INVESTMENT REPORT

EUROPEAN REAL ESTATE
AB ALTERNATIVE SICAV-SIF

Quarterly Report Q3 2017
& consolidated financial statements for the period ended 30 September 2017 (unaudited)

www.ab-europeanrealestate.com

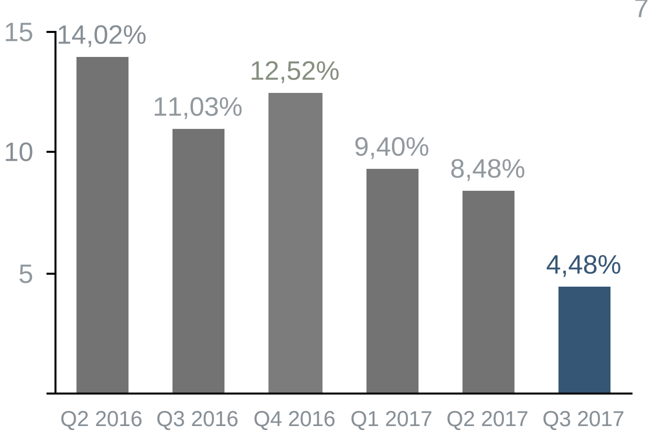
FINANCIAL HIGHLIGHTS

	30.09.2017 (unaudited [5])
Fair Value of investment property [1]	€ 103'440'000
Net Asset Value [2]	€ 65'441'655
Gross Asset Value	€ 121'677'567
Distribution Yield in EUR (for the period 31.12.2016-30.09.2017) [3]	4.40 %
Distribution Yield in EUR on initial contributed capital	4.59 %
Portfolio IRR (since acquisition 01.06.2016) [4]	4.48 %
Fund IRR (since inception 14.10.2015) [4]	3.97 %
Total Committed Capital	€ 64'304'868

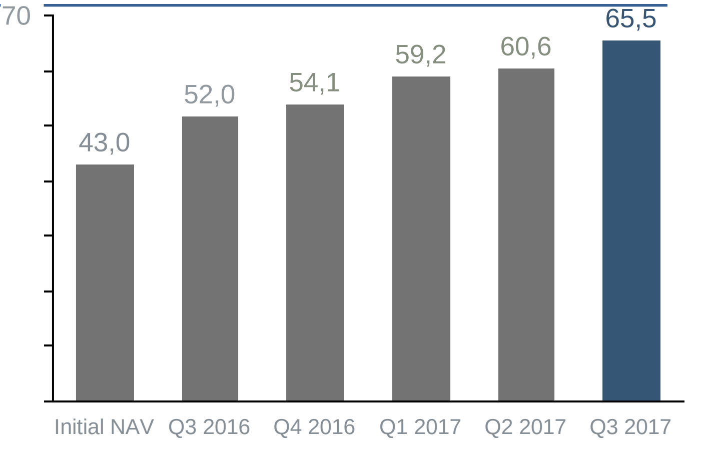
[1] The Fair Value of investment property is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm´s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudent and without compulsion".
[2] The Fund Net Asset Value prepared under the Management Regulations and the interim consolidated statement of financial position is stated gross of the distribution amounts. The Fund Net Asset Value calculation is in compliance with INREV guidelines.
[3] Calculated on invested capital, including dividends declared as of 30.09.2017. For investors having subscribed as at Fund Launch, the distribution yield amount to 4.50%.
[4] Calculated including dividends declared as of 30.09.2017 and excl. exchange-rate effect.
[5] Audited financial statements will be made available at year end. Latest available audited financial statements are dated 31.12.2016.

An amount of € 86'983 of performance fees have been accrued for the period ended 30.09.2017 in the Fund NAV.

Annualized Portfolio IRR since acquisition



Net Asset Value of the Fund (m€)



Please note that past performance is not necessarily a guide to future performance. The value of an investment and the income from it can fall as well as rise, and the Unit holders may not get back the amount originally invested.
It should be noted that in certain circumstances it might be difficult or impossible to realize an investment because the real property concerned may not be readily saleable. Furthermore, the value of the real property concerned is generally a matter of a valuer's opinion.

INTRODUCTION

AB ALTERNATIVE SICAV-SIF (*Société d'investissement à capital variable - Specialized Investment Fund*) (the "Fund") is a euro-denominated, open-ended fund domiciled in Luxembourg and incorporated in October 2015 with the purpose of investing in commercial real estate in continental Europe. The Fund's initial subscription period ended on March 31st, 2016 and the capital was fully deployed on May, 9th 2016 with the acquisition of 6 commercial properties. The Fund currently owns a diversified and well-balanced portfolio of 114'662 sqm for a total fair value of € 102.8 million as of 30.09.2017 located in Germany, The Netherlands and Luxembourg.

The Fund's main objectives are to enhance potential investors' return through diversification and investing in a tangible product with a recurring income stream; protect investments against rising inflation; as well as to provide access to a Tax Efficient Structure *(investors are responsible for filing their own taxes with the relevant authorities and should consult their own tax advisors)*. The Fund offers a unique investment opportunity, with great potential return (target IRR of c. 10.0% over 5 years), along with a recurring income stream (target distributions of c. 4.5% per annum on average over a 5y investment period).

The Fund falls within the scope of the AIFM Directive and the 2013 Law and qualifies as an Alternative Investment Fund. The Fund is managed by its Board, which has appointed Luxcellence Management Company S.A. as AIFM of the Fund according to an agreement entered into on 16 October 2015. Luxcellence Management Company S.A. is a public limited company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg on January 31st 1994, whose registered office is located at 5, allée Scheffer, L-2520 Luxembourg.

STRATEGY

The Fund will follow a Core Plus/Value Added investment strategy, investing mostly in logistics and office real estate assets across continental Europe, with a specific focus on Netherlands, Luxembourg and Germany. The Fund is continuously assessing potential investments when opportunities arise and in turn is also reviewing the optimal timing for the disposal of the existing assets.

PERFORMANCE

Property Portfolio Value

The value of the RE portfolio has remained constant over the last quarter (€ 102.8 million as of 30.09.2017). Since acquisition in May 2016, the value of the properties has increased by + 2.71 % at a constant portfolio scope.

PERFORMANCE (CONT.)

NAV

This performance is reflected in the value of the Fund and the NAV (Net Asset Value defined as per INREV guidelines) has been increasing since launch of the Fund to reach € 65'441'655 as of September, 30th 2017.

The NAV per Unit is communicated to each Investor according to his Share Class, Currency and date of initial investment.

IRR

The Fund's annualized IRR since the portfolio acquisition on the 9th of May 2016 is 4.48 % p.a. as at September, 30th 2017 in line with our target annualized IRR of 9-10 % p.a.

Distributions

Distributions of 1.12 EUR/Share for EUR investors and 1.23 USD/Share for USD investors (representing 4.50 % of the initial invested capital per annum, annualized) have occurred in December 2017 for the third quarter of 2017.

It is forecasted that the distribution yield will average 4.50 % of the initial invested capital over the life of the Fund.

KEY CURRENT ACTIONS

- The negotiations with the candidate interested to lease the remaining vacant floor in the Wiesbaden property are moving forward. The candidate, which is an educational institution, needs to estimate the costs of fit-out works required to comply with fire security rules applying to educational institutions.
- The tenant in Goch, Vos Logistics, has announced that he will formally terminate his lease agreement in Q4 2017 (lease expiry 31.12.2019 with 24-month notice period). The reason behind this termination lies in the fact that Vos Logistics is servicing Akzo Nobel from this location, and the underlying contract with Akzo Nobel has a termination notice in April 2018. Therefore, they cannot run the risk to extend their lease agreement with the Fund for another 5 years, until 31 December 2024, whilst there is a possibility that Akzo Nobel will terminate the contract. As more clarification will be given in Q2 2018. it has been decided to schedule a follow up meeting in Q2 2018 to then discuss the actual situation and possibilities. This information will be reflected in the value of the property as of 31.12.2017.
- In order to reduce the carbon footprint, possibilities to exploit solar panels on the roof of the properties in Almere and Oosterhout are being investigated. . Installation of these solar panels can increase the annual income generated by properties whilst reducing the electricity costs for the tenants. The process is still in an orientating phase. And more feedback is expected in Q4 2017.

MARKET OVERVIEW

Economic Environment

The Euro area is in a robust growth stage. The area posted a strong quarter-on-quarter GDP growth of 0.6% in Q2 2017 and economic survey outcomes in Q3 2017 point towards growth acceleration. As a result, the estimated Euro area GDP growth of 1.7% for 2017 has been revised to 2.1%.

Inflation was 1.8% and 1.5% in Q1 2017 and Q2 2017 respectively. These percentages were well above the near-zero level in 2015 and 2016 and are supported by increasing employment growth and rising incomes. These fundamental improvements feed the speculation on the timing of the conclusion of the quantitative easing program of the ECB and the consequent timing of a rising interest rate.

The unemployment rate is decreasing rapidly to 9.2% in Q2 2017. As unemployment is spread unevenly across European regions, some regions and sectors are already reporting shortages of skilled employees.

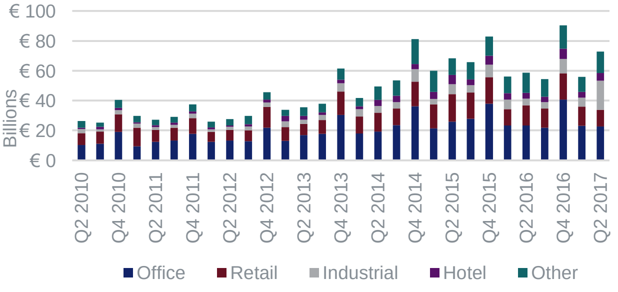
Fig. 1 – Euro area economic indicators

	2015	2016	2017F	2018F
Private Consumption	1.8%	1.9%	1.5%	1.4%
Exports of goods & serivces (% of GDP)	6.4%	3.2%	4.7%	3.5%
GDP	1.9%	1.7%	2.1%	1.9%
Consumer prices	0.0%	0.2%	1.5%	1.3%
Unemployment rate	10.9%	10.0%	9.1%	8.5%
10 years government bond rate (period average)	1.2%	0.9%	1.2%	1.6%

European Real Estate - Investment Market

Since late 2013 real estate investors who were spurred by low interest rates anticipate on Europe's economic recovery. Consequently, investment volumes were at a high level during 2015 and experienced another peak in 2016.

Fig. 2 – European CRE investment volume (billions)

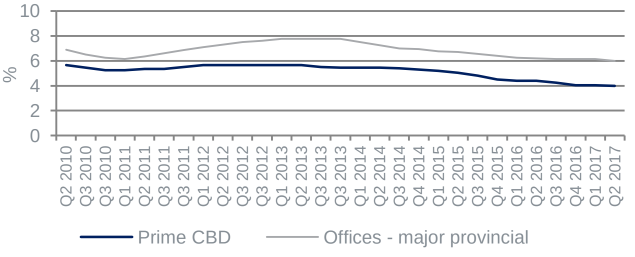


On continental Europe, Germany is the largest investment market with an investment volume of € 13.9 billion in Q2 2017. With € 5.3 billion in reported investment transactions, France was the second market in Q2 2017. France was closely followed by Sweden, Spain and the Netherlands that all reported an investment volume of € 4.1 billion.

The Netherlands – Office Market

Investment Market ● A total of € 2.6 billion was invested in offices in H1 2017. This means a record high volume for the first 6 months of the year and an increase of 10% compared to H1 2016. The Top 10 of largest transactions consists of several large portfolio deals. Due to the strong investor demand, the prime net initial yield declined during 2016 and 2017 to a level of 3.9% in Q2 2017. The low return on government bond rates keeps investor appetite for prime CBD and city center properties high, particularly in Amsterdam. Meanwhile, the interest for office properties in non-prime areas is only catching up gradually. This is confirmed in a moderate increase of the spread between the prime Amsterdam net initial yield and the net initial yield of major provincial cities.

Fig. 3 – The Netherlands office yields



Letting market ● In H1 2017, a total take-up of 466,500 sqm was realized, divided over 257 letting transactions of 500 sqm and over. This is an increase of 8,7% compared to H1 2016. Since 2013, vacancy in the Netherlands has been declining gradually to 13.1% (6,698,900 sq m) at the end of H1 2017. This is due to the elevated take-up levels of recent years in the stronger markets, conversions of vacant office to other uses in secondary markets and a very limited development pipeline.

Outlook ● The further declining availability in prime buildings, a limited development pipeline and continuing strong occupier demand is likely to lead to continuing prime rental growth in Amsterdam and Utrecht. For Rotterdam and The Hague still a more modest rental growth is forecasted in the longer term. Prime yields in the large cities may decline further, but, in a moderate way in 2017.

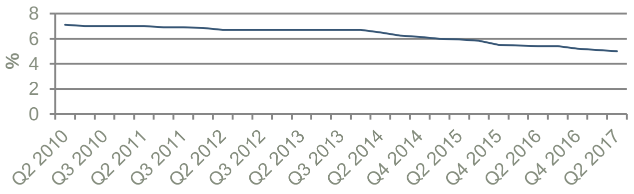
The Netherlands – Logistics Property Market

Investment Market ● The industrial property market witnessed a total investment volume of € 1.2 billion in H1 2017. Compared to H1 2016 this is a substantial increase of 87.4%.

MARKET OVERVIEW (CONT.)

The Netherlands – Logistics Property Market (cont.)

Fig. 4 – The Netherlands prime logistics yields



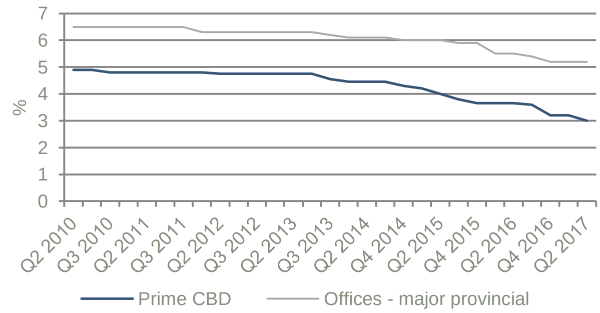
Occupier market ● H1 2017 witnessed a total logistics take up of 1,054,000 sq m. Compared to H1 2016, this is an increase of 62.7%. Noteworthy is that particularly companies active in the field of e-commerce - or traditional parties reinforcing their role in the e-commerce market - have contributed to this result.

Outlook ● Prime rents are expected to remain stable in the current market in which developers lure tenants with very favorable lease terms. However, due to the expected growth in the occupier market and the low interest rates, investor demand is expected to remain high for the foreseeable future. This will keep the yields under a downward pressure. For the most prime logistic hubs the prime yield contraction is an estimated 20 bps at the end of 2017 relative to 2016 year-end.

Germany – Office Property Market

Investment Market ● The German commercial property investment market set another record in the first half of 2017 with an investment volume of € 25.8 billion. This is an increase of 45% compared to H1 2016. Similar to H1 2016, 45% of the overall investment volume concerned office buildings. The net initial yields remained under downward pressure in the current market with the unabated strong demand for German commercial property. The average prime net initial yield of first rate office properties in the top locations has dropped to 3.3%.

Fig. 5 – Germany office yields



Occupier market ● A total of 1.6 million sq m has been taken up in the German letting market in the top 5 cities (i.e., Berlin, Düsseldorf, Frankfurt, Hamburg and Munich). This is a growth of 2.5% compared to H1 2016 and marks the first half of 2017 as the strongest in the last ten years. With a share of 25%, the telecommunications, media and technology sector has generated the main part of the take up.

The absolute volume of vacant office space has fallen in all top 5 cities and stood at 4.1 million sq m at the end of June 2017. This equates to a vacancy rate of 5.5%. Although the development pipeline is growing, the demand for modern office space is estimated to be higher than the current committed developments can deliver. For that reason, many of the current development projects have been pre-let.

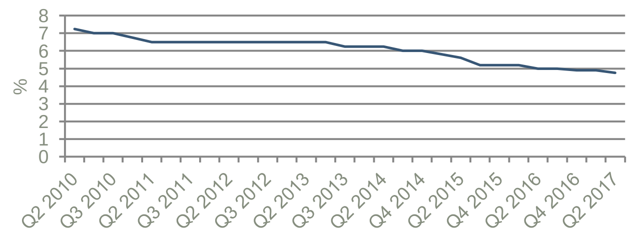
Scarcity of office space combined with a sustained strong demand for modern office space are driving rents up. With achievable prime rent unchanged at € 474 per sq m, per year, the most expensive office properties are situated in Frankfurt.

Outlook ● As the result of the expected sustaining take up growth, German office properties are likely to continue to remain attractive to investors. Rising rents accompanied by shortage in supply are causing users to focus on optimising space. From an occupier perspective, new workplace strategies are expected to gain popularity to help to avoid expanding office premises in the expensive prime areas despite the rising number of employees. Large scale expansion towards secondary areas in the current market is unlikely.

Germany– Logistics Property Market

Investment Market ● The all time high of € 5.4 billion investment volume in H1 2017 can largely be explained by the German part of the large Europe wide Logicor deal. However, the investor appetite for German logistics properties is widely based. This is confirmed by the continuing yield compression. In the established top logistics markets of the top 5 cities (i.e., Berlin, Düsseldorf, Frankfurt, Hamburg and Munich), prime yields for logistics properties with modern fit-outs and let long-term dropped by 15 bps and now records 4.75%. With this achievement, the prime yield has fallen to an unprecedented low and is approaching that of the logistics property market in the UK which currently stands at 4.50%.

Fig. 6 – Germany logistics prime yield



MARKET OVERVIEW (CONT.)

Germany – Logistics Property Market (cont.)

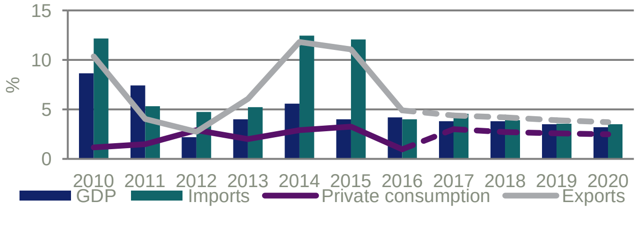
Occupier market ● In the first six months of this year, take up on the nationwide warehouse and logistics property market was recorded at 2.8 million sq m through leasing and owner-occupation. Although the take up realised was 15% below that of H1 2016, it was nonetheless slightly higher than the 5 year average of the first half-years.

Outlook ● Even if the interim result at the end of the first six months of 2017 has not matched the record year of 2016, it is not expected that demand for space will decline. Quite the contrary: demand will be driven by restructuring, spare parts logistics and e-commerce. The sound condition of the German economy, the significance of Germany as an important hub for European as well as global trade flows, along with huge and affluent domestic consumption all suggest healthy demand for warehouse and logistics space. Given the strong domestic demand of private consumers and a steady upturn in online retail the underlying sector trend is positive. Now that transporters and deliverers are creating ever more efficient solutions for the last mile delivery, the demand for premium distribution centres and transhipment hubs close to the cities remains at a high level. Online retail is far from reaching the limits of its growth and is increasingly whetting the appetite of investors for adequate properties. In this context, Germany is likely to continue to be one of the most popular investment targets in Europe. The growing interest of domestic and international investors will arguably further increase investment volumes. Depending on the realisation of a number of properties in the market with lot sizes between € 20 million and € 100 million, a transaction volume over € 7 billion by the end of the year is possible.

Luxembourg– Logistics Property Market

Investment Market ● : Investment transactions in the industrial and logistics sector are occurring very infrequently. Also, transactions are in general between landlords or real estate developers and tenants: real estate investors are barely active on the Luxembourg logistics market.

Fig. 7 – Luxembourg economic indicators



Occupier market ● Although take-up numbers are not available, the general market impression is that occupier demand has been high since 2016 reflecting Luxembourg's positive economic condition. Most of the occupier demand is absorbed by the owner-occupier warehouses and concerns smaller units below 5,000 sq m. Given the still positive state of the economy and overall sentiment, it is expected that demand remains at a high level in the coming quarters.

Rents remained stable over Q2 2017. Rents for smaller units below 5,000 sqm range between € 96 and € 144 per sqm, per year. Larger units of 5,000 sqm and over are on the market for € 72 per sqm, per year.

Outlook ● With the high occupier demand pressure, rents are expected to remain stable for the second half of 2017, despite the substantial number of development space coming to the market. The industrial/logistics investment market activity is likely to remain subdued.

Sources: CBRE, Oxford Economics

PORTFOLIO MANAGER REPORT

ASSET MANAGEMENT

The Fund's asset management strategy remains focused on maximizing asset value through leasing (new lettings, lease renewals and rent reviews), and capital growth (asset value protection), while paying due attention to the following investment criteria: risk diversification, security of the capital invested and maintaining a portfolio with a long-term investment horizon.

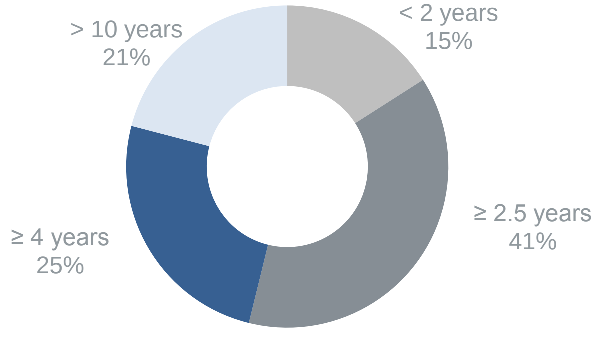
Rental growth

Total theoretical income has remained stable at € 8,505,405 as per September, 30th 2017, stable compared to the previous quarter.

Lease expiry and voids

The average lease length based on rental income equals approx. 4.55 years. The tenant IEE in Luxembourg has announced his decision not to use the break option on his lease agreement, thus resulting in a new lease term running until June, 30th 2020.

***Fig. 6** – Expiry of lease term*



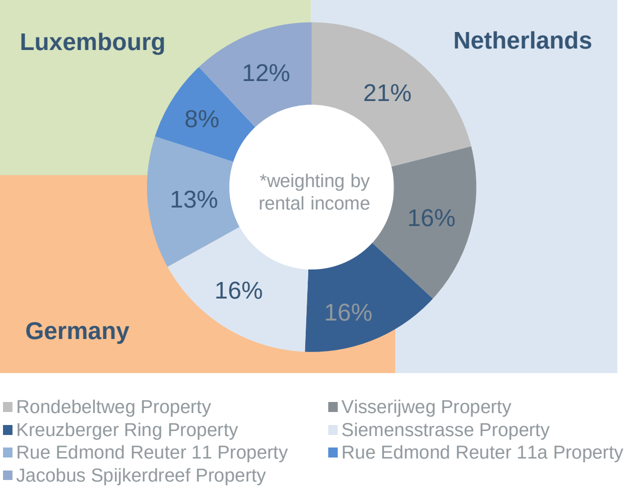
Portfolio Yields

The direct portfolio Net Initial Yield (passing rent or net operating income divided by the gross property value) was 7.12 % as at September, 30th 2017 compared to a net initial yield at acquisition of 6.93 % (March, 31st 2016). This upward movement reflects the strong Net Initial Yield of the new acquisition of Scotch & Soda (10.23%). Excluding this new property, the Net Initial Yield was driven by an increased appetite from institutional investors for commercial real estate in the context of a low interest rate environment. A number of transactions occurred, which provided evidence of a compression of the yield in the market.

	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17
Net Initial Yield	6.71%	6.61%	6.78%	7.10%	7.12%

Risk diversification

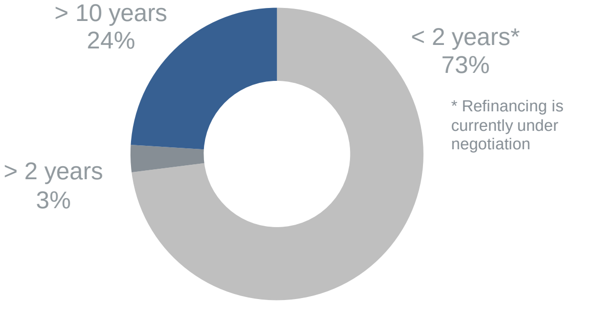
***Fig. 7** – Portfolio weighting* by asset and geography*



DEBT FINANCING

	30 Sept 2017
Loans Total Value	€ 44.1 million
Loan To Value	42.9 %
Weighted Average Margin	237 bps
Interest Service Coverage	6.09 x

***Fig. 8** – Total debt maturities*



SUMMARY

The Fund portfolio has performed well in the past quarter, with asset level sales and income performance supporting increases in the portfolio valuation during the quarter. The majority of the assets are expected to exceed their budgeted performance over the full financial year.

Arab Bank (Switzerland) Ltd.
30 September 2017

PROPERTY PORTFOLIO

(Figures as of 30.09.2017)

Rondebeltweg Property — **Almere (The Netherlands)**

Gross Rental Income: €1.8m — Fair Market Value: € 23.8m

Remaining Lease Term: 10.3y — Net Initial Yield at acquisition*: 7.05%

Description – This modern logistics building with about 25,800 sqm of net lettable area consists of two warehouses, and offices on the 1st and 2nd floors.

Location – Close to Amsterdam (15min by car), located in a dynamic area with increasing activity in the neighborhood.

Tenant – The tenant, Staples, uses the premises to sort, store and distribute its stationery products throughout the Netherlands. Staples (NASDAQ-listed, market capitalization of USD 8 billion as of October 2015) offers a wide range of office essentials, IT products, and catering supplies.

Visserijweg Property — **Oosterhout (The Netherlands)**

Gross Rental Income: € 1.3m — Fair Market Value: € 16.4m

Remaining Lease Term: 2.3y — Net Initial Yield at acquisition*: 6.97%

Description – This logistics center consists of a warehouse and offices on the 1st and 2nd floors.

Location – Strategically located in relation to the ports of Rotterdam and Antwerp with a direct water link, as well as to the European hinterland with access to 3 major motorways..

Tenant – Our tenant, the family-owned Rietveld company, is providing transport and logistics services to Lidl (German global discount supermarket chain with €59bn revenues in 2014). Rietveld uses the premises to store non-perishable products before distributing them in Lidl’s stores all over The Netherlands.

Kreuzberger Property — **Wiesbaden (Germany)**

Gross Rental Income: € 1.3m — Fair Market Value: € 15.1m

Weighted Remaining Lease Term: 4.2y — Net Initial Yield at acquisition*: 6.65%

Description – This small office building with about 9,950 sqm of net lettable area consists of three buildings, partly connected, with a basement garages and attractive landscaping, accessible via a private access road that belongs in part to the property.

Location – Close to Frankfurt (15min by car), Wiesbaden has the 2nd largest GDP per inhabitant in the state of Hesse, after Frankfurt, making it one of the richest cities in Germany.

Tenant – Two buildings are fully-let by Otto Harrassowitz, a book publisher for academic and research libraries, historically established in Wiesbaden since World War II. The first floor of the third building is let by the sales division of Drägerwerk, a family-run DAX-listed enterprise selling medical and safety technology; while the upper floors are rented by a non-profit organization offering professional trainings

** The passing rent or net operating income divided by the gross property value*

(Figures as of 31.03.2017)

Siemenstrasse Property	**Goch (Germany)**
Gross Rental Income: € 1.4m	Fair Market Value: € 15.3m
Remaining Lease Term: 2.25y	Net Initial Yield at acquisition*: 7.75%

Description – This modern logistic building, with about 14,800 sqm of net lettable area, consists of two warehouses, with adjoined offices, and is equipped with loading docks and an internal unit for storage of chemical goods.

Location – Strategic location close to the border with The Netherlands, in a logistic hub in the heart of Europe.

Tenant – The area is fully let to Vos Logistics, an independent European logistics service provider. Our tenant uses the premises for the storage and stock management of AkzoNobel products (i.e. decorative paints, performance coatings and specialty chemicals) for the German market.

Rue Edmond Reuter 11 Property	**Contern (Luxembourg)**
Gross Rental Income: € 1.1m	Fair Market Value: € 13.6m
Remaining Lease Term: 2.75y	Net Initial Yield at acquisition*: 6.94%

Description – This high quality and multifunctional office building, built in 2006, consists of three levels of office area, an adjoined ground level warehouse/technical research area, and underground parking with 282 parking spots.

Location – Ideally located in the heart of Luxembourg close to the national airport and its Cargocenter; close to highway connections and only a few minutes form the city center.

Tenant – The tenant (International Electronics & Engineering) is a global leader in automotive sensing systems, enhancing safety in vehicles produced by major car manufacturers.

Rue Edmond Reuter 11a Property	**Contern (Luxembourg)**
Gross Rental Income: € 0.7m	Fair Market Value: € 10.0m
Weighted Remaining Lease Term: 2.25y	Net Initial Yield at acquisition*: 5.74%

Description – This high quality and multifunctional warehouse was built in 2005 and was designed specifically for DHL (market leader in express transport service), to create a central hub in Luxembourg. The premises are hosting a call-center, other administrative functions as well as a sorting center. The high number of loading docks (capacity of 41 docks) speeds up loading and un-loading of lorries.

Location – Ideally located in the heart of Luxembourg close to the national airport and its Cargocenter; close to highway connections and only a few minutes form the city center.

Tenant – DHL is part of Deutsche Post Group (world's leading postal and logistics Group). This property is the only warehouse owned by DHL in Luxembourg: all letters/packages are sorted out in this center (approx. 6'000 packages per day).

** The passing rent or net operating income divided by the gross property value*

PROPERTY PORTFOLIO

(Figures as of 31.03.2017)

Hoofddorp Property	**Jacobus Spijkerdreef (Netherlands)**
Gross Rental Income: € 1’046’400	Fair Market Value: € 8’750’000
Remaining Lease Term: 4.3y	Net Initial Yield at acquisition*: 10.23%

Description – The President is a distinctive eye-catcher not only providing efficient logistic space, but also a very pleasant office to work in (total area of 9’514 sqm).
Location – With Schiphol International Airport only 3km away, and close proximity to Europe´s largest Seaport in Rotterdam, The President is ideally located.
Tenant – Scotch & Soda was established in 1985 in Hoofddorp and uses the premises as a showroom and warehouse to service all stores selling its collections in The Netherlands and abroad.

** The passing rent or net operating income divided by the gross property value*

INREV INFORMATION

Supplementary Statement of INREV compliant Net Asset Value/Gross asset value

	September 30 2017	December 31, 2016	GAV 30.09.2017
	EUR	EUR	EUR
NAV/GAV as per IFRS financial statements	**59'719'137**	**48'638'960**	118'576'913
Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle		- - -	
Effect of dividends recorded as a liability which have not been distributed	732'398	556'274	
NAV after reclassification of equity-like interests and dividends not yet distributed	**60'451'535**	**49'195'234**	
Fair value of assets and liabilities	- - -	- - -	
Revaluation to fair value of investment properties	- - -	- - -	
Revaluation to fair value of self-constructed or developed investment property	- - -	- - -	
Revaluation to fair value of investment property held for sale	- - -	- - -	
Revaluation to fair value of property that is leased to tenants under a finance lease	- - -	- - -	
Revaluation to fair value of real estate held as inventory	- - -	- - -	
Revaluation to fair value of other investments in real assets	- - -	- - -	
Revaluation to fair value of indirect investments not consolidated	- - -	- - -	
Revaluation to fair value of financial assets and financial liabilities	- - -	- - -	
Revaluation to fair value of construction contracts for third parties	- - -	- - -	
Set-up costs	128'440	162'240	128'440
Acquisition expenses	2'457'934	2'972'386	2'457'934
Contractual fees	- - -	- - -	
Effects of the expected manner of settlement of sales/vehicle unwinding	- - -	- - -	
Revaluation to fair value of savings of purchaser's costs such as transfer taxes	514'280	377'809	514'280
Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	2'084'364	1'490'886	
Effect of subsidiaries having a negative equity (non-recourse)	- - -	- - -	
Other adjustments	- - -	- - -	
Goodwill	- - -	- - -	
Non-controlling interest effects of INREV adjustments	(194'898)	(140'152)	
NAV/GAV as per INREV guidelines	**65'441'655**	**54'058'403**	**121'677'567**

NOTES TO INREV NAV

1. The net asset value attributable to Unitholders per the consolidated statement of financial position is stated with no accrual for the June distribution.

2. The fair value of financial instruments held for hedging purposes are recognised in the consolidated statement of financial position and so no adjustment is required in calculating the INREV NAV.

3. In arriving at an INREV NAV, set-up costs and acquisition costs are required to be capitalised and amortised over five years.

4. Both IFRS and INREV guidelines state that the recognition of performance fees should be deferred until they can be reliably measured and, in the case of the INREV guidelines, it is probable that they will be paid. They have therefore not been recognised in either the consolidated statement of financial position or the INREV NAV.

5. The independent valuer has valued the properties on the basis of a realisation through an asset sale except for two properties located in the Netherlands. Given the intended method of realisation of these properties located in the Netherland is through the disposal of shares rather than assets, and taking into account the substantial value of several assets, the purchaser's costs have been adjusted to reflect their estimated fair value.

6. The deferred tax liabilities have been calculated as the difference between the independent valuer's assessment of the market value and the tax cost base of the asset, multiplied by the applicable tax rate and further multiplied by a discount factor. It is not possible to accurately determine the actual discount that might be applicable to any single transaction and a flat discount factor of 50% has been allocated on deferred taxes related to properties that are expected to be disposed through share deals. IFRS requires that deferred tax liabilities are recognised at 100% in the consolidated statement of financial position.