordance with § 6 paragraph 2 points b) to f) of the General Investment Conditions as well as on properties in accordance with § 1 paragraph 1, interest rates, exchange rates or currencies;
- b) Options or warrants on assets in accordance with § 6 paragraph 2 points b) to f) of the General Investment Conditions as well as on properties in accordance with § 1 paragraph 1, interest rates, exchange rates or cur-

rencies and on futures contracts in accordance with point a) if they exhibit the following properties:

- aa) They can be exercised either during the entire term or at the end of the term and
- bb) At the time of exercise, the option value depends linearly on the positive or negative difference between the base price and the market price of the underlying asset and is reduced to zero if the difference has the other sign;
- c) Interest-rate swaps, currency swaps or interest rate currency swaps;
- d) Options on swaps in accordance with point c) provided they exhibit the properties described in point b) and in points aa) and bb) (swaptions);
- e) Credit default swaps on assets in accordance with § 6 paragraph 2 points b) to f) of the General Investment Conditions as well as on properties in accordance with § 1 paragraph 1, if they are used exclusively and transparently to hedge the credit risk of assets of the investment fund which can be assigned exactly.

The attributable amount of the investment fund to be determined in accordance with § 16 of the German Regulation on Derivatives (DerivateV) for the market risk may at no point exceed the value of the investment fund.

3. Futures contracts, options or warrants on fund shares in accordance with § 6 paragraph 2 point d) of the General Investment Conditions may not be concluded.
4. If the company uses the qualified approach, it may - subject to a suitable risk management system - invest in those derivatives and financial instruments with a derivative component or combinations of these derivatives and financial instruments with a derivative component which are derived from assets which may be acquired in accordance with § 6 paragraph 2 points b) to f) of the General Investment Conditions and from properties which may be acquired in accordance with § 1 paragraph 1 or are derived from interest rates, exchange rates or currencies. This particularly includes options, financial futures contracts and swaps as well as combinations of these. Total return swaps may not be concluded. Here the potential risk amount for the market risk ("risk amount") to be assigned to the investment fund may at no point exceed double the potential risk amount for the market risk of the associated reference asset in accordance with § 9 of the German Regulation on Derivatives (DerivateV). Alternatively, the risk amount may at no point exceed 20 % of the value of the investment fund.
5. In the case of these transactions, under no circumstances may the company deviate from the investment principles and limits specified in the investment conditions or in the prospectus.
6. The company will only use derivatives for the purposes of hedging.

7. When determining the market risk limit for the use of derivatives, in accordance with § 6 of the German Regulation on Derivatives (DerivateV), the company may switch between the simplified and qualified approach at any time. The switch does not require the approval of the Federal Financial Supervisory Authority, the company must however notify this body immediately of any such switch and announce it in the next semi-annual or annual report.

§ 7 Securities loans and securities repurchase transactions

§§ 7 and 8 of the General Investment Conditions must be taken into account when considering investment principles and investment limits.

Share classes

§ 8 Share classes

All shares have the same defining features; different classes of share in accordance with § 11 paragraph 2 of the General Investment Conditions will not be formed.

Issuance price, redemption price, issuance and redemption of shares and costs

§ 9 Issuance and redemption price

The issuance premium amounts to 5 % of the share value. The company has the option of charging a lower issuance premium. A redemption fee will not be levied.

§ 10 Issuance and redemption of shares

Investors can generally exercise the right to redeem their shares on a daily basis, subject to their adherence to some minimum holding and redemption periods as well as redemption suspensions in accordance with § 12 of the General Investment Conditions.

§ 11 Costs

1. Payments which must be made to the company

a) Management fee

For managing the investment fund, the company receives an annual payment of up to 1.00 % of the average net asset value of the investment fund in the settlement period which is calculated from the values at the end of each month. It is entitled to levy proportionate

advance payments on this on a monthly basis.

b) Payments for the acquisition, conversion or disposal of properties

If properties are acquired, converted or disposed of for the investment fund, the company can demand in each case a one-off payment of up to 1 % of the purchase price and/or the building costs. If the properties are located outside the member states of the European Union and/or the signatory states to the Agreement on the European Economic Area, the payment can amount to up to 1.5 % of the purchase price and/or the building costs. In the case of project developments carried out by the company for the investment fund, a payment of up to 2 % of the building costs can be levied.

2. Payments to the custodian

The monthly payment for the custodian amounts to 1/12 of a maximum of 0.025 % p.a. of the average net asset value of the investment fund in the settlement period, which is calculated from the values at the end of each month.

3. Permissible annual maximum amount acc. to points 1.a) and 2.

The amount that is taken annually from the investment fund as payments in accordance with the above points 1.a) and 2. can amount in total up to 1.025 % p.a. of the average net asset value of the investment fund in the financial year, which is calculated from the values at the end of each month.

4. Expenses

In addition to the payments specified above, the following expenses are charged to the investment fund:

- a) Costs for the external valuation;
- b) Standard bank custody account and account fees if necessary, including the standard banking costs of safekeeping foreign assets abroad;
- c) Debt capital and management costs incurred for property management (management, letting, maintenance, operational and legal costs);
- d) Costs for printing and sending legally prescribed sales documents intended for the investors (annual and semi-annual reports, prospectus, Key Investor Information);

- e) Costs of publishing the annual and semi-annual reports, the issuance and redemption prices and, if applicable, the distributions or retentions and the liquidation report;
- f) Costs of creating and using a durable data medium except for where information is being provided about mergers of investment funds and except for where information is being provided about measures relating to investment limit infringements or calculation errors when determining share values;
- g) Costs for auditing the investment fund by the auditor of the investment fund;
- h) Costs for publishing the taxation principles and the certification that the tax information has been determined in accordance with the provisions of German tax law;
- i) Costs for enforcing and implementing legal claims by the company for the account of the investment fund as well as the defence against any claims raised against the company at the expense of the investment fund;
- j) Fees and costs which are levied by state bodies in relation to the investment fund;
- k) Costs for legal and tax advice with regard to the investment fund;
- l) Costs as well as any fees which can accrue with the purchase and/or the use or specification of a benchmark or financial index;
- m) Costs for commissioning proxies;
- n) Costs for analysing the investment success of the investment fund by third parties;
- o) Taxes which accrue in relation to payments to be made to the company, the custodian and third parties, in relation to the above-mentioned expenses and in relation to management and safekeeping;
- p) The land transfer tax which accrues if properties of the investment fund are transferred according to § 100 paragraph 1 number 1 KAGB to the custodian and other costs (e.g. court and notary costs).

5. Transaction costs

In addition to the above-mentioned payments and expenses, the costs which arise in connection with the acquisition and disposal of assets are charged to the investment fund. The expenses in relation to the acquisition, disposal, development and encumbrance of properties including any taxes which accrue in this connection are charged to

the investment fund irrespective of whether the transaction actually comes to fruition or not.

6. Rules for calculating payments and costs

The regulations in points 1.b), 4.a) and 4.b) apply accordingly to the equity investments in property companies held either directly or indirectly by the company for the account of the investment fund and/or the properties of these companies.

The following applies to the calculation of the payment to be made to the company in accordance with point 1.b): In the case of the acquisition, disposal, conversion, new construction or project development of a property by a property company, the purchase price and/or the building costs of the property must be recognised. In the case of the acquisition or disposal of a property company, the market value of the properties contained in the company must be recognised. If only one equity investment in the property company is held, acquired or disposed of, the proportionate market value and/or the building costs must be recognised in accordance with the share of the stake held, acquired or disposed of for the investment fund.

To calculate the expense compensation in accordance with points 4.a) and 4.b) the amount of the investment fund's equity investment in the property company is to be used as the basis. In derogation of this, expenses which arise for the property company based on the specific requirements of the KAGB are not charged on a proportionate basis but to their full extent to the investment fund or funds for whose account an equity investment in the company is being held and which is subject to these requirements.

- 7. The company must publish the amount of the issuance premiums and redemption fees in the annual and semi-annual reports which have been charged to the investment fund in the reporting period for the purchase and redemption of shares as defined in § 1961 KAGB. When purchasing shares which are managed either directly or indirectly by the company itself or by another company to which the company is affiliated through a significant direct or indirect equity interest, the company or the other company may not charge any issuance premiums or redemption fees for acquiring and redeeming the shares. In the annual and semi-annual reports the company must publish the fee which has been charged to the investment fund by the company itself, by another capital management company, an investment stock corporation or another company, to which the company is affiliated through a significant direct or indirect equity interest, or by a foreign investment company, including its management company as a management fee for the shares held in the investment fund.

Use of income and the financial year

§ 12 Distribution

1. The company distributes the income which accrues during the financial year for the account of the investment fund from the properties and the other assets which is not used to cover costs, taking into account the associated income equalisation. The company can also make interim distributions during the year on the following dates: 15 September and 15 December. Capital distributions are not permitted.
2. Amounts which are required for future repairs must be retained from the income determined in accordance with paragraph 1. Amounts which are required to offset property value impairments can be retained. However, under the retention proviso in accordance with clause 1 at least 50% of the ordinary income of the investment fund according to paragraph 1 must be distributed.
3. Capital gains – taking into account the associated income equalisation – and interest on money on account for construction projects, if they are kept within the limits of the saved standard market construction period interest, can also be used for distributions.

4. Distributable income in accordance with the paragraphs 1 to 3 can be carried forward to make distributions in subsequent financial years to the extent that the total of the income carried forward does not exceed 10% of the respective value of the investment fund at the end of the financial year. Income from short financial years can be carried forward in its full amount.
5. In the interests of preserving capital invested, income can sometimes be earmarked partially, and in special cases completely, for reinvestment in the investment fund. However, at least 50 % of the ordinary income of the investment fund in accordance with paragraph 1 must be distributed provided that paragraph 2 clause 1 does not conflict with this.
6. The distribution is carried out annually immediately after the annual report is published.

§ 13 Financial year

The financial year of the investment fund starts on 1 April and ends on 31 March of the following calendar year.

APPENDIX in accordance with § 1 paragraph 2 of the Special Investment Conditions for the *hausInvest* property investment fund

List of the states outside the EEA in which properties may be acquired following prior investigation of the acquisition requirements by the company.

In the following states and state groups, the maximum proportion of the value of the fund that may be invested in the respective state and the respective state groups amounts to:

a) Egypt, Algeria, Argentina, Australia, Bolivia, Brazil, Chile, China (including Hong Kong), Costa Rica, the Dominican Republic, India, Indonesia, Japan, Canada, Columbia, Kuwait, Malaysia, Morocco, Mexico, Monaco, New Zealand, Paraguay, Peru, the Philippines, the Russian Federation, Saudi Arabia, Switzerland, Singapore, South Africa, South Korea, Taiwan, Thailand, Turkey, Tunisia, Ukraine, Uruguay, Venezuela, the United Arab Emirates, the United States of America, Belarus

Up to 40 % of the value of the investment fund

b) The United Kingdom of Great Britain and Northern Ireland (as soon as the UK is no longer an EU member state or EEA signatory state),

Up to 40 % of the value of the investment fund



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