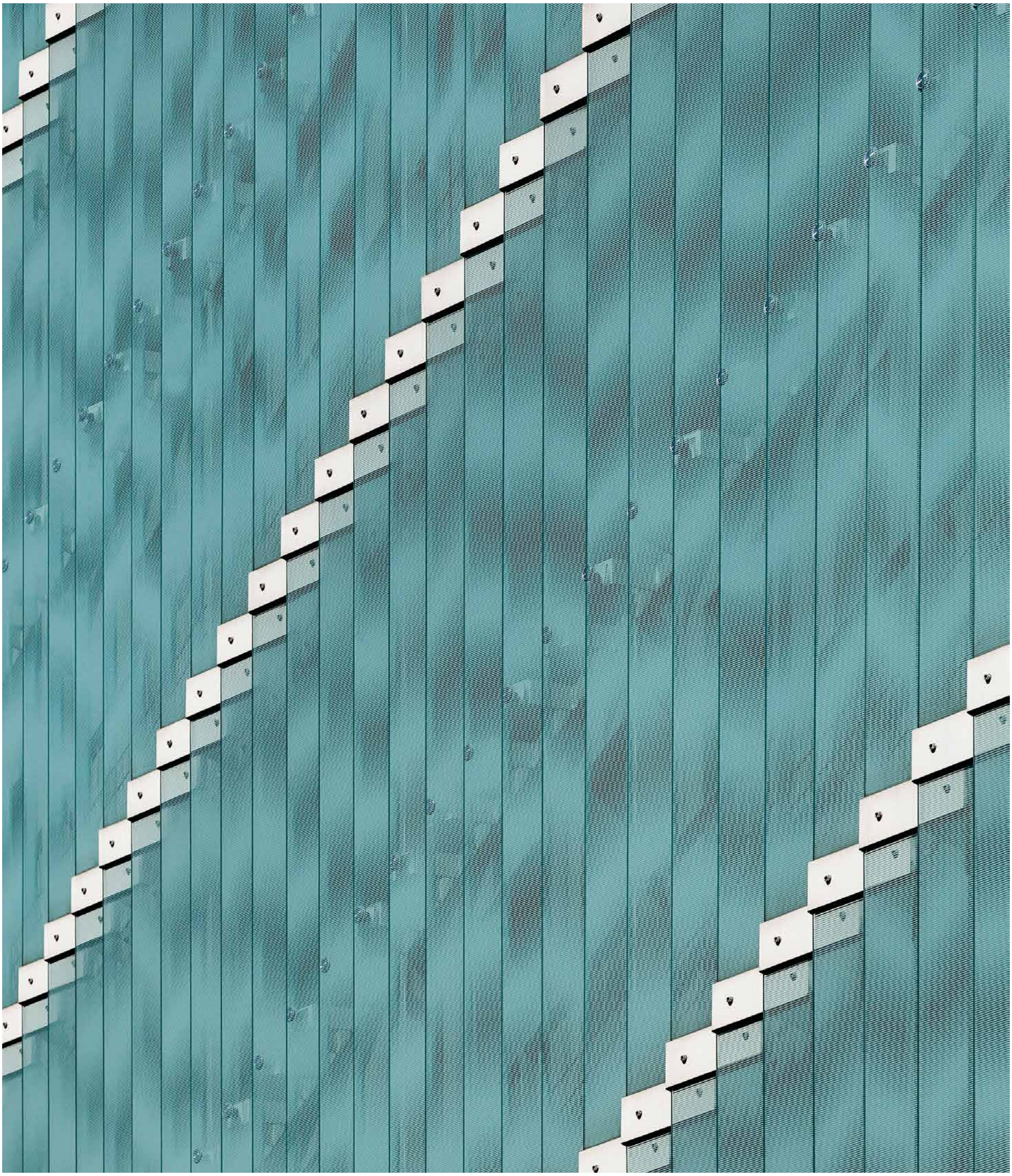
# SEB ImmoPortfolio Target Return Fund

## Liquidation Report as of 31 December 2018



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## Notice

SEB ImmoPortfolio Target Return Fund has not amended its Fund Rules in line with the *Kapitalanlagegesetzbuch* (KAGB – German Investment Code), which has been in force since 2014, due to the suspension of the issuance and redemption of units and the subsequent dissolution of the Fund. This Liquidation Report has been prepared in accordance with the provisions of the *Investmentgesetz* (InvG – German Investment Act), and in this case especially section 44 of the InvG, and of the *Investment-Rechnungslegungs- und Bewertungsverordnung* (InvRBV – German Investment Fund Accounting and Valuation Regulation). For this reason, we will continue to use the relevant InvG terminology in this Liquidation Report.

| Terms used in the *Kapitalanlagegesetzbuch* (KAGB – German Investment Code) | Terms used in the *Investmentgesetz* (InvG – German Investment Act) |
|---|---|
| General Fund Rules (AAB) | General Fund Rules (AVB) |
| Special Fund Rules (BAB) | Special Fund Rules (BVB) |
| External valuers | Experts, Expert Committee |
| Investment company (KVG) | Investment company (KAG) |
| Overview of assets | Condensed statement of assets |
| Depositary | Custodian Bank |

# SEB ImmoPortfolio Target Return Fund at a Glance as of 31 December 2018

| | | |
|---|---|---|
| **Fund assets** | EUR | 75.7 million |
| **Total property assets (market values)** | EUR | 0.0 million |
| **Total Fund properties** | | 1 |
| **Interim distribution on 1 October 2018** | EUR | 22.6 million |
| **Interim distribution per unit** | EUR | 3.50 |
| **Final distribution on 1 April 2019** | EUR | 16.2 million |
| **Final distribution per unit** | EUR | 2.50 |
| **Total property return [1] for the period 1 January 2018 to 31 December 2018** | | 1.3% |
| **Liquidity return [1] for the period 1 January 2018 to 31 December 2018** | | −0.5% |
| **Investment performance [2] for the period 1 January 2018 to 31 December 2018** | | 0.0% |
| **Investment performance [2] since Fund launch** | | 74.7% |
| **Unit value/redemption price** | EUR | 11.70 |
| **Issuing price** | EUR | 12.05 |
| **Total expense ratio [3]** | | 1.03% |

[1] Based on the average Fund assets
[2] Calculated according to the BVI standard for funds in dissolution; no reinvestment of distributions in fund units since notice was given to terminate the management mandate
[3] Total costs as a percentage of average Fund assets within a financial year, calculated as of 31 December 2018

German Securities Code Number: 980231 ISIN: DE0009802314

Launched as SEB ImmoSpezial I, a special fund, on 15 October 2001; transformed into a mutual fund on 1 October 2004.

# Editorial

**Dear investor,**

In this Liquidation Report, CACEIS Bank S.A., Germany Branch (hereinafter referred to as "CACEIS") provides investors with information about the financial year from 1 January to 31 December 2018 for SEB ImmoPortfolio Target Return Fund, the open-ended real estate fund.

After notice to terminate the management of the fund took effect, it was transferred by law from Savills Fund Management GmbH, the investment company, to CACEIS, the Custodian Bank, on 1 June 2017. Since then, CACEIS has been responsible for selling the remaining assets while preserving investors' interests and for paying out the proceeds to investors, after adjusting for all costs and liabilities.

CACEIS has entrusted Savills Fund Management GmbH, acting as an external service provider, with the ongoing work on winding up the Fund at an operational level, in order to ensure that knowledge of the Fund is retained and that the dissolution process goes as smoothly as possible. The tasks to be performed include providing support for the sales process and administrative duties.

Following the sale of the last properties in 2017, SEB ImmoPortfolio Target Return Fund no longer held any properties in financial year 2018. The Fund still held one real estate company in Germany in 2018, which had been used to hold properties in the past.

Two distributions were made in the reporting period; the new provisions of section 17 of the *Investmentsteuergesetz* (InvStG – German Investment Tax Act) applied to these for the first time. Lawmakers introduced new rules for funds in liquidation with effect from 1 January 2018. In line with these, return of capital distributions for SEB ImmoPortfolio Target Return Fund are tax-free until 31 December 2022. Investors received EUR 10.00 per unit or EUR 64.7 million in total on 3 April 2018, followed by a further EUR 3.50 per unit or EUR 22.6 million in total on 1 October 2018. Consequently, a total of EUR 86.60 per unit or EUR 559.9 million overall was returned to investors in the seven distributions made since 5 June 2014, the date on which notice to terminate the management mandate was given. This corresponds to approximately 72% of Fund assets at that time.

Overall, SEB ImmoPortfolio Target Return Fund compares well to other open-ended real estate funds that are being wound up. Even though the Fund no longer holds any properties and consequently cannot generate any income from them, a variety of income and expense items – such as those resulting from invoices of service costs, foreign currency measurement, taxes, negative interest, or in connection with the monthly and annual financial statements for the company and at Fund level – continue to impact the result. The Fund generated a return of 0.0% in financial year 2018. As of the reporting date, the cumulative return since the Fund was launched in 2001 is 74.7%. This corresponds to an average performance of 3.3% p.a.

# Information on the Continued Liquidation of SEB ImmoPortfolio Target Return Fund

SEB ImmoPortfolio Target Return Fund has been in liquidation since 5 June 2014, the date on which the investment company, Savills Fund Management GmbH, gave notice to terminate its management mandate. After expiration of the notice period on 31 May 2017, ownership of the Fund's assets, which are held in trust for investors, was transferred by law to the Fund's Custodian Bank, CACEIS Bank S.A., Germany Branch.

Since midnight on 31 May 2017, CACEIS's role has been to sell the assets left in the Fund within three years while preserving investors' interests and acting in accordance with the requirements of the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin – the Federal Financial Supervisory Authority). The Custodian Bank's task is not to permanently manage the Fund but to wind it up and to distribute the proceeds to investors. In accordance with BaFin's requirements, the Custodian Bank is obliged to sell the assets transferred "at the best possible price that can be realised on the market" (BaFin Circular GZ WA 42-Wp-2136-2012/0039 of 27 November 2012, available in German only at http://www.bafin.de). Otherwise, however, it is not subject to any requirements with respect to the size of the proceeds to be generated. In particular, it is not bound by the most recent appraisal value.

To ensure that this task is performed efficiently, CACEIS has entrusted Savills Fund Management GmbH with certain operational subtasks. This ensures continuity of the Fund's management. The services commissioned cover the administrative tasks already performed for the Fund to date, such as property management and Fund accounting. Before the last property was sold and recorded as a disposal from the Fund in 2017, they also included providing support for the entire sales process.

### Transfer of the Fund as required by law

When Savills Fund Management GmbH's right to manage SEB ImmoPortfolio Target Return Fund ended, the real estate fund was transferred by law to its Custodian Bank. Forty-four of the total of 46 properties that formed part of the Fund's asset pool as of 5 June 2014 had been sold, or sales agreements had been signed for them, as of 31 May 2017. A total of nine properties and all other assets still belonging to the Fund were transferred to CACEIS on 31 May 2017. Sales agreements already existed for seven of these nine properties. The risks and rewards associated with ownership were transferred to the buyer between August and November 2017. The last two properties have now also been sold and changed hands in September 2017. Certain obligations and liabilities still exist in addition to property and other assets; these are the Fund's responsibility.

The transfer of the Fund to CACEIS marks the point at which the investment agreement between Savills Fund Management GmbH and the investors ended. Investors no longer have any claim against Savills Fund Management GmbH for the payment of the Fund's unit value as evidenced by the unit certificates; rather, they have a contractual claim against CACEIS for payment of the liquidation proceeds that are generated.

### Remuneration payable to CACEIS

CACEIS is entitled both to be reimbursed for reasonable expenses and to be remunerated for its activities in winding up the Fund. It bases this remuneration on the remuneration that was agreed with Savills Fund Management. Since 31 May 2017, CACEIS has received remuneration of 0.90% p.a. of average Fund assets; this arrangement remains in force until further notice. CACEIS also covers the costs of the services to be provided by Savills Fund Management GmbH out of this remuneration. The Custodian Bank fee that CACEIS previously received is no longer levied.

### Distributions

CACEIS has taken over responsibility for distributing the liquidation proceeds to investors in accordance with the statutory requirements. Please note in this context that it will only make distributions if and to the extent that there is no possibility of the funds belonging to the Fund still being needed to meet actual and potential expenses that have been or will be incurred on the Fund's behalf.

### Valuation

CACEIS will continue to publish a unit price on a daily basis.

### Reporting

CACEIS will work together with Savills Fund Management GmbH to continue publishing information on the progress made in liquidating SEB ImmoPortfolio Target Return Fund online at http://www.savillsim-publikumsfonds.de. In addition, CACEIS will prepare liquidation reports, which will be granted an audit opinion by its auditor, annually and on the date on which the liquidation of the Fund ends, and will publish them in the electronic *Bundesanzeiger* (Federal Gazette).

### Contact for questions

Investors can continue to address questions and comments to Savills Fund Management GmbH using the existing contact data – info@savillsim.de and the telephone infoline +49 (0)69 15 34 01 86 – as well as to the Fund's sales partners and brokers. Please note the change in service times. Your contacts at Savills Fund Management GmbH are available to help you on Mondays, Tuesdays, Thursdays and Fridays between 10 a.m. and 1 p.m.

# 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 Investment 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 – need to be considered, along with how transparent and well developed the real estate market in question is.

- In decisions to invest outside the eurozone, the volatility of the national currency must be taken into consideration as well. Exchange rate fluctuations and the costs of currency hedging have an impact on the property return.

- Any change in the quality of the location may have a direct effect on the lettability and current letting situation. If the location increases in attractiveness, lease contracts can be signed for higher rents; however, in the worst possible case a decrease could mean lasting vacancies.

- Building quality and condition also have a direct impact on the capacity of a property to generate income. The condition of the building may require expenditures for maintenance that exceed budgeted maintenance costs. Additional investment costs may impact the return over the short term, but may also be necessary to achieve long-term positive development.

- Risks posed by fire and storm damage 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.

## The 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 digitalization and automation of key areas of the economy – are continuing to fuel global uncertainty.

# Results of the Fund in Detail

## Development of SEB ImmoPortfolio Target Return Fund

### Comparative three-year overview

| | 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 | 348,100 | 187,400 | 0 | 0 |
| Equity interests in real estate companies | 102,280 | 49,375 | 103,264 | 4,593 |
| Liquidity portfolio | 16,079 | 104,832 | 66,655 | 79,465 |
| Other assets | 68,792 | 47,181 | 17,928 | 9,794 |
| Less: liabilities and provisions | –134,944 | –56,371 | –24,882 | –18,201 |
| **Fund assets** | **400,307** | **332,417** | **162,965** | **75,651** |
| Number of units in circulation | 6,465,095 | 6,465,095 | 6,465,095 | 6,465,095 |
| Unit value (EUR) | 61.91 | 51.41 | 25.20 | 11.70 |
| **Interim distribution per unit (EUR)** | **–** | **–** | **8.00** | **3.50** |
| Date of interim distribution | – | – | 13 Nov. 2017 | 1 Oct. 2018 |
| **Final distribution per unit (EUR)[1)]** | **7.10** | **3.00** | **10.00** | **2.50** |
| Date of final distribution | 12 Aug. 2016 | 3 Apr. 2017 | 3 Apr. 2018 | 1 Apr. 2019 |

[1)] Payable after the end of the financial year

### Structure of Fund assets

SEB ImmoPortfolio Target Return Fund’s assets decreased by EUR 87.3 million to EUR 75.7 million in the reporting period from 1 January to 31 December 2018. The number of units in circulation was unchanged, at 6,465,095.

### Liquidity

The gross liquidity as of the reporting date was EUR 79.5 million or 105.0%; all liquid assets were held as demand deposits as of the end of the reporting period. The average liquidity ratio during the last 12 months, including the investment vehicles’ liquid assets, amounted to 106.1% of Fund assets.

### Distribution

A total of EUR 87.3 million was paid out for SEB ImmoPortfolio Target Return Fund in two distributions in financial year 2018. The distribution for the previous year of EUR 64.7 million (EUR 10.00 per unit) was made on 3 April 2018. The interim distribution in the amount of EUR 22.6 million (EUR 3.50 per unit) was paid out on 1 October 2018. The final distribution for financial year 2018 in the amount of EUR 16.2 million (EUR 2.50 per unit) will be paid out on 1 April 2019. Further information on the distribution and the taxable results can be found on pages 27ff.

## Investment performance

The Fund generated a performance of 0.0%, or EUR 0.00 per unit, during the reporting period. Its performance since its launch on 15 October 2001 amounts to 74.7%.

| | | |
|---|---|---|
| Unit value as of 31 December 2018 | EUR | 11.70 |
| Plus distribution on 3 April 2018 | EUR | 10.00 |
| Plus distribution on 1 October 2018 | EUR | 3.50 |
| Minus unit value on 1 January 2018 | EUR | –25.20 |
| **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 | –30.1 | –11.2 |
| 5 years | –19.5 | –4.2 |
| 10 years | –3.5 | –0.4 |
| 15 years | 37.7 | 2.2 |
| Since launch | 74.7 | 3.3 |

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

## Overview of exchange rate risks as of 31 December 2018

| Currency | | | Open currency items as of reporting date | | in % of Fund assets (incl. loans) per currency zone | in % of Fund assets per currency zone |
|---|---|---|---|---|---|---|
| PLN (Poland) | PLN | –676 | EUR | –157 | –0.0002 | –0.0002 |
| USD (USA) | USD | 445 | EUR | 388 | 0.0005 | 0.0005 |
| SGD (Singapore) | SGD | 1,066 | EUR | 684 | 0.0009 | 0.0009 |
| GBP (United Kingdom) | GBP | 3 | EUR | 3 | 0.0000 | 0.0000 |
| **Total** | | | **EUR** | **918** | **0.0012** | **0.0012** [1)] |

[1)] Hedges of Fund assets held in foreign currency amounted to 100.0% of Fund assets as of the reporting date of 31 December 2018.

## Overview: Returns and Valuation

The return figures for the reporting period are as follows:

The Fund generated a gross return of 5.7%. After deducting costs of 9.0%, the net return was –3.3%.

The return from value change yield was 4.3%. Refunds of foreign income taxes increased the result by 0.5%. Overall, the positive value change yield led to income before exchange rate differences of 1.5%.

After adjustment for exchange rate differences of –0.2%, the total income in Fund currency was 1.3%. The liquidity portfolio generated a negative return of –0.5% due to market factors. Total Fund income before Fund costs amounted to 0.8%. Total Fund income in accordance with the BVI method (after Fund costs) was 0.0%.

| Key return figures (in % of average Fund assets)[1] | Total |
|---|---|
| **I. Properties**[2] | |
| Gross income | 5.7 |
| Management costs | –9.0 |
| Net income | –3.3 |
| Changes in value | 4.3 |
| Foreign income taxes | 0.5 |
| Foreign deferred taxes | 0.0 |
| Income before exchange rate differences | 1.5 |
| Exchange rate differences[3] | –0.2 |
| **Total income in Fund currency** | **1.3** |
| **II. Liquidity**[2] | **–0.5** |
| **III. Total Fund income before Fund costs**[2] | **0.8** |
| **Total Fund income after Fund costs (BVI method)** | **0.0** |

| Net asset information (weighted average figures in EUR thousand)[1] | |
|---|---|
| Total Fund assets | 106,728 |

[1] The weighted average figures in the period under review are calculated using 13 month-end values (31 December 2017 to 31 December 2018).
[2] Based on the average Fund assets in the period under review
[3] Exchange rate differences include both changes in exchange rates and currency hedging costs for the period under review.

## Changes to the Portfolio

After the final properties were sold in the 2017 reporting period, the Fund's portfolio now only comprises a single real estate company, which is simply a legal shell and no longer holds any properties. The company is to be liquidated as soon as possible.

The three companies in the USA were dissolved during the financial year.

## Outlook

SEB ImmoPortfolio Target Return Fund no longer holds any properties following the sale of all remaining buildings in 2017. A total of roughly 72% of the Fund assets at the time when notice to terminate the management mandate was given have been repaid to investors in a number of distributions since the Fund's dissolution started on 5 June 2014.

The portfolio now only comprises one investment vehicle in Germany, which was used to hold properties in the past. This company is to be liquidated as rapidly as possible.

The Fund management is required to retain sufficient liquidity reserves to meet all liabilities attributable to SEB ImmoPortfolio Target Return Fund in the period until the latter is finally dissolved. This includes, among other things, potential claims under guarantee and warranty agreements entered into in connection with the sales, which will end at different times depending on the terms of the relevant contracts, and Fund management and operating costs. Potential demands from the tax authorities are particularly difficult to estimate. The Fund was broadly invested in a large number of countries in Europe, the USA and Asia. The external tax audits that are performed following the sales are governed by the tax laws and other national rules and regulations of the countries concerned, and their durations therefore differ substantially. As a result, no date can be given as yet for the final liquidation of SEB ImmoPortfolio Target Return Fund, nor is there a statutory deadline for this.

Provisions can be successively reversed and additional distributions made to investors as soon as the obligations have been met or have become time-barred and the risks of additional payment obligations decline or have ceased to exist. The Custodian Bank will decide on potential distributions, and on their timing and amount, at the appropriate time.

Information on the ongoing liquidation of SEB ImmoPortfolio Target Return Fund will continue to be published on the Internet at www.savillsim-publikumsfonds.de. Additionally, a liquidation report will be published annually as of 31 December.

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

Thies Clemenz

Munich, March 2019

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

| | EUR | EUR | EUR |
|---|---|---|---|
| **I. Value of the Fund at the start of the reporting period on 1 January 2018** | | | 162,964,905.30 |
| **1. Distribution for the previous year** | | | −64,650,950.00 |
| of which distribution in accordance with annual report | | −64,650,950.00 | |
| **2. Interim distribution** | | | −22,627,832.50 |
| **3. Ordinary net income** | | | −25,279,773.01 |
| **4. Realised gains** | | | |
| on forward exchange transactions | | 1,706,020.59 | |
| of which in foreign currency | 0.00 | | 1,706,020.59 |
| **5. Realised losses** | | | |
| on forward exchange transactions | | −46,275.61 | |
| of which in foreign currency | 0.00 | | −46,275.61 |
| **6. Net change in value of unrealised gains/losses** | | | |
| on equity interests in real estate companies | | 25,142,538.82 | |
| of which in foreign currency | 25,705,424.76 | | |
| on forward exchange transactions | | −1,302,639.44 | |
| of which in foreign currency | 0.00 | | |
| Changes in exchange rates | | −254,732.47 | 23,585,166.91 |
| **II. Value of the Fund at the end of the reporting period on 31 December 2018** | | | **75,651,261.68** |

## 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 reporting period.

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 the Application of Fund Income in that document).

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

The **ordinary net income** can be seen from the statement of income and expenditure.

**Realised gains and losses** on forward exchange transactions can be seen from the statement of income and expenditure.

The **net change in value of unrealised gains/losses** on equity interests in real estate companies is the result of changes in the carrying amounts during the reporting period. This figure includes all changes in the carrying amounts of the equity interests. These can be the result, for example, of the recognition or reversal of provisions, subsequent purchase price adjustments or cost refunds.

The net change in value of unrealised gains/losses on **forward exchange transactions** is the result of changes in market value during the reporting period.

This item also includes changes in value resulting from exchange rate fluctuations.

## Condensed Statement of Assets and Liabilities as of 31 December 2018

| | | EUR | EUR | EUR | % of Fund assets |
|---|---|---|---|---|---|
| I. | **Equity interests in real estate companies** (see Statement of Assets, Part I, page 20) | | | | |
| | 1. Majority interests | | 4,592,857.58 | | 6.07 |
| | of which in foreign currency | 0.00 | | | |
| | **Total equity interests in real estate companies** | | | **4,592,857.58** | **6.07** |
| | Total in foreign currency | 0.00 | | | |
| II. | **Liquidity portfolio** (see Statement of Assets, Part II, page 20) | | | | |
| | 1. Bank deposits | | 79,465,371.35 | | |
| | of which in foreign currency | 1,536,117.72 | | | |
| | **Total liquidity portfolio** | | | **79,465,371.35** | **105.04** |
| | Total in foreign currency | 1,536,117.72 | | | |
| III. | **Other assets** (see Statement of Assets, Part III, page 21f.) | | | | |
| | 1. Receivables from real estate management | | 3,065,846.74 | | |
| | of which in foreign currency | 823,519.96 | | | |
| | 2. Miscellaneous | | 6,727,782.15 | | |
| | of which in foreign currency | 1,811,753.89 | | | |
| | **Total other assets** | | | **9,793,628.89** | **12.95** |
| | Total in foreign currency | 2,635,273.85 | | | |
| **Total** | | | | **93,851,857.82** | **124.06** |
| Total in foreign currency | | 4,171,391.57 | | | |

## Disclosures on the Condensed Statement of Assets and Liabilities

Fund assets decreased by EUR 87.3 million to EUR 75.7 million in the reporting period from 1 January to 31 December 2018.

The Fund no longer owns any directly held properties.

### I. Equity interests in real estate companies

The **equity interests in real estate companies** item consists of the German company IPTR IV GmbH. The company does not hold any properties. The three companies that existed in the USA last year (VDL Tallahassee Associates, LLC, Ocala Road Tallahassee Associates, LLC and 41 Spring Street, LLC), which no longer held any properties, were dissolved during the reporting period.

There were no shareholder loans.

### II. Liquidity portfolio

The bank deposits reported under the **liquidity portfolio** item serve to meet ongoing payment obligations and the payment of future distributions to investors. EUR 3.8 million has been set aside to fulfil the statutory requirements on minimum liquidity.

### III. Other assets

**Receivables from real estate management** comprise expenditures relating to service charges that are allocable to tenants in the amount of EUR 2.7 million and rent receivables totalling EUR 0.4 million. These are matched by prepayments by tenants of allocable costs in the amount of EUR 3.0 million, which are included in the **liabilities from real estate management** item.

| Germany EUR | Other EU countries EUR | USA EUR |
|---:|---:|---:|
| 0.00 | 4,592,857.58 | 0.00 |
| **0.00** | **4,592,857.58** | **0.00** |
| 56,022,782.07 | 23,442,589.28 | 0.00 |
| **56,022,782.07** | **23,442,589.28** | **0.00** |
| 1,933,938.51 | 1,131,908.23 | 0.00 |
| 3,729,058.19 | 2,308,346.49 | 690,377.47 |
| **5,662,996.70** | **3,440,254.72** | **690,377.47** |
| **61,685,778.77** | **31,475,701.58** | **690,377.47** |

The other assets in the amount of EUR 6.7 million disclosed under the **miscellaneous** item primarily include collateral furnished in connection with forward exchange transactions (EUR 3.3 million), receivables from fiscal authorities in Germany and abroad (EUR 2.2 million) and receivables relating to advance operating costs payments made to property managers abroad (EUR 1.1 million).

| | | EUR | EUR | EUR | % of Fund assets |
|---|---|---|---|---|---|
| IV. | **Liabilities from**<br>(see Statement of Assets, Part III, page 21f.) | | | | |
| | 2. Real estate management | | 3,483,772.34 | | |
| | of which in foreign currency | 815,503.09 | | | |
| | 3. Miscellaneous | | 926,983.70 | | |
| | of which in foreign currency | 759,320.95 | | | |
| | **Total liabilities** | | | 4,410,756.04 | 5.82 |
| | Total in foreign currency | 1,574,824.04 | | | |
| V. | **Provisions** | | | 13,789,840.10 | 18.23 |
| | of which in foreign currency | 2,548,672.67 | | | |
| **Total** | | | | 18,200,596.14 | 24.05 |
| Total in foreign currency | | 4,123,496.71 | | | |
| **Total Fund assets** | | | | 75,651,261.68 | 100.00 |
| of which in foreign currency | | 47,894.86 | | | |
| | | | | | |
| **Unit value (EUR)** | | | | 11.70 | |
| **Units in circulation** | | | | 6,465,095 | |

## IV. Liabilities

**Liabilities from real estate management** are primarily due to prepayments of allocable costs totalling EUR 3.0 million.

The **miscellaneous** liabilities item comprises EUR 0.7 million in liabilities to creditors, EUR 0.1 million in management fee liabilities and EUR 0.1 million in liabilities to counterparties from forward exchange transactions.

Fund assets held in foreign currency are hedged against changes in exchange rates using forward exchange transactions. An overview of open currency items is given in the Statement of Assets, Part III.

A total of 16 forward exchange transactions with an aggregate volume of USD 66.3 million, nine forward exchange transactions with an aggregate volume of PLN 39.9 million, six forward exchange transactions with an aggregate volume of GBP 7.2 million and five forward exchange transactions with an aggregate volume of SGD 6.7 million were entered into in the reporting period to hedge exchange rate risks.

| Germany EUR | Other EU countries EUR | USA EUR |
|---|---|---|
| | | |
| 1,919,793.72 | 1,563,978.62 | 0.00 |
| | | |
| 203,358.86 | 723,624.84 | 0.00 |
| | | |
| **2,123,152.58** | **2,287,603.46** | **0.00** |
| | | |
| **11,297,379.63** | **1,880,840.97** | **611,619.50** |
| | | |
| **13,420,532.21** | **4,168,444.43** | **611,619.50** |
| | | |
| **48,265,246.56** | **27,307,257.15** | **78,757.97** |
| | | |
| | | |
| | | |
| | | |

## V. Provisions

The **provisions** of EUR 13.8 million mainly relate to provisions for Fund liquidation costs (EUR 8.9 million), transaction costs (EUR 2.1 million), maintenance costs/construction services and outstanding invoices for operating costs (EUR 1.9 million) and taxes (EUR 0.7 million).

## Statement of Assets, Part I: Property Record as of 31 December 2018

| Company | Property performance<br>Value of the equity interest (at the reporting date) in EUR |
|---|---|
| **Equity interests in real estate companies** | |
| IPTR IV GmbH, Germany, Rotfeder-Ring 7, 60327 Frankfurt am Main<br>Company's capital: EUR 54,062,822.18<br>Shareholder loans: EUR 0.00<br>Equity interest held: 100.00000% | 4,592,858 |
| **Total equity interests in real estate companies** | **4,592,858** |

## Statement of Assets, Part II: Liquidity Portfolio

| | Market value EUR | % of Fund assets |
|---|---|---|
| **I. Bank deposits** | | |
| Germany | 56,022,782.07 | |
| Netherlands | 28,251.62 | |
| France | 1,755,673.11 | |
| Poland | 14,913,286.08 | |
| Finland | 6,745,378.47 | |
| **Total liquidity portfolio** | **79,465,371.35** | **105.04** |

# Statement of Assets, Part III: Other Assets, Liabilities and Provisions, Additional Disclosures

| | | | EUR | EUR | EUR | EUR | % of Fund assets |
|---|---|---|---|---|---|---|---|
| **I. Other assets** | | | | | | | |
| 1. Receivables from real estate management | | | | | 3,065,846.74 | | |
| of which in foreign currency | | | | 823,519.96 | | | |
| of which rent receivable | | | 358,970.72 | | | | |
| of which advance payments for operating costs | | | 2,706,876.02 | | | | |
| 2. Miscellaneous | | | | | 6,727,782.15 | | |
| of which in foreign currency | | | | 1,811,753.89 | | | |
| of which from hedging transactions | | | 2,353.25 | | | | |
| Currency | Market value sale EUR | Market value rept. date EUR | Preliminary result EUR | | | | |
| PLN | –3,094,662.76 | 3,097,016.01 | 2,353.25 | | | | |
| **Total other assets** | | | | | | **9,793,628.89** | **12.95** |
| Total in foreign currency | | | | 2,635,273.85 | | | |
| **II. Liabilities from** | | | | | | | |
| 2. Real estate management | | | | | 3,483,772.34 | | |
| of which in foreign currency | | | | 815,503.09 | | | |
| 3. Miscellaneous | | | | | 926,983.70 | | |
| of which in foreign currency | | | | 759,320.95 | | | |
| of which from hedging transactions | | | 65,028.45 | | | | |
| Currency | Market value sale EUR | Market value rept. date EUR | Preliminary result EUR | | | | |
| GBP | 354,414.07 | –358,186.70 | 3,772.63 | | | | |
| USD | 33,203.46 | –85,915.31 | 52,711.85 | | | | |
| SGD | –8,543.97 | 0.00 | 8,543.97 | | | | |
| **Total liabilities** | | | | | | **4,410,756.04** | **5.82** |
| Total in foreign currency | | | | 1,574,824.04 | | | |
| **III. Provisions** | | | | | | **13,789,840.10** | **18.23** |
| of which in foreign currency | | | | 2,548,672.67 | | | |

| | EUR | EUR | EUR | EUR | % of Fund assets |
|---|---|---|---|---|---|
| **Total Fund assets** | | | | **75,651,261.68** | **100.00** |
| of which in foreign currency | | 47,894.86 | | | |
| | | | | | |
| **Units (EUR)** | | | | **11.70** | |
| **Units in circulation** | | | | **6,465,095** | |
| | | | | | |
| **Exchange rates* as of 31 December 2018** | | | | | |
| Sterling (GBP) | 0.89550 = EUR 1 | | | | |
| US dollar (USD) | 1.14450 = EUR 1 | | | | |
| Polish zloty (PLN) | 4.29945 = EUR 1 | | | | |
| Singapore dollar (SGD) | 1.55860 = EUR 1 | | | | |

* Assets denominated in foreign currencies are translated into euros at the exchange rate for the respective currency as determined during Reuters AG's midday fixing at 1.30 p.m.

## Disclosures on the Measurement Policies

**Forward exchange transactions** were measured at their forward rate on 31 December 2018.

**Bank deposits and time deposits** are measured at their nominal amount plus accrued interest.

**Liabilities** are recognised at their repayment amount.

**Provisions** are recognised at their settlement amount.

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

| | Purchases Market value EUR from 1 Jan. 2018 to 31 Dec. 2018 | Sales Market value EUR from 1 Jan. 2018 to 31 Dec. 2018 |
|---|---|---|
| GBP | 4,754,487.65 | 2,361,095.46 |
| USD | 31,835,648.63 | 8,890,305.02 |
| PLN | 2,083,496.57 | 4,137,746.09 |
| SGD | 1,644,387.24 | 807,087.81 |
| **Total** | **40,318,020.09** | **16,196,234.38** |

No transactions with affiliated companies took place.

# Statement of Income and Expenditure

| for the period from 1 January 2018 to 31 December 2018 | EUR | EUR | EUR |
|---|---|---|---|
| **I. Income** | | | |
| 1. Income from properties | | 1,338,138.44 | |
| of which in foreign currency | 113,810.13 | | |
| 2. Interest on liquidity portfolio in Germany | | −235,052.72 | |
| 3. Interest on liquidity portfolio outside Germany (before withholding tax) | | −83,297.77 | |
| 4. Other income | | 7,067,385.44 | |
| of which in foreign currency | 4,101,529.86 | | |
| **Total income** | | | **8,087,173.39** |
| **II. Expenditure** | | | |
| 1. Management costs | | | |
| 1.1 Operating costs | | 3,410,244.82 | |
| of which in foreign currency | 503,870.89 | | |
| 1.2 Maintenance costs | | 208,332.84 | |
| of which in foreign currency | 12,876.07 | | |
| 1.3 Property management costs | | 15,861.93 | |
| of which in foreign currency | 15,254.09 | | |
| 1.4 Other costs | | 212,709.48 | |
| of which in foreign currency | 17,321.40 | | |
| 2. Foreign taxes | | 5,576.00 | |
| of which in foreign currency | 0.00 | | |
| 4. Remuneration of Fund management | | 919,093.13 | |
| 6. Audit and publication costs | | 110,118.02 | |
| 7. Other expenditure | | 28,485,010.18 | |
| of which remuneration of experts (in accordance with section 12 of the BVB) | 0.00 | | |
| **Total expenditure** | | | **33,366,946.40** |
| **III. Ordinary net income** | | | **−25,279,773.01** |

| for the period from 1 January 2018 to 31 December 2018 | EUR | EUR | EUR |
|---|---|---|---|
| **IV. Disposals** | | | |
| 1. Realised gains | | | |
| plus unrealised changes in value from previous years | | | |
| 1.1 on forward exchange transactions in the period under review | 467,583.72 | | |
| Changes in value from previous years | 1,238,436.87 | 1,706,020.59 | |
| of which in foreign currency | 0.00 | | |
| 2. Realised losses | | | |
| plus unrealised changes in value from previous years | | | |
| 2.1 on forward exchange transactions in the period under review | –47,803.04 | | |
| Changes in value from previous years | 1,527.43 | –46,275.61 | |
| of which in foreign currency | 0.00 | | |
| **Net gain on disposals** | | | **1,659,744.98** |
| **V. Net loss for the financial year** | | | **–23,620,028.03** |

| | |
|---|---|
| **Total expense ratio** | **1.03%** |
| **Transaction-based remuneration** | **0.00%** |
| **Transaction costs** | **0.00** |

## Disclosures on the Statement of Income and Expenditure

### Income

**Income from properties** primarily comprises income from prepayments of allocable costs totalling EUR 1.2 million.

**Interest on the liquidity portfolio** in Germany and abroad consists of the negative bank interest charged to the Fund.

**Other income** primarily comprises income from corporation tax refunds (EUR 3.3 million), income from the reversal of provisions (EUR 1.8 million) and realised gains on exchange rate differences (EUR 0.4 million).

### Expenditure

**Management costs** comprise **operating costs** (EUR 3.4 million), **maintenance costs** (EUR 0.2 million), **property management costs** that cannot be recovered from tenants (EUR 15.9 thousand) and **other costs** (EUR 0.2 million). Other costs include valuation allowances on rent receivables of EUR 0.2 million.

**Foreign taxes** relate to France.

The **remuneration of Fund management** item amounted to EUR 0.9 million, or 0.9% p.a. of average Fund assets. In accordance with the Fund Rules, a fee of up to 1.5% p.a. of average Fund assets may be charged. The investment company pays regular – usually annual – brokerage fees (trailer fees) to brokers such as credit institutions from the management fee paid to it.

No Custodian Bank fee has been charged since the management of the Fund was transferred to the Custodian Bank on 1 January 2017.

EUR 0.1 million was expensed or added to the provision for **audit and publication costs** by the Fund.

**Other expenses** in accordance with section 11(5) of the BVB totalling EUR 27.7 million predominately comprise expenses relating to the liquidation of the Fund's US companies (EUR 22.7 million), the increase in the provision for the Fund's liquidation (EUR 3.3 million) and realized losses on exchange rate differences (EUR 0.7 million). In addition, this item includes consulting costs, external accounting costs and bank fees.

**Ordinary net income** as of the reporting date amounted to EUR –25.3 million.

**Realised gains on forward exchange transactions** represent the difference between the lower purchase prices and the prices at sale or maturity. Unrealised changes in the value of the forward exchange transactions consist of changes up to the end of the previous year in the market values of the financial instruments that matured during the financial year. Deducting the unrealised gains from the previous year results in the realised gains for the period under review.

**Realised losses on forward exchange transactions** represent the difference between the higher purchase prices and the prices at sale or maturity. Unrealised changes in the value of the forward exchange transactions consist of changes up to the end of the previous year in the market values of the financial instruments that matured during the financial year. Deducting the unrealised losses from the previous year results in the realised losses for the period under review.

The **net gain on disposals** (EUR 1.7 million) represents the aggregate realised gains and losses.

The **net loss for the financial year** amounted to EUR 23.6 million as of the reporting date.

The **total expense ratio (TER)** shows the impact of costs on Fund assets. It takes into account management and Custodian Bank fees, the costs of the Expert Committees and other costs in accordance with section 11 of the BVB, 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 ImmoPortfolio Target Return Fund calculated as of 31 December 2018 is 1.03%.

The **transaction-based remuneration** comprises the sales fee. No transaction-based remuneration was incurred during the reporting period.

**Transaction costs** comprise the incidental costs of sale of properties and equity interests in real estate companies that are recorded as disposals, measured at the time of the transfer of the risks and rewards of ownership in the reporting period. No transaction costs were incurred.

# Application of Fund Income as of 31 December 2018

| | | Total in EUR | Per unit in EUR |
|---|---|---|---|
| **I.** | **Calculation of the distribution** | | |
| | 1. Carried forward from previous year | 0.00 | 0.00 |
| | 2. Net loss for the financial year | –23,620,028.03 | –3.65 |
| | 3. Transfer from the Fund | 62,410,598.03 | 9.65 |
| | | | |
| **II.** | **Amount available for distribution** | 38,790,570.00 | 6.00 |
| | | | |
| **III.** | **Total distribution** [1] | 38,790,570.00 | 6.00 |
| | 1. Interim distribution on 1 October 2018 | 22,627,832.50 | 3.50 |
| | 2. Final distribution on 1 April 2019 | 16,162,737.50 | 2.50 |

[1] The account custodian or the most recent domestic paying agent is obliged to deduct investment income tax and the solidarity surcharge.

## Disclosures on the Application of Fund Income

The **net loss for the financial year** in the amount of EUR 23.6 million can be seen from the statement of income and expenditure.

The **transfer from the Fund** in the amount of EUR 62.4 million represents a return of Fund capital made as part of the Fund's liquidation.

This means that EUR 38.8 million is available for distribution.

The **total distribution** in the amount of EUR 38.8 million comprises the interim distribution of EUR 22.6 million that was made on 1 October 2018 and the final distribution of EUR 16.2 million to be made on 1 April 2019.

### Payouts after termination of the management mandate on 5 June 2014

| Payout in financial year | Payout date | Payout per unit EUR | of which return of capital distribution EUR |
|---|---|---|---|
| 2014 | 1 October 2014 | 18.00 | 13.81 |
| 2015 | 15 April 2015 | 37.00 | 37.00 |
| 2016 | 12 August 2016 | 7.10 | – |
| 2017 | 3 April 2017 | 3.00 | 3.00 |
| | 13 November 2017 | 8.00 | 8.00 |
| 2018 | 3 April 2018<br>1 October 2018 | 10.00<br>3.50 | 10.00<br>3.50 |
| 2019 | 1 April 2019 | 2.50 | 2.50 |

# Independent Auditors’ Report

*To CACEIS Bank S.A., Germany Branch, Munich*

*Audit opinion*

We have audited the Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the *Investment-Rechnungslegungs- und Bewertungsverordnung* (InvRBV – German Investment Fund Accounting and Valuation Regulation) for the SEB ImmoPortfolio Target Return Fund. This report comprised the Activity Report for the financial year from 1 January 2018 to 31 December 2018, the Statement of Assets as of 31 December 2018 plus the Condensed Statement of Assets and Liabilities, 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 Three-year Comparative Overview and the Transactions Closed Out during the Reporting Period, to the extent that these are no longer included in the Statement of Assets.

In our opinion, based on the findings of our audit, the accompanying Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV complies in all material respects with the provisions of the *Investmentgesetz* (InvG – German Investment Act) 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 Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV in accordance with section 44(6) of the InvG, 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 Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV”. We are independent of CACEIS Bank S.A. Germany Branch (hereinafter referred to as the “Depositary”) 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 Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV.

*Other information*

The Depositary's management is responsible for the other information. This other information comprises the information contained in the Liquidation Report – not including additional cross-references to external information – with the exception of the audited Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV and of our auditors’ report.

Our audit opinions on the Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV do 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 Liquidation Report pursuant to section 16 of the InvRBV or the findings of our audit, or
- Otherwise seems to be materially misstated.

*Responsibility of the management for the Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV*

The Depositary’s management is responsible for preparing the Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV, which must comply in all material respects with the provisions of the InvG, and for ensuring that the Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV 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 a Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV that is free from material misstatements due to fraud or error.

*Responsibility of the auditors for the audit of the Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV*

Our objective is to obtain reasonable assurance as to whether the Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV 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 Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV.

Reasonable assurance represents a high level of assurance but does not offer any guarantee that an audit performed in accordance with section 44(6) of the InvG 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 Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV.

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 Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV, 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 Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV, 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 Depositary.

- We assess the appropriateness of the accounting policies applied by the management of the Depositary in preparing the Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV and the reasonableness of the estimates made by the management and of related disclosures.

- We assess the overall presentation, structure and content of the Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV, including the disclosures, and whether the Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV presents the underlying transactions and events in such a manner that the Liquidation Report pursuant to section 16 in conjunction with section 5(3) of the InvRBV provides, in compliance with the provisions of the InvG, 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, 13 March 2019

**PricewaterhouseCoopers GmbH**
**Wirtschaftsprüfungsgesellschaft**

| | |
|---|---|
| Fatih Agirman<br>Wirtschaftsprüfer | ppa. Joanna Spassova<br>Wirtschaftsprüferin |

# Tax Information for Investors

## Interim distribution

The interim distribution for the 2018 financial year made on 1 October 2018 amounted to EUR 3.50 per investment unit.

**Tax treatment of the distribution per unit**

| | Units held as private and business assets EUR |
|---|---|
| Payout | 3.5000 |
| Partial exemption | |
| Partial exemption rate for funds in liquidation (0%) | 0.0000 |
| Basis of calculation for investment income tax | 3.5000 |
| Investment income tax (25%)[1) 2)] | 0.8750 |

## Final distribution

The final distribution for the 2018 financial year to be made on 1 April 2019 will amount to EUR 2.50 per investment unit.

**Tax treatment of the final distribution per unit**

| | Units held as private and business assets EUR |
|---|---|
| Payout | 2.5000 |
| Partial exemption | |
| Partial exemption rate for funds in liquidation (0%) | 0.0000 |
| Basis of calculation for investment income tax | 2.5000 |
| Investment income tax (25%)[1) 2)] | 0.6250 |

1) Preliminary taxation at time of distribution. Please refer to the information provided in the section entitled "Tax treatment of distributions for funds in liquidation" on page 34.
2) Plus the solidarity surcharge of 5.5% and, if applicable, church tax

## Tax liability in Austria

### Taxation at the level of investors with limited tax liability

A limited tax liability applies in Austria in respect of the gains generated by non-Austrian resident investors from Austrian real estate held by the investment fund. Tax is levied on current profits from rental management and on 80% of the appreciations in value resulting from the annual appraisals of the real estate in Austria. This limited tax liability applies to individual investors who are neither domiciled nor have their habitual residence in Austria (in the case of corporations, which are neither headquartered in nor managed from Austria):

- For natural persons, the rate of tax on this income in Austria is 27.5%. If the investor's total taxable income in Austria amounts to no more than EUR 2,000 per calendar year, the investor is not required to submit a tax return, and the income remains tax-free. If this limit is exceeded or if a notice to this effect is issued by the Austrian tax office, a tax return must be filed in Austria.

- For corporations, the tax rate in Austria is 25%. There is no statutory allowance as there is for natural persons.

- The income (deemed distributed income) subject to tax in Austria applicable to a single investment unit in SEB ImmoPortfolio Target Return Fund is negative and amounts to EUR –0.0113 per unit for financial year 2018. The amount of income subject to tax in Austria can be calculated by multiplying this figure by the number of investment units held by the respective investor.

- Austrian income is taxable for private investors and investors who determine their profits using cash-based accounting in the year it accrues (here: 2019). The deemed distributed income is deemed to have accrued four months after the end of the Fund's financial year.

- Investors who determine their profits using accrual accounting must recognise taxable income (deemed distributed income) when the claim arises (= end of the Fund's financial year; here: 2018).

- Since 2012, increases in value that are realised when Fund units are sold have been subject in certain circumstances to capital gains tax (*Vermögenszuwachssteuer*) in Austria. However, due to the double taxation agreement Austria has no intergovernmental right to tax investors in Germany. Therefore, gains from the sale of Fund units are not generally subject to limited tax liability in Austria.

### Taxation at the level of investors with unlimited tax liability

Unlimited tax liability applies to individual investors who are domiciled or have their habitual residence in Austria (in the case of corporations, which are headquartered in or managed from Austria). Tax is levied on regular Fund income (gains as defined in section 14 of the *Immobilien-Investmentfonds-gesetz* (ImmoInvFG – Austrian Real Estate Investment Fund Act)) and on gains from the sale of "new assets", i.e. Fund units that were purchased after 31 December 2010.

Regular Fund income comprises current profits from rental management and 80% of the appreciations in value resulting from the annual appraisals of real estate in Austria and countries with which Austria has agreed on the tax credit method for income from immovable assets under existing double taxation agreements, plus liquidity gains.

Any gains from the sale of Fund units that were purchased after 31 December 2010 are the result of the difference between amortised cost and the proceeds of sale (repayment amount). Deemed distributed income must be added to the cost, and tax-free distributions and the payment of investment income tax deducted from it. Transaction costs (e.g. front-end load) are not recognised unless the Fund units are held as business assets.

For natural persons, the rate of tax on this income in Austria is 27.5%.

- If the Fund units are held at an Austrian custodian bank, all current gains from the Fund and from the sale of Fund units, provided that the latter are held as private assets, are treated as having been finally taxed via the investment income tax that is mandatorily withheld by the investor's custodian bank. This means that taxable income from interests held in SEB ImmoPortfolio Target Return Fund no longer has to be declared in private investors' income tax returns, unless – in the case of a more favourable general tax rate – application is made to use the general tax rate (standard taxation option) or the loss offset option is exercised in accordance with section 97(2) of the EStG in cases in which investment losses were not taken into account by the custodian when deducting investment income tax. Gains from the sale of Fund units held as private assets that were acquired before 1 January 2011 are tax-free.

- In the case of Fund units held as business assets, the definitive taxation effect applies solely to current Fund income. Gains from the sale of Fund units held as business assets still have to be declared in tax assessments under the new legislation. Withheld investment income tax must be credited.

- If the Fund units are held at a foreign custodian bank, taxable income from interests in SEB ImmoPortfolio Target Return Fund (current gains from the Fund and gains from the sale of Fund units) are subject to the special tax rate of 27.5% and must be included in the investor's income tax return. In this case, too, it is possible to exercise the standard taxation option or the loss offset option.

For corporations, the tax rate in Austria is 25%.

- If the Fund units are held at an Austrian custodian bank, investment income tax is generally also withheld in the case of corporations. Withholding of investment income tax by the Austrian custodian bank can be avoided by submitting a declaration of exemption to the Austrian custodian bank. The taxable income (including capital gains) from interests in SEB ImmoPortfolio Target Return Fund must be included in the corporation tax return at all events. If a declaration is not submitted, any withheld investment income tax must be offset against corporation tax.

- For private foundations, the rate of tax in Austria is 25%. Private foundations are exempted from the withholding of investment income tax. Current gains from the Fund in accordance with section 14 of the ImmoInvFG and taxable capital gains must be declared in the corporation tax return.

- Gains from the sale of unit certificates that were acquired before 1 January 2011 continue to be tax-free. Units acquired as from 1 January 2011 are subject to interim tax of 25% when sold.

- For investors who have unlimited tax liability in Austria, the deemed distributable income applicable to one unit of SEB ImmoPortfolio Target Return Fund that is taxable in Austria for financial year 2018 amounts to EUR 0.00. The investor must multiply this amount by the number of Fund units he or she holds. No foreign taxes are creditable against the resulting tax amount.

- Austrian income is taxable for private investors and investors who determine their profits using cash-based accounting in the year it accrues (here: 2019). The deemed distributed income is deemed to have accrued four months after the end of the Fund's financial year.

- Investors who determine their profits using accrual accounting must recognise taxable income (deemed distributed income) when the claim arises (= end of the Fund's financial year; here: 2018).

- The relevant adjustment item to the cost for Austrian tax purposes as of 31 December 2018 is negative and amounts to EUR –0.1843 per unit.

### Notice

The information concerning taxation given above is based on the legal position and associated tax authority practice as it is known to stand at present. No assurance can be given that the tax treatment will not change as a result of legislation, court rulings, or decrees issued by the tax authorities. Furthermore, we recommend that investors consult their personal tax advisors on issues concerning taxation.

## 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, such funds will be subject to corporation tax on the following domestic income:

1. Domestic income from equity interests (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 funds in liquidation such as SEB ImmoPortfolio Target Return Fund. Although the fund was designed as a real estate fund, the Fund Rules do not explicitly require it to be more than 50% invested in properties and real estate companies.

Equally, the partial exemption for real estate funds provided for in section 20(4) of the InvStG cannot be applied during assessment since SEB ImmoPortfolio Target Return Fund has already sold all of its properties in the course of the liquidation process and therefore does not meet the criteria for partial exemption.

### Tax treatment of distributions for funds in liquidation

Section 17 of the InvStG 2018 addresses the situation of funds in liquidation by introducing a special provision that effectively exempts return of capital distributions from taxation for a period of approximately five years as from the point in time at which the funds are transferred to the Custodian Bank.

The special provision set out in section 17 of the InvStG 2018 applies to SEB ImmoPortfolio Target Return Fund until 31 December 2022.

Since the partial exemptions do not apply, 25% investment income tax plus the solidarity surcharge is initially retained by the custodian institution when the distribution is made. In a second step, the amount retained must be reimbursed after the end of the year in question to the extent that the distributions relate to capital repayments. The paying agent (generally the unitholder's custodian institution) is responsible for making the repayment.

Distributions are only classified as income to the extent that they include the increase in value for a calendar year. The increase in value is calculated by aggregating the distributions for a calendar year and adding them to the last redemption price determined in the calendar year. If the resulting total exceeds the first redemption price determined in the calendar year, the difference represents the increase in value.

### 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 all of the properties belonging to SEB ImmoPortfolio Target Return Fund have been sold and the Fund is therefore expected to only receive extremely small amounts of domestic income from 2018 onwards, it cannot make use of this application procedure.

### Notice

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

# Fund Bodies

## Custodian Bank

**CACEIS Bank S.A., Germany Branch**
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80939 Munich
Germany

Internet:
www.caceis.com
www.savillsim-publikumsfonds.de

Commercial Register B of the
Local Court in Munich HRB 229834

A branch of CACEIS Bank S.A.
1–3, place Valhubert
75026 Paris
France

Commercial Register no. 692 024 722

CEO:
Jean-François Abadie (Director General)

Chairman of the Board of Directors:
Jean-Yves Hocher (until 31 October 2018)

Jacques Ripoll (from 1 November 2018)

Branch management:
Thies Clemenz (Spokesman)
Dr. Holger Sepp
Philippe Durand (until 31 January 2018)
Christian Nolot (until 15 June 2018)

## Expert Committee A

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

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

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

## Expert Committee B

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

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

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

## Auditors

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft,
Frankfurt am Main

## Competent supervisory authority:

Bundesanstalt für Finanzdienstleistungsaufsicht
Marie-Curie-Strasse 24–28
60439 Frankfurt am Main

## Legal notice

Savills Fund Management GmbH, the investment company that managed SEB ImmoPortfolio Target Return Fund, gave notice to terminate the management of the Fund effective 31 May 2017 and, at the same time, irrevocably suspended the issuance and redemption of unit certificates.

Consequently, the information contained in this report does not constitute an offer to enter into a contract, investment advice or an investment recommendation on the part of Savills Fund Management GmbH; instead, its purpose is to provide investors with summary information on the key activities performed by the Fund management during the liquidation.

Due to its simplified presentation, this document cannot provide all information and could therefore be subjective. Although the opinions it contains represent our current assessment as of the time the document was prepared, such assessment may change at any time without reference being made to this. If you would like investment advice or information on the risks associated with the acquisition of units in investment funds or the tax treatment of such funds, please contact your financial advisor or tax advisor.

The information, data, figures, statements, analyses, forecasts and simulations, concepts and other disclosures contained in this Liquidation Report are based on our knowledge and on the situation as it was known to us at the time the document was prepared. Nevertheless, unintentional errors in presentation may occur. Equally, the above-mentioned disclosures may be changed at any time without reference being made to this. No liability is assumed and no guarantee is given that the disclosures made are up to date, correct or complete.

You can continue to obtain information within the framework of the ongoing cooperation between CACEIS and Savills Fund Management GmbH from:

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unless otherwise stated

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