

SEB Konzept Stiftungsfonds

Annual Report as of 31 December 2018



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SEB Konzept Stiftungsfonds at a Glance as of 31 December 2018



Fund assets	EUR	1.6 million
Total income in Fund currency¹⁾ for the period 1 January 2018 to 31 December 2018		1.9%
Liquidity return¹⁾ for the period 1 January 2018 to 31 December 2018		-1.0%
Investment performance²⁾ for the period 1 January 2018 to 31 December 2018		0.0%
Unit value/redemption price³⁾	EUR	12.32
Issuing price	EUR	12.69
Total expense ratio⁴⁾		0.00%

¹⁾ Based on the average Fund assets. Please see page 10 for an explanation of the average Fund assets.

²⁾ Calculated according to the BVI method (without front-end load; distributions are reinvested immediately).

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 within a financial year, calculated as of 31 December 2018. The amount of the TER is explained on page 16.

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 2019.

Editorial



Carolina von Groddeck
and
Hermann Löschinger

Dear investor,

SEB Konzept Stiftungsfonds no longer held any properties in the reporting period from 1 January to 31 December 2018. The Fund's sole property, a logistics building in Wolfsburg, was sold at the end of 2016. The material liability risks for this property expired in financial year 2018.

The Fund management made a second distribution in 2017, taking the last opportunity to return the Fund's free liquidity to investors under the old tax rules. A new tax regime, which was introduced by lawmakers as part of the process of

harmonising European law, has applied to investments since the beginning of 2018. In order to implement the best tax solution for investors in the future as well, the next distribution will not be made until SEB Konzept Stiftungsfonds is finally liquidated.

The Fund returned a stable performance of 0% despite the negative interest environment. Its cumulative return since its launch in July 2013 amounted to 123.6% or 15.8% per annum as of 31 December 2018.

Activity Report

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, which has been commissioned by CACEIS to manage the Fund, established a risk management process for this consisting of a risk strategy and the identification, analysis and assessment, management and monitoring, and communication and documentation of risks. The risks are covered by the risk management process, in line with statutory and contractual requirements in particular.

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

Counterparty risk

Default by a counterparty could lead to losses for the Fund.

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. Liquidity was held in bank account balances during the reporting period.

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. The Fund is being liquidated and now no longer holds any properties. However, risks dating from the period in which it held properties may still exist. These may result from ongoing property-related claims and obligations. The Fund's real estate investments were exposed to the following risks that may still impact the unit value of the fund even now. In the past, a large number of factors could 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 lettable 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 and by 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.
- Market risks specific to real estate, such as letting rates, lease expiries and the performance of the real estate portfolio, are regularly monitored. Appropriate departments are responsible for monitoring performance and the major performance components, and for financial control of the latter (e.g. returns on real estate, returns on the liquidity portfolio, other income and fees). A reporting system has been set up for the relevant performance indicators.

Tax and warranty risks

When selling a property, the Fund may become liable for warranty claims by the buyer or other third parties, even where the most prudent business practice possible is adopted. The management recognises liquidity reserves to provide for potential warranty and guarantee claims, claims for back taxes on the part of the fiscal authorities, and Fund administration and operating costs once rental income ceases to flow following

the sale of the properties. However, the amount of time needed for the tax audits of each property sold cannot be foreseen. Equally, warranty and guarantee agreements resulting from sales may entail obligations extending beyond the above-mentioned three-year period. The remaining liquidity can only be returned to investors once all conceivable liabilities have been met or have become time-barred; these include in particular guarantees and claims resulting from tax audits.

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 is also exposed to operational risks such as legal and tax risks.

Liquidity risk

Depending on internal cash flows, the Fund holds liquidity over and above the minimum required by law.

Real Estate Markets – An Overview

Economic environment

After a positive economic and political start to 2018, uncertainty increased significantly in the course of the year on core issues such as the trade disputes between the USA and China and the USA and Europe, global economic trends, Brexit and the stability of the eurozone. Economic growth in the USA picked up tangibly year-on-year, boosted among other things by fiscal policy measures. As a result, global growth remained stable compared with 2017. Growth in the eurozone eased year-on-year but remained solid overall, leading to a further drop in jobless rates in most European countries. In the United Kingdom, by contrast, uncertainty regarding the final shape of Brexit in particular led to a substantially more modest upturn than in 2017.

Inflation rates picked up again almost everywhere in the world, due to a large extent to the price of oil. The rate in the eurozone again approached the two per cent mark. This is no doubt one of the reasons why the European Central Bank (ECB) decided to slowly scale back its expansionary monetary policy, stopping its bond-buying programme at the end of 2018. However, no rise in key interest rates is expected before the third quarter of 2019. By contrast, the US Federal Reserve has been tightening rates since the end of 2016, leading to a divergence between the US yield curve and European interest rates and attracting strong criticism from the US president. Recent flattening of the bond yield curve has fuelled fears of a downturn, since an inversion is considered to herald a recession. The Bank of Japan has ruled out any interest rate rises in the near future, pointing to downside risks resulting from the ongoing trade dispute between the USA and China.

Economic outlook

The average (“consensus”) forecast points to continuing robust global economic growth and rising inflation in 2019. Risks relate to the speed with, and extent to, which the ECB and the Fed tighten monetary policy, and how the financial markets react to this. Highly indebted countries such as Italy are particularly exposed to interest rate rises. In Europe, the British government’s next steps regarding the Brexit deal are likely to be a particular cause of anxiety in the short term, while the upcoming European elections will decide on the European Union’s medium- to long-term direction. In the USA, the key sources of danger are the trade disputes with China and Europe, and the fact that international institutions and agreements are being called into question. Geopolitical tensions and increasing social inequality – which will be further exacerbated by the digitalisation and automation of key areas of the economy – are continuing to fuel global uncertainty.

Real estate markets

Global real estate markets continued their sound overall performance in 2018. Space requirements on the European office markets remained strong. Office rents continued to rise and vacancy rates declined again, as demand still outstripped supply and increasing construction activity was unable to offer a remedy on many markets. The situation in the USA was similar. Office markets remain stable in large parts of the Asia-Pacific region. Vacancy rates in Japan, Australia and Singapore continued to fall in the face of robust demand, which is being driven by the expansion of technology firms and joint ventures in particular.

Although the economic upturn offered a positive environment for global retailing overall, the structural change caused by the growth in online shopping remains the biggest challenge facing owners of real estate. Many global locations are now tenants’ markets, since the competition from e-commerce is increasingly forcing landlords to grant higher incentives and more flexible lease durations. As a result, rental price growth is primarily limited to ideal properties in prime locations.

Demand for state-of-the-art logistics space remained robust throughout the world, thanks in the main to the solid economic upturn and the surge in online shopping. Although speculative logistics completions have increased in Europe, the USA and the Asia-Pacific region, state-of-the-art space is often in short supply in major conurbations. Urban logistics will be one of the key growth markets in the coming years, since e-commerce is continuing to increase throughout the world. Rents trended upwards, fuelled by strong demand and limited supply.

The commercial investment market remained extremely lively in all regions in 2018. In the case of core properties, this led to a further easing of prime yields in both Europe and the Asia-Pacific region, although the rate of decline slowed compared to 2017. Yield compression in Europe was strongest in the logistics sector.

Real estate market outlook

The real estate markets are in a late cycle phase and will continue their trajectory in 2019. Although take-up is unlikely to go on rising as quickly as in the past, the supply-side bottleneck will probably continue to result in positive, although lower, real rental price growth in most key office markets in Europe and parts of Asia in 2019 compared to 2018.

The structural changes caused by e-commerce will still be the main driver for the retail market in 2019. Whereas on average prime rents in top microlocations in the most attractive, generally tourist-oriented centres are forecast to see a moderate rise, the trend in smaller cities, secondary locations and weak shopping centres is expected to remain on a downward trajectory.

Global demand for state-of-the-art logistics properties is likely to remain robust in the face of moderate economic growth and the continuing rise of e-commerce. However, rapid increases in development activity in some areas are weighing on rental price growth.

Real estate investments with their stable income are still an attractive asset class. This is particularly true given the recent high volatility on the stock markets and the unappealing yields offered by other types of investment. Since quantitative easing is being phased out in Europe, no further significant yield compression is anticipated for 2019. The investment market is expected to remain strong in historical terms, although a moderate decline from 2018 levels is probable.

Results of the Fund in Detail

Development of SEB Konzept Stiftungsfonds

Comparative Overview for the Last Three Financial Years

	Reporting date 31 Dec. 2015 EUR thousand	Reporting date 31 Dec. 2016 EUR thousand	Reporting date 31 Dec. 2017 EUR thousand	Reporting date 31 Dec. 2018 EUR thousand
Properties	17,975	–	–	–
Liquidity portfolio	1,638	17,623	2,374	2,239
Other assets	977	124	2	5
Less: liabilities and provisions	–5,791	–1,835	–802	–670
Fund assets	14,799	15,912	1,574	1,574
Number of units in circulation	127,685	127,685	127,685	127,685
Unit value (EUR)	115.90	124.62	12.32	12.32
Interim distribution per unit (EUR)	–	–	17.00	–
Date of interim distribution	–	–	20 December 2017	–
Final distribution per unit (EUR)	5.50	100.00	–	–
Date of final distribution	15 April 2016	3 April 2017	–	–

Structure of Fund assets

SEB Konzept Stiftungsfonds' assets were unchanged in the reporting period from 1 January to 31 December 2018 and amounted to EUR 1.6 million as of the reporting date.

The Fund assets as of 31 December 2018 (EUR 1.6 million) comprised the liquidity portfolio of EUR 2.3 million less liabilities and provisions of EUR 0.7 million, which had declined by EUR 0.1 million compared with the previous reporting date of 31 December 2017.

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

Liquidity

The gross liquidity ratio as of the reporting date was 142.2%; 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 performance of 0.0%, or EUR 0.00 per unit, during the reporting period.

Unit value as of 31 December 2018	EUR	12.32
Minus unit value on 1 January 2018	EUR	–12.32
Investment performance	EUR	0.00

Return according to the BVI method

	Return in %	Return in % p.a.
1 year	0.0	0.0
3 years	82.4	22.2
5 years	119.0	17.0
Since launch	123.6	15.8

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

Overview: Returns and Valuation

The Fund generated gross income of 8.9% in the period under review from the reversal of liabilities relating to the sale of the property. After adjustment for expenses of 7.0%, total income in Fund currency was 1.9%. The liquidity portfolio generated a

negative return of –1.0% due to market factors. Total Fund income before Fund costs amounted to 0.9%. Total Fund income in accordance with the BVI method (after Fund costs) was 0.00%.

Key return figures (in % of average Fund assets) ¹⁾	Total
I. Fund	
Gross income	8.9
Expenses	–7.0
Total income in Fund currency	1.9
II. Liquidity	–1.0
III. Total Fund income before Fund costs	0.9
Total Fund income after Fund costs (BVI method)	0.0
Net asset information (weighted average figures in EUR thousand)¹⁾	
Total Fund assets	1,574

¹⁾ The weighted average figures in the financial year are calculated using 13 month-end values (31 December 2017 to 31 December 2018).

Outlook

SEB Konzept Stiftungsfonds is to be liquidated in the medium term. The goal is to achieve this by signing identical individual agreements with all investors. In particular, these agreements will regulate the timing of the next steps and of the final liquidation, the assumption of risks, and the remuneration relating to the Fund. This procedure is the one normally adopted when dissolving special funds; with the agreement of the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin – the Federal Financial Supervisory Authority), such individual agreements can also be signed in SEB Konzept Stiftungsfonds' case due to its investor structure.

The next distribution to investors – which will be the last – will be made as soon as the Fund is finally liquidated.

Further information on the dissolution of SEB Konzept Stiftungsfonds will be published as previously in the semi-annual and annual reports and at www.savillsim-publikumsfonds.de.¹⁾

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 von Groddeck Hermann Löschinger

Frankfurt am Main, March 2019

¹⁾ The information provided on the website does not constitute part of the annual report in accordance with section 7 of the *Kapitalanlage-Rechnungslegungs- und Bewertungsverordnung* (KARBV – German Investment Accounting and Valuation Regulation).

Statement of Changes in Net Assets from 1 January 2018 to 31 December 2018

	EUR
I. Value of the Fund at the start of the financial year on 1 January 2018	1,574,154.38
1. Distribution for the previous year	0.00
2. Net profit for the financial year	0.00
II. Value of the Fund at the end of the financial year on 31 December 2018	1,574,154.38

Disclosures on the Statement of Changes in Net Assets

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

Overview of Assets as of 31 December 2018

	EUR	Germany EUR	Germany EUR	% of Fund assets
A. Assets				
I. Liquidity portfolio (see Statement of Assets, Part I, page 15)				
1. Bank deposits		2,239,090.52		
of which in foreign currency	0.00			
Total liquidity portfolio			2,239,090.52	142.24
Total in foreign currency	0.00			
II. Other assets (see Statement of Assets, Part II, page 15)				
1. Miscellaneous		4,861.27		
of which in foreign currency	0.00			
Total other assets			4,861.27	0.31
Total in foreign currency	0.00			
Total assets			2,243,951.79	142.55
Total in foreign currency	0.00			
B. Liabilities				
I. Liabilities (see Statement of Assets Part II, page 15)				
1. Miscellaneous		1,506.58		
of which in foreign currency	0.00			
Total liabilities			1,506.58	0.10
Total in foreign currency	0.00			
II. Provisions			668,290.83	42.45
of which in foreign currency	0.00			
Total liabilities			669,797.41	42.55
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 were unchanged in the financial year from 1 January 2018 to 31 December 2018, at EUR 1,574 thousand.

A. Assets

I. Liquidity portfolio

The **bank deposits** of EUR 2,239 thousand reported under the **liquidity portfolio** item serve to meet payment obligations connected with the liquidation of the Fund. They are invested at seven different credit institutions to satisfy the need for risk diversification.

II. Other assets

The other assets disclosed in the **miscellaneous** item consist of VAT receivables from the tax authorities.

B. Liabilities

I. Liabilities

The **miscellaneous** liabilities item comprises management and Depositary fee liabilities.

II. Provisions

Provisions were recognised primarily for liquidation costs (EUR 666 thousand).

Statement of Assets as of 31 December 2018, Part I: Liquidity Portfolio

	Market value EUR	% of Fund assets
Bank deposits		
Germany	2,239,090.52	
Total liquidity portfolio	2,239,090.52	142.24

Statement of Assets as of 31 December 2018, Part II: Other Assets, Liabilities and Provisions, Additional Disclosures

	EUR	EUR	EUR	% of Fund assets
I. Other assets				
1. Miscellaneous		4,861.27		
of which in foreign currency	0.00			
Total other assets			4,861.27	0.31
Total in foreign currency	0.00			
II. Liabilities				
1. Miscellaneous		1,506.58		
of which in foreign currency	0.00			
Total liabilities			1,506.58	0.10
Total in foreign currency	0.00			
III. Provisions			668,290.83	42.44
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	

Transactions Closed Out during the Reporting Period That Are No Longer Included in the Statement of Assets

There were no intrayear transactions during the reporting period.

Statement of Income and Expenditure

for the period from 1 January 2018 to 31 December 2018	EUR	EUR	EUR
I. Income			
1. Other income		70,000.00	
Total income			70,000.00
II. Expenditure			
1. Other expenditure		70,000.00	
of which valuers' fees	0.00		
Total expenditure			70,000.00
III. Ordinary net income/net profit for the financial year			0.00
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 liabilities relating to the sale of the property.

Expenditure

The **other expenditure** in accordance with section 11(3) of the BAB solely comprises additions to the provision for consulting costs in connection with the liquidation of the Fund.

Ordinary net income/net profit for the financial year amounted to EUR 0.00 as of 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 2018 to 31 December 2018. 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 financial 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 2018

	Total in EUR	Per unit in EUR
I. Amount available for distribution	0.00	0.00
1. Carried forward from previous year	0.00	0.00
2. Net profit for the financial year	0.00	0.00
3. Transfer from the Fund	0.00	0.00
II. Total distribution	0.00	0.00

Disclosures on the Application of Fund Income

The net profit for the financial year in the amount of EUR 0.00 can be seen from the statement of income and expenditure.

SEB Konzept Stiftungsfonds is not making a distribution for financial year 2018.

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 2018: EUR 12.32
Units in circulation as of 31 December 2018: 127,685

No derivatives were entered into for the Fund in the reporting period.

Information on the risk profile and on risk management

Investing in the Fund entails the risk of loss as well as the opportunity for potential value appreciation and distributions. The Fund's general economic and financial objective is to increase its income. It focuses on long-leased properties with the goal of maintaining or increasing both current income and value appreciation during the holding period. Properties are selected for the Fund in line with the principle of diversification and the following criteria: long-term earnings power, location, size, usage and tenant structure. The investment strategy is aligned with the different European market cycles. Selective investments may also be made in countries outside the EU/EEA. The Fund's risk profile is derived from these general economic and financial goals, the investment strategy and the statutory investment limits. The Fund's risk profile primarily features a combination of risks associated with investing in funds, risks associated with investing in property and real estate companies, risks associated with the liquidity portfolio and tax risks. The Fund has been classified as having a core risk profile, the lowest risk category. Risk management processes designed to support the entire property investment and management process and to ensure compliance with the key statutory investment limits were installed.

Information on the asset valuation procedures

Other assets, liabilities and provisions

Bank deposits

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

Receivables

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

Liabilities

Liabilities are recognised at their repayment amounts.

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 connection with planned measures/budgeting (e.g. for administrative 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 2018 to 31 December 2018. This is due to the fact that the expenses incurred are covered by the provision for Fund liquidation costs that was recognised in financial year 2016; 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.

The management fee for the reporting period was EUR 14,232.62, while the Depositary fee was EUR 627.71.

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.

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

Information on employee remuneration¹⁾

Total employee remuneration paid by the company in the past financial year (1 January 2018 to 31 December 2018) comprised fixed remuneration of EUR 492,171 and variable remuneration of EUR 32,250. Remuneration paid to risk takers (members of the management) amounted to EUR 587,718. In total, the investment company had six employees as of the 31 December 2018 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 1.43 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.

No less-liquid assets were ascertained in the Fund.

No material changes occurred in the information required to be provided to investors in accordance with section 307(1) or (2) in conjunction with section 297(4) and section 308(4) of the *Kapitalanlagegesetzbuch* (KAGB – German Investment Code) in the past financial year.

Independent Auditors' Report

To Savills Fund Management GmbH, Frankfurt am Main

Audit opinion

We have audited the Annual Report pursuant to section 7 of the *Kapitalanlage-Rechnungslegungs- und Bewertungsverordnung* (KARBV – German Investment Fund Accounting and Valuation Regulation) for SEB Konzept Stiftungsfonds. This report comprised the Activity Report for the financial year from 1 January 2018 to 31 December 2018, the Overview of Assets and the Statement of Assets as of 31 December 2018, plus the Statement of Income and Expenditure, the Application of Fund Income, the Statement of Changes in Net Assets for the financial year from 1 January 2018 to 31 December 2018, the Comparative Overview for the Last Three Financial Years, the Transactions Closed Out during the Reporting Period, to the extent that these are no longer included in the Statement of Assets, and the Notes.

In our opinion, based on the findings of our audit, the accompanying Annual Report pursuant to section 7 of the KARBV complies in all material respects with the provisions of the *Kapitalanlagegesetzbuch* (KAGB – German Investment Code) and the applicable European regulations and permits, in compliance with these provisions, a true and fair view of the Fund's assets, liabilities and financial position and of the changes in its net assets.

Basis for our audit opinion

We conducted our audit of the Annual Report pursuant to section 7 of the KARBV in accordance with section 102 of the KAGB, in compliance with the German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (IDW). Our responsibility as set out in these provisions and standards is described in more detail in the section of this auditors' report entitled "Responsibility of the auditors for the audit of the Annual Report pursuant to section 7 of the KARBV". We are independent of Savills Fund Management GmbH (hereinafter referred to as the "Investment Company") as required by the provisions of German commercial law and the law governing the professions in Germany, and have complied with our other ethical obligations in Germany in keeping with these requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to serve as a basis for our audit opinion on the Annual Report pursuant to section 7 of the KARBV.

Emphasis of matter – planned liquidation of the fund

We draw attention to the statements made by the Fund's management in the "Outlook" section of the Activity Report outlining the planned liquidation of the Fund and the dissolution procedure based on this. Our audit opinion on the Annual Report pursuant to section 7 of the KARBV has not been modified in this respect.

Other information

The Fund's management is responsible for the other information. This other information comprises the information contained in the Annual Report – not including additional cross-references to external information – with the exception of the audited Annual Report pursuant to section 7 of the KARBV and of our auditors' report.

Our audit opinion on the Annual Report pursuant to section 7 of the KARBV does not extend to the other information, and we therefore do not express an audit opinion or any other form of assurance conclusion on this.

With regard to our audit, our responsibility is to read the other information and, in doing so, to assess whether this other information

- Contains material discrepancies to the Annual Report pursuant to section 7 of the KARBV or the findings of our audit, or
- Otherwise seems to be materially misstated.

Responsibility of the management for the Annual Report pursuant to section 7 of the KARBV

The Investment Company's management is responsible for preparing the Annual Report pursuant to section 7 of the KARBV, which must comply in all material respects with the provisions of the German KAGB and of the applicable European regulations, and for ensuring that the Annual Report pursuant to section 7 of the KARBV provides, in compliance with these provisions, a true and fair view of the Fund's assets, liabilities and financial position and of the changes in its net assets. Furthermore, the management is responsible for such internal controls as it deems necessary in accordance with these provisions in order to enable the preparation of an Annual Report pursuant to section 7 of the KARBV that is free from material misstatements due to fraud or error.

When preparing the Annual Report pursuant to section 7 of the KARBV, the management is responsible for including in its reporting those events, decisions and factors that could have a significant influence on the future development of the Fund. This means among other things that, when preparing the Annual Report pursuant to section 7 of the KARBV, the management must assess whether the Investment Company should continue the Fund as a going concern and is responsible for disclosing relevant matters in connection with its continuation.

Responsibility of the auditors for the audit of the Annual Report pursuant to section 7 of the KARBV

Our objective is to obtain reasonable assurance as to whether the Annual Report pursuant to section 7 of the KARBV as a whole is free from material misstatements due to fraud or error and to issue an auditors' report that includes our opinion on the Annual Report pursuant to section 7 of the KARBV.

Reasonable assurance represents a high level of assurance but does not offer any guarantee that an audit performed in accordance with section 102 of the KAGB in compliance with the German generally accepted standards of auditing promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect material misstatements. Misstatements may be the result of fraud or error and are deemed to be material if, individually or collectively, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Annual Report pursuant to section 7 of the KARBV.

We exercise professional judgement and maintain professional scepticism when performing our audit. Additionally

- We identify and assess the risks of material misstatements due to fraud or error in the Annual Report pursuant to section 7 of the KARBV, plan and perform our audit in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as the basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error because fraud may involve collusion, forgery, deliberate failure to record transactions, intentional misrepresentations, or internal controls being overridden.
- We obtain an understanding of the internal control system relevant for the audit of the Annual Report pursuant to section 7 of the KARBV, in order to plan audit procedures that are appropriate under the circumstances; however, our objective is not to issue an audit opinion on the effectiveness of this system at the Investment Company.
- We assess the appropriateness of the accounting policies applied by the management of the Investment Company in preparing the Annual Report pursuant to section 7 of the KARBV and the reasonableness of the estimates made by the management and of related disclosures.
- We conclude, based on the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the Investment Company's ability to liquidate the Fund in an orderly manner. If we conclude that a material uncertainty exists, we are obliged to draw attention in our auditors' report to the relevant disclosures in the Annual Report pursuant to section 7 of the KARBV or, if these disclosures are inappropriate, to modify our audit opinion. We arrive at our conclusion on the basis of the audit evidence obtained in the period up to the date of our auditors' report. However, future events or conditions may lead to the Investment Company being unable to continue the orderly dissolution of the Fund.
- We assess the overall presentation, structure and content of the Annual Report pursuant to section 7 of the KARBV, including the disclosures, and whether the Annual Report pursuant to section 7 of the KARBV presents the underlying transactions and events in such a manner that the Annual Report pursuant to section 7 of the KARBV provides, in compliance with the provisions of the KAGB and of the applicable European regulations, a true and fair view of the Fund's assets, liabilities and financial position and of the changes in its net assets.

Our discussions with the persons responsible for oversight include, among other things, the planned scope and timing of the audit and key audit findings, including any weaknesses in the internal control system of which we become aware in the course of our audit.

Frankfurt am Main, 28 March 2019

**PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft**

Fatih Agirman
Wirtschaftsprüfer

ppa. Joanna Spassova
Wirtschaftsprüferin

Tax Information for Investors

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 more than 50% 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 properties or real estate companies.

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.

Notice

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

Fund Bodies

Investment Company

Savills Fund Management GmbH
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 Fax: +49 (0)69 2 72 99 - 090
 Subscribed and paid-up capital EUR 5.113 million
 Liable capital EUR 8.813 million
 (as of 31 December 2018)

Frankfurt am Main Commercial Register, HRB 29859

Established: 30 September 1988

Management

Carolina von Groddeck
 Hermann Löschingner

Supervisory Board

James Bury
 Chief Executive Officer,
 Savills Investment Management LLP,
 London, UK
 – Chairman – (from 16 August 2018)

Luke Justin O'Connor
 Chief Executive Officer,
 Savills Investment Management LLP,
 London, UK
 – Chairman – (until 16 August 2018)

Dr. Anton Heinrich Wieggers
 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

CACEIS Bank S.A.,
 Germany Branch
 Lilienthalallee 36
 80939 Munich

External Valuers

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

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

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

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

Klaus Thelen, Dipl.-Ing.
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