Anlage 6.2.1.

Testierter Jahresabschluss des Fonds zum 31.12.2017

Aberdeen European Residential Opportunities Fund

Annual report for the year ending 31 December 2017 - Audited

May 2018

Horisonten – Lindholm Brygge, Denmark

General information

Registered Office

Aberdeen European Residential Opportunities Fund
société en commandite spéciale
société d'investissement à capital variable – fonds d'investissement spécialisé
35a avenue John F. Kennedy
L-1855 Luxembourg
Grand-Duchy of Luxembourg

General Partner

AEROF (Luxembourg) GP S.à r.l.
société à responsabilité limitée
35a avenue John F. Kennedy
L-1855 Luxembourg
Grand-Duchy of Luxembourg

Alternative Investment Fund Manager (AIFM) and Risk Management

Aberdeen Global Services S.A.
35a, avenue John F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Fund Team

Mr Andrew Allen
Fund Director

Mr Christian Schjødt-Eriksen
Senior Fund Manager

Ms Mihaela Ruhl
Fund Manager

Mr Ed Crockett
Fund Manager

Mr Peder Schjoldager
Fund COO

Mr Ralf Köhler
Head of Treasury

Ms Ann-Sophie Hövelmann
Fund Analyst

Portfolio Manager

Aberdeen Asset Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH
United Kingdom

Combined Investment Advisor & Asset Manager
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Independent Advisors

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560, rue de Neudorf
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Auditor
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Valuation Advisor
Cushman & Wakefield, UK
Cushman & Wakefield, Germany

Depositary, Paying Agent, Central Administration Agent, Registrar Agent
RBC Investor Services Bank S.A.
14, Porte de France
L-4360 Esch-sur-Alzette
Grand-Duchy of Luxembourg

Board of Directors of the Fund

Pertti Vanhanen (Chairman), Global Co-Head of Real Estate Property, Aberdeen Asset Management plc
Sarah Barely, Head of Finance, Aberdeen Global Services S.A.
Michael Determann, Non-Executive Director

Board of Directors of the AIFM

Gary Marshall (Chairman), Head of EMEA - Product Division Management, Aberdeen Asset Management plc
Alan Hawthorn, Head of Investor Services, Aberdeen Asset Managers Ltd
Hugh Young, Managing Director, Aberdeen Asset Management Asia Ltd
Neil Dolby, Head of Fund Operations, Aberdeen Asset Management plc
Michael Determann, Non-Executive Director
Andreia Camara, Head of Risk Management Luxembourg & Conducting Officer, Aberdeen Global Services S.A.
Soraya Hashimzai, Head of Governance, Continental Europe/Conducting Officer – Product Development & Management, Aberdeen Global Services S.A.

Investment Committee

Andrew Creighton (Chairman)
Fabian Klingler
Norbert Kraus
Thomas Wolff
Tim Sankey
Ross Braithwaite
Marc Pamin
Ralf Köhler
Regional Head of Research
Regional Head of Asset Management

Contents

Key data

€m unless otherwise specified	2017	2016	Chg 2016 to 2017
Fund earnings data			
Rental income (€)	2.0	0.2	NM
Net Operating Income (€)	-3.9	-1.4	NM
Total return Class A	-17.9 %	3.2 %	-21.1pp
Total return Class B	-11.6 %	NA	NM
Accumulated return since inception Class A	-18.9 %	-1.2%	-17.7pp
Accumulated return since inception Class B	-11.6 %	NA	NM
Fund balance sheet data			
Total assets	70.4	19.8[B]	NM
Investment property (Lux GAAP)	62.3	13.2	NM
Total loans	9.9	-	NM
Net Asset Value (NAV) - Class A	48.5	17.6	NM
Net Asset Value (NAV) - Class B	3.6	NA	NM
NAV per share - Class A (€)	7.21	8.78	-17.9 %
NAV per share - Class B (€)	8.84	NA	NM
Number of shares - Class A	6,725,905	2,000,000	4,725,905
Number of shares - Class B	412,359	NA	NM
Loan to value (Fund LTV)	14.0 %	-	NM
Equity committed[A]	258.9	208.1	24.4 %
Equity drawn	65.2	17.8	266.9 %
Property data			
Number of properties	5	1	4
Existing space (sqm)	16,098	3,244	12,854
Fully developed (sqm)	64,070	3,448	60,622
Value of investment property (PGAV)	56.6	12.4	44.1

[A] FX rates as at 31 Dec 2016 and 2017 respectively.
[B] Netted with accrual of €12.4 million for settlement of currency hedge.

Bath Press Site, Bath, United Kingdom

Key facts	
Investment universe	European Economic Area
Risk profile (INREV 2011)	Opportunistic
Launch	Q2 2016
Expiry	Q2 2023
Fund structure	Luxembourg SCSp SICAV-FIS, close-ended with finite life
Mandate type	Discretionary
Target Fund Size (GAV)	EUR 600 million
Return target[A]	>12% pa
Target income distribution[A]	NA
Minimum investment	€10 million
Currency	EUR and USD
Currency hedging	For Class A the Partnership will seek to fully hedge all principal equity that is exposed to non-USD risk
NAV reporting frequency	Quarterly
External asset valuation	Quarterly
Reporting standard	Lux GAAP

Codes	
International Securities Identification Number (ISIN)	LU1608622038 LU1608622202
Legal Entity Identifier (LEI)	222100YRXKCWJ1QPPZ44
Org. number	13455
RCS Luxembourg	B 205.551
FATCA Classification	IGA1-DC (Sponsored investment entity)
FATCA Sponsoring Entity	Aberdeen Global Services S.A
Global Intermediary Identification Number (GIIN) - Sponsoring Entity	MVNN3A.00000.SP.442
GIIN - Fund	MVNN3A.00084.SF.442

Investment universe map

Primary (UK, Germany, Denmark, Sweden, Norway, Finland, The Netherlands, Belgium)
Secondary (France, Spain, Italy, Portugal, Ireland, Austria)
Not in focus (Rest of Europe, Lux)

Liquidity profile	
Redemption mechanism	Redemptions are not permitted.
Lock-in period	Close-ended verhicle with a six year term from the Final Closing with potential to extend for 24 months with approval by the Advisory Committee.
Notice period	Not applicable
Redemption period	Not applicable
Redemption price	Not applicable
Cap mechanism (Mandatory)	Not applicable
Suspension redemption	Not applicable
Liquidity buffer	Not applicable

The liquidity risk of the portfolio in normal market conditions is considered to be high on the basis that real estate assets are relatively illiquid. For more information see the Fund documentation.

[A] Target returns are offered as strategic goals and are not referenced to past performance
There can be no guarantee targets will be achieved

Report of the General Partner

Fund Manager's comments

For the period 1 January to 31 December 2017

Christian Schjødt-Eriksen
Fund Manager

The Partnership

The Partnership qualifies as an investment company with variable capital – specialised investment fund (société d'investissement à capital variable – fonds d'investissement spécialisé) pursuant to the Luxembourg law of February 13, 2007, relating to specialized investment funds (the "SIF Law") and as an alternative investment fund ("AIF") under the Luxembourg law of July 12, 2013 as amended on alternative investment funds managers (the "AIFM Law").

The Partnership's investment objective is to invest in commercial buildings located in the major cities of European Economic Area that can be transformed into higher value residential uses.

The Partnership is formed for a limited duration ending six years after the "Final Closing" which took place on 12 June 2017. This term may be extended by way of one two-year extension option by the General partner with the approval of the Advisory Committee.

Aberdeen Global Services S.A. (the "AIFM"), a public limited company incorporated under the laws of the Grand Duchy of Luxembourg and having its registered office at 35a, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, was appointed to serve as the alternative investment fund manager of the Partnership and is authorised to act as alternative investment fund manager by the Commission de Surveillance du Secteur Financier.

Market commentary

Global growth rate ended at 3.6% in 2017, which was in line with our expectations for 2017 – up from 3.2% in 2016. We also expect the solid and broad based growth to continue. GDP growth for the Eurozone was 2.2% in 2017, and our forecast for 2018 is unchanged from last quarter at 1.9%, implying a sustained period of above potential GDP growth.

Our short-term leading indicators of performance for the European property market remain strong, suggesting that the outlook for capital values over the next 6-12 months is positive in all major continental European markets. The gap between property yields and bond yields is historically high, investor sentiment is generally strong and economic and rental growth prospects are improving. Our most-favoured investment themes in the Eurozone include the private rented residential sector, which benefits from strong population growth in winning cities, a restricted supply with tight planning controls, and limited sites for new development. Another favoured investment theme is logistics, which is being supported by the growth of online retail.

According to Nationwide, UK house price growth continued to moderate during 2017 and ended at 2.6%, compared to 4.5% in 2016. Prices were, however, relatively flat during the summer months. Rental growth weakened over the course of 2017, as a slowing economy and political uncertainty have affected the willingness of occupiers to make long-term commitments. The Nordic residential owner occupier markets showed more diverging performance compared to previous years. The Norwegian market has in recent months seen prices fall, following years of exceptionally strong growth. Falling prices is experienced in Sweden as well and price growth is expected to be influenced by new amortization rules as of 2018. Danish apartment prices continue to show strong growth, while Finnish house prices are relatively stable.

Fund performance and commentary

The return for 2017 was -17.9% and -11.6% for Class A and Class B shares respectively (Adjusted NAV performance).

Performance during the year was mainly driven by a re-pricing of the Bath Press Site that faced a write down of €8.8 million vs. the amount of capital invested as a result of increased construction costs used in the external valuation at year-end. We continue to have conviction in the project but are currently reviewing whether it would be more attractive to the Fund to include a joint venture partner in project or forward sell some of the completed buildings in order to optimise returns.

In general, the J-curve shaped returns are as could be expected during the investments phase of the Fund. However, with the external valuations of the Fund's projects being €9.7 million lower than total capital invested or approximately €1.36 per share, this has caused us to review whether it is appropriate to use external valuations at this early stage in the cycle for the Fund's projects as the values will first materialise at closer to the completion stage.

The Fund has completed its final closing, with a total committed capital of EUR 258.9 million as of 31 December 2017. EUR 241.1 million is committed in Class A, the USD denominated share class, and EUR 17.8 million in Class B, the EUR denominated share class.

A total of EUR 65.2 million is now called and the capital is allocated to finance the first eight acquisitions in the UK, Germany, Denmark, Sweden and Finland. A fifth capital call was sent to the investors before year-end, to be drawn in January 2018.

At year-end, the Fund had closed five transactions and a further three projects were signed but not closed, as the closings are awaiting certain conditions for the project status to be met. In total, the capital commitment to the eight transactions corresponds to approximately 63% of the Fund's total capital commitments.

15 May 2018

Christian Schjødt-Eriksen

Fund Manager

The figures stated in this report are historical and not necessarily indicative of future performance

Performance summary

Performance

The return for 2017 was -17.9% and -11.6% for Class A and Class B shares respectively. This is based on the change in Adjusted NAV during the year, plus any distribution.

Net Asset Value

The Net Asset Value (NAV) is the value of all assets of the Company less liabilities to creditors (including provisions for such liabilities) determined in accordance with the Association of Investment Companies' valuation guidelines and in accordance with applicable accounting standards. There are currently no differences between the Adjusted NAV and the Lux GAAP NAV.

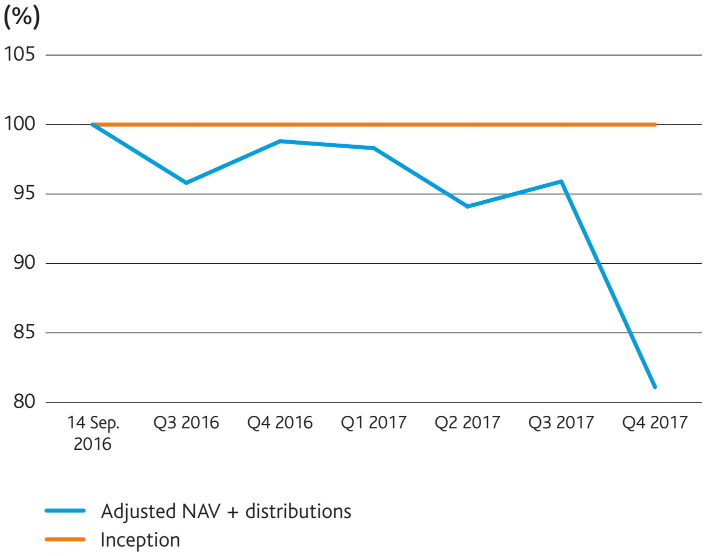
NAV table (€)

	Q4 2017 Class B	Q4 2017 Class A	Q4 2016 Class B	Q4 2016 Class A	Inception Class B[II]	Inception Class A[I]
NAV (Lux GAAP)	3,646,213	48,483,029	-	17,561,901	4,123,592	17,780,940
Equalisation charge	-	-	-	-	-	-
Fair value adjustment	-	-	-	-	-	-
Distribution	-	-	-	-	-	-
NAV (Adjusted total)	3,646,213	48,483,029	-	17,561,901	4,123,592	17,780,940
Lux GAAP NAV per share	8.84	7.21	-	8.78	10.00	8.89
NAV (Adjusted - per share)	8.84	7.21	-	8.78	10.00	8.89
Number of shares	412,359	6,725,905	-	2,000,000	412,359	2,000,000

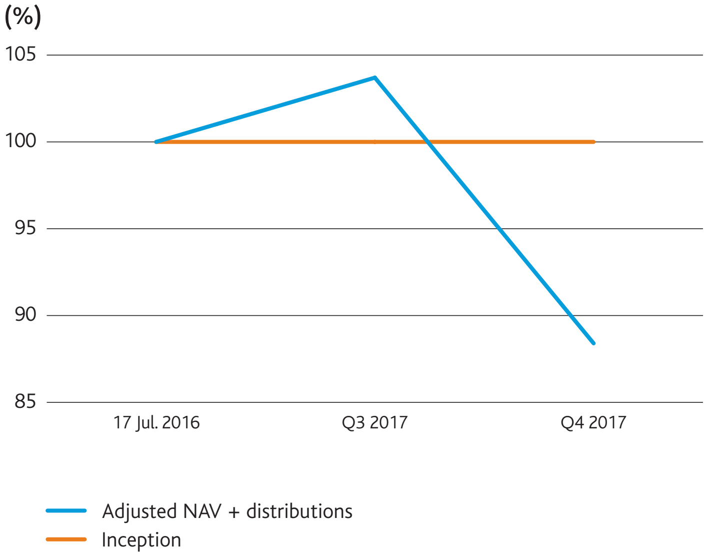
[I] 14 Sep 2016
[II] 17 Jul 2017

Fund level returns (%)	2017 Class B[II]	2017 Class A	2016 Class B	2016 Class A	Since inception Class B[II]	Since inception Class A	3 yrs (ann.)	5 yrs (ann.)
Total return, Adjusted NAV	-11.6	-17.9	NM	-1.2	-11.6	-18.9	NA	NA
Target return	12.0	12.0	NM	NM	NM	NM	NA	NA
Relative to target	-23.6	-29.9	NM	NM	NM	NM	NA	NA

Indexed NAV development Class A (EUR)



Indexed NAV development Class B (EUR)



Investment strategy

Investment objective

The Partnership believes that there is a compelling rationale for investing in commercial buildings located in the major cities of the European Economic Area that can be transformed into higher value residential uses.

This opportunity is driven by existing residential shortages in the major cities which are being exaggerated by rapid urban population growth and limited prospective residential supply additions. Concurrently we observe an excess of obsolete commercial space in these cities, illustrated by a high vacancy rate of offices and underutilised sites upon which many commercial buildings have historically been developed.

Strategy

The Partnership has a focused strategy to exploit the value difference between the existing use and the prospective residential value. It will seek capital gains on the basis of rezoning (to residential), optimising the design and use of the sites, developing the residential and ultimately selling the properties.

The intention is to develop a high conviction portfolio of 10-15 investments across a range of European countries.

Asset categorisation

The portfolio is divided into the following four categories measured on future risks, expected returns and development in certain areas. This categorisation is used in the daily management of the portfolio and also as a guide to the future strategy of the Fund.

Asset categorisation

Asset manage - long-term hold

IP[A] 2018	Q1 2017	Q2 2017	Q3 2017	Q4 2017
0%	0%	0%	0%	0%

Long-term hold

IP[A] 2018	Q1 2017	Q2 2017	Q3 2017	Q4 2017
0%	0%	0%	0%	0%

Immediate sale

IP[A] 2018	Q1 2017	Q2 2017	Q3 2017	Q4 2017
0%	0%	0%	0%	0%

Asset manage - short -term hold

IP[A] 2018	Q1 2017	Q2 2017	Q3 2017	Q4 2017
100%	100%	100%	100%	100%

Asset manage – long-term hold

- Manufacture of long-term hold assets
- Adding value to core assets

Immediate sale

- Assets no longer fulfilling a strategic or tactical role in the portfolio
- Sale possible now at a price which realises the value of unexploited opportunities
- Planned disposals for current calendar year

Long-term hold (10 years +)

- Held regardless of market environment or potential short-term relative performance
- Focus on quality
- Durable income
- Potential for growth

Asset manage – short-term hold

- Tactical, value-added strategy for assets not to be held in the long-term
- Assets requiring asset management prior to sale

[A] IP refers to the Investment Plan

Risk limits and investment guidelines

During the Investment Period, the Partnership will invest in Real Estate in accordance with the following Investment Restrictions:

- No investment in Real Estate located outside the member states of the European Economic Area.
- No more than 50% of the Total Capital Commitments may be invested in any one single country.
- No more than 20% of the Total Capital Commitments may be invested in any single Real Estate asset.
- At least 40% of Total Capital Commitments shall be invested in office space converted or to be converted into residential property.

At the end of the Investment Period the Partnership shall be invested in at least ten Real Estate investments and in at least four different countries.

Risk type	Risk limits (IMA)[A, B]	Current position – 31/12/17	Breach (Y/N)
INREV style	Opportunistic (INREV 2011)	Opportunistic (INREV 2011)	N
Geographic	100% Inside European Economic Area. Max. 50% of Total Capital Commitments in one single country. At least 4 countries after Investment Period	UK 15%, Germany 4%, Denmark 2%, Sweden 1% (of TCC)	N
Sector	Min 40% Office	10% Office, 12% Industrial (of TCC)	N
Currency risk exposure	The Partnership will seek to fully hedge all principal equity that is exposed to non-USD risk	GBP 58%, EUR 24%, USD 0%, DKK 13%, SEK 4% (Class A hedged)	Y
Single asset exposure	Max. 20% of TCC in single asset	Bath Press Site: 9.3%	N
Single tenant exposure	No guidelines or restrictions	Portrait Software International Ltd 40%	N
Development	100% developments	100% developments	N
Ownership/title	No guidelines or restrictions	91% weighted ownership	N
Indirect	No guidelines or restrictions	0%	N
Leverage (fund level)	Max 60% of GAV	14%	N
Leverage (asset level)	Max 65% of GAV	46.5% (Burgstrasse only)	N
Interest rates	No guidelines or restrictions	NA	N
Variable interest rates	No guidelines or restrictions	NA	N
Debt rollover next 2 yrs	No guidelines or restrictions	NA	N
Derivatives	Derivatives can only be used for hedging purposes	Principal equity is hedged against currency fluctuations	N
Liquidity buffer	No minimum restrictions	-	N
Cash and money market instruments	No guidelines or restrictions	€4.7 million	N
Limitation to transfer of share(s)/unit(s)	Investors may transfer their shares subject to the approval of the General Partner	-	NA
Valuation frequency	Semi-annually	Last valuation Q4 2017	N
Independency of Valuer	External valuers reviewed every 3 years	Cushman & Wakefield	NA

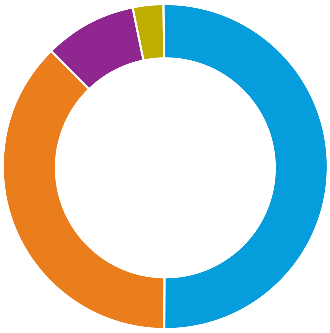
* Hedging was adjusted during Q1 and Q2 2018

[A] The IMA controls are static restrictions, legally binding, strategic in nature
[B] Risk limits do not apply until after the investment period and therefore no breach can yet exist

Portfolio allocation

Current geographic allocation
(%)

UK	50%
Germany	37%
Denmark	9%
Sweden	3%

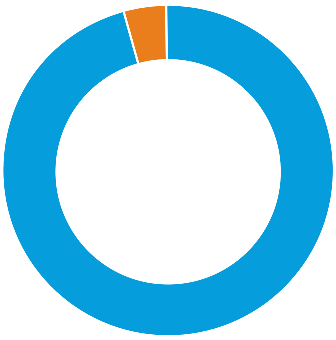


Current sector allocation
(%)

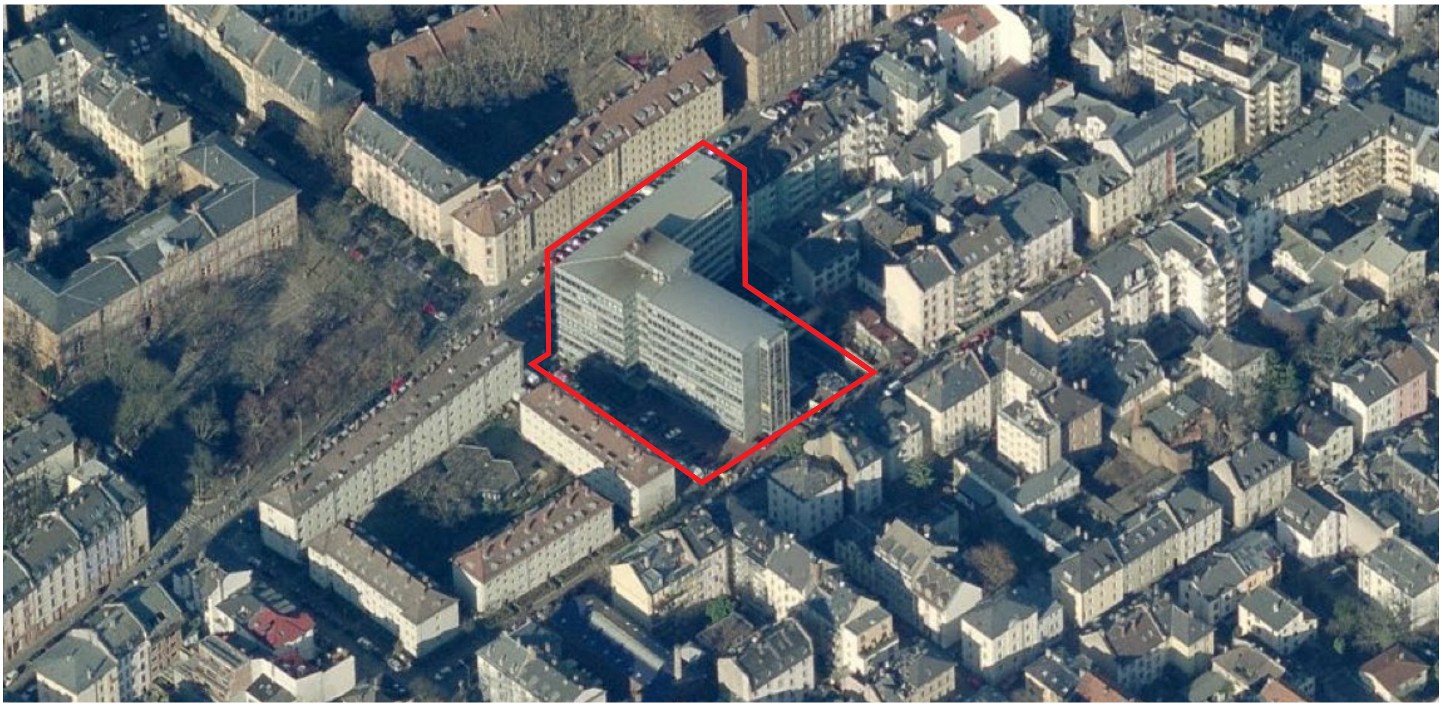
Office	62%
Industrial	38%

Expected sector allocation post-conversion*
(%)

Residential	96%
Retail	4%
Other	0%



* Based on current portfolio and based on base case sqm above ground



Burgstrasse 106, Frankfurt, Germany

Property portfolio overview

At year-end, the Fund had closed five transactions and a further three projects are signed but not closed, as the closings are awaiting certain conditions for the project status to be met. In total, the capital commitment to the eight transactions corresponds to approximately 63% of the Fund's total capital commitments.

Key portfolio data - as is

	Q4 2017	Q4 2016
Number of properties/projects	5	1
Existing space (sqm)	15,750	3,244
Value of investment property (€m)	56.6	13.2
Annualised rental income (€m)	2.0	0.9

Key portfolio data – planned development (base case)

	Q4 2017	Q4 2016
Fully developed (sqm)	62,880	3,448
Number of residential units	1,101	35
Total estimated gross development costs (€m)	250.3	19.7

Five largest projects – Key property data

	City	Country	Sector	Acq. date	Project type	Project size (sqm)	# of units	Resi segment	Est. delivery date	Current status
Bath Press Site	Bath	UK	Industrial	9 May 2017	Rebuild	20,900	244	Condos	2019-2021	Demolition
Horisonten	Aalborg	Denmark	Industrial	24 Nov 2017	Rebuild	17,200	190	Condos	2020	Project planning
Nobelvägen 125	Malmö	Sweden	Office	24 Oct 2017	Rebuild	12,800	450	Micro-living	2020-2021	Project planning
Burgstrasse 106	Frankfurt	Germany	Office	1 Apr 2017	Conversion	8,532	182	Condos	2019	Project planning
The Smith Centre	Henley-on-Thames	UK	Office	27 Sep 2016	Conversion	3,448	35	Condos	2021	Project planning
Total						**62,880**	**1,101**			

Five largest projects – Key financials (€m)

	Acquisition value[A]	Tot. invested capital Q4 17	Ext. valuations Q4 17	Est. project development costs	Equity allocated	Equity invested @Q4	Remaining eqt. commitment	Equity allocated as % of TCC
The Smith Centre	13.1	13.2	12.1	25.5	12.7	13.2	-0.5[B]	4.9
Burgstrasse 106	18.2	20.5	21.2	43.7	16.0	10.6	5.3	6.2
Bath Press Site	22.6	24.8	16.0	98.2	36.6	24.8	11.8[B]	14.1
Nobelvägen 125	2.2	2.4	1.9	40.3	20.2	2.4	17.9	7.8
Horisonten (Lindholm Brygge)	5.5	5.5	5.4	43.0	19.4	5.5	13.9	7.5
Total	**61.6**	**66.3**	**56.6**	**250.7**	**104.9**	**56.4**	**48.5**	**40.5**

[A] Including transaction costs and excluding accumulated capex
[B] External financing is currently being negotiated

Acquisitions and disposals

During 2017 AEROF closed four acquisitions in total and signed a further three acquisitions. During the second quarter of 2017 AEROF acquired Burgstrasse 106 in Frankfurt, Germany and the Bath Press Site in Bath, UK. During the fourth quarter of 2017 the Fund closed the acquisition of both Nobelvägen, a micro-living scheme in Malmö, Sweden and Horisonten, a residential tower in Aalborg, Denmark.

A conditional purchase agreement for the Paper Tower, Silkeborg, Denmark was signed during Q1 2017. The land plot will be taken over once the amended rezoning and a building permit are in place. A second purchase agreement for the Beach Terraces, Køge, Denmark was signed during Q2 2017. The acquisition closed in March 2018, as the amended rezoning and a building permit were in place. In December 2017, the Fund signed an SPA for the acquisition of Pyynikki Beach, a large conversion project in Tampere, Finland. The transaction closed in February 2018. In parallel, AEROF gained exclusivity for a project in Kista, Stockholm, Sweden which was signed and closed during Q1 2018.

In addition, the Fund team is actively looking at other concrete investment opportunities in Germany and the Nordics. Based on current activity the Fund expects to be fully committed during 2018.

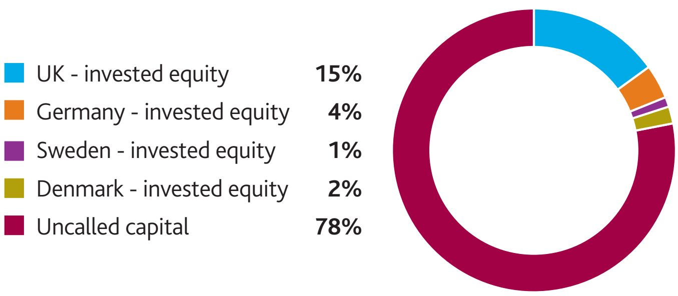
Acquisitions summary

Period	Activity	Number of properties	Acquisition price (€m)
2017	Closed	4	49.8
	Signed but not closed	3	31.3
	Total signed and/or closed	**7**	**81.1**

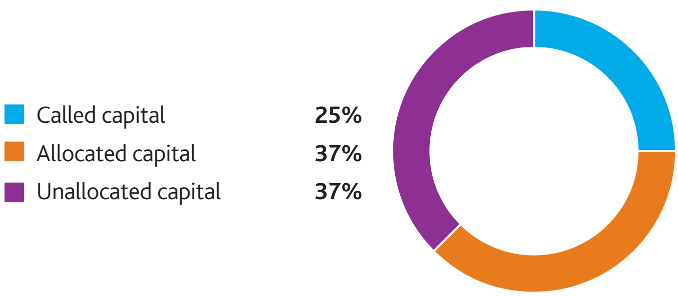
Closed investments

	Q4 2017	Q4 2016
Total number of properties	5	1
Acquisition cost property (incl. trans. costs) (€m)	61.6	13.2
Capex (€m)	4.7	0
Total investments	66.3	13.2
Current valuation of investment portfolio (€m)	56.6	12.4

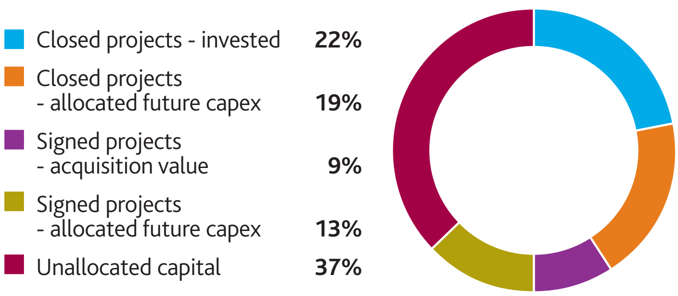
Closed and signed acquisitions - geographic allocation (equity as % of total committed equity)



Capital allocation (%)



Closed and signed acquisitions - capital allocation (equity as % of total committed equity)



Development projects

Closed acquisitions

The Smith Centre in Henley-on-Thames is located in a desirable and affluent residential area on the edge of an area of outstanding natural beauty. The 3,200 sqm property consists of a five building office campus and is fully let to a single tenant until March 2020. The plan is to improve the scheme which currently has permitted development rights.

Burgstrasse 106 in Frankfurt consists of 7,627 sqm above ground and is currently let to a range of tenants on mainly short-term leases, providing a net initial yield of 6.8%. The strategy is to convert the existing office space into residential condominiums whereas the existing commercial units on the ground floor will be retained as retail.

Bath Press Site is a redundant industrial building and roadside trade counter in Lower Bristol Road, Bath. The 5.44 acre site has an existing planning consent for redevelopment to 244 dwellings of various types, a provision of 15,984 sq ft (GIA) of flexible employment space, residential parking in a basement and associated amenity space. The development of the residential permission for sale is estimated to require a 4 year (46 months) development and sales timetable. The Fund is currently reviewing whether it would be more attractive to include a joint venture partner in project or forward sell some of the buildings in order to optimise returns.

Nobelvägen 125, Malmö, Sweden is a former combined office and industrial building. The plan is to develop the property to a scheme of approximately 450 micro-living rental apartments across 12,870 sqm. The scheme will target young people – students as well as young professionals. The project will include common areas; study/co-working space such as café/deli, reception and a gym.

Horisonten is a development project of a silo tower located on Lindholm Brygge, a former industrial area next to Limfjorden in Aalborg, the fourth largest city and third largest municipality in Denmark. The zoning plan for the land plot provides 17,210 sqm building rights with planning consent for redevelopment to residential.

Pending signed acquisitions

The Paper Tower in Silkeborg, Denmark. The land plot is a part of Papirfabrikken, a former paper factory that has been converted to a mixed use scheme with retail, office and residential. The land plot will be taken over once the amended rezoning and a building permit is in place, allowing for a high rise of approximately 11,400 sqm and 22 floors.

Køge Beach Terraces is a beachfront and former harbour area land plot in Køge, one of Copenhagen's largest suburbs. The 0.2 ha site has planning consent for redevelopment to residential and the acquisition is subject to final zoning plan and a final project and building permit which is expected to be ready in Q1 2018. The development consists of 5,740 sqm / around 50 residential units on seven stories.

Pyynikki Beach is a former combined office and industrial building complex in Tampere, the second largest city and economic area in Finland. The plan is to convert the old building into residential and commercial area and to use the existing residential building rights to create 13,900 sqm of residential and 8,500 sqm of commercial premises.

Bath Press Site, Bath, United Kingdom

Investment capital and investor base

Capital committed and capital base

The Fund has completed the final closing, with a total committed capital of EUR 258.9 million as of 31 December 2017. EUR 241.1 million is committed in Class A, the USD denominated share class, and EUR 17.8 million in Class B, the EUR denominated share class.

A total of EUR 65.2 million is now called and the capital is allocated to finance the first eight acquisitions in the UK, Germany, Denmark, Sweden and Finland. A fifth capital call was sent to investors on 27 December 2017, to be drawn in January 2018.

Overview of commited capital

Closing	Date	Number of new investors	Class A Amount committed (USD)	Class B Amount committed (EUR)[A]
1st closing	13 Jun 2016	1	158,300,000	
2nd closing	26 Aug 2016	-	43,000,000	
3rd closing	15 Nov 2016	-	18,200,000	
4th closing	18 Apr 2017	-	20,000,000	
Final closing	12 Jun 2017	2	50,060,000	17,752,337
Total		**3**	**289,560,000**	
Total EUR equivalent				**258,891,535**

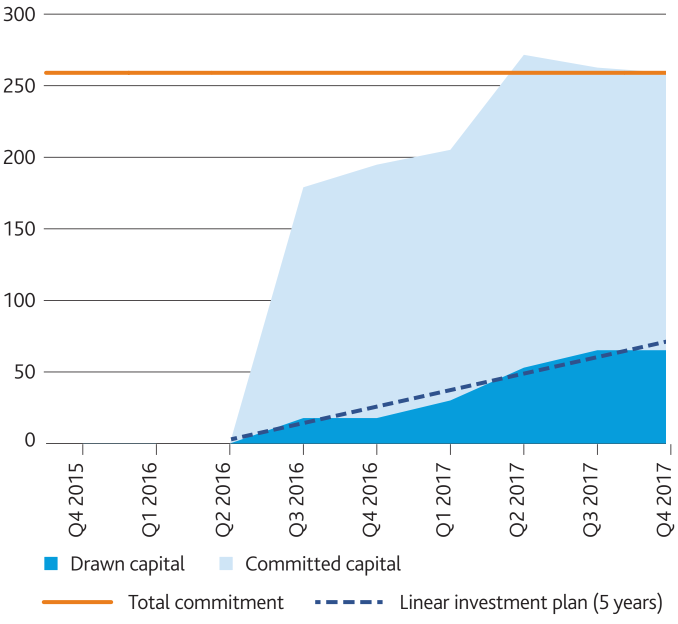
[A] FX rate as at 31 Dec 2017

Capital calls

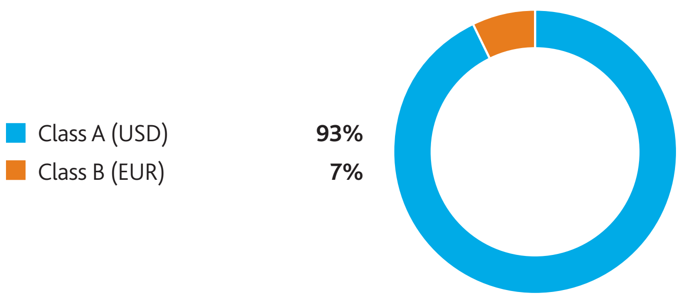
	Date	Number of investors	Class A amount called (USD)	Class B amount called (EUR)[A]	Total amount called (EUR)[A]
1st capital call	14 Sep 2016	1	20,000,000		17,780,939
2nd capital call	21 Feb 2017	1	13,000,000		12,338,063
3rd capital call	3 May 2017	1	25,000,000		22,918,959
4th capital call	17 Jul 2017	3	9,259,050	4,123,592	12,195,295
Total		**3**	**67,259,050**	**4,123,592**	**65,233,255**

[A] FX rate as at specific drawdown dates

Drawn capital and total commited capital



Allocation of share classes (%)



Currency overview

Currency strategy and hedging

The Fund is denominated in euros. For Class A, the principal equity in USD will be hedged against currency fluctuations and will typically be hedged with FX forwards. The Fund provides quarterly information on the currency exposure for total assets and NAV.

Currency hedging	31 Dec 2017				
	GBP	DKK	SEK	USD	Total (€)
Fx exposure (LOC)	30,725,000	51,184,086	23,714,925	9,521,375	52,945,192
Hedging in place (LOC)	30,400,000	25,642,597	19,037,000	9,500,000	49,127,214
Mtm value (€)	-468,181	-4,805	9,110	-87,894	-551,770
Hedging ratio	**99 %**	**50 %[A]**	**80 %[A]**	**100 %**	**95 %[A]**

[A] Hedging was adjusted during Q1 and Q2 2018

FX rates	31 Dec 2017	31 Dec 2016
GBP/EUR	1.1265	1.1715
USD/EUR	0.8328	0.9481
DKK/EUR	0.1343	NA
SEK/EUR	0.1017	NA

FX rate change in %	Q4 2017	Q4 2016
GBP/EUR	-0.7	1.4
USD/EUR	-1.5	6.5
DKK/EUR	-0.1	NM
SEK/EUR	NM	NM

	NAV 31 Dec 2017		Total assets 31 Dec 2017	
Currency exposure	(EUR '000s)	(%)	(EUR '000s)	(%)
GBP	30,097	56.1	31,329	44.5
EUR	14,836	27.7	29,145	41.4
SEK	2,375	4.4	2,409	3.4
DKK	6,296	11.7	7,496	10.7
Total	**53,604**	**100.0**	**70,379**	**100.0**

Financing and financial risk management

Financing

At the end of 2017, the Fund had a loan agreement with DG Hyp for Burgstrasse 106 in Frankfurt, Germany, in place. Currently €9.9 million out of the €37 million credit facility are drawn.

Both UK acquisitions are currently 100% equity financed but the Fund plans to subsequently debt finance part of the acquisitions value and recycle the freed-up capital into construction related capex and/or finance new investments. In parallel, there are ongoing negotiations to set up development financing for the Bath Press Site.

Furthermore, the Fund has progressed debt financing negotiations in relation to the acquisition and development of the three Danish projects.

Cash position

The Fund had a net balance of €4.7 million in cash as at 31 December 2017. All cash is invested in low risk money market funds and bank deposits.

Loans and interest rates

According to the short-term nature of the investments, the financing needs to be as flexible as possible. Thus, we have so far based the financing on floating interest rates with no prepayment fees. Depending on the development plans we are considering two phases of financing: first tranche to refinance part of the equity for the acquisition of the asset and second phase to partly finance capital expenditure during the construction phase. There may occur partial loan repayments already during the construction phase, depending on the disposal progress of the units and/or the phased nature of some of the development projects.

Key financing data	Q4 2017	Q4 2016
Total loans	9.9	-
Leverage of the AIF:		
Gross exposure (Fund level)	217%	-
Gross exposure - Maximum level	500%	-
Commitment exposure (Fund level)	126%	-
Commitment exposure - Maximum level	250%	-
Cash and cash equivalents	4.7	6.2[D]
Loan to Value (Fund level) (%)[A]	14.0	-
Net debt Loan to Value (%)[B]	7.3	-
Loan to Value (Property level) (%)[C]	46.5	-
Hedge ratio (% of loan hedged)	-	-
Average maturity of swaps (yrs)	-	-
Weighted average debt maturity (yrs)	3.25	-
Financing cost incl. margins (%)	2.68	-
Average loan margin (bps)	268	-

[A] The main LTV for the fund is calculated as total loans divided by total assets
[B] LTV is calculated as total loans minus net cash (cash and cash equivalents minus mark-to-market of SWAPS) divided by the property portfolio value
[C] LTV is calculated as total loans divided by the property portfolio value. In this case calculated only for Burgstrasse
[D] Netted with accrual of €12.4 million for settlement of currency hedge

European property market

General background

- Global growth rate ended at 3.6% in 2017, which was in line with our expectations for 2017 – up from 3.2% in 2016. We also expect the solid and broad based growth to continue. GDP growth for the Eurozone was 2.2% in 2017, and our forecast for 2018 is unchanged from last quarter at 1.9%, implying a sustained period of above potential GDP growth.
- The UK economy has slowed markedly in 2017, with a weaker consumer picture and Brexit-related uncertainty affecting capital investment. But with concerns over higher inflation and permanent damage to the supply side, the Bank of England raised interest rates in November.
- The continued growth in the Nordic countries during 2017 is the strongest since 2010 for the region.
- Residential in major continental European cities looks attractive, supported by structural undersupply, which can underpin both rental and capital-value growth.

Commercial property markets

- Our short-term leading indicators of performance remain strong, suggesting that the outlook for capital values over the next 6-12 months is positive in all major continental European markets. The gap between property yields and bond yields is historically high, investor sentiment is generally strong and economic and rental growth prospects are improving.
- Intense competition for stock continues and yields have continued to fall over the last quarter. In most markets, yields are below the levels reached at the peak of the market in 2007.
- Total return for the UK property market in 2017 was 11.2%, though investors' demand for secondary assets in other sectors was weaker given greater concerns over underlying occupier fundamentals.
- Transaction activity across the Nordic region was strong during 2017, with a transaction volume of €42.2 billion according to Pangea Property Partners – which is only 3% lower than for 2016 volumes. Transaction activity within residential rental properties was particularly high for Denmark and Finland, while office continued to be the largest sector across the Nordics.

Residential property markets

- Our most-favoured investment themes in the Eurozone include the private rented residential sector, which benefits from strong population growth in winning cities, a restricted supply with tight planning controls, and limited sites for new development.
- European residential is currently one of the most attractively priced mature markets globally, and could offer attractive risk-adjusted returns for investors at this point in the cycle.
- The number of homes being built has increased over recent quarters but still falls well short of the government's target, the supply of build to rent block under construction or in planning has increased nearly 40% this year impacting rents in some locations. Rental growth has also slowed with growth over the last twelve months, down to 1.6% at a national level and below 1% in London. According to Nationwide, UK house price growth continued to moderate during 2017 and ended at 2.6%, compared to 4.5% in 2016. Prices were, however, relatively flat during the summer months. Annual house price growth at -0.6% in London was negative for the first time since 2009. The regular RICS residential house price survey reported that, on balance, those surveyed expected slower UK house prices growth over the next six months with sentiment considerably weaker towards London and the south east region.
- The Nordic residential owner occupier markets are showing more diverging performance compared to previous years. The Norwegian market has in recent months seen prices fall, following years of exceptionally strong growth. On the other hand, rental prices are increasing, making residential yields more attractive. Prices have fallen in Sweden as well during the last months and price growth is expected to be influenced by new amortization rules as of 2018. Danish apartment prices continue to show strong growth, while Finnish house prices are relatively stable.

The Smith Centre, Henley-on-Thames, United Kingdom

Consolidated statement of operations*

(Amounts – EUR '000)	2017	2016
Income		
Rental income	1,961	218
Interest Income	27	-
Other income	16	-
Total income	**2,004**	**218**
Expenses		
Property operating expenses	442	8
Property maintenance and repair	32	-
Fund management fees	3,592	1,430
Property management fees	22	-
Taxes (current and deferred)	102	-
Interest expense on loans and swap	230	-
Amortisation of establishment costs	79	39
Amortisation of transaction costs	680	38
Current/deferred income taxes	-	1
Administrative and other expenses	791	82
Total expenses	**5,970**	**1,598**
Net operating income	**(3,966)**	**(1,380)**
Net unrealised gain / (loss) on property investments	(2,803)	-
Net unrealised gain / (loss) on foreign exchanges	-1,015	481
Net realised losses on foreign exchange	-819	-
Net unrealised gain / (loss) on financial assets	-767	96
Net realised gain / (loss) gain on financial assets	-1,990	543
Net increase in net assets resulting from operations	**(11,360)**	**(260)**
Net increase in net assets resulting from operations attributable to:		
Non-controlling interest (PL)	971	(5)
Owners of the Fund	(12,331)	(255)
	(11,360)	**(260)**

*There is a difference in classification of line items between the official LuxGaap financial statements for 2017 and presented above in the investor report.

Consolidated statement of net assets*

(Amounts – EUR '000)	31 December 2017	31 December 2016
Assets		
Non-current assets		
Real estate investments, at appraised market value	56,582	12,447
Real estate investments under construction, at appraised market value	2,376	-
Financial instruments, at appraised market value	-	96
Other assets - Intangible assets	3,595	996
Deferred tax assets	201	-
Current assets		
Accounts receivable	1,911	-
Cash and cash equivalents	4,708	18,686
Other assets	472	37
Other investments	534	-
Total assets	**70,379**	**32,262**
Liabilities		
Liabilities due after more than one year		
Long-term loans payable to banks	9,863	-
Financial instruments, at appraised market value	672	-
Deferred tax liability	1,119	-
Liabilities due within one year		
Interest accruals and payable	6	-
Accounts payable and accrued expenses	4,866	14,653
Tax payable	240	43
Deferred income	9	-
Total liabilities	**16,775**	**14,697**
Net assets	**53,604**	**17,565**
Net assets attributable to:		
Non-controlling interest	1,475	3
Owners of the Fund		
Capital contributions	65,233	17,781
Retained earnings	(255)	-
Distribution paid to shareholders	-	-
Conversion reserves	(518)	36
Results for the period	(12,331)	(255)
Net assets	**53,604**	**17,565**
Total equity and liabilities	**70,379**	**32,262**

*There is a difference in classification of line items between the official LuxGaap financial statements for 2017 and presented above in the investor report.

Responsible property investment

Fund Achievements for 2017

Aberdeen Asset Management views responsible property investment as a fundamental part of our business. As a property investment and asset manager we recognise that while property investment provides valuable economic benefits and returns for clients it has, by its nature, an environmental and societal impact. Aberdeen has made four commitments toward responsible property investment. We are committed to:

- Identifying, assessing, monitoring and controlling environmental, societal and regulatory risks at key stages of the investment, development and asset management operations.
- Ensuring effective governance and responding to and complying with regulatory requirements in every country in which we operate.
- Sharing our knowledge and engaging with central government, with local government and with other bodies in order to encourage best practice in the market and to steer government policy.
- Working in partnership with our key stakeholder groups – our investors, occupiers, employees, suppliers and the communities we serve.

This approach is at the centre of our investment practices and is embedded in all of our key business functions. We seek to manage our impact on the environment and to control both physical and regulatory risks related to climate change. Through effective control of the investment risk profile across all funds and mandates we seek to avoid obsolescence and to reduce the rate of depreciation of our assets.

We make use of the expertise within the responsible property investment team and we are actively engaged with the European Union, national governments and industry working groups, including a number of local Green Building Councils, the Global Real Estate Sustainability Benchmark (GRESB), the UK Better Building Partnership and the UN Principles for Responsible Investment (UN PRI). This ensures that Aberdeen helps to formulate government policies and that our management teams are well informed of future government intent and market direction.

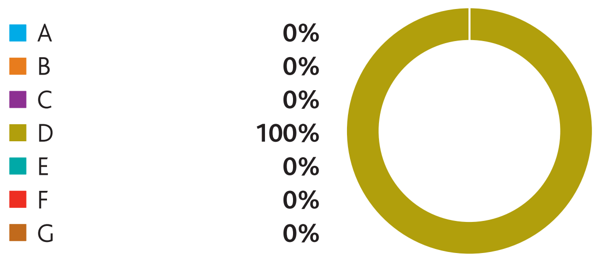
As we move into 2018 we intend to refresh our approach and strategy to responsible property investment and ESG (environmental, social and governance) and we will update in the coming months.

Fund Achievements for 2017

During 2017 we implemented our global responsible property investment strategy, ensuring that we meet the needs of our clients and stay ahead of the ever-increasing legislative requirements.

Fund facts – Energy Performance Certificates (EPCs)
Properties = 5
EPCs = 3 (100%)[1]
Total number of EPCs at A - C = 0 (0%)
Fund target once developed
Total Number of EPCs at A - C = 100%

Energy performance certificates score 2017



Risk management

Risk management function

The Group is committed to building and continuously improving a sound and effective system of internal control and a risk management framework that is embedded within its operations; this is the Group's first line of defence.

The Group's Risk Division, as the second line of defence, exists to support management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Conduct & Compliance, Operational Risk and Investment Risk Oversight. The team is headed by the Group's CRO, who reports to the Chief Executive Officer of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system (SWORD).

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group co-CEOs and to the Chair of the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment; it is the Group's third line of defence.

The Group's corporate governance structure is supported by several committees that bring together Group's subject matter experts from different departments, to assist the Group's Board of Directors, its subsidiaries and the funds to fulfil their roles and responsibilities.

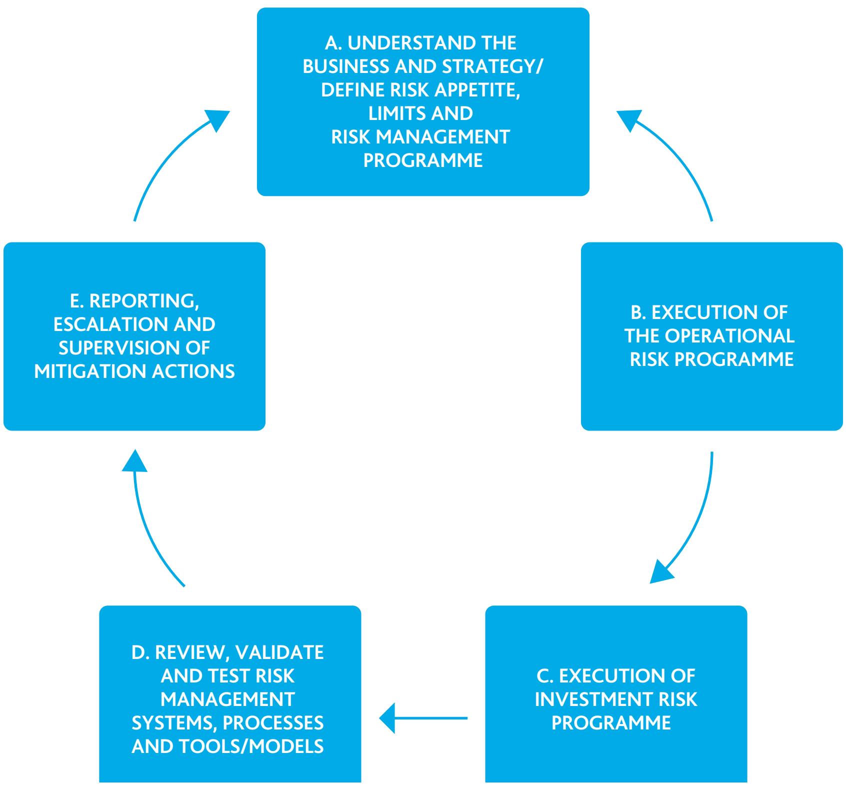
The Group's Risk Division is represented on all committees, with the exception of those that deal with investment recommendations to the Boards. The specific goals and guidelines on the functioning of those committees are described in their respective terms of reference.

Risk management programme

The risk management programme is typically aligned with the valuation and reporting cycle of the funds and can be summarised broadly in five steps, see the chart below.

The first step of the programme allows the risk teams to identify, assess and understand the inherent risks of the fund and to define the risk management programme. This step allow the Risk Management team to understand potential changes in the risk profile of the fund and to focus and adapt their level of analysis to the most significant risks. The operational risk programme execution allows the risk teams to assess whether the internal controls mitigating those risks are sufficient and effective. Further, the execution of the investment risk programme relates to the identification and measurement of risks embedded in the investments of the fund. The review of the risk management systems allows the risk teams to confirm whether the processes are operating as described in the procedures and whether they are still fit for purpose.

The review of the risk management systems, processes and tools results of the independent risk assessment are escalated to the relevant committees and boards which are responsible for overseeing how the business implements the necessary mitigating actions.



Description of the process of identifying, assessing and managing risks

- **Market risk**: Is a form of risk that impacts a fund's investments (Investment risk), which is primarily identified, assessed and managed through the Group's investment management processes. The Risk Management team is provided with the investment plans and observes how they are challenged by the Investment Strategy Group (ISG). The team also raises any concerns where it identifies issues that have not been raised by the members of the ISG. The information collected helps the Risk Management Department to have a holistic view of the idiosyncratic risks of the property portfolios. The market risk is further monitored through the computation of loan to value ratios and the level of leverage by both the gross and net approach. The leverage is calculated by converting each derivative instrument into the equivalent position in the underlying assets, on a NAV basis. The market risk linked to the concentration risk is mitigated through investment restrictions set according to the basic principle of diversification. The Risk Management Department uses other techniques such as scenario analysis, concentration analysis, tenant, lease and debt risk indicators, to complement techniques deployed.
- **Liquidity risk:** The Group has a Liquidity Risk Management Policy in place applicable to the funds and set out in accordance with its overall Risk Management Process, relative to the size, scope and complexity of the funds. Liquidity risk is monitored on both the asset and liability sides. To monitor asset liquidity risk, the Group employs a number of methods specific to the underlying assets in order to measure the level of liquidity. In all cases, the approach is to reference the actual holdings of the fund against the market evidence. A Group Pricing Committee is responsible for the review and monitoring of asset pricing, in addition to the approval of pricing methodologies and fair value approaches. The Group has implemented a Group Pricing Policy which details the operational responsibilities for pricing assets. The Group uses external independent appraisers to advise on the value of each of the individual assets of the portfolio. On the liability side, investor transactions and, beyond this, investor behaviour are the main drivers of liquidity within each open-ended fund. In this context, the articles and prospectuses contain certain key provisions or limits which provide protection to the funds and ultimately investors, in situations where liquidity might become a concern. In addition, the Risk Management Department performs periodic analysis in respect of the shareholder concentration and transactional behaviour. Other source of liquidity risk is debt. The Risk Management Department performs periodic analysis of debt maturity alongside current and potential covenant breaches under certain stressed conditions. Any particular concerns noted are escalated to the relevant Group Committee and Boards, if material.
- **Credit and counterparty risk:** Transactions involving derivatives are only entered into with counterparties having an appropriate internal credit rating validated by the Group's Credit Risk Department. The credit and counterparty risk linked to derivatives transactions are managed through processes outlined in the Group's Derivative Management Policies, standards for trading derivative instruments, and legal and collateral terms. The implementation of these policies is monitored by the Group Derivative Management Committee (DMC). The DMC is also responsible for monitoring aggregated derivative positions and exposures. The Group has as well a Credit Committee (CC) responsible to provide credit market insights and assess the impact on existing credit exposures and approved credit counterparties and approve or remove those counterparties.
- **Legal risk:** All key contractual arrangements entered into by the funds are reviewed by the Legal Department and, where required, by external legal counsel. If these contracts refer to delegation arrangements, where applicable, there is an operating memorandum defining information flows between the parties, frequency of services and deadlines, a clear attribution of rights and responsibilities of each party and, when applicable, the key performance indicators to measure performance. Any litigation issues are also handled by the Legal Department, which would provide updates to the Risk Management Department on any existing litigation, status of the litigation and the extent of any impact to the funds.
- **Tax risk:** The Group uses external tax consultants to advise on tax structuring, transactions and tax reporting.
- **Operational risk:** The Operational Risk Management Framework ensures that the operational risks taken and their contribution to the overall risk profile are accurately measured on the basis of sound and reliable data and that the risk measurement arrangements, processes and techniques are adequately documented. The identification, measurement, management and monitoring of operational risk within the Group are achieved through the use of the Group's Operational Risk Management Framework System, SWORD. This system provides the following key Risk Management Modules:

  – *Event Management*: This module serves as a historical loss database, in which any operational failures, loss and damage experience (Events) will be recorded. The records include professional liability damages. The process for recording, investigation and mitigation of Events aims to ensure that they are not repeated.

  – *Issues and Actions Plan*: The issues and actions module provides a standardised mechanism for identifying, prioritising, classifying, escalating and reporting internal audit findings and other on-going / unresolved matters impacting the Group from a risk or regulatory perspective (Issues).

  – *Risk and Control Self Assessment (RCSA)*: The RCSA process is to ensure key risks and key controls are identified and managed effectively in order to satisfy, at a Group level, Internal Capital Adequacy (ICAAP) requirements. The RCSA also provides a systematic and holistic means of identifying risk and control gaps that could impact business or process objectives which are agreed by senior management to complete.

  – *Business Continuity Plan (BCP)*: Is in place and designed for invocation where there has been significant disruption to normal business functions at any Aberdeen Group office that is likely to last longer than 24 hours.

Measuring risk

Where appropriate the Group applies the following measurements for each fund:

- **Leverage and debt related measurements**: measures the effect of gearing a fund's expected performance by allowing a fund to gain greater exposure to underlying investment opportunities (gains and losses). The higher the leverage the greater the risk (potential loss). The measurements are also designed to capture limitation on the capacity of managing the funds' assets due to restrictions or banking covenants which come associated with debt and the risk of not be able to re-finance debt upon maturity. Other secondary risks measured relate to whether the cost of gearing is too high and whether the length of the gearing is appropriate.
- **Stress test and scenario analysis**: Captures how much the current portfolio will make or lose if certain market conditions occur.
- **Concentration**: By grouping the portfolio through various different exposures: country, sector, issuer, asset, etc., to identify where concentration risk exists.
- **Asset net income leakage**: captures revenue risk arising from portfolio characteristics; type of leases or changes in the local rental market prices, tenant characteristics and concentration.
- **Alignment of asset/liability liquidity terms**: assesses whether the fund has enough liquidity to cover its short term liabilities and whether the maturity of the remaining fund liabilities are aligned with the asset liquidity profile.
- **Activities to measure operational risk**s: inquires to legal and tax teams on litigations and tax developments impacting the funds. Assessments of investor satisfaction. Understanding processes related to NAV production, investing and monitoring of investments. Analysis of SWORD Events and Issues, etc.

For some of the risk measurements above, the funds' Boards of Directors and Risk Management team will determine and set specific risk limits, which will be appropriate for each fund.

Escalation and reporting

The Group recognises timely and adequate reporting measures as well as escalation channels to be key components of the control process and management of risk.

The Risk Management Department provides regular updates to the Board/senior management on the adequacy and effectiveness of the Risk Management Process indicating, where applicable, actual or anticipated deficiencies and the remedial measures.

Risks identified at the level of the funds are reported to the Board of each fund, to the Board of the Manager and to the relevant Group Committee.

In addition, all issues and events impacting any Aberdeen entity or the funds are logged in SWORD, by the relevant area within the prescribed time limits.

Nobelvägen 125, Malmö, Sweden

Corporate governance

The Board of Directors and the Investment Advisor attach significant importance to corporate governance matters.

Board of Directors of the Fund

Name	Position / Company
Pertti Vanhanen (Chairman)	Global Co-Head of Real Estate Property, Aberdeen Asset Management plc
Sarah Barely	Head of Finance, Aberdeen Global Services S.A.
Michael Determann	Non-Executive Director

In July 2014, the Fund Board appointed Aberdeen Management Services S.A. as AIFM of the Fund, in accordance with AIFMD requirements. On 1 December 2015, Aberdeen Management Services S.A., merged with Aberdeeen Global Services S.A. which continues to be the AIFM of the Fund.

Board of Directors of the AIFM

Name	Position / Company
Gary Marshall (Chairman)	Head of EMEA - Product Division Management, Aberdeen Asset Management plc
Alan Hawthorn	Head of Investor Services, Aberdeen Asset Managers Ltd
Hugh Young	Managing Director, Aberdeen Asset Management Asia Ltd
Neil Dolby	Head of Fund Operations, Aberdeen Asset Management plc
Michael Determann	Non-Executive Director
Andreia Camara	Head of Risk Management Luxembourg & Conducting Officer, Aberdeen Global Services S.A.
Soraya Hashimzai	Head of Governance, Continental Europe/Conducting Officer – Product Development & Management, Aberdeen Global Services S.A.

To advance corporate governance and operating objectives, all decisions on acquisitions, disposals and financing must be approved by the Investment Committee. The Investment Committee currently consists of seven members from the Aberdeen organisation.

Investment Committee

Name	Position / Company
Andrew Creighton (Chairman)	Head Of Direct Property - Europe, Aberdeen Asset Managers Ltd
Fabian Klingler	Head of Direct Property, Continental Europe, Aberdeen Asset Management Deutschland AG
Norbert Kraus	Fund Manager - Real Estate, Aberdeen Asset Management Deutschland AG
Thomas Wolff	Co-Head, Direct Property, Nordics - Real Estate, Aberdeen Asset Management Norway AS
Tim Sankey	Fund Manager - Real Estate, Aberdeen Asset Managers Ltd
Ross Braithwaite	Fund Manager - Real Estate, Aberdeen Asset Managers Ltd
Marc Pamin	Fund Manager - Real Estate, Aberdeen Asset Management Deutschland AG
Ralf Köhler	Head of Treasury, Aberdeen Asset Management Deutschland AG
Regional Head of Research	NA
Regional Head of Asset Management	NA

Board of Directors

Mr Pertti Vanhanen

Chairman

Global Co-Head of Real Estate Property, Aberdeen Asset Management plc

Ms Sarah Barely

Board member

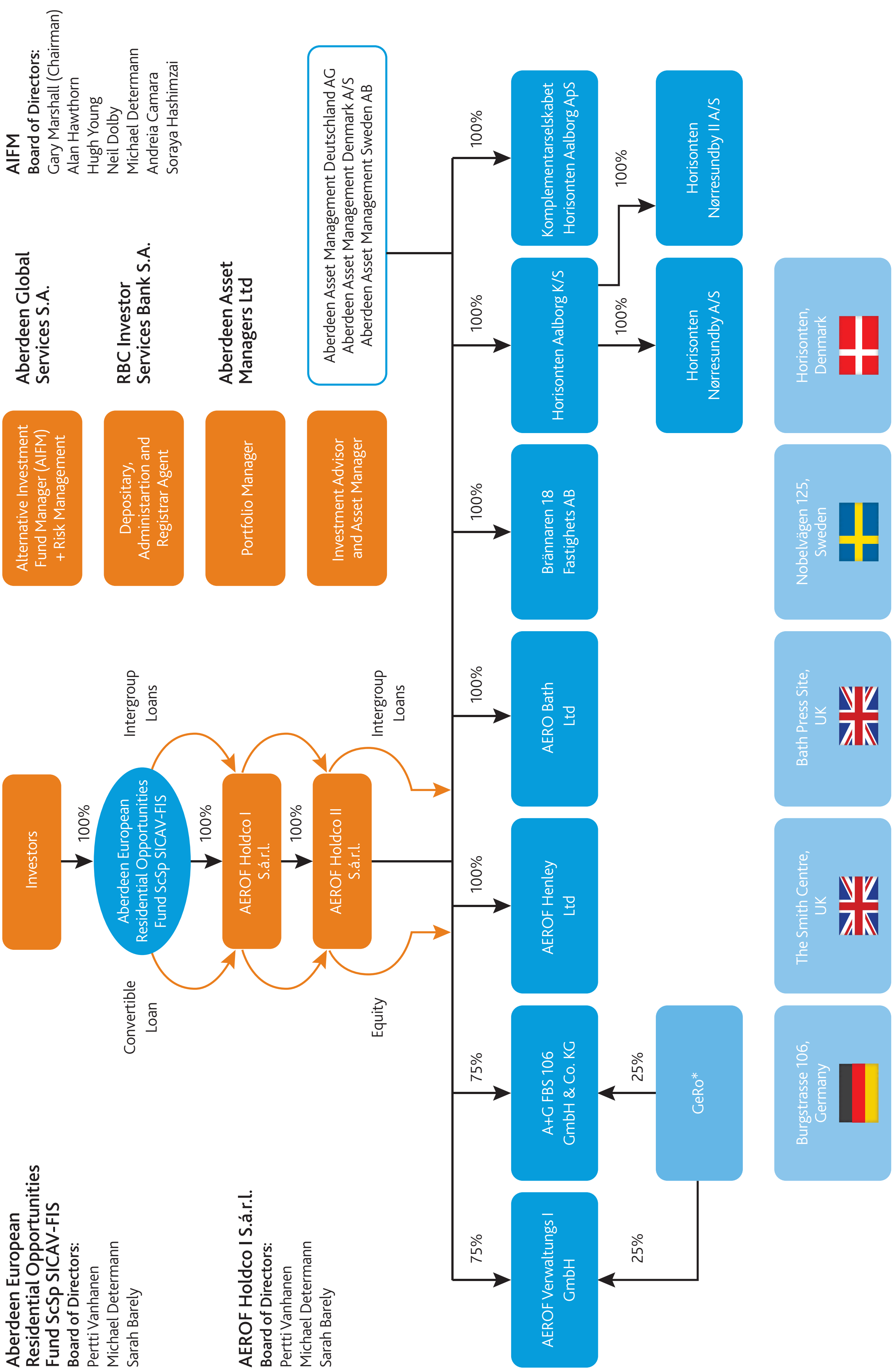
Head of Finance, Aberdeen Global Services S.A.

Mr Michael Determann

Board member

Non-Executive Director

Fund structure



*GeRo Real Estate Aktiengesellschaft für Projektentwicklungen und Consulting

Appendix: FATCA and CRS notice

FATCA NOTICE

FATCA UPDATE AND CONFIRMATION OF GLOBAL INTERMEDIARY IDENTIFICATION NUMBERS ('GIINs')

This Notice contains important information regarding new US tax regulation requirements which came into effect from 1 July 2014.

FATCA BACKGROUND

The Foreign Account Tax Compliance provisions of the United States Hiring Incentives to Restore Employment Act ('FATCA') generally impose a U.S. federal reporting and withholding tax regime on non-US financial institutions with respect to certain U.S. source income (including, among other types of income, dividends and interest) and gross proceeds from the sale or other disposal of property. The rules are designed to require certain U.S. persons' direct and indirect ownership of certain non-U.S. accounts and non-U.S. entities to be reported to the U.S. Internal Revenue Service ('IRS'). A 30% withholding tax regime could apply if there is a failure to provide certain required information and these rules apply to such payments made after 30 June 2014.

APPLICABILITY TO ABERDEEN'S FUNDS

Aberdeen European Residential Opportunities Fund ('The Fund') is domiciled in Luxembourg. Luxembourg has entered into an intergovernmental agreement (IGA) with the IRS to facilitate FATCA compliance. FATCA compliance will be enforced under local tax legislation and reporting rules. The Fund will comply with these rules and has registered on the IRS website to obtain a GIIN.

The relevant FATCA information and GIIN:

COMMON REPORTING STANDARD (CRS) NOTICE

CRS UPDATE

This Notice contains important information regarding OECD tax regulation requirements which came into effect from 1 January 2016.

Jurisdiction	Fund Name	FATCA Classification	Sponsoring Entity	Sponsoring Entity GIIN	Fund GIIN
Luxembourg	Aberdeen European Residential Opportunities Fund	IGA1-DC (Sponsored investment entity)	Aberdeen Global Services S.A.	MVNN3A.00000.SP.442	MVNN3A.00084.SF.442

CRS BACKGROUND

The Organisation for Economic Co-operation and Development ("OECD") received a mandate from the G8/G20 countries to develop a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information (AEOI) in the future on a global basis. The CRS will require financial institutions to identify financial account holders and establish their tax residence. Financial institutions should then report financial account information relating to certain accounts to the local tax authority, which will thereafter automatically transfer this information to the relevant competent foreign tax authorities on a yearly basis. Shareholders may therefore be reported to the local and other relevant tax authorities under the applicable rules.

A European Council Directive 2014/107/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") has been adopted on 9 December 2014 in order to implement the CRS among the member States of the European Union. In addition, the local tax authorities signing the OECD's multilateral competent authority agreement ("Multilateral Agreement") agreed to automatically exchange information under the CRS.

APPLICABILITY TO ABERDEEN'S FUNDS

Aberdeen European Residential Opportunities Fund ('The Fund') is domiciled in Luxembourg. Luxembourg is considered an 'Early adopter' CRS jurisdiction, for more information please visit OECD's website. The first exchange of information amongst tax authorities is expected to be applied in 2017 for information related to the year 2016. Accordingly, the Fund would be committed as of 1 January 2016 to run additional due diligence processes on its account holders and to report the identity and tax residence of certain account holders (including certain entities and their controlling persons) to the local tax authorities who will share such information with other relevant tax authorities. The information reported will also include the account balance, income and redemption proceeds. The Fund will comply with these rules and may, in due course, require additional information from investors in order to comply with relevant CRS obligations. Each investor should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

All sources (unless indicated): Aberdeen Asset Managers Limited, 31/12/2017

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