SEB Konzept Stiftungsfonds

Annual Report as of 31 December 2017

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SEB Konzept Stiftungsfonds at a Glance as of 31 December 2017

Fund assets	EUR	1.6 million
Interim distribution on 20 December 2017	EUR	2.2 million
Interim distribution per unit	EUR	17.00
Total income in Fund currency [1] for the period 1 January 2017 to 31 December 2017 *		11.4%
Liquidity return [1] for the period 1 January 2017 to 31 December 2017 *		–0.5%
Investment performance [2] for the period 1 January 2017 to 31 December 2017 *		61.7%
Unit value/redemption price [3]	EUR	12.32
Issuing price	EUR	12.69
Total expense ratio [4]		0.00%

[1] Based on the average Fund assets
[2] Calculated according to the BVI method
[3] The redemption of unit certificates is subject to a redemption fee of up to 3% of the unit value in accordance with section 9 of the Special Fund Rules (BAB).
[4] Total costs as a percentage of average Fund assets in a financial year, calculated as of 31 December 2017. The amount of the TER is explained on page 16.

* The key return figures were not included in the audit for which the Auditors' Report was issued.

This Annual Report and the Sales Prospectus available separately are to be handed to investors in SEB Konzept Stiftungsfonds units until the publication of the Annual Report as of 31 December 2018.

German Securities Code Number: SEB7M9 ISIN: DE000SEB7M96 Fund launch date: 15 July 2013

Editorial

Carolina von Groddeck
and
Hermann Löschinger

Dear investor,

as we have already announced, Savills Investment Management will be focusing primarily on the institutional product segment going forward. This is why the decision was taken to close SEB Konzept Stiftungsfonds, despite its excellent performance.

Following the sale and recognition as a disposal of the Fund's only property in Wolfsburg at the end of 2016 – a move that generated 14% more than the building's last appraisal value – we continued work on liquidating the Fund in the reporting period from 1 January to 31 December 2017.

In this context we initial recognised provisions in order to be able to meet obligations from the sale of the property such as potential claims under guarantees or tax liabilities, as well as to meet current operating costs. We were able to reverse the first provisions in the second half of the financial year. Together with the distribution made in December, this was reflected in a surge in the Fund's performance as of the end of 2017.

Investors received an initial distribution in financial year 2017 of EUR 100.00 per unit, or approximately EUR 12.8 million in total on 3 April 2017. This was mainly financed by the proceeds of sale, but also from the income from the property, which was fully let in 2016. On 20 December 2017, they received a further payout in the amount of EUR 17.00 per unit, or roughly EUR 2.2 million in total.

The Fund management took the opportunity of this second distribution in 2017 to return free liquidity to investors for the last time under the old tax rules prior to the introduction of the new investment tax regime in 2018. In addition, a tax provision was recognised in the annual financial statements for the investment income tax liability resulting from the earnings retained at the end of 2017. The tax was remitted to the tax authorities in January 2018.

As of 31 December 2017, the Fund had generated a cumulative return of 123.6%, or 19.6% per annum since its launch in July 2013.

Risk Management

We define risk management as a continuous, integral process that covers all areas of the business, comprising all of the measures applied to systematically deal with risk. One of the key aims of this process is identifying, mitigating and managing any potential risks at an early stage. Identifying risks early on creates room for manoeuvre that can be used to help safeguard existing potential for success over the long term and to create new opportunities. Savills Fund Management GmbH (formerly SEB Investment GmbH) established a risk management process for this consisting of a risk strategy and the identification, analysis and assessment, management and monitoring, and communication and documentation of risks.

In keeping with the relevant legal provisions, a distinction is made between the following main risk types:

Counterparty risk

Default by a securities issuer, tenant or counterparty could lead to losses for the Fund. Issuer risk describes the effect of a specific development at an individual issuer that impacts the price of a security in addition to general capital market trends. Default by tenants is countered through active management and regular monitoring. Other measures include credit rating checks and the avoidance to a large extent of cluster risk in the rental segment.

Even when securities and tenants are carefully selected, losses due to the financial collapse of issuers or tenants cannot be ruled out.

Counterparty risk describes the risk that the other party to an agreement will partially or fully default on its obligation. This applies to all contracts signed for the account of a fund, but particularly in connection with derivative transactions that are entered into, for example, to hedge currency risk.

Interest rate risk

The liquidity portfolio is exposed to interest rate risk and influences the Fund return. If market interest rates change in relation to the rate applicable when the investment was made, this may affect the price and yield of the investment and lead to fluctuations. However, these price movements vary depending on the investment duration. Fixed-interest securities with shorter maturities generally entail lower price risks than fixed-interest securities with longer maturities. By contrast, fixed-interest securities with shorter maturities generally have lower returns than fixed-interest securities with longer maturities. Liquidity was held in bank account balances during the reporting period.

Loans are also exposed to interest rate risk. In order to minimise negative leverage effects as far as possible, fixed interest rate periods and the final maturity of loans are aligned carefully with the planned holding period of the properties, letting rate trends and expected interest rate developments. If loans are terminated early, there is a risk of early repayment penalties.

The Fund management company may employ derivatives to reduce exchange rate and interest rate risks. Derivatives are used exclusively for hedging purposes to mitigate risk.

Currency risk

If the assets belonging to a fund are invested in currencies other than the fund currency, the fund receives the income, repayments and proceeds from such investments in the relevant currency. If the value of this currency falls against the fund currency, the value of the fund declines. In principle, foreign currency items are largely hedged as part of a low-risk currency strategy. Thus, in addition to taking out loans in the relevant currencies, foreign currency items are normally hedged using forward exchange transactions.

Real estate risk

The properties owned by open-ended real estate funds are the basis for their returns. Such real estate investments are subject to risks that may have an effect on the unit value of the fund. For this reason, a large number of factors can cause both property valuations and income from properties to fluctuate:

- In any investment decision, political, economic and legal risks – including those posed by tax law – should be considered, along with how transparent and well developed the real estate market in question is.
- In decisions to invest outside the eurozone, the volatility of the national currency must be taken into consideration as well. Exchange rate fluctuations and the costs of currency hedging have an impact on the property return.
- Any change in the quality of the location may have a direct effect on lettability and the current letting situation. If the location increases in attractiveness, lease contracts can be signed for higher rents; however, in the worst possible case a decrease could mean lasting vacancies.
- Building quality and condition also have a direct impact on the capacity of a property to generate income. The condition of the building may require expenditures for maintenance that exceed budgeted maintenance costs. Additional investment costs may impact the return over the short term, but may also be necessary to achieve long-term positive development.
- Risks posed by fire and storm damage as well as natural forces (such as flooding and earthquakes) are covered internationally by insurance if this is possible, reasonable from a financial point of view and objectively necessary.

- Vacancies and expiring leases can mean either earnings potential or risk. Regular observation of the markets invested in, and the implementation of measures based on this knowledge with a view to reacting in good time to market movements, are crucial parts of the process. At the same time, vacancies result in income shortfalls and increased costs to enhance the attractiveness of the property for rental.

- The creditworthiness of tenants is also a significant risk component. Poor creditworthiness can lead to high outstandings and insolvencies can lead to a total loss of income. One of the tasks of portfolio management is to aim to reduce dependencies on individual tenants or sectors.

- Equity interests in real estate companies, i.e. indirect real estate investments, may be exposed to the risk of changes to company or tax law, particularly abroad.

Real estate risks such as letting rates, lease expiries and the performance of the real estate portfolio, are regularly monitored. The investment company is responsible for monitoring performance and the major performance components, and for financial control of the latter (e.g. returns on real estate, returns on the liquidity portfolio, other income and fees). A reporting system has been set up for the relevant performance indicators.

Operational risk

The investment company is responsible for ensuring the orderly management of the Fund. It has made the appropriate arrangements for this and implemented risk minimisation measures for all operational risks identified. The Fund's operational risks include legal and tax risks, for example.

Liquidity risk

Unlike exchange-traded securities, for example, real estate cannot always be sold quickly. Depending on internal cash flows, the Fund therefore holds liquidity over and above the minimum required by law. In exceptional cases, however, unit certificate redemptions may be suspended if unexpected outflows of funds cannot be covered by the available liquidity in the short term and the required liquidity must first be obtained by selling properties or borrowing, for example.

Risks existing during the reporting period are addressed in the individual chapters.

Real Estate Markets – An Overview

Economic environment

The economic and political environment for the real estate markets continued to improve in 2017. The uncertainties caused by the banking crisis, increasing populism in Europe and the United Kingdom's vote in favour of Brexit have declined for the moment. However, the delays in implementing President Trump's economic policy agenda in the United States dampened previous optimism about US growth.

The economy picked up across all regions in 2017, resulting in the global economy's highest preliminary figure for GDP growth – over 3% – since 2010. The United States, Continental Europe and a number of emerging markets were among the main sources of momentum. In contrast, growth in the UK was more muted, although the slump that had been feared following the vote in favour of Brexit has not materialised to date. The upturn in inflation that had been fuelled by the rise in oil prices eased throughout the world in 2017, although the United Kingdom recorded an increase that was largely due to currency effects.

Against this backdrop, monetary policy continued to normalise. Among other things, the Federal Reserve continued the policy of interest rate rises that it had launched at the end of 2016. In Europe, the Bank of England raised interest rates towards the end of the year for the first time since 2007, while the European Central Bank scaled back its securities purchases. Only the Japanese central bank maintained its expansionary monetary policy unchanged in 2017. On the currency markets, the euro appreciated in 2017, especially against the US dollar and the Japanese yen, while sterling stabilised. Bond market yields in the eurozone and Japan trended sideways in 2017, punctuated by fluctuations. Short durations came under pressure in the United States and the United Kingdom for monetary policy reasons, flattening yield curves.

Economic outlook

Average forecasts for the global economy in 2018 assume that growth will remain robust at an almost unchanged 3.3% (previously 3.2%), while inflation will pick up slightly. Risks relate to the speed and extent of monetary policy tightening, and to how the financial and currency markets react to this. Highly indebted countries such as China are particularly exposed to interest rate rises. In Europe, the Brexit negotiations and the Italian elections are ongoing issues. The tax reform in the United States is expected to have a positive effect, while the trend towards increased protectionism entails risks. At a global level, geopolitical tensions and terrorism are sources of uncertainty.

European real estate markets

Real estate markets in Europe turned in a positive performance in 2017. Rents rose on most office markets due to an upturn in demand for space and muted construction activity. This trend was particularly pronounced in Stockholm, Amsterdam and Berlin, whereas London recorded a decline.

While the retail sector environment improved in 2017, structural changes fuelled by the strong growth in e-commerce continued. Demand for space was focused on prime locations in the most attractive areas. On average, the increase in rents was muted and was seen mainly in the United Kingdom, southern Europe and central and eastern Europe.

Demand for state-of-the-art logistics space remained robust on the back of the recovery in global trade and increasing e-commerce. As a result, rents rose moderately at established logistics locations.

Investment activity in Europe declined slightly again in 2017. Nevertheless, according to preliminary information transaction volumes were still clearly above the ten-year average. Demand remained strong in the industrial/logistics sector, while the other real estate segments experienced losses. At a regional level, take-up of properties rose in the United Kingdom, Germany, the Netherlands and central and eastern Europe, but declined in France and northern Europe, among other places. Yield compression on the European real estate markets continued in the year to date, although the drop in initial yields continued to lose momentum.

European real estate market outlook

The real estate markets in Europe are in a late phase of their economic cycle, and this will continue its course in 2018. Office market forecasts in 2018 are for a positive rental trend despite increasing construction activity in some cases. This trend is being led by Spain, France, Sweden and Germany.

The retail sector will remain torn in 2018 between the cyclical upturn and structural changes. On average, rents are only expected to increase moderately. The strongest growth will continue to be seen at flagship sites in the most attractive and generally tourism-centric locations.

Demand for state-of-the-art logistics properties is likely to remain robust thanks to the upbeat economic environment and the ongoing growth of e-commerce. However, strong increases in development activity are weighing on the positive rental trend in individual cases.

Transaction volumes on the European investment market are likely to ease slightly again in 2018. Nevertheless, there should be some room for a decline in initial yields, provided that the ECB keeps key interest rates low. Investments in properties generating stable income remain attractive given the unenticing yields and/or greater volatility associated with other investment opportunities. This is compounded by the latent scarcity of suitable real estate products. Nevertheless, the risks associated with properties in second-tier locations and lower-quality properties are likely to increase. Capital market interest rates will continue to rise as monetary policy normalises; this will lead after a time lag to a trend reversal in initial yields, which in many cases will only take effect as from 2019.

Results of the Fund in Detail

Development of SEB Konzept Stiftungsfonds

	Reporting date 31 Dec. 2014 EUR thousand	Reporting date 31 Dec. 2015 EUR thousand	Reporting date 31 Dec. 2016 EUR thousand	Reporting date 31 Dec. 2017 EUR thousand
Properties	17,850	17,975	–	–
Liquidity portfolio	1,383	1,638	17,623	2,374
Other assets	1,097	977	124	2
Less: liabilities and provisions	–5,823	–5,791	–1,835	–802
Fund assets	**14,507**	**14,799**	**15,912**	**1,574**
Number of units in circulation	127,685	127,685	127,685	127,685
Unit value (EUR)	113.61	115.90	124.62	12.32
Interim distribution per unit (EUR)	**–**	**–**	**–**	**17.00**
Date of interim distribution	–	–	–	20 December 2017
Final distribution per unit (EUR)	**5.50**	**5.50**	**100.00**	**–**
Date of final distribution	2 April 2015	15 April 2016	3 April 2017	–

Structure of Fund assets

SEB Konzept Stiftungsfonds' Fund assets decreased by EUR 14.3 million in the reporting period from 1 January to 31 December 2017 and amounted to EUR 1.6 million as of the reporting date.

In financial year 2017, liquidity was paid out to investors in April (EUR 100.00 per unit) and December (EUR 17.00 per unit). Both liquidity and Fund assets declined significantly as a result of these two distributions.

Fund assets amounted to EUR 1.6 million as of the 31 December 2017 reporting date and comprised the liquidity portfolio of EUR 2.4 million less liabilities and provisions of EUR 0.8 million, which had also declined by EUR 1.0 million compared with the previous reporting date of 31 December 2016.

The number of units in circulation remained unchanged at 127,685.

Liquidity

The gross liquidity ratio as of the reporting date was 150.8%; all liquid assets were held as demand deposits as of the end of the reporting period.

Further information on the liquidity portfolio, liabilities and provisions can be found in the Disclosures on the Overview of Assets on page 14.

Investment performance*

The Fund generated a total performance of 61.7% over the reporting period, or EUR 4.70 per unit.

Unit value as of 31 December 2017	EUR	12.32
Plus distribution on 3 April 2017	EUR	100.00
Plus distribution on 20 December 2017	EUR	17.00
Minus unit value on 1 January 2017	EUR	–124.62
Investment performance	**EUR**	**4.70**

Return according to the BVI method*

	Return in %	Return in % p.a.
1 year	61.7	61.7
3 years	95.4	25.0
Since launch	123.6	19.6

Note: Calculated according to the BVI method (without front-end load; distributions reinvested immediately). Historical performance data are no indication of future performance.

* These tables and the explanatory text were not included in the audit for which the Auditors' Report was issued.

Overview: Returns

The Fund generated gross income of 12.6% from the reversal of provisions for liquidation costs in the period under review. After adjustment for expenses of 1.2%, the total income in Fund currency was 11.4%. In addition to the expenses reported in the statement of income and expenditure, expenditure was due to the utilisation of the provision for liquidation costs that was recognised in the previous year. The liquidity portfolio generated a negative return of –0.5% due to market factors. Total Fund income before Fund costs amounted to 10.9%. Total Fund income in accordance with the BVI method (after Fund costs) was 61.7%.

The significant difference between the total Fund income before Fund costs and the total Fund income after Fund costs in accordance with the BVI method is due to the different bases of calculation. Total Fund income before Fund costs is based on average Fund assets, which are calculated using 13 month-end values. The two distributions made in the reporting period led to a significant reduction in Fund assets. Total Fund income after Fund costs in accordance with the BVI method is based on the notional reinvestment of the distributions. This increases the number of Fund units held in a virtual securities account. The Fund units are multiplied by the unit value at the end of the period under review to produce a virtual portfolio value. The change in the portfolio value compared to its value at the beginning of the period under review represents the return for the period. These differences in the calculations lead to the substantial discrepancy in the relevant return figures.

Key return figures (in % of average Fund assets) [1]*	Total
I. Fund	
Gross income	12.6
Expenses	–1.2
Total income in Fund currency	**11.4**
II. Liquidity	**–0.5**
III. Total Fund income before Fund costs	**10.9**
Total Fund income after Fund costs (BVI method)	**61.7**

Net asset information (weighted average figures in EUR thousand) [1]*	
Total Fund assets	5,970

[1] The weighted average figures in the financial year are calculated using 13 month-end values (31 December 2016 to 31 December 2017).
* This table was not included in the audit for which the Auditors' Report was issued.

Outlook

SEB Konzept Stiftungsfonds no longer holds any properties. In order to finally liquidate the Fund, the Fund management would like to sign an agreement with all investors in spring 2018 on how to dissolve the Fund going forward. This procedure is the one normally adopted when dissolving special funds; due to SEB Konzept Stiftungsfonds' investor structure it can also be used, with the agreement of the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin – the Federal Financial Supervisory Authority), to rapidly liquidate the Fund.

If all investors sign the agreement, it is expected that the Fund can be finally liquidated in mid-2018. If it proves impossible to reach an agreement with the investors, the Fund management would have no option but to formally give notice to terminate the management mandate and to liquidate the Fund in accordance with the statutory provisions.

The new *Investmentsteuergesetz* (InvStG – German Investment Tax Act) was applied to SEB Konzept Stiftungsfonds effective as of 1 January 2018. The goals of the lawmakers in introducing this revised legislation were to ensure the equal tax treatment of domestic and foreign investment funds required under European law, and to simplify the taxation of mutual funds at investor level. In line with this, SEB Konzept Stiftungsfonds' tax position in the period up to 31 December 2017 was crystallised. After this, all units were notionally sold and reacquired. This method guarantees that all units are migrated in full to the new taxation procedure.

The revised European Markets in Financial Instruments Directive (or "MiFID II" for short) took effect on 3 January 2018. The new rules are not being applied to SEB Konzept Stiftungsfonds since the Fund is no longer issuing units and is not being actively marketed. The requisite cost transparency is adequately ensured by the information provided in the Sales Prospectus. Costs and fees are included in the calculation of the Fund price on an ongoing basis. As a result, the daily publication of the Fund price also discharges this duty of documentation.

Further information on the dissolution of SEB Konzept Stiftungsfonds will be published as was previously the case in the semi-annual and annual reports, as well as at www.savillsim-publikumsfonds.de.

We would like to thank you warmly for the confidence you have shown in us and for your patience. Our top priority during the dissolution process as in the past is to achieve the best possible results in the interests of investors.

Savills Fund Management GmbH

Carolina v. Groddeck Hermann Löschinger

Frankfurt am Main, April 2018

Development of Fund Assets from 1 January 2017 to 31 December 2017

		EUR
I.	Value of the Fund at the start of the financial year on 1 January 2017	15,912,259.38
	1. Distribution for the previous year	–12,768,500.00
	2. Interim distribution	–2,170,645.00
	3. Net profit for the financial year	601,040.00
II.	Value of the Fund at the end of the financial year on 31 December 2017	**1,574,154.38**

Disclosures on the Development of Fund Assets

The development of Fund assets shows which transactions entered into during the period under review are responsible for the new assets disclosed in the Fund's statement of assets. It thus presents a breakdown of the difference between the assets at the beginning and the end of the financial year.

The **distribution for the previous year** is the distribution amount reported in the annual report for the previous year (see the total distribution item under "Application of Fund income" in that document).

The **interim distribution** was made as part of the Fund dissolution process.

The **net profit for the financial year** can be seen from the statement of income and expenditure.

Overview of Assets as of 31 December 2017

		EUR	Germany EUR	Germany EUR	% of Fund assets
A.	**Assets**				
I.	**Liquidity portfolio** (see Statement of Assets Part I, page 15)				
	1. Bank deposits		2,374,503.36		
	of which in foreign currency	0.00			
	Total liquidity portfolio			**2,374,503.36**	**150.84**
	Total in foreign currency	0.00			
II.	**Other assets** (see Statement of Assets Part II, page 15)				
	1. Miscellaneous		1,907.95		
	of which in foreign currency	0.00			
	Total other assets			**1,907.95**	**0.12**
	Total in foreign currency	0.00			
	Total assets			**2,376,411.31**	**150.96**
	Total in foreign currency	0.00			
B.	**Liabilities**				
I.	**Liabilities** (see Statement of Assets Part II, page 15)				
	1. Miscellaneous		60,025.20		
	of which in foreign currency	0.00			
	Total liabilities			**60,025.20**	**3.81**
	Total in foreign currency	0.00			
II.	**Provisions**			**742,231.73**	**47.15**
	of which in foreign currency	0.00			
	Total liabilities			**802,256.93**	**50.96**
	Total in foreign currency	0.00			
C.	**Fund assets**			**1,574,154.38**	**100.00**
	of which in foreign currency	0.00			
Unit value (EUR)				**12.32**	
Units in circulation				**127,685**	

Disclosures on the Overview of Assets

Fund assets decreased by EUR 14.3 million to EUR 1.6 million in the financial year from 1 January 2017 to 31 December 2017.

A. Assets

I. Liquidity portfolio

The **bank deposits** of EUR 2.4 million reported under the **liquidity portfolio** item serve to meet payment obligations connected with the liquidation of the Fund.

B. Liabilities

I. Liabilities

The **miscellaneous** liabilities item in the amount of EUR 60 thousand mainly comprises liabilities of EUR 58 thousand from the property sale.

II. Provisions

The main **provisions** items recognised were for guarantee obligations (EUR 500 thousand), liquidation costs (EUR 205 thousand), corporation tax (EUR 24 thousand) and the costs of legal advice (EUR 12 thousand).

Statement of Assets as of 31 December 2017, Part I: Liquidity Portfolio

	Market value EUR	% of Fund assets
Bank deposits		
Germany	2,374,503.36	
Total liquidity portfolio	**2,374,503.36**	**150.84**

Statement of Assets as of 31 December 2017, Part II: Other Assets, Liabilities and Provisions, Additional Disclosures

	EUR	EUR	EUR	% of Fund assets
I. Other assets				
1. Miscellaneous		1,907.95		
of which in foreign currency	0.00			
Total other assets			**1,907.95**	**0.12**
Total in foreign currency	0.00			
II. Liabilities				
1. Miscellaneous		60,025.20		
of which in foreign currency	0.00			
Total liabilities			**60,025.20**	**3.81**
Total in foreign currency	0.00			
III. Provisions			**742,231.73**	**47.15**
of which in foreign currency	0.00			
Total Fund assets			**1,574,154.38**	**100.00**
of which in foreign currency	0.00			
Unit value (EUR)			**12.32**	
Units in circulation			**127,685**	

Statement of Income and Expenditure

for the period from 1 January 2017 to 31 December 2017	EUR	EUR	EUR
I. Income			
1. Other income		636,622.50	
Total income			**636,622.50**
II. Expenditure			
1. Taxes		23,732.05	
2. Other expenditure		11,850.45	
of which valuers' fees	0.00		
Total expenditure			**35,582.50**
III. Ordinary net income/net profit for the financial year			**601,040.00**

Total expense ratio	**0.00%**
Transaction-based remuneration	**0.00%**
Transaction costs	**0.00**

Disclosures on the Statement of Income and Expenditure

Income

Other income comprises income from the reversal of provisions. This was primarily due (EUR 530 thousand) to the reduction in the provision for fund liquidation costs, since a shorter liquidation period is being assumed.

Expenditure

The Fund incurred expenses and recognised provisions amounting to EUR 23.7 thousand for the payment of **taxes.** The tax expense item comprised the investment income tax payable in January 2018 resulting from the retention of earnings as of 31 December 2017 due to the amendment of the investment tax legislation.

The **other expenses** in accordance with section 11(3) of the BAB amounting to EUR 11.9 thousand solely comprise the costs of legal advice.

Ordinary net income/net profit for the financial year amounted to EUR 0.6 million on the reporting date.

The **total expense ratio (TER)** shows the impact of costs on Fund assets. It takes into account management and Depositary fees, the costs for the audit and publication of the annual report and other costs in accordance with section 11 of the BAB, with the exception of transaction costs. The TER expresses the total amount of these costs as a percentage of average Fund assets within a financial year, thus providing results that comply with international cost transparency standards. The method of calculation used is in line with the BVI's recommended method.

The TER for SEB Konzept Stiftungsfonds was 0.00% for the reporting period from 1 January 2017 to 31 December 2017. This is due to the fact that the expenses incurred are covered by the provision for Fund liquidation costs that was recognised in the previous year; as a result, they have not been recognised in income and do not serve to reduce net profit for the financial year.

Application of Fund Income as of 31 December 2017

	Total in EUR	Per unit in EUR
I. Amount available for distribution	2,170,645.00	17.00
1. Carried forward from previous year	0.00	0.00
2. Net profit for the financial year	601,040.00	4.71
3. Transfer from the Fund	1,569,605.00	12.29
II. Total distribution [1)]	**2,170,645.00**	**17.00**
Interim distribution on 20 December 2017	2,170,645.00	17.00

[1)] In accordance with section 7(3), (3a) and (3c) of the *Investmentsteuergesetz* (InvStG – German Investment Tax Act), the account custodian or the most recent domestic paying agent is obliged to withhold investment income tax and the solidarity surcharge.

Disclosures on the Application of Fund Income

The net profit for the financial year in the amount of EUR 0.6 million can be seen from the statement of income and expenditure.

The transfer from the Fund in the amount of EUR 1.6 million represents a return of Fund capital made as part of the Fund's dissolution.

EUR 2.2 million was available for distribution.

The total distribution in the amount of EUR 2.2 million (EUR 17.00 per unit) was made as an interim distribution on 20 December 2017.

Notes in Accordance with Section 7 No. 9 of the *Kapitalanlage-Rechnungslegungs- und Bewertungsverordnung* (KARBV – German Investment Accounting and Valuation Regulation)

Other information

Unit value as of 31 December 2017:	EUR 12.32
Units in circulation as of 31 December 2017:	127,685

Information on the asset valuation procedures

Real estate

General principles of property valuation

The company appoints sufficient numbers of external valuers ("valuers") to appraise properties, land rights and similar rights governed by the law of other countries ("properties"), or properties that were acquired for the account of the fund.

The valuers must take into account the provisions of national law and the fund rules for the fund in question, and must perform the scheduled valuations. The valuers are required to value in particular:

- the properties to be purchased for funds or for real estate companies in which the company holds an interest for the account of funds;
- the properties held by the fund or by real estate companies in which the company holds an interest for the account of funds;
- the properties to be sold by funds or by real estate companies in which the company holds an interest for the account of funds.

To the extent that the company does not commission an earlier valuation, the valuations are performed by the valuers who were assigned responsibility for this at the least in accordance with the regular cycle specified in the fund rules for the funds in question.

Properties are recognised at their purchase price at the time of transfer of ownership/of the risks and rewards of ownership. Further details on valuation are contained in the provisions of the *Kapitalanlagegesetzbuch* (KAGB – German Investment Code) and the KARBV, and, where applicable, in other national provisions.

Value concept and valuation methods
The market value of a property is the price that would be obtained at the time the calculation is made, in the normal course of business, in accordance with the legal situation and actual characteristics, the other attributes and the location of the property, disregarding unusual or personal factors.

As a rule, to calculate the market value/fair value, the valuer must determine the net income value of the property using a procedure that is recognised on the real estate market in question. Other valuation methods that are recognised on the real estate investment market in question may additionally be used to review the reasonableness of the valuation if the valuer regards this as necessary and/or appropriate to ensure the proper valuation of the property. In this case, the valuer must state the results of the other valuation method and give his or her reasons for using it in a clear and comprehensible manner in the appraisal.

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

A market value/fair value must also be determined as a general rule for properties under construction during the construction phase. Construction services are recognised at book value to the extent that they have not been accounted for in the property valuation. On completion, the appraised market value must be used.

In the appraisal, the valuer must give an opinion on the quality of the property and the location, the regional real estate market, the legal and physical characteristics of the property, and its usability and lettability. The appraisal must specify whether there is a large enough pool of potential buyers and users for the appraised property and whether the property's earnings power can be guaranteed in the long term due to its adequate third-party usability and versatility. Expected income shortfalls and investments in modernisation measures that are foreseeable or necessary at the time of valuation to secure the estimated income must be taken into account in an appropriate manner. If the valuer does not include a discount for maintenance backlogs or renovation because of provisions that have already been or will be recognised in the Fund, the valuation report must provide a factual justification as to why no such discount was charged. The key valuation inputs – and in particular the capitalisation rate derived from the current market environment and the current attainable market rents for the property – must be clearly stated and explained.

Pre-purchase valuations and regular valuations
The pre-purchase valuation is performed by valuers in line with the fund rules for the fund in question. As a rule, the date of this valuation should not be more than three months before the notarisation date for the purchase.

The regular valuation and unscheduled valuations of assets as defined by sections 231(1) and 234 of the KAGB were performed by valuers in line with the rules for the fund in question.

If the valuations in line with the rules for the fund in question are performed by two valuers who are independent of each other and arrive at differing market values, the arithmetic mean of the two figures shall be recognised as the value of the asset.

The value of the assets as defined by sections 231(1) and 234 of the KAGB must be determined within the period specified in the rules for the fund in question. The first regular valuation must be performed within the appropriate deadlines, starting from the date of transfer of the risks and rewards of ownership or the completion of the construction project.

Valuations are generally spread evenly over the fund's valuation cycle unless local GAAP or the fund rules for the fund in question require a valuation as of the end of the financial year.

Unscheduled revaluations
The value of the properties must always be recalculated and the new amount recognised if the company believes that the most recently determined value is no longer appropriate due to changes in material valuation factors. The following are examples of possible material valuation factors:

- the effects of natural disasters such as floods, fires, volcanic eruptions, hurricanes, earthquakes, or landslides;
- land contamination that is discovered after acquisition;
- legal issues, such as the loss of rights due to expropriation in accordance with section 95(1) sentence 1 of the *Baugesetzbuch* (BauGB – German Building Code), the signing, extension, or termination of leases, or tenant insolvencies;
- other factors such as changes in the market environment or damage to the property/extraordinary investments.

Valuation dates and frequency of valuations
The value of each property is determined in line with SEB Konzept Stiftungsfonds' rules. As far as possible, valuations are spread out evenly over the year to avoid a cluster of valuations on certain dates. If changes in material valuation factors occur for a particular property, a revaluation may be conducted ahead of schedule. If a heritable building right has been created in respect of a property, the valuers must reassess the property within two months.

Other assets, liabilities and provisions

Bank deposits
Bank deposits are valued at their nominal amount plus accrued interest.

Receivables

Receivables from property management and other receivables are included at their nominal amount. The recoverability of receivables is reviewed on a regular basis. Default risk is accounted for using valuation allowances and writedowns.

Transaction costs

Transaction costs incurred by the Fund when acquiring a property or equity interest are amortised in equal annual amounts over the expected holding period of the property, but at the longest over a period of ten years. The amortisation charged reduces the Fund's capital and is not recognised in profit or loss. If the property is resold within the amortisation period given in sentence 1, the transaction costs must be written off in full.

Transaction costs are also capitalised in the case of transactions where the seller or a third party completes the property on their own responsibility and at their own risk and the Fund therefore does not incur typical developer risks.

In order to ensure the equal treatment of direct and indirect property acquisitions, the capitalisation and amortisation of transaction costs in the statements of assets of real estate companies under investment law should, as a rule, be carried out in the same way as prescribed by law at the Fund level (explanatory memorandum for section 10 of the KARBV).

In the case of directly held properties and equity interests, transaction costs still to be amortised are included as a notional figure in the statement of assets and thus in the Fund assets.

Transaction costs not yet amortised remain as a notional figure in the real estate company where they were incurred. They are then recognised during the valuation of the equity interest in this real estate company and do not constitute a separate item of the Fund's statement of assets. Any necessary adjustments of the amortisation charged to the amounts already recognised in the local GAAP financial statements for the real estate company concerned are also recognised in the statement of assets as part of the reconciliation process.

In more detail, the treatment of transaction costs is based on section 30(2) no. 1 of the KARBV.

Liabilities

Liabilities are recognised at their repayment amounts. Key liabilities include loans from third parties, liabilities from land purchases and construction projects, and liabilities from real estate management.

Recognition and measurement of provisions

Provisions are recognised and measured in accordance with prudent business judgement.

They may not be discounted. They must be reversed when the reason why they were recognised no longer exists.

Provisions can also be established in the context of planned measures/budgeting (e.g. for maintenance measures, management costs, litigation and services utilised).

Information on transparency and the total expense ratio

The total expense ratio is calculated annually. It represents the ratio of Fund management costs such as the Fund management fee, the Depositary fee, external valuer costs and other expenses in accordance with section 11 of the Special Fund Rules (BAB) to average net Fund assets in the reporting period. Transaction costs are not taken into account in the calculation.

The TER for SEB Konzept Stiftungsfonds was 0.00% for the reporting period from 1 January 2017 to 31 December 2017. This is due to the fact that the expenses incurred are covered by the provision for Fund liquidation costs that was recognised in the previous year; as a result, they have not been recognised in income and do not serve to reduce net profit for the financial year.

No performance-based remuneration was paid.

In the reporting period, a management fee of EUR 46,050.29 was paid to the investment company and a Depositary fee of EUR 923.47 was paid to the Depositary.

The investment company does not receive any reimbursements of the fees and expenses paid to the Depositary and third parties from the Fund assets.

The investment company pays trailer fees to brokers from the fees paid to it by the Fund.

Information on employee remuneration [1)]

Total employee remuneration paid by the company in the past financial year (1 January 2017 to 31 December 2017) comprised fixed remuneration of EUR 807,617 and variable remuneration of EUR 64,338. Remuneration paid to risk takers (members of the management) amounted to EUR 587,767. In total, the investment company had nine employees as of the 31 December 2017 reporting date.

Information on material changes in accordance with section 101(3) no. 3 of the KAGB

No new rules governing liquidity management were introduced during the reporting period.

Additional information

The information on leverage presented here was determined in accordance with Article 7 of Regulation (EU) No 231/2013 in conjunction with Article 19 of Directive 2011/61/EU and is based on the net asset value of the Fund.

Leverage according to the gross method expressed in relation to the original maximum ratio of 3.0 amounted to 0.00 as of the reporting date. Leverage according to the commitment method expressed in relation to the original maximum ratio of 3.0 amounted to 1.51 as of the reporting date.

However, the leverage can fluctuate depending on market conditions, meaning it may exceed the maximum amount set by the company despite being monitored on a continuous basis.

For information on the Fund's risk profile, please see the "Risk Management" section of the Fund Management Report on page 5 onwards.

No less-liquid assets were ascertained in the Fund.

[1)] Employee severance pay resulting from restructuring measures is not included in the disclosures on remuneration.

Auditors' Report

To Savills Fund Management GmbH, Frankfurt am Main

Savills Fund Management GmbH appointed us to audit the Annual Report of SEB Konzept Stiftungsfonds for the financial year from 1 January 2017 to 31 December 2017 in accordance with section 102 of the *Kapitalanlagegesetzbuch* (KAGB – German Investment Code).

Responsibility of the management

The preparation of the Annual Report in compliance with the provisions of the KAGB and Delegated Regulation (EU) No 231/2013 is the responsibility of the management of the investment company.

Responsibility of the auditors

Our responsibility is to express an opinion on the Annual Report based on our audit.

We conducted our audit in accordance with section 102 of the KAGB and the generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the Annual Report are detected with reasonable assurance. Knowledge of the management of the Fund and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal accounting control system and the evidence supporting the disclosures in the Annual Report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used for the Annual Report and significant estimates made by the investment company's management. We believe that our audit provides a reasonable basis for our opinion.

Auditors' opinion

In our opinion, based on the findings of our audit, the Annual Report for the financial year from 1 January 2017 to 31 December 2017 complies with the statutory regulations.

Frankfurt am Main, 11 April 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Eva Handrick
Auditor

ppa. Fatih Agirman
Auditor

Tax Information for Investors

The distribution for financial year 2017 that was made on 20 December 2017 amounted to EUR 17.00 per investment unit. The following tax treatment applies to the distribution:

Tax treatment of the distribution per unit

	Private assets EUR	Units held as business assets (income tax payers) EUR	Units held as business assets (corporation tax payers) EUR
Payout	**17.0000**	**17.0000**	**17.0000**
of which (non-taxable) return of capital payment	17.0000	17.0000	17.0000
Basis of calculation for investment income tax	**0.0000**	**0.0000**	**0.0000**
Investment income tax (25%) [1]	**0.0000**	**0.0000**	**0.0000**

[1] Plus the solidarity surcharge of 5.5% and, if applicable, church tax

Taxation in Germany in the period up to 31 December 2017

General taxation principles

Under German law, real estate funds (hereinafter referred to as "investment funds") are exempted from all income and asset-based taxes. Income is taxed at the level of the investors. Investors can only be taxed if income is distributed or retained or if investment units are redeemed or sold. In more detail, taxation is based on the provisions of the *Investmentsteuergesetz* (InvStG – German Investment Tax Act) in conjunction with general tax law.

In line with the principle of transparency, investors should be treated as if they had generated the income produced by the investment fund directly. However, exceptions apply to this general principle. For example, negative income generated by investment funds is offset against positive income of the same kind at the level of the investment fund. If the negative income cannot be offset in full, it cannot be claimed by the investor but must be carried forward at investment fund level and offset against income of the same kind in following years.

Thus a distinction needs to be made for tax treatment purposes between investment fund income attributable to private investors and that attributable to business investors.

The information on the bases of taxation used to determine the tax payable by investors is published by the investment company in the *Bundesanzeiger* (Federal Gazette; www.bundesanzeiger.de) together with a professional attestation report in accordance with section 5 of the InvStG (determination of the information in accordance with the provisions of German tax law), in addition to being disclosed in the annual report.

Taxation at Private Investor Level

If the investment units are held as private assets, the income distributed on investment units and the deemed distributed income are classified as investment income for tax purposes. 25% tax (plus the solidarity surcharge and, if applicable, church tax) is withheld on investment income. As the tax withheld is generally definitive (flat tax), this investment income does not normally have to be disclosed in the investor's income tax return.

The scope of the taxable income, i.e. the tax base for the flat tax, was widened significantly as of 2009. In addition to distributed and deemed distributed investment fund income and interim profits, investment income includes gains from the disposal of investment units where these were acquired after 31 December 2008. [2]

When the tax is withheld, losses incurred are, as a rule, already offset by the domestic paying agent (units held in custody) and foreign withholding taxes are taken into account. If units of distributing investment funds are not held in a custody account and coupons are presented to a domestic bank (self-custody), tax of 25% (plus the solidarity surcharge and, if applicable, church tax) is withheld.

[2] Gains from the sale of Fund units acquired prior to 1 January 2009 are tax-free as a rule for private investors (private disposals).

No tax needs to be withheld if the investor is a German tax resident and submits an exemption instruction, provided that the taxable income components do not exceed the lump-sum savings allowance of EUR 801 for single persons or EUR 1,602 for married couples filing jointly. The same applies if a non-assessment certificate is submitted or if foreign investors furnish proof of their non-resident status for tax purposes for certain income (for example, non-residents for tax purposes are always subject to withholding tax on domestic rental income and domestic dividends).

The tax withheld is generally definitive. If the investor's personal tax rate is lower than the 25% flat tax rate, the investment income may be disclosed in the income tax return. The tax office then applies the lower personal tax rate and counts the tax withheld towards the investor's personal tax liability (*Günstigerprüfung* – "most favourable tax treatment").

If no tax has been withheld on investment income, this income must be disclosed in the investor's tax return. This investment income is then also subject to the 25% flat tax rate or to the lower personal tax rate in the course of the assessment. However, income-related expenses (e.g. custody account fees) actually incurred at investor level cannot be taken into account.

In the case of distributions, both the distributed and the deemed distributed income are taxable. Income is taxable or is subject to definitive withholding tax in the year it accrues.

In particular distributed or retained domestic rental income, interest and similar income and dividends from real estate corporations are taxable and subject to 25% withholding tax (plus the solidarity surcharge and, if applicable, church tax). The Fund assets include properties located outside Germany. As a rule, rental income from such properties accrues to investors in Germany tax-free due to existing double taxation agreements.

Gains from the sale of domestic and foreign real estate not falling within the 10-year period that are generated at the investment fund level are always tax-free for private investors.

Gains from the sale of domestic properties within the 10-year period that are generated at investment fund level are always taxable for the investor and are subject to withholding tax of 25% (plus the solidarity surcharge and, if applicable, church tax). This applies regardless of whether they are distributed or retained. By contrast, gains from the sale of foreign real estate within the 10-year period in respect of which Germany has waived taxation in accordance with a double taxation agreement are not subject to withholding tax. Gains from the sale of shares, equity-equivalent profit participation rights and investment units, gains from forward transactions and income from option premiums generated at the investment fund level are not recognised at the level of the investor unless they are distributed. Gains from the sale of the capital claims listed in section 1(3) sentence 3 No. 1 letters a) to f) of the InvStG are also not recognised at the level of the investor if they are not distributed.

Return of capital distributions (e.g. in the form of development project interest) are not taxable. In a tax context, a return of capital distribution occurs where the distribution exceeds the income for tax purposes generated by the investment fund. Return of capital distributions that investors receive during their period of ownership are treated as reducing the cost from a tax law point of view, i.e. they have an effect when the investment units are disposed of.

Taxation at business investor level

Investors who hold their investment units as business assets realise business income as a rule.

25% tax (plus the solidarity surcharge) is withheld on this income. However, the withheld tax is not definitive, so that tax prepayments made during the course of the year must be offset against income tax and corporation tax on assessment. Tax need only not be withheld, or withheld tax can only be refunded, upon presentation of a corresponding non-assessment certificate. In other cases, investors receive a tax certificate documenting the tax withheld.

However, the paying agent will not withhold tax on certain income (e.g. foreign dividends) in particular if the investor is a corporation with unlimited tax liability or this investment income is the business income of a domestic business and a declaration to this effect is submitted to the paying agent by the obligee of the investment income in an official form.

Business investors with unlimited tax liability in Germany who qualify as cash-basis taxpayers must tax the investment income when it accrues. Where profits are determined using accrual-basis accounting, investors must recognise distributed and deemed distributed income when the claim arises (date of the declaration of the distribution). To this extent general tax accounting law rules are applied.

The Fund assets include properties located outside Germany. As a rule, rental income from such properties accrues to investors in Germany tax-free due to existing double taxation agreements. However, investors that are not subject to the *Körperschaftsteuergesetz* (KStG – German Corporation Tax Act) are subject to the progression clause in the case of income from countries outside the European Union and the European Economic Area (EEA).

Only 60% of domestic and foreign dividends [1] that are distributed or retained by the investment fund are taxable at the level of investors subject to income tax (*Teileinkünfteverfahren* – partial income method). As a result of the *EuGH-Dividendenumsetzungsgesetz* (EuGH-Div-UmsG – Act Implementing the ECJ Judgement on Dividends), dividends are only tax-free for

[1] This does not apply to dividends in accordance with the *REIT-Gesetz* (German REIT Act).

investors subject to corporation tax if they accrued to the investment fund before 1 March 2013. 5% of dividends are considered as non-deductible business expenses at investor level.

Income that is tax-free in accordance with double taxation agreements and income subject to the partial income method must be deducted from taxable and accounting profit during preparation of the income tax and corporation tax returns. In the case of income subject to the partial income method accruing to investors subject to income tax, only 40% of the amount shall be deducted. In line with section 2(2a) of the InvStG, distributed or retained interest income must be taken into account under the earnings stripping rule within the meaning of section 4h of the *Einkommensteuergesetz* (EStG – German Income Tax Act).

With the entry into force of the *AIFM-Steuer-Anpassungsgesetz* (AIFM-StAnpG – AIFM Tax Amendment Act) on 23 December 2013, the previous 10% lump-sum amount of non-deductible income-related expenses was abolished for financial years after 31 December 2013 as part of the reorganisation of the indirect allocation of income-related expenses. However, the tax authorities do not object to these new rules only being used for the first time for financial years beginning after 31 March 2014. For financial years before 1 April 2014, the allocation of income-related expenses applicable before the AIFM-StAnpG entered into force can be used. This provides that 10% of income-related expenses that cannot be directly allocated to specific income at the investment fund level are non-deductible for business investors as well. In its decree on 11 January 2008, the Rhineland Regional Finance Office, in agreement with the German Federal Ministry of Finance and the Ministry of Finance of North Rhine-Westphalia, expressed the view that business investors in investment funds are allowed to create a tax adjustment item for the non-deductible income-related expenses in the case of non-distributing and distributing investment funds. Investors required to prepare accounts must provide evidence of the amount of the adjustment item. If the amount of the adjustment item is not evidenced, the non-deductible income-related expenses must be added back as off-balance sheet items when determining taxable income.

Investment income tax

The investment company and domestic custodians (e.g. custodian banks) are generally required to withhold and remit investment income tax for the investor. The investment income tax is generally definitive for private investors. However, investors have an assessment option and in some cases an assessment obligation. If the investment units are held as business assets, an assessment obligation generally exists.

No investment income tax needs to be withheld if a non-assessment certificate or a valid exemption instruction is submitted. If the investor can prove that it is non-resident for tax purposes, the investment income tax withheld is limited to income from German dividends, German rental income and disposal gains on properties located in Germany.

Foreign investors can only have investment income tax that has been remitted for them offset or reimbursed within the framework of the relevant double taxation agreement between their state of residence and Germany. The *Bundeszentralamt für Steuern* (BZSt – Federal Central Office of Taxation) is responsible for reimbursements.

Solidarity surcharge

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

Church tax

If income tax is already levied via the tax withheld by a German custodian (withholding agent), the church tax payable on this is levied as a surcharge to the tax withheld in accordance with the church tax rate for the religious community/denomination to which the investor belongs. To this end, persons subject to church tax must inform the withholding agent in a written application that they are a member of a particular religion. Since 1 January 2015, it has no longer been necessary to file an application to withhold church tax on definitively taxed investment income. Instead, in the future the tax will be automatically withheld for and remitted to the religious community levying the tax. To this end, the withholding agent asks the BZSt about the religious affiliation of all investors on an annual basis. Married couples must also declare the proportion of the spouses' entire investment income constituted by the investment income attributable to each spouse, so that the church tax can be allocated, withheld and remitted on this basis. If no allocation ratio is indicated or if the spouses are members of different religions, the allocation will be made equally. The deductibility of church tax as a special personal deduction is already recognised as reducing the tax burden when the tax is withheld.

Foreign withholding tax

In some cases, withholding tax is retained on the investment fund's foreign income in the countries of origin. Moreover, in some cases investments were made in countries in which no withholding tax is actually levied on the income, although withholding tax can be asserted (notional withholding tax). Imputable foreign withholding tax is already recognised as reducing the tax burden for private investors when the tax is withheld.

Capital gains at investor level

If investment fund units acquired after 31 December 2008 are disposed of by a private investor, the capital gains are subject to the flat tax rate of 25%. Provided the investment units are held in a domestic custody account, the account custodian will withhold the tax. The 25% tax (plus the solidarity surcharge and, if applicable, church tax) need not be withheld if a sufficient exemption instruction or a non-assessment certificate is submitted. Gains and losses incurred can be offset against

other income from the sale of investments (with the exception of losses from the sale of shares).

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

Capital gains realised on investment units acquired prior to 1 January 2009 are not taxable for private investors if the units have been held for a period of more than one year.

Gains from the sale of investment units held as business assets are tax-free for business investors insofar as they consist of foreign rental income that has not yet accrued or been deemed to have accrued and of realised and unrealised investment fund gains from foreign real estate, insofar as Germany has waived taxation (gain from real estate for the proportionate period of ownership).

Gains from the sale of investment units are tax-free for corporations [1] if they consist of realised and unrealised investment fund gains in connection with domestic and foreign real estate corporations. In the case of business investors taxed in accordance with the EStG, these gains from the sale of units are 40% tax-free (*Teileinkünfteverfahren*).

From a tax law point of view, the redemption of investment units is treated as a sale, i.e. the investor recognises a capital gain or loss. Custodians located in Germany calculate the capital gain as the tax base for the tax to be withheld for investors.

In this context, a gain or loss is the difference between the disposal price less any relevant expenses and the original cost. When calculating the capital gain, the interim profits at the time of acquisition must be deducted from the original cost, and the interim profits at the time of disposal from the disposal price, so that interim profits are not taxed twice. In addition, retained income that the investor has already taxed must be deducted from the disposal price so as to avoid double taxation in this area, too.

Interim profits

Interim profits consist of payments for interest accrued or deemed to have accrued contained in the sale or redemption price as well as gains from the sale of capital claims not listed in section 1(3) sentence 3 no. 1 letters a) to f) of the InvStG that have not yet been distributed or retained by the investment fund and that were therefore not yet taxable for the investor (comparable to accrued income on fixed-interest securities in the case of direct investments). Interest income and interest claims generated by the investment fund are subject to income tax and investment income tax in the case of the redemption or sale of the investment units by German tax residents. The investment income tax withheld on interim profits amounts to 25% (plus the 5.5% solidarity surcharge and, if applicable, church tax).

Interim profits paid on the purchase of investment units can be deducted as negative investment income for income tax purposes in the year of payment, provided that the investment fund calculates an equalisation paid item. They are already recognised as reducing the tax burden at the custody account level for the purposes of tax withholding. In addition, no tax is withheld if a non-assessment certificate or an exemption instruction is submitted. In calculating interim profits, rental and leasing income and income from the valuation and disposal of properties are not taken into account.

Interim profits are calculated every time the unit value is determined and are published on each valuation date. The interim profits are calculated by multiplying the respective interim profits per investment unit by the number of investment units given in the purchase/sale note. Interim profits may also be ascertained regularly from the account and income statements issued by the banks.

Gains from real estate and shares

The rules governing gains from real estate apply both to investors whose investment units are held as private assets and to investors whose investment units are held as business assets. The rules governing gains from shares apply only to investors whose investment units are held as business assets.

Real estate gains consist of foreign rental income that has not yet accrued or been deemed to have accrued, and realised and unrealised changes in value of foreign real estate belonging to the investment fund in respect of which Germany has waived taxation in accordance with a double taxation agreement. The investment company publishes gains from real estate as a percentage of the value of the investment unit on each valuation date.

Gains from shares for business investors taxed in accordance with the EStG (gains from shares I) comprise dividend income that has not yet accrued or been deemed to have accrued to the investor, and realised and unrealised gains and losses from certain equity interests held by the investment fund, especially in real estate investment corporations.

Gains from shares for investors taxed in accordance with the KStG (gains from shares II) comprise only dividend income that has not yet accrued or been deemed to have accrued to the investor that was received by the investment fund before 1 March 2013, and realised and unrealised gains and losses from certain equity interests held by the investment fund, especially in real estate investment corporations.

[1] In the case of corporations, 5% of the tax-free capital gains are considered to be non-deductible business expenses and are therefore taxable.

The investment company publishes the gains from shares I and the gains from shares II on each valuation date as a percentage of the value of the investment unit.

On the date of purchase and sale of the investment units, as well as on the reporting date, the investor must multiply the published percentages by the respective redemption price to calculate the absolute investor gains from real estate and shares. The difference between the two figures represents the investor's gains from real estate and shares for the proportionate period of ownership that are relevant for tax purposes.

Notice

Further explanations on the tax treatment of investment fund income can be found in the notice regarding important tax regulations for investors in the Sales Prospectus.

Taxation in Germany as from 1 January 2018

Scope of the new investment tax law

The provisions set out in the amended *Investmentsteuergesetz* (InvStG – German Investment Tax Act) are applicable as of 1 January 2018. Taxation of investment units in the period up to 31 December 2017 is subject to the law in force prior to the amendment.

Changes as of the 2017 year-end

All investment funds with a financial year that is not the calendar year must recognise a short tax year as of 31 December 2017, the date on which the **tax system changed**. This construct ensures that all funds can transition to the new law in a uniform manner. The fund units are then notionally redeemed and repurchased, and the notional net disposal gain is calculated as of 31 December 2017. The tax payable on any notional disposal gain is then deferred without interest by the tax authorities until the units are actually sold/redeemed by the investor or, in the present case, until the fund is liquidated. In the same way, any notional loss on disposal is included in the calculation of the disposal gains when the units are actually sold / when the fund is actually liquidated.

As from 1 January 2018, the key tax figures for mutual funds (such as the gains from real estate and shares, and the interim profits) no longer have to be published every day. Special funds continue to calculate their gains from shares, the gains subject to a double taxation agreement and, where applicable in the case of investments in target funds, the gain subject to partial exemption on each valuation date.

Overview of key changes

- At **Fund level**, corporation tax of 15% is levied on domestic income from properties, domestic capital gains on the disposal of properties and domestic dividends (plus the solidarity surcharge in the case of income from properties)
- At **investor level**, partial exemptions in varying amounts apply, depending on the type of fund involved
- Special funds continue to be taxed transparently. A transparency option is also available in the case of income that will be taxed in future at fund level
- Introduction of a minimum taxation mechanism in the form of a *Vorabpauschale* (advance lump sum)
- Special rules apply to funds in liquidation for a period of five years
- Grandfathering cap for existing shareholders – but a new tax-free allowance of EUR 100,000 per person
- Abolition of requirement to publish key tax figures such as interim profits, gains from real estate, etc. in the case of mutual funds
- In principle, the investment fund's domestic income is **subject to trade tax**; an exemption can be applied if the fund's active entrepreneurial management activities do not exceed certain limits

Changes in the taxation of mutual funds at fund level

A non-transparent tax regime is being introduced for **mutual investment funds**. With effect from 1 January 2018, these will be **subject to corporation tax** on the following domestic income:

1. Domestic income from equity investments (including dividends, section 6(3) of the InvStG, as amended)
2. Domestic current rental income and capital gains on the disposal of real estate, regardless of the holding period – in particular the ten-year period for private disposals in accordance with section 23(1) sentence 1 no. 1 of the *Einkommensteuergesetz* (EStG – German Income Tax Act) does not apply – (section 6(4) of the InvStG, as amended)
3. Other domestic income within the meaning of section 49(1) of the EStG

Other income such as domestic and foreign interest income, foreign dividends or foreign income from properties will continue in future not to be taxed at fund level, but at the investor level.

In the case of **domestic income from equity investments**, investment income tax of 15% (including the solidarity surcharge) will generally be retained by the distributing company. This retention definitively settles the tax liability for this income.

As a matter of principle, all of the above-mentioned types of **domestic income** are taxable at fund level, and the mutual investment fund must be assessed for these (i.e. a corporation tax return must be submitted).

The treatment of foreign rental income will not change, as it is still generally taxed in the country in which the property is located.

The role of partial exemptions

To offset taxation at fund level, the following partial exemption rates are applied to dividends at the investor level, provided that this has been agreed in the Fund Rules:

Partial exemption rates	
If the fund is at least 51% invested in properties or real estate companies.	
Focus on Germany	60%
Focus abroad	80%

These partial exemptions do not apply to SEB Konzept Stiftungsfonds. Although the fund was designed as a real estate fund, it does not hold any properties and also does not intend to acquire any.

No requirement to withhold tax as from 1 January 2018

With effect from 2018, sections 8(1) and 8(2) of the InvStG 2018 theoretically provide a mechanism for **tax-favoured investors** (e.g. charitable foundations, religious institutions or professional pension schemes) to be refunded the corporation tax paid on fund receipts in the case of domestic income from properties (for tax-favoured investors in accordance with section 8(2) of the InvStG 2018) and domestic dividends (for tax-favoured investors in accordance with section 8(1) of the InvStG 2018) on application at the level of the investment company.

Since SEB Konzept Stiftungsfonds has sold its property and therefore is expected to only receive extremely small amounts of domestic income from 2018 onwards, the option of using the application procedure is not available to it.

Tax treatment of the interim distribution in H2 2017

SEB Konzept Stiftungsfonds' interim distribution is subject to the law in force prior to the amendment. Please see the information provided on page 22ff.

Notice

Please contact your tax advisor if you have any tax questions at investor level.

Documentation of the Bases for Taxation in Accordance with Section 5(1) Sentence 1 Nos. 1 and 2 of the InvStG

Interim distribution on 20 December 2017	Private assets [1] Amount per unit in EUR	Business assets [2] (income tax payers) Amount per unit in EUR	Business assets [3] (corporation tax payers) Amount per unit in EUR
Ex date: 20 December 2017			
Payment date: 20 December 2017			
Declaration date: 30 November 2017			
Section 5(1) sentence 1 nos. 1 and 2 of the InvStG letter:			
a) Distribution amount [4]	17.0000000	17.0000000	17.0000000
Memo item: distribution amount paid, including investment income tax withheld	17.0000000	17.0000000	17.0000000
aa) Deemed distributed income from previous years contained in the distribution	0.0000000	0.0000000	0.0000000
bb) Return of capital distributions contained in the distribution	17.0000000	17.0000000	17.0000000
b) Income distributed	0.0000000	0.0000000	0.0000000
Deemed distributed income (amount partially retained)	0.0000000	0.0000000	0.0000000
c) Included in distributed income			
bb) Capital gains as defined by section 2(2) sentence 2 of the InvStG in conjunction with section 8b(2) of the KStG or section 3 no. 40 of the EStG [5]	–	0.0000000	0.0000000
dd) Tax-free capital gains as defined by section 2(3) no. 1 sentence 1 of the InvStG in the version applicable as of 31 Dec. 2008	0.0000000	–	–
ee) Income as defined in section 2(3) no. 1 sentence 2 of the InvStG in the version applicable as of 31 Dec. 2008, insofar as the income is not investment income as defined in section 20 of the EStG	0.0000000	–	–
ff) Tax-free capital gains as defined by section 2(3) of the InvStG in the version applicable as of 1 Jan. 2009	0.0000000	–	–
Cumulatively included in the distribution and deemed distributed income (amount partially retained)			
aa) Income as defined in section 2(2) sentence 1 of the InvStG in conjunction with section 3 no. 40 of the EStG or, in the case of section 16 of the InvStG, in conjunction with section 8b(1) of the KStG [5]	–	0.0000000	0.0000000
cc) Income as defined in section 2(2a) of the InvStG [6]	–	0.0000000	0.0000000
gg) Income as defined in section 4(1) of the InvStG	0.0000000	0.0000000	0.0000000
hh) Income contained in letter gg) that is not subject to the progression clause	0.0000000	0.0000000	0.0000000
ii) Income as defined in section 4(2) of the InvStG for which no deduction was made in accordance with section 4(4) [7]	0.0000000	0.0000000	0.0000000
jj) Income contained in letter ii) to which section 2(2) of the InvStG in conjunction with section 8b(2) of the KStG or section 3 no. 40 of the EStG or, in the case of section 16 of the InvStG, in conjunction with section 8b(1) of the KStG is to be applied [7]	–	0.0000000	0.0000000
kk) Income contained in letter ii) as defined in section 4(2) of the InvStG giving rise to an entitlement to credit tax deemed to have been paid against income or corporation tax in accordance with an agreement to avoid double taxation [7]	0.0000000	0.0000000	0.0000000
ll) Income contained in letter kk) to which section 2(2) of the InvStG in conjunction with section 8b(2) of the KStG or section 3 no. 40 of the EStG or, in the case of section 16 of the InvStG, in conjunction with section 8b(1) of the KStG is to be applied [7]	–	0.0000000	0.0000000

Interim distribution on 20 December 2017	Private assets [1] Amount per unit in EUR	Business assets [2] (income tax payers) Amount per unit in EUR	Business assets [3] (corporation tax payers) Amount per unit in EUR
d) Portion of distribution and deemed distributed income warranting the crediting of investment income tax			
aa) as defined in section 7(1) and 7(2) of the InvStG	0.0000000	0.0000000	0.0000000
bb) as defined in section 7(3) of the InvStG	0.0000000	0.0000000	0.0000000
cc) as defined in section 7(1) sentence 4 of the InvStG, insofar as included in letter aa)	–	0.0000000	0.0000000
e) (Repealed)	–	–	–
f) Amount of foreign tax incurred on the income as defined in section 4(2) of the InvStG that is included in distributed and deemed distributed income and			
aa) Creditable in accordance with section 4(2) of the InvStG in conjunction with section 32d(5) or section 34c(1) of the EStG or an agreement to avoid double taxation if no deduction was made in accordance with section 4(4) of the InvStG [5]	0.0000000	0.0000000	0.0000000
bb) Contained in letter aa) and attributable to income to which section 2(2) of the InvStG in conjunction with section 8b(2) of the KStG or section 3 no. 40 of the EStG or, in the case of section 16 of the InvStG, in conjunction with section 8b(1) of the KStG is to be applied [8]	–	0.0000000	0.0000000
cc) Deductible in accordance with section 4(2) of the InvStG in conjunction with section 34(c) of the EStG if no deduction was made in accordance with section 4(4) of the InvStG [8]	0.0000000	0.0000000	0.0000000
dd) Contained in letter cc) and attributable to income to which section 2(2) of the InvStG in conjunction with section 8b(2) of the KStG or section 3 no. 40 of the EStG or, in the case of section 16 of the InvStG, in conjunction with section 8b(1) of the KStG is to be applied [8]	–	0.0000000	0.0000000
ee) Deemed to have been paid in accordance with an agreement to avoid double taxation and creditable in accordance with section 4(2) of the InvStG in conjunction with this agreement [8] [9]	0.0000000	0.0000000	0.0000000
ff) Contained in letter ee) and attributable to income to which section 2(2) of the InvStG in conjunction with section 8b(2) of the KStG or section 3 no. 40 of the EStG or, in the case of section 16 of the InvStG, in conjunction with section 8b(1) of the KStG is to be applied [8]	–	0.0000000	0.0000000
g) Amount of depreciation or depletion	0.0000000	0.0000000	0.0000000
h) Withholding tax paid in the financial year, reduced by reimbursed withholding tax for the financial year or earlier financial years	0.0000000	0.0000000	0.0000000

[1] Investment units that unitholders hold as private assets according to tax law
[2] Investment units that unitholders taxed in accordance with the EStG hold as business assets
[3] Investment units that unitholders taxed in accordance with the KStG hold as business assets
[4] Distribution in accordance with section 12 of the Circular from the Federal Ministry of Finance (BMF) dated 18 August 2009
[5] Income and profits are disclosed in full.
[6] Income is disclosed net.
[7] Income is disclosed in full.
[8] Withholding taxes are disclosed in full in business assets.
[9] Not contained in letter f) aa)

Attestation Report in Accordance with Section 5(1) Sentence 1 No. 3 of the InvStG in the Old Version Valid until 31 December 2017 on the Preparation of the Tax Law Information

To the **Savills Fund Management GmbH** investment company (hereinafter referred to as the Company):

The Company has appointed us to determine the above-mentioned tax law information for the

SEB Konzept Stiftungsfonds

investment fund in accordance with section 5(1) sentence 1 numbers 1 and 2 of the *Investmentsteuergesetz* (InvStG – German Investment Tax Act), and to submit an attestation report in accordance with section 5(1) sentence 1 number 3 of the InvStG that the tax law information was determined in compliance with the provisions of German tax law.

The financial reporting for the Fund, which serves as the basis for the determination of the tax law information in accordance with section 5(1) sentence 1 numbers 1 and 2 of the InvStG in conjunction with the requirements of German tax law, is the responsibility of the management of the Company.

Our responsibility was to determine the information in accordance with section 5(1) sentence 1 numbers 1 and 2 of the InvStG for the Fund in accordance with the provisions of German tax law on the basis of the records and the Company's other documents for the Fund. To this end, the Fund's income and expenditure were identified in the course of a tax law reconciliation in accordance with German tax provisions. To the extent that the Company has invested funds in units of target investment funds, our activities were limited exclusively to the correct incorporation of the tax law information made available for these target investment funds on the basis of certificates supplied to us. We did not review the corresponding tax law information or whether these target investment funds qualify as investment funds as defined by section 1(1b) of the InvStG. Furthermore, we are required to state in the attestation report whether there are any indications of the abuse of legal options for tax planning schemes in accordance with section 42 of the *Abgabenordnung* (German Fiscal Code) that could have an effect (1) on the bases of taxation in accordance with section 5(1) of the InvStG or (2) on the gains from shares in accordance with section 5(2) sentence 1 of the InvStG that were published for the period to which the information in accordance with section 5(1) sentence 1 number 1 of the InvStG relates. Our role in this context is not to perform a definitive legal assessment or specific audit of the legal options exercised by the investment fund, but merely to describe circumstances under which the abuse of such legal options could arise. Amounts from an equalisation paid item were included in the determination of the tax law information.

The scope of our audit did not include an examination of the completeness and accuracy of the documents and information presented to us in the same manner as an audit under German commercial law. To this extent, we relied on the audit opinion issued by the auditor of the annual financial statements. We did not perform any separate audit activities as regards compliance with the amended investment requirements of section 1(1b) of the InvStG. In addition, we have assumed that the documents and information presented to us by the Company are complete and accurate.

The determination of the tax law information in accordance with section 5(1) sentence 1 numbers 1 and 2 of the InvStG is based on the interpretation of the tax laws to be applied. Insofar as several possible interpretations exist, the decision on this is the responsibility of the management of the Company. No objection may be raised to this if the decision reached was justifiably supported in each case by legal materials, court rulings, relevant specialist literature, and published opinions of the tax authorities. Attention is drawn to the fact that future legal developments and, in particular, new insights from court rulings could necessitate a different assessment of the interpretation adopted by the Company.

On the basis of this, we certify to the Company in accordance with section 5(1) sentence 1 number 3 of the InvStG that the information in accordance with section 5(1) sentence 1 numbers 1 and 2 of the InvStG was determined in accordance with the provisions of German tax law. Furthermore, there were no indications of the abuse of legal options for tax planning schemes in accordance with section 42 of the *Abgabenordnung* (German Fiscal Code) that could have an effect on the bases of taxation in accordance with section 5(1) of the InvStG or on the gains from shares in accordance with section 5(2) sentence 1 of the InvStG that were published for the period to which the information in accordance with section 5(1) sentence 1 numbers 1 and 2 of the InvStG relates.

The situation cannot be ruled out in which the tax authorities conclude that indications of the abuse of legal options for tax planning schemes exist in relation to the transactions performed by the Fund or other circumstances, in particular the purchase and sale of securities and other assets, the sourcing of services leading to income-related expenses, the implementation of an equalisation paid item or decisions on the distribution of income.

We have prepared this attestation report on the basis of the engagement entered into with the Company, which is based on the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften dated 1 January 2002. Our responsibility for performing the engagement is governed exclusively by the engagement relationship with the Company, to whom we are solely responsible.

Frankfurt am Main, 18 December 2017

PwC FS Tax GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Markus Hammer
Tax consultant

Martina Westenberger
Lawyer / tax consultant

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Subscribed and paid-up capital EUR 5.113 million
Liable capital EUR 8.920 million
(as of 31 December 2017)
Frankfurt am Main Commercial Register, HRB 29859
Established: 30 September 1988

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Carolina von Groddeck
Hermann Löschinger

Supervisory Board

Luke Justin O'Connor
Chief Executive Officer,
Savills Investment Management LLP,
Stockholm, Sweden
– Chairman –

Dr. Anton Heinrich Wiegers
Winterbach, Germany
– Deputy Chairman –

Dr. Stefan Frank Zeranski
Professor of Financial Services and
Financial Management,
Bergisch Gladbach, Germany

Auditors

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft,
Frankfurt am Main

Shareholders

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

Depositary

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Publicly certified and sworn expert for the valuation of developed and undeveloped properties, Wiesbaden

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