

abr dn UK Real Estate Funds ICVC

(previously Standard Life Investments UK Real
Estate Funds ICVC)

Annual Long Report
For the year ended 31 December 2022

[abr dn.com](https://www.abr dn.com)

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Report of the Authorised Corporate Director

abrdrn UK Real Estate Funds ICVC (formerly Standard Life Investments UK Real Estate Funds ICVC) (the "Company") is an investment company with variable capital, having its head office in Scotland and with registered number IC989 and authorised by the Financial Conduct Authority with effect from 6 March 2014. Its FCA Product Reference Number is 607205.

The Company has one sub-fund, the abrdrn UK Real Estate Fund (the "fund"), therefore no disclosure of cross-holdings is required.

The Company is classed as a Non-UCITS Retail Scheme ("NURS"). The Company is also a "UK AIF" (Alternative Investment Fund) for the purposes of Investment Funds Sourcebook (Fund), and is intended to be a Property Authorised Investment Fund ("PAIF") at all times.

The holders of shares in the Company are not liable for the debts of the Company.

Appointments

Authorised Corporate Director (ACD) and Alternative Investment Fund Manager

abrdrn Fund Managers Limited

Registered Office

280 Bishopsgate
London
EC2M 4AG

Correspondence address

PO Box 12233
Chelmsford
Essex
CM99 2EE

Investment Adviser

abrdrn Investment Management Limited
1 George Street
Edinburgh
EH2 2LL

Depositary

Citibank UK Limited

Registered Office

Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Registrar

SS&C Financial Services Europe Limited
SS&C House
St. Nicholas Lane
Basildon
Essex
SS16 5FS

Report of the Authorised Corporate Director

Continued

Independent Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Valuation Advisers

CBRE Limited
Henrietta House
Henrietta Place
London
W1G 0NB

Knight Frank
55 Baker Street
London
W1U 8AN

JLL
30 Warwick Street
London
W1B 5NH

Legal Advisers

Addleshaw Goddard
60 Chiswell Street
London
EC1Y 4AG

CMS Cameron McKenna LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

Managing Agent

Workman LLP
101 Victoria Street
Bristol
BS1 6PU
From 1 June 2022

JLL
30 Warwick Street
London
W1B 5NH
Until 1 November 2022

Savills
Finsbury Circus House
London
EC2M 7EB
Until 1 June 2022

Report of the Authorised Corporate Director

Continued

Prospectus Updates Since 31 December 2021

- On 4 January 2022, Mrs. Rowan McNay was appointed as a director of Aberdeen Standard Fund Managers Limited;
- On 5 January 2022, Mrs. Claire Marshall resigned as a director of Aberdeen Standard Fund Managers Limited;
- On 24 February 2022, Mr. Adam Shanks was appointed as a director of Aberdeen Standard Fund Managers Limited;
- On 1 August 2022, the prospectus and instrument were updated to allow the ACD to make a mandatory conversion of shares to a different share class without instruction, in accordance with applicable Financial Conduct Authority regulation. Investors will be given prior notice of any exercise of such mandatory conversion rights in accordance with applicable regulation and guidance;
- On 1 August 2022, the Company changed its name from Standard Life Investments UK Real Estate Funds ICVC to abrdn UK Real Estate Funds ICVC. At the same time the underlying sub-fund of the Company renamed to reflect the "abrdn" rebranding. Additionally, the Authorised Corporate Director of the Company changed its name from "Aberdeen Standard Fund Managers Limited" to "abrdn Fund Managers Limited". Further details and a list of the renaming can be found at <https://www.abrdn.com/en/uk/investor/fund-centre/investor-communications>;
- On 31 December 2022, Mrs. Rowan McNay resigned as a director of abrdn Fund Managers Limited;
- The list of funds managed by the ACD was updated, where appropriate;
- Performance and dilution figures were refreshed, where appropriate;
- The list of sub-custodians was refreshed, where appropriate;
- The list of eligible markets was refreshed, where appropriate;
- The list of sub-investment advisors to the funds was refreshed, where appropriate;
- The risk disclosures in relation to the funds were refreshed, where appropriate.

Assessment of Value

In 2017 the Financial Conduct Authority (FCA) published the final Asset Management Market Study. This introduced (among other reforms) new governance rules with the aim of enhancing duty of care and ensuring the industry acts in investors' best interests. The rules were outlined in the FCA policy statement PS18/8 and came into effect from 30 September 2019. As a result, abrdn Fund Managers Limited is required to perform a detailed assessment on whether our funds are "providing value to investors". The resulting findings will be published on a composite basis throughout the year, and can be found on the 'Literature' pages of our website.

Investment Report

abrdn UK Real Estate Fund

The Standard Life Investments UK Real Estate Fund was renamed the abrdn UK Real Estate Fund with effect from 1st August 2022.

Market background

2022 can be categorised as a year of two halves for UK real estate performance and activity. During the first six months of the year, performance for UK real estate was positive, with investment activity remaining robust. However, the narrative changed in the second half of the year as inflationary pressures and weakening economic sentiment weighed on activity. The Bank of England embarked on its monetary tightening cycle in order to tame inflation, resulting in a considerable repricing of UK gilts and increased financing costs for real estate, which acted as the catalyst for a broad repricing of UK real estate.

The UK real estate market recorded a total return of -10.1% in 2022 according to the MSCI Monthly Index, with the positive performance recorded in the first six months of the year being unwound during the second half of the year. In fact, UK real estate generated a positive total

return of 9.6% in H1'22, but after June there was a -5.1% fall in capital values through Q3 and an accelerated -15.6% fall in Q4, meaning the total return for the year was negative. The all-property total return of -10.1% in 2022 masks significant divergence in returns at the sector level. The UK industrial sector was the weakest performing sector, posting a total return of -14.9% over the course of 2022, whilst the office and retail sectors recorded returns of -10.1% and -3.7% respectively over the same period. Transaction volumes reached £62.8 billion over the course of the year, 16% down on 2021 but 26% ahead of 2020 levels.

Performance

The abrdn UK Real Estate Fund returned -10.43%* over the period, compared with a total return of -7.70% from the IA UK Direct Property peer group.**

The Fund underperformed the MSCI UK Daily Traded APUTs and PAIFs Quarterly Property Index (direct property benchmark) over 2022 by -0.6% recording a total return of -11.7% against a benchmark of -11.2%. The Fund has outperformed this benchmark over 3 year and 5 year periods (by 0.3% and 0.4% respectively).

Discrete annual returns (%): year ended 31/12

	1 Year to 31/12/2022 (%)	1 Year to 31/12/2021 (%)	1 Year to 31/12/2020 (%)	1 Year to 31/12/2019 (%)	1 Year to 31/12/2018 (%)
Retail Acc Fund performance	-10.74	10.39	-3.97	-1.82	4.15
Institutional Acc Fund performance	-10.39	10.80	-3.61	-1.53	4.61
Platform 1 Acc	-10.43	10.78	-3.71	-1.46	4.57
Platform 1 Inc	-10.17	10.82	-3.68	-1.44	4.56
IA UK Direct property (sector average)**	-7.70	9.40	-2.70	0.05	3.28

Annualised returns (%) - to 31/12/2022

	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%pa)	5 Years (%pa)
Retail Acc Fund performance	-11.62	-16.38	-10.74	-1.83	-0.66
Institutional Acc Fund performance	-11.54	-16.20	-10.39	-1.46	-0.29
Platform 1 Acc	-11.55	-16.21	-10.43	-1.51	-0.31
Platform 1 Inc	-11.56	-16.22	-10.17	-1.40	-0.24
IA UK Direct property (sector average)**	-9.52	-12.45	-7.70	-0.68	0.13

* Platform 1 Acc Share Class

** The peer group includes both master and feeder funds in the IA UK Direct Property Sector.

Investment Report

Continued

Investment activity

The Fund disposed of 7 assets during the reporting period, generating £188.3 million. In line with Fund strategy, asset sales from the retail and office sectors were predominantly to reduce risk (particularly around capital expenditure), and sales from the industrial sector to crystallise performance ('profit taking') while maintaining an enhanced liquidity position, which stood at 20.2% as at 31 December 2022.

Focussing on income, successful asset management initiatives completed, including the following examples during the second half of the year:

In the industrial sector activity included six transactions at Axis Park, Peterborough, where new leases were entered into with XL Displays, C J Kelly International and Einsa letting a combined 15,960 sq ft; Steinel UK regeared for an additional 10 years on their 9,995 sq ft unit at an initial rent of £60,000 per annum; a rent review completed with Industrial Cleaning, generating a reviewed rent of £63,600 per annum (an uplift of 41%) and Diligenta entered a reversionary lease securing an additional 5 years of term at a rent of £65,000 per annum (an uplift of 44%). At The Triple Two Centre, Beckenham, Magnet extended their lease for an additional 5 years at a rent of £113,100 per annum (an uplift of 40%); a rent review completed with Access Self Storage settling at a rent of £450,000 per annum (an uplift of 27%) and a rent review with City Plumbing Supplies completed securing a revised rent of £134,963 per annum, an uplift of 38%. At Ascent Park, Harlow, a rent review with Screwfix secured a reviewed rent of £141,540 per annum (an uplift of 27%) and, finally, at Brooklands Close, Sunbury, a rent review with Kingston Digital resulted in a reviewed rent of £155,000 per annum (an uplift of 38%).

In the retail sector asset management activity included a letting at Bligh's Meadow, Sevenoaks, with Joe & The Juice completing a new lease securing a 10 year term at an initial rent of £62,500 per annum and Pets Corner entering in to a new lease at an initial rent of £40,000 per annum for a term of 7.5 years.

In the office sector a rent review with Calvin Capital at 1 Marsden St, Manchester, secured a reviewed rent of £197,500 per annum (an uplift of 12%).

Outlook and future strategy

As a result of the magnitude and speed of correction we have seen over H2 2022 in sectors including supermarkets, industrial & logistics, and long income more generally, we believe that the market pricing for these areas of UK real estate will find a floor much quicker than we have seen in previous cycles. As such, our outlook, and forecasts

for these areas of the market have improved materially, given the level of correction these sectors experienced in the second half of 2022.

Looking forward and despite the poor performance in 2022, the outlook is positive for the industrial sector and particularly for better quality assets in strong locations, as both occupiers and investors narrow their focus on best in class assets. The size and speed of value correction in 2022 means the sector now looks better value relative to other real estate sectors and indeed, other asset classes. The sector continues to benefit from structural tailwinds and a positive supply/demand dynamic, with the UK wide vacancy rate remaining near historic lows and new supply levels likely to remain muted due to increasing development costs.

The office sector continues to face real structural headwinds as working habits remain altered following the Covid-19 pandemic. The bifurcation between best in class and secondary office space is acutely evident, becoming even more entrenched during 2022. Secondary office accommodation is at risk of obsolescence and asset stranding, while the capital requirements to ensure assets meet minimum ESG credentials is prohibitive to positive returns within the sector at present. The office sector did not reprice as much as a number of other UK commercial real estate sectors in 2022, predominantly due to limited transactional evidence. However, we expect further pricing discovery to emerge over the course of 2023 and for secondary accommodation. Supply of truly best in class office space remains extremely limited across the UK which will provide more support for pricing and tenant demand.

Performance within the retail sector is expected to remain highly polarised in 2023. Consumer spending habits will be driven by consumer cost considerations and as such, non-discretionary led retailing is expected to be best placed in this regard. Following a period of repricing in 2022, the retail warehouse sector is garnering more interest from investors, particularly for food anchored schemes with a discount orientated line-up which will be more insulated from any slowdown in consumer spending. Equally, the supermarket sector now looks attractive following a broad re-pricing last year, but the sector will not be immune to increasingly price sensitive consumers, with supermarket operators adapting to changes in consumer behaviour. A divergence in performance between the supermarket operators is already evident and as such, a focus on the quality of the underlying real estate will remain crucial.

The over-arching Fund strategy remains unchanged and we remain focused on reducing risk and protecting income profiles within the portfolio, whilst also targeting an enhanced exposure to liquid assets. We have selectively

Investment Report

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reduced our exposure to assets which we have concerns over being 'future-fit' and associated capital outlay. In addition, we continue to ensure ESG credentials are robust to defend against further value erosion and to be well positioned to capture the full strength of the recovery. We will continually review and implement enhancements as appropriate to best protect the interests of our investors as matters evolve.

23rd February 2023

Statement of Authorised Corporate Director's Responsibilities

The Financial Conduct Authority Collective Investment Schemes sourcebook (the "COLL sourcebook") requires the ACD to prepare financial statements for each accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial affairs of the Company and of its net revenue and the net capital losses for the period.

In preparing the financial statements the ACD is responsible for:

- comply with the Prospectus, the Statement of Recommended Practice (IMA SORP) for Financial Statements of Authorised Funds issued in May 2014 and the Instrument of Incorporation; and follow generally accepted accounting principles (UK accounting standards and applicable law) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the COLL sourcebook, the Instrument of Incorporation and the Prospectus. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The ACD is responsible for ensuring that, to the best of their knowledge and belief, there is no relevant audit information of which the auditors are unaware. It is the responsibility of the ACD to take all necessary steps as a director to familiarise themselves with any relevant audit information and to establish that the auditors are aware of that information.

The ACD is also responsible for the maintenance and integrity of the website on which the financial statements and auditor's report are published and distributed electronically. Please note that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Authorised Corporate Director's Statement

In accordance with the requirements of the COLL Rules as issued and amended by the Financial Conduct Authority, we hereby certify the report on behalf of abrdn Fund Managers Limited, the Authorised Corporate Director.



Aron Mitchell
Director
abrdn Fund Managers Limited
30 March 2023



Denis Thomas
Director
abrdn Fund Managers Limited
30 March 2023

Statement of the Depositary's Responsibilities in relation to the Financial Statements

The Depositary is responsible for the safekeeping of all the property of the Company (other than tangible moveable property) which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed and operated by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), the Company's Instrument of Incorporation, and the Prospectus, as appropriate, concerning: the pricing of and dealing in Shares in the Company; the application of income of the Company; and the investment portfolio and borrowing activities of the Company.

Depositary's Report to Shareholders

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Depositary of the Company, based on information and explanations provided to us, we believe that, in all material respects, the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Sourcebook, and where applicable, the OEIC regulations, the Company's Instrument of Incorporation, and the Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company; and
- (iii) has, otherwise, ensured the proper operation of the Company.



Citibank UK Limited

30 March 2023

Independent Auditor's report to the shareholders of abrdn UK Real Estate Funds ICVC ('the Company')

Opinion

We have audited the financial statements of the Company (abrdn UK Real Estate Funds ICVC) for the year ended 31 December 2022 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, Cash Flow Statement, the Related Notes on pages 40 to 49 and Distribution Tables for the Company and the accounting policies set out on pages 36 to 39.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Company as at 31 December 2022 and of the net revenue and the net capital losses on the property of the Company for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Authorised Corporate Director has prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Authorised Corporate Director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the ACD, the Depositary, the Administrator and the Investment Adviser;
- Reading ACD board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's income primarily arises from operating lease contracts with fixed, or highly predictable, periodic payments. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We identified and selected certain

Independent Auditor's report to the shareholders of abrdn UK Real Estate Funds ICVC ('the Company')

Continued

journal entries made at the end of the reporting period and post-closing entries for testing and comparing the identified entries to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the ACD and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: landlord and tenant legislation, property laws and building legislation, money laundering, data protection and bribery and corruption legislation recognising the nature of Company's activities. Auditing standards limit the required audit procedures to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example,

the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Authorised Corporate Director is responsible for the other information, which comprises the Investment Report of the Authorised Corporate Director, the Statement of Depository's Responsibilities and Depository's Report to Shareholders, Company Information, Comparative Tables, Portfolio Statement, Remuneration Report, Risk Management Function and Further Information, presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records.

Independent Auditor's report to the shareholders of abrdn UK Real Estate Funds ICVC ('the Company')

Continued

Authorised Corporate Director's responsibilities

As explained more fully in their statement set out on page 9 the Authorised Corporate Director is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

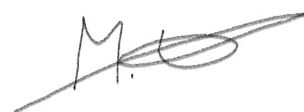
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Williams

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
30 March 2023

Company Information

Launch Date: May 2014

abrdn UK Real Estate Funds ICVC (the "Company") is an investment company with variable capital, having its head office in Scotland and with registered number IC989 and authorised by the Financial Conduct Authority with effect from 6 March 2014. The Company has one fund, the abrdn UK Real Estate Fund (the "fund").

Investment Objective

To generate income and some growth over the long term (5 years or more) by investing in UK commercial property. It is intended that the fund will be a PAIF at all times and, as such, its investment objective is to carry on property investment business and to manage cash raised for investment in the property investment business.

The performance target of the fund is to exceed the return of IA UK Direct Property Sector Average return (after charges) over rolling three year periods. The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate target for the fund based on the investment policy of the fund and the constituents of the sector.

The fund will invest at least 70% in a diversified portfolio of UK freehold and leasehold commercial property selected from across the retail, office, industrial and other sectors. The fund may also invest indirectly in commercial property through investment vehicles such as quoted and unquoted property companies or funds (including those managed by abrdn). The fund may invest up to 30% in short term government bonds such as gilts, money-market instruments and cash.

Policy

The fund will aim to diversify risk by seeking exposure to three main sectors:

- Retail (e.g. shopping centres, retail warehouses, standard shops, supermarkets and department stores);
- Offices (e.g. standard offices and business parks); and
- Industrial (e.g. standard industrial estates and distribution warehousing).

In addition, the fund may also gain exposure to other property sectors (e.g. leisure parks, restaurants, pubs, hotels, student accommodation and residential). The fund will seek geographic diversification across the UK amongst properties held. The fund may also invest in other property related assets (including property related transferable securities and property related collective investment schemes), money-market instruments, deposits, money-market related collective investment schemes and government and public securities. The fund may also invest in derivatives and forward transactions but only for the purposes of hedging (which includes efficient portfolio management), not for the purpose of meeting the investment objective.

Specific Risks

Investors should be aware of the following risk factors:

- (a) Commercial property is less liquid than other asset classes such as bonds or equities. Selling property can be a lengthy process so investors in the Company should be aware that they may not be able to sell their investment when they want to;
- (b) Commercial property transaction charges are higher than those which apply in other asset classes. Investors should be aware that a high volume of transactions would have a material impact on Company returns; and
- (c) Property valuation is a matter of judgement by an independent valuer and is therefore a matter of the valuer's opinion rather than fact.
- (d) Certain derivatives could behave unexpectedly or could expose the company to losses that are significantly greater than the cost of the derivative. Derivatives in general are highly volatile and do not carry any voting rights. The pricing and volatility of many derivatives (especially credit default swaps) may diverge from strictly reflecting the pricing or volatility of their underlying reference(s).

In difficult market conditions, it may be impossible or unfeasible to place orders that would limit or offset the market exposure or financial losses created by certain derivatives. Using derivatives also involves costs that the company would not otherwise incur.

Regulations may limit the company from using derivatives in ways that might have been beneficial to the company. Changes in tax, accounting, or securities laws could cause the value of a derivative to fall or could force the fund to terminate a derivative position under disadvantageous circumstances.

Company Information

Continued

Certain derivatives, in particular futures, options, contracts for difference and some contingent liability contracts, could involve margin borrowing, meaning that the company could be forced to choose between liquidating securities to meet a margin call or taking a loss on a position that might, if held longer, have yielded a smaller loss or a gain.

To the extent that the company uses derivatives to increase its net exposure to any market, rate, basket of securities or other financial reference source, fluctuations in the price of the reference source will be amplified at the company level.

- (e) The company has a single swinging price. The single price can be swung up or down in response to inflows or outflows from the fund, in order to protect investors from the effect of dilution. Dilution occurs where the fund is forced to incur costs as a result of the investment manager buying or selling assets following inflows or outflows. A change to the pricing basis will result in a movement to the company's published price and reported investment performance.

Comparative Tables

Retail Accumulation Shares	2022 pence per share	2021 pence per share	2020 pence per share
Change in net assets per share			
Opening net asset value per share	121.53	110.11	114.51
Return before operating charges*	(10.51)	13.98	(2.09)
Operating charges**	(1.60)	(1.54)	(1.47)
Property expenses [#]	(0.45)	(0.60)	(0.39)
Return after operating charges*	(12.56)	11.84	(3.95)
Gross Distributions per accumulation share	(4.54)	(3.94)	(4.02)
Net retained distribution on accumulation shares	4.06	3.52	3.57
Closing net asset value per share	108.49	121.53	110.11
* after direct transaction costs	-	-	-
Performance+			
Return after charges	(10.33%)	10.76%	(3.45%)
Other information			
Closing net asset value (£'000)	50,959	72,202	16,974
Closing number of shares	46,969,971	59,411,576	15,415,554
Operating charges****	1.31%	1.34%	1.33%
Property expenses ratio [#]	0.37%	0.51%	0.35%
Real Estate Expense Ratio	1.68%	1.85%	1.68%
Direct transaction costs***	-	-	-
Prices			
Highest share price	128.3	120.1	114.8
Lowest share price	107.2	108.8	108.4

[#] Property expenses are separate from fund operating charges. They represent the costs associated with property assets. The figure for property expenses should be combined with the operating charges to create a Real Estate Expense Ratio (REER) when comparing property funds.

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs.

**** The operating charges percentage shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report.

Comparative Tables

Continued

Institutional Accumulation Shares	2022 pence per share	2021 pence per share	2020 pence per share
Change in net assets per share			
Opening net asset value per share	125.62	113.37	117.45
Return before operating charges*	(10.90)	14.39	(2.13)
Operating charges**	(1.06)	(0.99)	(0.98)
Property expenses [#]	(0.47)	(0.61)	(0.40)
Return after operating charges*	(12.43)	12.79	(3.51)
Net retained distribution on accumulation shares	(4.70)	(4.06)	(4.13)
Net retained distribution on accumulation share	4.13	3.52	3.56
Closing net asset value per share	112.62	125.62	113.37
* after direct transaction costs	-	-	-
Performance+			
Return after charges	(9.89%)	11.28%	(2.99%)
Other information			
Closing net asset value (£'000)	175,701	192,751	196,316
Closing number of shares	156,017,242	153,444,796	173,167,611
Operating charges****	0.84%	0.85%	0.85%
Property expenses ratio [#]	0.37%	0.51%	0.35%
Real Estate Expense Ratio	1.21%	1.36%	1.21%
Direct transaction costs***	-	-	-
Prices			
Highest share price	132.9	124.1	117.9
Lowest share price	111.2	112.0	111.5

[#] Property expenses are separate from fund operating charges. They represent the costs associated with property assets. The figure for property expenses should be combined with the operating charges to create a Real Estate Expense Ratio (REER) when comparing property funds.

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs.

**** The operating charges percentage shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report.

Comparative Tables

Continued

Retail Income Shares	2022 pence per share	2021 pence per share	2020 pence per share
Change in net assets per share			
Opening net asset value per share	94.02	87.82	94.33
Return before operating charges*	(7.80)	10.96	(1.72)
Operating charges**	(1.23)	(1.19)	(1.21)
Property expenses [#]	(0.35)	(0.47)	(0.32)
Return after operating charges*	(9.38)	9.30	(3.25)
Gross distributions per income share	(3.46)	(3.10)	(3.26)
Closing net asset value per share	81.18	94.02	87.82
* after direct transaction costs	-	-	-
Performance+			
Return after charges	(9.98%)	10.58%	(3.44%)
Other information			
Closing net asset value (£'000)	1,990	2,899	1,326
Closing number of shares	2,451,170	3,083,767	1,509,890
Operating charges****	1.31%	1.34%	1.33%
Property expenses ratio [#]	0.37%	0.51%	0.35%
Real Estate Expense Ratio	1.68%	1.85%	1.68%
Direct transaction costs***	-	-	-
Prices			
Highest share price	97.76	93.17	94.51
Lowest share price	80.41	86.57	87.39

[#] Property expenses are separate from fund operating charges. They represent the costs associated with property assets. The figure for property expenses should be combined with the operating charges to create a Real Estate Expense Ratio (REER) when comparing property funds.

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs.

**** The operating charges percentage shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report.

Comparative Tables

Continued

Institutional Income Shares	2022 pence per share	2021 pence per share	2020 pence per share
Change in net assets per share			
Opening net asset value per share	98.07	91.19	97.49
Return before operating charges*	(8.18)	11.35	(1.76)
Operating charges**	(0.82)	(0.79)	(0.80)
Property expenses [#]	(0.36)	(0.49)	(0.33)
Return after operating charges*	(9.36)	10.07	(2.89)
Gross distributions per income share	(3.62)	(3.19)	(3.41)
Closing net asset value per share	85.09	98.07	91.19
* after direct transaction costs	-	-	-
Performance+			
Return after charges	(9.55%)	11.04%	(2.97%)
Other information			
Closing net asset value (£'000)	7,349	10,122	5,623
Closing number of shares	8,637,199	10,320,996	6,166,712
Operating charges****	0.84%	0.85%	0.86%
Property expenses ratio [#]	0.37%	0.51%	0.35%
Real Estate Expense Ratio	1.21%	1.36%	1.21%
Direct transaction costs***	-	-	-
Prices			
Highest share price	102.2	97.18	97.70
Lowest share price	84.28	90.03	90.63

[#] Property expenses are separate from fund operating charges. They represent the costs associated with property assets. The figure for property expenses should be combined with the operating charges to create a Real Estate Expense Ratio (REER) when comparing property funds.

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs.

**** The operating charges percentage shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report.

Comparative Tables

Continued

ZA Income Shares	2022 pence per share	2021 pence per share	2020 pence per share
Change in net assets per share			
Opening net asset value per share	50.72	46.77	49.58
Return before operating charges*	(4.28)	5.87	(0.90)
Operating charges**	-	(0.01)	(0.01)
Property expenses [#]	(0.19)	(0.25)	(0.17)
Return after operating charges*	(4.47)	5.61	(1.08)
Gross distributions per income share	(1.88)	(1.66)	(1.73)
Closing net asset value per share	44.37	50.72	46.77
* after direct transaction costs	-	-	-
Performance+			
Return after charges	(8.82%)	11.99%	(2.19%)
Other information			
Closing net asset value (£'000)	4,800	5,878	10,337
Closing number of shares	10,819,962	11,589,636	22,103,734
Operating charges****	0.01%	0.02%	0.03%
Property expenses ratio [#]	0.37%	0.51%	0.35%
Real Estate Expense Ratio	0.38%	0.53%	0.38%
Direct transaction costs***	-	-	-
Prices			
Highest share price	53.07	50.25	49.71
Lowest share price	43.94	46.21	46.38

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** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs.

**** The operating charges percentage shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

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Comparative Tables

Continued

ZC Accumulation Shares	2022 pence per share	2021 pence per share	2020 pence per share
Change in net assets per share			
Opening net asset value per share	60.42	54.20	55.82
Return before operating charges*	(5.28)	6.91	(1.02)
Operating charges**	(0.05)	(0.05)	(0.06)
Property expenses [#]	(0.23)	(0.29)	(0.19)
Return after operating charges*	(5.56)	6.57	(1.27)
Gross distributions per accumulation share	(2.27)	(1.95)	(1.97)
Net retained distribution on accumulation shares	1.94	1.60	1.62
Closing net asset value per share	54.53	60.42	54.20
* after direct transaction costs	-	-	-
Performance+			
Return after charges	(9.21%)	12.12%	(2.28%)
Other information			
Closing net asset value (£'000)	96	101	71
Closing number of shares	176,254	167,908	131,866
Operating charges****	0.09%	0.10%	0.11%
Property expenses ratio [#]	0.37%	0.51%	0.35%
Real Estate Expense Ratio	0.46%	0.61%	0.46%
Direct transaction costs***	-	-	-
Prices			
Highest share price	64.10	59.70	56.10
Lowest share price	53.81	53.56	53.18

[#] Property expenses are separate from fund operating charges. They represent the costs associated with property assets. The figure for property expenses should be combined with the operating charges to create a Real Estate Expense Ratio (REER) when comparing property funds.

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs.

**** The operating charges percentage shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report.

Comparative Tables

Continued

Platform 1 Accumulation Shares	2022 pence per share	2021 pence per share	2020 pence per share
Change in net assets per share			
Opening net asset value per share	58.22	52.57	54.48
Return before operating charges*	(5.03)	6.65	(0.99)
Operating charges**	(0.53)	(0.48)	(0.48)
Property expenses [#]	(0.22)	(0.28)	(0.18)
Return after operating charges*	(5.78)	5.89	(1.65)
Gross distributions per accumulation share	(2.18)	(1.88)	(1.92)
Net retained distribution on accumulation shares	1.92	1.64	1.66
Closing net asset value per share	52.18	58.22	52.57
* after direct transaction costs	-	-	-
Performance+			
Return after charges	(9.93%)	11.21%	(3.03%)
Other information			
Closing net asset value (£'000)	4,781	6,628	16,762
Closing number of shares	9,162,690	11,384,182	31,885,840
Operating charges****	0.89%	0.89%	0.91%
Property expenses ratio [#]	0.37%	0.51%	0.35%
Real Estate Expense Ratio	1.26%	1.40%	1.26%
Direct transaction costs***	-	-	-
Prices			
Highest share price	61.58	57.53	54.67
Lowest share price	51.53	51.94	51.70

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** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs.

**** The operating charges percentage shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report.

Comparative Tables

Continued

Platform 1 Income Shares	2022 pence per share	2021 pence per share	2020 pence per share
Change in net assets per share			
Opening net asset value per share	48.19	44.83	47.95
Return before operating charges*	(4.01)	5.59	(0.88)
Operating charges**	(0.43)	(0.41)	(0.42)
Property expenses [#]	(0.18)	(0.24)	(0.16)
Return after operating charges*	(4.62)	4.94	(1.46)
Gross distributions per income share	(1.78)	(1.58)	(1.66)
Closing net asset value per share	41.79	48.19	44.83
* after direct transaction costs	-	-	-
Performance+			
Return after charges	(9.59%)	11.03%	(3.04%)
Other information			
Closing net asset value (£'000)	1,985	2,248	4,651
Closing number of shares	4,748,684	4,665,706	10,373,122
Operating charges****	0.89%	0.89%	0.91%
Property expenses ratio [#]	0.37%	0.51%	0.35%
Real Estate Expense Ratio	1.26%	1.40%	1.26%
Direct transaction costs***	-	-	-
Prices			
Highest share price	50.21	47.75	48.05
Lowest share price	41.39	44.26	44.56

[#] Property expenses are separate from fund operating charges. They represent the costs associated with property assets. The figure for property expenses should be combined with the operating charges to create a Real Estate Expense Ratio (REER) when comparing property funds.

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs.

**** The operating charges percentage shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report.

Comparative Tables

Continued

Feeder Accumulation Shares	2022 pence per share	2021 pence per share	2020 pence per share
Change in net assets per share			
Opening net asset value per share	139.03	124.64	128.28
Return before operating charges*	(12.18)	15.91	(2.33)
Operating charges**	(0.01)	(0.04)	(0.04)
Property expenses [#]	(0.52)	(0.67)	(0.44)
Return after operating charges*	(12.71)	15.20	(2.81)
Gross distributions per accumulation share	(5.22)	(4.48)	(4.52)
Net retained distribution on accumulation shares	4.46	3.67	3.69
Closing net asset value per share	125.56	139.03	124.64
* after direct transaction costs	-	-	-
Performance+			
Return after charges	(9.14%)	12.20%	(2.20%)
Other information			
Closing net asset value (£'000)	943,640	1,321,137	901,677
Closing number of shares	751,571,056	950,245,872	723,402,891
Operating charges****	0.01%	0.03%	0.03%
Property expenses ratio [#]	0.37%	0.51%	0.35%
Real Estate Expense Ratio	0.38%	0.54%	0.38%
Direct transaction costs***	-	-	-
Prices			
Highest share price	147.5	137.4	128.9
Lowest share price	123.9	123.2	122.3

[#] Property expenses are separate from fund operating charges. They represent the costs associated with property assets. The figure for property expenses should be combined with the operating charges to create a Real Estate Expense Ratio (REER) when comparing property funds.

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs.

**** The operating charges percentage shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

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Comparative Tables

Continued

Feeder Income Shares ^A	2021 pence per share	2020 pence per share
Change in net assets per share		
Opening net asset value per share	101.34	107.44
Return before operating charges*	3.15	(1.97)
Operating charges**	(0.03)	(0.03)
Property expenses [#]	(0.53)	(0.36)
Return after operating charges*	2.59	(2.36)
Gross distributions per income share	(2.59)	(3.74)
Redemption Value on closure	101.34	-
Closing net asset value per share	-	101.34
* after direct transaction costs	-	-
Performance⁺		
Return after charges	2.56%	(2.20%)
Other information		
Closing net asset value (£'000)	-	283,772
Closing number of shares	-	280,027,961
Operating charges****	0.03%	0.03%
Property expenses ratio [#]	0.51%	0.35%
Real Estate Expense Ratio	0.54%	0.38%
Direct transaction costs***	-	-
Prices		
Highest share price	107.5	107.5
Lowest share price	100.5	100.5

[#] Property expenses are separate from fund operating charges. They represent the costs associated with property assets. The figure for property expenses should be combined with the operating charges to create a Real Estate Expense Ratio (REER) when comparing property funds.

^{**} The operating charges include all costs borne by the Fund, except for direct transaction costs.

^{***} The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs.

^{****} The operating charges percentage shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

⁺ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report.

^A Feeder Income share class closed on 24 September 2021.

Comparative Tables

Continued

Z Accumulation ^A	2022 pence per share	2021 pence per share
Change in net assets per share		
Opening net asset value per share	139.68	136.83
Return before operating charges*	(12.21)	3.77
Operating charges**	(0.12)	(0.14)
Property expenses [#]	(0.53)	(0.71)
Return after operating charges*	(12.86)	2.92
Gross distributions per accumulation share	(5.24)	(0.50)
Net retained distribution on accumulation shares	4.49	0.43
Closing net asset value per share	126.07	139.68
* after direct transaction costs	-	-
Performance⁺		
Return after charges	(9.20%)	2.14%
Other information		
Closing net asset value (£'000)	634	43
Closing number of shares	503,144	30,726
Operating charges****	0.09%	0.10%
Property expenses ratio [#]	0.37%	0.51%
Real Estate Expense Ratio	0.46%	0.61%
Direct transaction costs***	-	-
Prices		
Highest share price	148.2	138.0
Lowest share price	124.4	135.2

[#] Property expenses are separate from fund operating charges. They represent the costs associated with property assets. The figure for property expenses should be combined with the operating charges to create a Real Estate Expense Ratio (REER) when comparing property funds.

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs.

**** The operating charges percentage shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report.

^A Z Accumulation share class was launched on 29 November 2021.

Comparative Tables

Continued

J Accumulation ^A	2022 pence per share	2021 pence per share
Change in net assets per share		
Opening net asset value per share	133.42	130.77
Return before operating charges*	(11.58)	4.44
Operating charges**	(1.02)	(1.06)
Property expenses [#]	(0.50)	(0.68)
Return after operating charges*	(13.10)	2.70
Gross distributions per accumulation share	(5.01)	(0.48)
Net retained distribution on accumulation shares	4.38	0.43
Closing net asset value per share	119.69	133.42
* after direct transaction costs	-	-
Performance⁺		
Return after charges	(9.82%)	2.07%
Other information		
Closing net asset value (£'000)	52	297
Closing number of shares	43,844	222,308
Operating charges****	0.76%	0.81%
Property expenses ratio [#]	0.37%	0.51%
Real Estate Expense Ratio	1.13%	1.32%
Direct transaction costs***	-	-
Prices		
Highest share price	141.2	131.8
Lowest share price	118.2	129.3

[#] Property expenses are separate from fund operating charges. They represent the costs associated with property assets. The figure for property expenses should be combined with the operating charges to create a Real Estate Expense Ratio (REER) when comparing property funds.

^{**} The operating charges include all costs borne by the Fund, except for direct transaction costs.

^{***} The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs.

^{****} The operating charges percentage shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

⁺ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report.

^A J Accumulation share class was launched on 29 November 2021.

Comparative Tables

Continued

J Income ^A	2022 pence per share	2021 pence per share
Change in net assets per share		
Opening net asset value per share	100.83	99.15
Return before operating charges*	(8.43)	3.36
Operating charges**	(0.77)	(0.80)
Property expenses [‡]	(0.38)	(0.52)
Return after operating charges*	(9.58)	2.04
Gross distributions per income share	(3.72)	(0.36)
Closing net asset value per share	87.53	100.83
* after direct transaction costs	-	-
Performance+		
Return after charges	(9.50%)	2.06%
Other information		
Closing net asset value (£'000)	463	2,185
Closing number of shares	529,086	2,167,092
Operating charges****	0.76%	0.81%
Property expenses ratio [‡]	0.37%	0.51%
Real Estate Expense Ratio	1.13%	1.32%
Direct transaction costs***	-	-
Prices		
Highest share price	105.1	99.91
Lowest share price	86.69	97.96

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^{**} The operating charges include all costs borne by the Fund, except for direct transaction costs.

^{***} The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs.

^{****} The operating charges percentage shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

⁺ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report.

^A J Income share class was launched on 29 November 2021.

Portfolio Statement

As at 31 December 2022

Investment	Market value £'000	Percentage of total net assets
INVESTMENT PROPERTIES 76.22% (2021: 77.89%)		
INDUSTRIAL 31.96% (2021: 32.76%)		
Properties valued between £0 and £57.0m		
Triple Two Centre, Beckenham		
Smiths Metals, Biggleswade		
Axis Park, Peterborough		
Units 2,3,6,8,9,10 & 11 Masthead Industrial Estate, Dartford		
Building 7600, Valley Park, Rugby		
Units 1,3,4,5,6 & 7 Minto Commercial Park, Aberdeen		
Woodside Industrial Estate, Bishop's Stortford		
Units 120,130,140,200 & 210, Southern Cross, Southampton		
Trilogy, Fareham*		
Solar Park, Highlands Road, Solihull		
Lion & Churchill House, Aberdeen		
Raith's House Complex, Raith Industrial Estate, Aberdeen		
lo Centre & Tradeway, Sutton*		
Ascent Park, Harlow		
Ferry Lane, Rainham		
Brooklands Close, Sunbury		
	381,114	31.96
LEISURE 5.25% (2021: 4.22%)		
Properties valued between £0 and £22.9m		
Knights Park, Tunbridge Wells		
Eastgate Leisure Quarter, Llanelli*		
Baxter Gate, Loughborough		
Avant Garde, Bethnal Green Road, Shoreditch, London*		
	62,668	5.25
OTHER 9.37% (2021: 11.29%)		
Properties valued between £0 and £70.0m		
Russell Way, Crawley		
G&V Royal Mile Hotel, Edinburgh*		
24-26 Minorities, London		
Land Off London Road, Crawley		
Dell of Inshes, Inverness		
	111,704	9.37
OFFICES 13.84% (2021: 16.44%)		
Properties valued between £0 and £32.1m		
Commonwealth House, Manchester*		

Portfolio Statement

As at 31 December 2022 continued

Investment	Market value £'000	Percentage of total net assets
Hobart House, Edinburgh		
Annandale House, Hanworth Road, Sunbury		
Duncan House, Enterprise Drive, Westhill, Aberdeen		
1 America Street & 29 Guildford Street, London		
55 Princess Street, Manchester*		
1 Marsden Street, Manchester		
Central South Square, Newcastle Upon Tyne		
Hollywood House, Woking		
	164,981	13.84
RETAIL 11.50% (2021: 9.54%)		
Properties valued between £0 and £50.0m		
Waitrose, High Street, Worthing		
166-168 High Street & 68-70 Regent Street, Cheltenham		
Tesco, Ruthin, Denbighshire		
Arla Dairy Site, 430 Victoria Road, South Ruislip		
Bishop Auckland Shopping Park, Bishop Auckland		
Tesco, Congleton*		
Blighs Meadow Shopping Centre, Sevenoaks*		
	137,134	11.50
RETAIL WAREHOUSES 4.30% (2021: 3.64%)		
Properties valued between £0 and £51.3m		
Leamington Shopping Park, Royal Leamington Spa		
	51,226	4.30
Total Investment Properties	908,827	76.22
DEVELOPMENT PROPERTIES 0.92% (2021: 0.84%)		
Clarendon House 114-116 George Street, Edinburgh		
Total Development Properties	11,005	0.92
COLLECTIVE INVESTMENT SCHEMES 2.46% (2021: 8.75%)		
Aberdeen Liquidity Fund – Sterling Fund**	29,333	2.46
Portfolio of investments	949,165	79.60
Net other assets	243,285	20.40
Total Net Assets	1,192,450	100.00

The percentage figures in brackets show the comparative holding as at 31 December 2021.

* Denotes leasehold and mixed properties, those properties not highlighted are freehold properties.

** Managed by subsidiaries of abrdn plc.

Portfolio Statement

As at 31 December 2022 continued

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets per the balance sheet	919,832
Collective Investment Schemes classified as cash equivalents	29,333
Net other assets	243,285
Total Net Assets	1,192,450

Financial Statements

Statement of Total Return

For the year ended 31 December 2022

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
Income:					
Net capital (losses)/gains	3		(173,403)		99,725
Revenue	4	67,988		57,785	
Expenses	5	(16,545)		(14,803)	
Interest payable and similar charges		(2)		(20)	
Net revenue before taxation		51,441		42,962	
Taxation	6	-		-	
Net revenue after taxation			51,441		42,962
Total return before distributions			(121,962)		142,687
Distributions	7		(54,124)		(44,943)
Change in net assets attributable to shareholders from investment activities			(176,086)		97,744

Statement of Change in Net Assets Attributable to Shareholders

For the year ended 31 December 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,616,491		1,437,509
Amounts receivable on the issue of shares	56,040		71,900	
Amounts receivable on the issue of shares from takeover of Aberdeen UK Property Fund*	-		442,284	
Amounts payable on the cancellation of shares	(353,271)		(468,919)	
		(297,231)		45,265
Dilution adjustment		3,724		4,917
Change in net assets attributable to shareholders from investment activities (see above)		(176,086)		97,744
Retained distribution on accumulation shares		45,551		31,056
Unclaimed distributions		1		-
Closing net assets attributable to shareholders		1,192,450		1,616,491

* On 26 November 2021 the Aberdeen UK Property Fund was taken over by the abrdn UK Real Estate Fund.

Financial Statements

Continued

Balance Sheet

As at 31 December 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Assets:					
Fixed assets:					
Investment Property	8	908,827		1,259,140	
Development Property	8	11,005		13,575	
			919,832		1,272,715
Current assets:					
Debtors	9	43,652		59,521	
Cash and bank balances	10	395		1,507	
Cash equivalents	10	255,408		319,054	
			299,455		380,082
Total assets			1,219,287		1,652,797
Liabilities:					
Creditors: amounts falling due after more than one year	11		(11)		(144)
Current liabilities:					
Bank Overdrafts		(678)		-	
Distribution payable		(1,314)		(987)	
Creditors	11	(24,834)		(35,175)	
			(26,826)		(36,162)
Total liabilities			(26,837)		(36,306)
Net assets attributable to shareholders			1,192,450		1,616,491

Financial Statements

Continued

Cash Flow Statement

For the year ended 31 December 2022

	2022	2021
	£'000	£'000
Cash flows from operating activities		
Net revenue before taxation	51,441	42,962
Adjustments for:		
(Increase)/decrease in debtors	3,834	(346)
Increase/(decrease) in creditors	(9,509)	3,476
Interest payable and similar charges	(2)	20
Cash from operations	45,764	46,112
Interest paid and similar charges	2	(20)
Net cash generated from operating activities	45,766	46,092
Cash flows from investing activities		
Purchases of investments and capital expenditure	(10,207)	(11,611)
Disposal of investments	189,022	326,863
Net cash generated from investing activities	178,815	315,252
Cash flows from financing activities		
Amounts received on issue of shares	68,076	70,779
Amounts paid on cancellation of shares	(354,625)	(479,670)
Cash transferred as part of takeover	-	89,288
Distributions paid	(7,192)	(14,927)
Dilution adjustment	3,724	4,917
Net cash used in financing activities	(290,017)	(329,613)
Net (decrease)/increase in cash and cash equivalents	(65,436)	31,731
Reconciliation to net cash (decrease)/increase		
Cash and cash equivalents at the start of the year	320,561	288,830
(Decrease)/increase in cash and cash equivalents	(65,436)	31,731
Cash and cash equivalents at the end of the year	255,125	320,561

Please refer to Note 10 for details of the cash and cash equivalents.

Financial Statements

Continued

Analysis of Change in Net Debt

	As at 1 January 2022 £'000	Cash flows £'000	As at 31 December 2022 £'000
Cash and cash equivalents			
Cash	1,507	(1,790)	(283)
Cash equivalents	319,054	(63,646)	255,408
	320,561	(65,436)	255,125

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

abrdn UK Real Estate Funds ICVC (formerly Standard Life Investments UK Real Estate Funds ICVC) (the "Company") is an investment company with variable capital, having its head office in Scotland and with registered number IC989 and authorised by the Financial Conduct Authority with effect from 6 March 2014. Its FCA Product Reference Number is 607205.

1 Accounting Policies

These accounting policies and associated notes are consistent with the detailed provisions in the prospectus and COLL.

a. Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (IMA) in May 2014.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investment property and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL") and the Company's Instrument of Incorporation.

Going concern

The Authorised Corporate Director has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, the Company will have sufficient funds and liquidity to meet its liabilities as they fall due for that period.

The ACD actively monitors the level of liquidity within the Fund and at the end of February 2023 the Fund has cash resources of approximately £255 million (2021: £308 million).

The ACD is confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

b. Revenue

Rental income is accounted for on a straight line basis. Benefits to lessees in the form of rent free periods are treated as a reduction in overall return on the leases and lease incentives given as capital contributions are shown as a debtor and amortised on a straight line basis over the lease term.

Surrender premiums paid by tenants for the early redemption of a lease are recognised as revenue in the period that all obligations relating to the surrender have been performed.

Dilapidations received from tenants is recognised as revenue when the income is due to the Fund.

Interest on deposits is recognised on an accruals basis.

Revenue from authorised collective investment schemes is recognised when the investments are quoted ex-dividend. Where accumulation units or shares are held in another authorised collective investment scheme, the accumulation of revenue relating to the holding is recognised in the revenue account including any withholding taxes but excluding tax credits.

c. Expenses

The Fund may have a number of different share classes. Each share class may suffer a different ACD fee. Consequently the level of expenses attributable to each share class will differ. The ACD and the Depositary have agreed that all of the ACD's annual management charge, any Registration fees and all Dealing charges shall be treated as a capital expense for distribution purposes.

Expenses incurred in respect of, or attributable to, the Fund as a whole are allocated when incurred in the proportion of the net asset value of each share class to the total net asset value of Fund.

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

Continued

All other expenses, other than those mentioned above or those relating to the purchase and sale of investments, are accounted for on an accruals basis and charged to the revenue of the Fund and included in expenses in the statement of total return.

Where fees are payable from capital, these will not form part of the distribution.

Surrender premiums paid by the Fund to tenants following the break of a lease are recognised immediately in the Statement of Total Return as an expense.

d. Taxation

The Fund qualifies as a Property Authorised Investment Fund (PAIF) for tax purposes. Accordingly, the income generated by its property investment business will be exempt from tax.

e. Valuation of investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost and remeasured to fair value at the reporting date. Fair value is the market value as defined in the Appraisal and Valuation Standards Manual issued by the Royal Institution of Chartered Surveyors of the United Kingdom ("the RICS"). Property investments within the Fund were valued by CBRE Limited, Knight Frank and Jones Lang LaSalle Limited as Valuation Advisers (the Valuers), on the basis of a full valuation with physical inspection once a year. Regulation requires a review of the last full valuation by the Valuers at least once per month. Leasehold properties that are leased out to tenants under operating leases are classified as investment properties as the risks and rewards are retained by the Fund. They are included in the Balance Sheet at fair value.

We shall continue to monitor market conditions and may increase the frequency of reviews as we consider appropriate in the light of those conditions. Further, regulations require us to consult and agree with the Valuers a value for a particular immovable property if we, the Valuers or the Depositary of the Fund have reasonable grounds to believe that the most recent valuation of that property does not reflect its current value. The Valuers' fees shall increase to reflect the additional reviews it is to carry out and additional fees may be payable to the Valuers in respect of any requirement to agree a value for a property, or any other valuation service which the Valuers may be required or requested to provide.

The Valuers receive a quarterly fee from the Fund calculated as a fixed percentage of the market value of the properties at the quarter end date. The Valuers also receive additional fees for the set up costs of new acquisitions and these are agreed at the point of purchase between the ACD and the Valuers. For properties in the course of development or which have development potential the Residual Method is adopted, where the valuer forms an opinion of the value of the completed development using the Investment Method and deductions are made from this value for the total costs of development, including any developer profit (if applicable). Properties currently undergoing development are valued reflecting the state reached in construction and the costs remaining to be spent in order to complete the development, and taking account of any agreed letting and any contracted liabilities to advance further monies. For recently completed developments deductions are made in the valuation for retention monies and any outstanding development costs, fees and other expenditure for which there may be a liability.

Acquisition costs, tax and professional fees directly attributable to a property are capitalised.

f. Dilution adjustment

In certain circumstances (as detailed in the Prospectus) the ACD may apply a dilution adjustment on the creation or cancellation of shares, which is applied to the capital of the relevant Fund on an accruals basis. The adjustment is intended to protect existing investors from the costs of buying or selling underlying investments as a result of large inflows or outflows from the Fund.

g. Property purchases and sales

Property purchases are recognised on completion. Property sales are derecognised on completion.

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

Continued

h. Provision for bad debts

The potential non-recovery of tenant debts and arrears are considered and expected losses are provided for by way of a bad debt provision. Key criteria considered when reviewing and assessing the provision are:

- Insolvent tenants – those who are in administration, liquidation or a creditors voluntary arrangement (CVA);
- High risk tenants determined by a relevant credit system;
- Poor payors, concern tenants and where enforcement agents/solicitors have been used to recover previous payments;
- Tenants who have vacated premises or their leases have expired whereby arrears cannot be actively pursued.

Where a provision is recognised for a tenant and that tenant has a material lease incentive debtor balance, this will also be provided, net of deposit held.

i. Cash equivalents

The Fund holds cash and cash equivalents to maintain liquidity. At the period end any instrument with a maturity of less than 3 months and the Aberdeen Standard Liquidity Fund has been disclosed as a cash equivalent.

j. Service charges

Service charge revenue and service charge expenditure, attributable to tenants, are accounted for on an accruals basis and in the accounting period in which the services are rendered. When the Fund is acting as principal, service charge revenue and expenditure are separately disclosed under revenue and expenses in the statement of total return.

In determining whether the Fund is acting as principal or agent and hence whether the revenue and expenditure is recognised gross or net, the following indicators (of being a principal) are considered:

- The Fund is the primary obligor in the arrangement i.e. the obligation to settle service charges is with the Fund;
- The Fund bears the risks of owning the property;
- The Fund has latitude in establishing the rentals;
- The Fund has discretion in service charge supplier selection;
- The Fund is involved in the determination of lease specifications;
- The Fund bears the credit risk

Void costs attributable to the Fund have been separately disclosed under expenses in the statement of total return.

k. Critical accounting estimates and judgements in applying accounting policies

The Fund makes estimates and assumptions that affect the amounts of assets and liabilities reported at the end of the financial period and the amounts of income and expenses during the financial period. Estimates are continually evaluated, based on historical experience and other factors, including expectations of future events, to ensure they are reasonable under the circumstances.

The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements are outlined below:

Estimates:

Fair value of investment properties

The best evidence of the fair value of investment properties is the current price in an active market for similar lease or other contracts. In the absence of such information, the Fund determines the amount within a range of reasonable fair value estimates and assumptions based on market conditions existing at each period end.

Open market value is determined by reference to:

- Information provided by the Fund such as current rents, terms and conditions of lease agreements, service charges, capital expenditure, etc. This information is derived from the Fund's financial and property management processes and is subject to the Fund's overall control environment.
- Valuation models used by the valuers – these are typically market related, such as yields and rental value. These are based on their professional judgement and market observation.

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

Continued

The fair market valuations provided by the valuer are reviewed and where appropriate challenged by the Fund's Investment Manager on the basis of their knowledge and understanding of current prevailing market conditions and transactional activity obtained from a variety of other external sources.

Estimation uncertainty is mitigated by appointing the services of an expert in property, please see Risk Management Function.

2 Distribution Policies

(a) Basis of distribution

The distribution is calculated at a share class level as per the share class allocation accounting policy. The policy of the Fund is to distribute income to shareholders in three streams (dividend, interest and property). All of the net revenue available for distribution at the end of the year will be distributed or reinvested in the Fund.

Where the ACD has discretion about the extent to which revenue and expenses are recognised within the distributable income property of the Fund, the approach adopted, at all times, will be governed by the aim of maximising the total return to shareholders through limiting avoidable taxation costs.

(b) Equalisation

In order that each shareholder in the same share class shall receive the same rate of distribution per share the buying price of each share contains an amount called equalisation. This is equivalent to the net of distributable income less expenses accrued in the Fund at the time of purchase, these purchased shares are known as Group 2. As part of the distribution payment the average amount of this equalisation is returned to Group 2 shareholders. The equalisation element of the distribution to Group 2 shareholders is treated as a repayment of capital and is therefore not liable to income tax. This amount should, however, be deducted from the cost of the shares for capital gains tax purposes.

(c) Distribution policy

The net revenue from the Fund's investments accumulates daily, proportionately to the net asset value of the assets attributable to each share class, over each accounting period. If revenue exceeds expenses during the period, the net revenue of the Fund is available for distribution (or re-investment) at share class level to the shareholders in accordance with the OEIC Regulations. If expenses exceed revenue during the period, the net revenue shortfall may be funded from capital.

The Fund makes property, interest and dividend distributions.

Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. For derivative investments, where positions are undertaken to enhance capital return, the gains and losses are taken to capital, otherwise where they generate revenue, the amounts are included as revenue or expense and affect distributions.

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

Continued

3 Net Capital (Losses)/gains

	2022 £'000	2021 £'000
Net capital (losses)/gains* during the year comprise:		
Investments in direct properties	(173,403)	99,725
Net capital (losses)/gains	(173,403)	99,725
The non-derivative securities and Investment in direct properties balances above includes:		
Realised (losses)*	(3,572)	(49,569)
Unrealised (losses)/gain*	(169,831)	149,294
	(173,403)	99,725

*where realised gains include gains/losses arising in previous periods, corresponding losses/gains are included in unrealised gains.

4 Revenue

	2022 £'000	2021 £'000
Rental revenue	58,363	52,242
Service charges	5,305	4,731
Bank and deposits interest	3,274	165
Surrender Premiums	645	45
Dilapidation claims	401	602
Total revenue	67,988	57,785

5 Expenses

	2022 £'000	2021 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge taken from the capital account	(2,501)	(1,812)
Registration fees taken from the capital account	(43)	(163)
Dealing charge taken from the capital account	(4)	(7)
General Administration Charge taken from the capital account*	(133)	-
	(2,681)	(1,982)

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

Continued

	2022 £'000	2021 £'000
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary fees	(77)	(99)
Safe custody fees	(2)	(3)
	(79)	(102)
Other expenses:		
Service charges	(5,305)	(4,731)
Void costs	(2,690)	(4,034)
Operating costs	(2,304)	(2,150)
Head rents	(8)	(59)
Provision for bad debts	(2,270)	(612)
Managing agents' fee	(547)	(239)
Audit fee	-	(70)
Legal costs	(581)	(722)
Rent review fees	(80)	(99)
Printing fees	-	(3)
	(13,785)	(12,719)
*Total expenses	(16,545)	(14,803)

* The fixed general administration charge was introduced from 1 April 2022. The fee is paid to the ACD and covers fees payable to facilitate payment of certain common fund costs inclusive of the ongoing registration and general administration expenses of the fund. This is exclusive of the Authorised Corporate Director's periodic charge. The fund may additionally pay out of its scheme property other fees and expenses including those incurred by the Custodian. The audit fee for the year, excluding VAT, was £102,250 (2021: £98,000).

6 Taxation

	2022 £'000	2021 £'000
(a) Analysis of charge in year		
Total current tax (note 6b)	-	-
Total tax charge for the year	-	-
(b) Factors affecting current tax charge for the year		
Net revenue before taxation	51,441	42,962
Net revenue before taxation multiplied by the standard rate of corporation tax of 20%	10,288	8,592
Effects of:		
Net income distributed as a property income distribution	(7,616)	(7,759)
Tax deductible interest distributions	(655)	(33)
Impact of notional capital allowances	(2,017)	(800)

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

Continued

	2022 £'000	2021 £'000
Tax charge for year (note 6a)	-	-

The Fund qualifies as a Property Authorised Investment Fund (PAIF) for tax purposes. Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Provision for deferred taxation:

There is no provision required for deferred taxation at the Balance sheet date in the current or prior year.

7 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2022 £'000	2021 £'000
First interim distribution	4,783	4,221
Second interim distribution	4,867	3,190
Third interim distribution	4,140	3,321
Fourth interim distribution	3,980	3,742
Fifth interim distribution	4,616	3,523
Sixth interim distribution	4,952	3,763
Seventh interim distribution	3,731	3,548
Eighth interim distribution	4,367	3,783
Ninth interim distribution	3,905	4,599
Tenth interim distribution	4,477	3,701
Special distribution	-	1,721
Eleventh interim distribution	4,659	734
Final distribution	5,172	5,099
Add: Revenue deducted on the cancellation of shares	549	704
Deduct: Revenue received on the creation of shares	(74)	(706)
Net distribution for the year	54,124	44,943
Net revenue after taxation	51,441	42,962
Expenses charged to capital	2,682	1,982
Add: Undistributed revenue brought forward	2	1
Undistributed revenue carried forward	(1)	(2)
Total distributions	54,124	44,943

Expenses taken to capital include the ACD periodic charge, Registration fees, Dealing charge and General Administration charge. Where deductions are made from capital these may limit the growth in value of the relevant fund. However, more income is generally available to distribute to shareholders.

Details of the distribution per share are set out in the distribution tables.

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

Continued

8 Carrying amount of investment property and development property

	2022 £'000	2021 £'000
Investment property opening carrying value	1,259,140	1,142,377
Disposal	(194,591)	(307,805)
Addition of properties from Aberdeen UK Property Fund	-	353,475
Capital expenditure and purchases	4,610	1,979
Reclassified as development property	-	(13,575)
Movement in lease incentives	321	(538)
Movement in lease obligations	(137)	(2,587)
Movement in retentions	15	43
Fair value adjustments in the year	(160,531)	85,771
Investment property closing carrying value	908,827	1,259,140
Development property opening carrying value	13,575	13,700
Capital expenditure	381	70
Movement in retentions	5	0
Fair value adjustments in the year	(2,956)	(195)
Development property closing carrying value	11,005	13,575
Property closing carrying value	919,832	1,272,715

Reconciliation of market value of investment and development property per the valuers reports to their fair value:

	2022 £'000	2021 £'000
Market value per valuers of investment property	922,000	1,271,870
Market value per valuers of development property	11,000	13,575
Lease incentives	(13,299)	(12,978)
Leasehold obligations	11	148
Retentions	120	100
Property closing carrying value	919,832	1,272,715

The valuers used the Investment Method to value the investment properties at Fair Value; this method is based on inputs which include:

Equivalent yield: based on actual location, size, tenancies and quality of the properties and taking into account market data at the valuation date.

Estimated rental value: based on the actual location, type and quality of the properties and supported by the terms of an existing lease, other contracts or external evidence such as current market rents for similar properties.

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

Continued

The inputs used to derive fair values of the Investment Properties are as follows:

Investment property	Fair Value 2022 £'000	Fair Value 2021 £'000	Input	2022 %	2021 %		
Investment properties	908,827	1,259,140	equivalent yield	6.08	5.31		
			initial yield	5.13	3.92		
			reversionary yield	6.34	5.36		
Development property	£'000	£'000		%	%		
Development property	11,005	13,575	hardcore yield*	5.90	5.33		
			ERV*	£/sqFt	38.84	£/sqFt	34.05
			Square ft	33,911	33,911		

*For the year ended 31 December 2022 the yield has been applied with a deduction for purchaser's costs including Stamp Duty, Agents fees and Legal fees. The ERV per annum is derived from £36.00 per sq ft to £42.50 per sq ft, depended on floor applied. Letting voids of between 6 and 12 months, with a 12 month rent free, has also been allowed per floor.

ERV sensitivity has not been included due to the complexities in the modelling of these on the fund. However, generally, as ERVs go up the valuation increases.

9 Debtors

	2022 £'000	2021 £'000
Amounts receivable from the ACD for the issue of shares	32	12,068
Lease incentives debtor	13,299	12,978
Rent debtors*	12,823	16,571
Agent bank accounts	5,468	6,060
Service charge debtors	3,444	2,219
Accrued interest	131	23
Other property debtors	1,223	1,975
Floats to managing agent	669	802
Held in escrow	3,974	4,051
Receivable for tenant rental deposits	2,583	2,774
Deferred expenditure	6	-
Total debtors	43,652	59,521

* Rent debtors includes the Bad Debt Provision for the year end -£5,602,437 (2021:£5,114,423).

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

Continued

10 Cash and cash equivalents

	2022 £'000	2021 £'000
Cash and bank balances		
Cash at bank	395	1,507
	395	1,507
Bank overdrafts		
Overdraft at bank	(678)	-
	(678)	-
Cash equivalents		
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund	29,333	141,496
Deposits with a maturity of less than 3 months	226,075	177,558
Total cash equivalents	255,408	319,054
Net Liquidity	255,125	320,561

11 Creditors

	2022 £'000	2021 £'000
Creditors amounts falling due within one year		
Service charge creditor	(3,792)	(4,662)
Amounts payable for the cancellation of shares	(162)	(1,031)
Amounts payable to ACD	(198)	(231)
Accrued expenses	(878)	(2,617)
Rental income in advance	(10,453)	(12,523)
Payable for tenant rental deposits	(2,583)	(3,322)
VAT payable	(2,366)	(4,249)
Accrued expenses payable to the Depositary or associates of the Depositary	(50)	(10)
Other accruals	(704)	(1,037)
Other property creditors	(3,613)	(5,357)
Amounts due for property purchases/sales	(35)	(132)
Leasehold obligations*	-	(4)
	(24,834)	(35,175)
Creditors: amounts falling due after more than one year		
Leasehold obligations*	(11)	(144)
Total other creditors	(24,845)	(35,319)

* The fund has lease obligations a breakdown of which can be found in note 18 of the report.

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

Continued

12 Contingencies and commitments

At the year end the fund has an estimated total contractual commitment of £15,362,447 (2021: £4,131,000).

13 Related Party Transactions

abrdn Fund Managers Limited, as ACD, is a related party and acts as principal in respect of all transactions of shares in the fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to abrdn Fund Managers Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to abrdn Fund Managers Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

As at the year end the fund held investments valued at £29,332,891 (2021: £141,495,891) that were managed by subsidiaries of abrdn plc, and these are identified in the Portfolio Statement on pages 29 to 31.

14 Fair Value Disclosure of Financial Assets/Liabilities

	2022		2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 2*	29,333	-	141,496	-
	29,333	-	141,496	-

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1 – Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Aberdeen Liquidity Fund – Sterling is included in the above table within Level 1 in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the fund has treated the investment in the Aberdeen Liquidity Fund – Sterling disclosed within the Portfolio statement as cash equivalents for the purposes of the Balance Sheet disclosure.

15 Shareholder Funds

	Opening shares 2022	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2022
Retail Accumulation Shares	59,411,576	1,073,280	(12,747,173)	(767,712)	46,969,971
Institutional Accumulation Shares	153,444,795	11,100,288	(8,507,901)	(19,940)	156,017,242
Retail Income Shares	3,083,767	44,506	(471,068)	(206,035)	2,451,170
Institutional Income Shares	10,320,997	385,617	(2,125,677)	56,262	8,637,199
ZA Income Shares	11,589,636	-	(769,674)	-	10,819,962
ZC Accumulation Shares	167,909	8,345	-	-	176,254

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

Continued

Platform 1 Accumulation Shares	11,384,182	6,869,117	(10,730,433)	1,639,824	9,162,690
Platform 1 Income Shares	4,665,705	2,193,321	(2,396,271)	285,929	4,748,684
Feeder Accumulation Shares	950,245,872	23,584,649	(222,259,465)	-	751,571,056
Z Accumulation	30,726	504,574	(32,156)	-	503,144
J Accumulation	222,308	134	(178,598)	-	43,844
J Income	2,167,092	5,424	(1,643,430)	-	529,086

16 Risk Disclosure

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

The fund's exposure to market price risk is comprised mainly of movements in the value of the fund's investments in properties and collective investment schemes. Property valuation is a matter of judgment by an independent valuer. Valuation is therefore generally a matter of valuer's opinion rather than fact. Commercial property is a less liquid asset than other asset classes such as bonds or equities and values could be affected if properties need to be sold at short notice. The fund seeks to minimise the impact of these risks by maintaining a well-diversified property portfolio. In addition, a detailed review of economic trends is maintained in order to anticipate major changes affecting property values.

The value of holdings in collective investment schemes is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual collective investment scheme or be caused by the general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. Any change to the interest rates relevant for particular securities may result in either revenue increasing or decreasing, or the ACD being unable to secure similar returns on the expiry of contracts or the sale of securities. Changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of securities held. In addition, the management of the fund complies with the Financial Conduct Authority COLL sourcebook, which include rules limiting the size of investment in any particular holding.

At 31 December 2022, if the price of property and investments held by the fund increased or decreased by 5%, with all other variables remaining constant, then net assets attributable to the shareholders would increase or decrease by approximately £45,992 thousand (2021: £63,636 thousand). There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

Continued

(b) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Investment Adviser continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy. In the event of a change in interest rates there would be no material impact on the net assets of the Fund.

	Floating rate financial assets/ (liabilities) £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
2022			
UK Sterling	255,125	17,493	272,618
2021			
UK Sterling	320,922	23,149	344,071

(c) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the fund would be deliberately taking credit risk in order to seek additional rewards.

(d) Liquidity risk

Investments in immovable property are relatively illiquid and more difficult to realise than most equities or bonds. If an asset cannot be liquidated in a timely manner then it may be harder to attain a reasonable price. As a result, at times, the ACD may have to delay acting on instructions to sell investments which may have a materially adverse impact on the value of the shares in the fund.

To manage liquidity in particular during periods of uncertain or volatile markets, the Investment Adviser may choose to hold a substantial proportion of the Scheme Property of the fund in money-market instruments and/or cash deposits, provided the fund satisfies all those provisions in the Tax Regulations required for it to maintain its PAIF tax status.

(e) Derivatives

The fund held no derivatives at the end of the current year and prior year.

The fund did not employ any leverage at the end of the current year and prior year.

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

Continued

17 Property Purchases, Sales and Transaction Costs

	2022 £'000	2021 £'000
Gross sales in year before transaction costs	189,022	331,055
Agents' introductory fees	(1,593)	(2,170)
Legal costs	(490)	(511)
Other sales cost	(1)	217
Total sales transaction costs	(2,084)	(2,464)
Total sales net of transaction costs	186,938	328,591

	2022 %	2021 %
Sales		
Agents' introductory fees	0.84	0.65
Legal costs	0.26	0.15
Other sales cost	0.00	(0.06)

	2022 % Average NAV	2021 % Average NAV
Purchases		
Sales		
Agents' introductory fees	0.11	0.16
Others costs	0.00	0.02

18 Finance lease payable

Commitments in relation to finance leases are payable as follows:

	2022 £'000	2021 £'000
Within one year	-	4
Between one and five years	1	16
Over five years	297	3,899
Total minimum lease payments on leasehold properties	298	3,919
Less: Future finance charges	(287)	(3,771)
Total lease liabilities	11	148

Notes to the Financial Statements abrdn UK Real Estate Funds ICVC

Continued

The present value of finance lease liabilities is as follows:

	2022 £'000	2021 £'000
Within one year	-	4
Between one and five years	1	16
Over five years	10	128
Total lease liabilities	11	148

19 Operating Leases

The fund leases out its investment property under operating leases. At 31 December the future minimum lease receipts under non-cancellable leases are as follows:

	2022 £'000	2021 £'000
Within one year	51,848	54,398
Between one and five years	156,471	157,692
Over five years	175,441	206,668
Total lease receipts	383,760	418,758

Distribution Tables

For the year ended 31 December 2022

First interim dividend distribution

Group 1 – shares purchased prior to 1 January 2022

Group 2 – shares purchased between 1 January 2022 and 31 January 2022

	Revenue	Equalisation	Distribution paid 28/02/22	Distribution paid 26/02/21
Retail accumulation				
Group 1	0.3484	-	0.3484	0.2895
Group 2	0.3055	0.0429	0.3484	0.2895
Institutional accumulation				
Group 1	0.3502	-	0.3502	0.2896
Group 2	0.2844	0.0658	0.3502	0.2896
Retail income				
Group 1	0.2695	-	0.2695	0.2308
Group 2	0.0996	0.1699	0.2695	0.2308
Institutional income				
Group 1	0.2732	-	0.2732	0.3012
Group 2	0.1448	0.1284	0.2732	0.3012
ZA income				
Group 1	0.1343	-	0.1343	0.1134
Group 2	0.1343	-	0.1343	0.1134
ZC accumulation				
Group 1	0.1607	-	0.1607	0.1319
Group 2	0.1607	-	0.1607	0.1319
Platform 1 accumulation				
Group 1	0.1630	-	0.1630	0.1347
Group 2	0.1028	0.0602	0.1630	0.1347
Platform 1 income				
Group 1	0.1348	-	0.1348	0.1150
Group 2	0.0738	0.0610	0.1348	0.1150
Feeder accumulation				
Group 1	0.3680	-	0.3680	0.3021
Group 2	0.1670	0.2010	0.3680	0.3021
Feeder income				
Group 1	-	-	-	0.2455
Group 2	-	-	-	0.2455

Distribution Tables

For the year ended 31 December 2022 continued

	Revenue	Equalisation	Distribution paid 28/02/22	Distribution paid 26/02/21
Z Accumulation				
Group 1	0.3717	-	0.3717	-
Group 2	0.3275	0.0442	0.3717	-
J Accumulation				
Group 1	0.3703	-	0.3703	-
Group 2	0.3703	-	0.3703	-
J Income				
Group 1	0.2798	-	0.2798	-
Group 2	0.2798	-	0.2798	-

Distribution Tables

For the year ended 31 December 2022 continued

Second interim dividend distribution

Group 1 – shares purchased prior to 1 February 2022

Group 2 – shares purchased between 1 February 2022 and 28 February 2022

	Revenue	Equalisation	Distribution paid 31/03/22	Distribution paid 31/03/21
Retail accumulation				
Group 1	0.3646	-	0.3646	0.2293
Group 2	0.2800	0.0846	0.3646	0.2293
Institutional accumulation				
Group 1	0.3679	-	0.3679	0.2283
Group 2	0.1876	0.1803	0.3679	0.2283
Retail income				
Group 1	0.2813	-	0.2813	0.1825
Group 2	0.1524	0.1289	0.2813	0.1825
Institutional income				
Group 1	0.2865	-	0.2865	0.1677
Group 2	0.2190	0.0675	0.2865	0.1677
ZA income				
Group 1	0.1419	-	0.1419	0.0880
Group 2	0.1419	-	0.1419	0.0880
ZC accumulation				
Group 1	0.1701	-	0.1701	0.1047
Group 2	0.0566	0.1135	0.1701	0.1047
Platform 1 accumulation				
Group 1	0.1710	-	0.1710	0.1063
Group 2	0.0706	0.1004	0.1710	0.1063
Platform 1 income				
Group 1	0.1409	-	0.1409	0.0900
Group 2	0.0820	0.0589	0.1409	0.0900
Feeder accumulation				
Group 1	0.3849	-	0.3849	0.2351
Group 2	0.1954	0.1895	0.3849	0.2351
Feeder income				
Group 1	-	-	-	0.1908
Group 2	-	-	-	0.1908

Distribution Tables

For the year ended 31 December 2022 continued

	Revenue	Equalisation	Distribution paid 31/03/22	Distribution paid 31/03/21
Z Accumulation				
Group 1	0.3932	-	0.3932	-
Group 2	0.1654	0.2278	0.3932	-
J Accumulation				
Group 1	0.3891	-	0.3891	-
Group 2	0.2013	0.1878	0.3891	-
J Income				
Group 1	0.2923	-	0.2923	-
Group 2	0.2923	-	0.2923	-

Distribution Tables

For the year ended 31 December 2022 continued

Third interim dividend distribution

Group 1 – shares purchased prior to 1 March 2022

Group 2 – shares purchased between 1 March 2022 and 31 March 2022

	Revenue	Equalisation	Distribution paid 29/04/22	Distribution paid 30/04/21
Retail accumulation				
Group 1	0.3289	-	0.3289	0.2527
Group 2	0.3116	0.0173	0.3289	0.2527
Institutional accumulation				
Group 1	0.3301	-	0.3301	0.2505
Group 2	0.0203	0.3098	0.3301	0.2505
Retail income				
Group 1	0.2530	-	0.2530	0.2006
Group 2	0.1075	0.1455	0.2530	0.2006
Institutional income				
Group 1	0.2563	-	0.2563	0.1876
Group 2	0.0735	0.1828	0.2563	0.1876
ZA income				
Group 1	0.1254	-	0.1254	0.0961
Group 2	0.1254	-	0.1254	0.0961
ZC accumulation				
Group 1	0.1513	-	0.1513	0.1118
Group 2	0.0005	0.1508	0.1513	0.1118
Platform 1 accumulation				
Group 1	0.1535	-	0.1535	0.1167
Group 2	0.0699	0.0836	0.1535	0.1167
Platform 1 income				
Group 1	0.1264	-	0.1264	0.0999
Group 2	0.1106	0.0158	0.1264	0.0999
Feeder accumulation				
Group 1	0.3460	-	0.3460	0.2569
Group 2	0.1850	0.1610	0.3460	0.2569
Feeder income				
Group 1	-	-	-	0.2080
Group 2	-	-	-	0.2080

Distribution Tables

For the year ended 31 December 2022 continued

	Revenue	Equalisation	Distribution paid 29/04/22	Distribution paid 30/04/21
Z Accumulation				
Group 1	0.3497	-	0.3497	-
Group 2	0.2885	0.0612	0.3497	-
J Accumulation				
Group 1	0.3489	-	0.3489	-
Group 2	0.0014	0.3475	0.3489	-
J Income				
Group 1	0.2622	-	0.2622	-
Group 2	0.1696	0.0926	0.2622	-

Distribution Tables

For the year ended 31 December 2022 continued

Fourth interim dividend distribution

Group 1 – shares purchased prior to 1 April 2022

Group 2 – shares purchased between 1 April 2022 and 30 April 2022

	Revenue	Equalisation	Distribution paid 31/05/22	Distribution paid 28/05/21
Retail accumulation				
Group 1	0.3221	-	0.3221	0.2850
Group 2	0.1264	0.1957	0.3221	0.2850
Institutional accumulation				
Group 1	0.3236	-	0.3236	0.2848
Group 2	0.0849	0.2387	0.3236	0.2848
Retail income				
Group 1	0.2471	-	0.2471	0.2258
Group 2	0.0753	0.1718	0.2471	0.2258
Institutional income				
Group 1	0.2505	-	0.2505	0.1716
Group 2	0.1513	0.0992	0.2505	0.1716
ZA income				
Group 1	0.1230	-	0.1230	0.1104
Group 2	0.1230	-	0.1230	0.1104
ZC accumulation				
Group 1	0.1484	-	0.1484	0.1294
Group 2	0.0002	0.1482	0.1484	0.1294
Platform 1 accumulation				
Group 1	0.1513	-	0.1513	0.1326
Group 2	0.0464	0.1049	0.1513	0.1326
Platform 1 income				
Group 1	0.1241	-	0.1241	0.1116
Group 2	0.0536	0.0705	0.1241	0.1116
Feeder accumulation				
Group 1	0.3409	-	0.3409	0.2965
Group 2	0.1685	0.1724	0.3409	0.2965
Feeder income				
Group 1	-	-	-	0.2396
Group 2	-	-	-	0.2396

Distribution Tables

For the year ended 31 December 2022 continued

	Revenue	Equalisation	Distribution paid 31/05/22	Distribution paid 28/05/21
Z Accumulation				
Group 1	0.3434	-	0.3434	-
Group 2	0.3318	0.0116	0.3434	-
J Accumulation				
Group 1	0.3420	-	0.3420	-
Group 2	0.0030	0.3390	0.3420	-
J Income				
Group 1	0.2562	-	0.2562	-
Group 2	0.1518	0.1044	0.2562	-

Distribution Tables

For the year ended 31 December 2022 continued

Fifth interim dividend distribution

Group 1 – shares purchased prior to 1 May 2022

Group 2 – shares purchased between 1 May 2022 and 31 May 2022

	Revenue	Equalisation	Distribution paid 30/06/22	Distribution paid 30/06/21
Retail accumulation				
Group 1	0.3767	-	0.3767	0.2777
Group 2	0.1006	0.2761	0.3767	0.2777
Institutional accumulation				
Group 1	0.3791	-	0.3791	0.2773
Group 2	0.1637	0.2154	0.3791	0.2773
Retail income				
Group 1	0.2882	-	0.2882	0.2193
Group 2	0.1136	0.1746	0.2882	0.2193
Institutional income				
Group 1	0.2928	-	0.2928	0.2210
Group 2	0.1640	0.1288	0.2928	0.2210
ZA income				
Group 1	0.1443	-	0.1443	0.1071
Group 2	0.1443	-	0.1443	0.1071
ZC accumulation				
Group 1	0.1744	-	0.1744	0.1256
Group 2	0.0004	0.1740	0.1744	0.1256
Platform 1 accumulation				
Group 1	0.1755	-	0.1755	0.1290
Group 2	0.0774	0.0981	0.1755	0.1290
Platform 1 income				
Group 1	0.1437	-	0.1437	0.1090
Group 2	0.0918	0.0519	0.1437	0.1090
Feeder accumulation				
Group 1	0.3980	-	0.3980	0.2878
Group 2	0.1574	0.2406	0.3980	0.2878
Feeder income				
Group 1	-	-	-	0.2319
Group 2	-	-	-	0.2319

Distribution Tables

For the year ended 31 December 2022 continued

	Revenue	Equalisation	Distribution paid 30/06/22	Distribution paid 30/06/21
Z Accumulation				
Group 1	0.4031	-	0.4031	-
Group 2	0.3264	0.0767	0.4031	-
J Accumulation				
Group 1	0.4005	-	0.4005	-
Group 2	0.0009	0.3996	0.4005	-
J Income				
Group 1	0.2994	-	0.2994	-
Group 2	0.2994	-	0.2994	-

Distribution Tables

For the year ended 31 December 2022 continued

Sixth interim dividend distribution

Group 1 – shares purchased prior to 1 June 2022

Group 2 – shares purchased between 1 June 2022 and 30 June 2022

	Revenue	Equalisation	Distribution paid 29/07/22	Distribution paid 30/07/21
Retail accumulation				
Group 1	0.4005	-	0.4005	0.2993
Group 2	0.2506	0.1499	0.4005	0.2993
Institutional accumulation				
Group 1	0.4043	-	0.4043	0.2997
Group 2	0.1598	0.2445	0.4043	0.2997
Retail income				
Group 1	0.3055	-	0.3055	0.2359
Group 2	0.1216	0.1839	0.3055	0.2359
Institutional income				
Group 1	0.3114	-	0.3114	0.2182
Group 2	0.1623	0.1491	0.3114	0.2182
ZA income				
Group 1	0.1544	-	0.1544	0.1162
Group 2	0.1544	-	0.1544	0.1162
ZC accumulation				
Group 1	0.1871	-	0.1871	0.1365
Group 2	-	0.1871	0.1871	0.1365
Platform 1 accumulation				
Group 1	0.1881	-	0.1881	0.1390
Group 2	0.0585	0.1296	0.1881	0.1390
Platform 1 income				
Group 1	0.1535	-	0.1535	0.1175
Group 2	0.0446	0.1089	0.1535	0.1175
Feeder accumulation				
Group 1	0.4285	-	0.4285	0.3132
Group 2	0.1570	0.2715	0.4285	0.3132
Feeder income				
Group 1	-	-	-	0.2513
Group 2	-	-	-	0.2513

Distribution Tables

For the year ended 31 December 2022 continued

	Revenue	Equalisation	Distribution paid 29/07/22	Distribution paid 30/07/21
Z Accumulation				
Group 1	0.4324	-	0.4324	-
Group 2	0.1142	0.3182	0.4324	-
J Accumulation				
Group 1	0.4276	-	0.4276	-
Group 2	0.0033	0.4243	0.4276	-
J Income				
Group 1	0.3188	-	0.3188	-
Group 2	0.3087	0.0101	0.3188	-

Distribution Tables

For the year ended 31 December 2022 continued

Seventh interim dividend distribution

Group 1 – shares purchased prior to 1 July 2022

Group 2 – shares purchased between 1 July 2022 and 31 July 2022

	Revenue	Equalisation	Distribution paid 31/08/22	Distribution paid 31/08/21
Retail Accumulation Shares				
Group 1	0.2643	-	0.2643	0.2963
Group 2	0.1373	0.1270	0.2643	0.2963
Institutional Accumulation Shares				
Group 1	0.2637	-	0.2637	0.2967
Group 2	0.1831	0.0806	0.2637	0.2967
Retail Income Shares				
Group 1	0.2009	-	0.2009	0.2330
Group 2	0.1282	0.0727	0.2009	0.2330
Institutional Income Shares				
Group 1	0.2026	-	0.2026	0.2563
Group 2	0.0719	0.1307	0.2026	0.2563
ZA income				
Group 1	0.0982	-	0.0982	0.1146
Group 2	0.0982	-	0.0982	0.1146
ZC accumulation				
Group 1	0.1196	-	0.1196	0.1353
Group 2	0.0010	0.1186	0.1196	0.1353
Platform 1 Accumulation Shares				
Group 1	0.1228	-	0.1228	0.1379
Group 2	0.0581	0.0647	0.1228	0.1379
Platform 1 Income Shares				
Group 1	0.1000	-	0.1000	0.1160
Group 2	0.0427	0.0573	0.1000	0.1160
Feeder Accumulation Shares				
Group 1	0.2901	-	0.2901	0.3095
Group 2	0.1873	0.1028	0.2901	0.3095
Feeder Income Shares				
Group 1	-	-	-	0.2483
Group 2	-	-	-	0.2483

Distribution Tables

For the year ended 31 December 2022 continued

	Revenue	Equalisation	Distribution paid 31/08/22	Distribution paid 31/08/21
Z Accumulation				
Group 1	0.2763	-	0.2763	-
Group 2	0.2115	0.0648	0.2763	-
J Accumulation				
Group 1	0.2786	-	0.2786	-
Group 2	0.0030	0.2756	0.2786	-
J Income				
Group 1	0.2072	-	0.2072	-
Group 2	0.1155	0.0917	0.2072	-

Distribution Tables

For the year ended 31 December 2022 continued

Eighth interim dividend distribution

Group 1 – shares purchased prior to 1 August 2022

Group 2 – shares purchased between 1 August 2022 and 31 August 2022

	Revenue	Equalisation	Distribution paid 30/09/22	Distribution paid 30/09/21
Retail Accumulation Shares				
Group 1	0.3390	-	0.3390	0.3195
Group 2	0.1144	0.2246	0.3390	0.3195
Institutional Accumulation Shares				
Group 1	0.3452	-	0.3452	0.3200
Group 2	0.1711	0.1741	0.3452	0.3200
Retail Income Shares				
Group 1	0.2574	-	0.2574	0.2504
Group 2	0.1460	0.1114	0.2574	0.2504
Institutional Income Shares				
Group 1	0.2646	-	0.2646	0.2531
Group 2	0.1862	0.0784	0.2646	0.2531
ZA income				
Group 1	0.1325	-	0.1325	0.1235
Group 2	0.1325	-	0.1325	0.1235
ZC accumulation				
Group 1	0.1613	-	0.1613	0.1460
Group 2	-	0.1613	0.1613	0.1460
Platform 1 Accumulation Shares				
Group 1	0.1604	-	0.1604	0.1488
Group 2	0.0805	0.0799	0.1604	0.1488
Platform 1 Income Shares				
Group 1	0.1305	-	0.1305	0.1247
Group 2	0.0603	0.0702	0.1305	0.1247
Feeder Accumulation Shares				
Group 1	0.3515	-	0.3515	0.3344
Group 2	0.1804	0.1711	0.3515	0.3344
Feeder Income Shares				
Group 1	-	-	-	0.2675
Group 2	-	-	-	0.2675

Distribution Tables

For the year ended 31 December 2022 continued

	Revenue	Equalisation	Distribution paid 30/09/22	Distribution paid 30/09/21
Z Accumulation				
Group 1	0.3709	-	0.3709	-
Group 2	0.2716	0.0993	0.3709	-
J Accumulation				
Group 1	0.3596	-	0.3596	-
Group 2	0.0019	0.3577	0.3596	-
J Income				
Group 1	0.2719	-	0.2719	-
Group 2	0.2719	-	0.2719	-

Distribution Tables

For the year ended 31 December 2022 continued

Ninth interim dividend distribution

Group 1 – shares purchased prior to 1 September 2022

Group 2 – shares purchased between 1 September 2022 and 30 September 2022

	Revenue	Equalisation	Distribution paid 31/10/22	Distribution paid 29/10/21
Retail accumulation				
Group 1	0.3122	-	0.3122	0.3568
Group 2	0.1276	0.1846	0.3122	0.3568
Institutional accumulation				
Group 1	0.3083	-	0.3083	0.3592
Group 2	0.0914	0.2169	0.3083	0.3592
Retail income				
Group 1	0.2363	-	0.2363	0.2790
Group 2	0.0413	0.1950	0.2363	0.2790
Institutional income				
Group 1	0.2356	-	0.2356	0.2836
Group 2	0.0905	0.1451	0.2356	0.2836
ZA income				
Group 1	0.1125	-	0.1125	0.1396
Group 2	0.1125	-	0.1125	0.1396
ZC accumulation				
Group 1	0.1380	-	0.1380	0.1653
Group 2	0.1157	0.0223	0.1380	0.1653
Platform 1 accumulation				
Group 1	0.1428	-	0.1428	0.1670
Group 2	0.0466	0.0962	0.1428	0.1670
Platform 1 income				
Group 1	0.1162	-	0.1162	0.1398
Group 2	0.0342	0.0820	0.1162	0.1398
Feeder accumulation				
Group 1	0.3147	-	0.3147	0.3788
Group 2	0.1587	0.1560	0.3147	0.3788
Feeder income				
Group 1	-	-	-	0.2233
Group 2	-	-	-	0.2233

Distribution Tables

For the year ended 31 December 2022 continued

	Revenue	Equalisation	Distribution paid 31/10/22	Distribution paid 29/10/21
Z Accumulation				
Group 1	0.3180	-	0.3180	-
Group 2	0.2302	0.0878	0.3180	-
J Accumulation				
Group 1	0.3314	-	0.3314	-
Group 2	0.0023	0.3291	0.3314	-
J Income				
Group 1	0.2398	-	0.2398	-
Group 2	0.1422	0.0976	0.2398	-

Distribution Tables

For the year ended 31 December 2022 continued

Tenth interim dividend distribution

Group 1 – shares purchased prior to 1 October 2022

Group 2 – shares purchased between 1 October 2022 and 31 October 2022

	Revenue	Equalisation	Distribution paid 30/11/22	Distribution paid 30/11/21
Retail Accumulation Shares				
Group 1	0.3487	-	0.3487	0.3308
Group 2	0.0784	0.2703	0.3487	0.3308
Institutional Accumulation Shares				
Group 1	0.3514	-	0.3514	0.3325
Group 2	0.0966	0.2548	0.3514	0.3325
Retail Income Shares				
Group 1	0.2632	-	0.2632	0.2578
Group 2	0.1588	0.1044	0.2632	0.2578
Institutional Income Shares				
Group 1	0.2680	-	0.2680	0.2614
Group 2	0.1874	0.0806	0.2680	0.2614
ZA income				
Group 1	0.1326	-	0.1326	0.1285
Group 2	0.1326	-	0.1326	0.1285
ZC accumulation				
Group 1	0.1622	-	0.1622	0.1526
Group 2	0.0009	0.1613	0.1622	0.1526
Platform 1 Accumulation Shares				
Group 1	0.1634	-	0.1634	0.1548
Group 2	0.0769	0.0865	0.1634	0.1548
Platform 1 Income Shares				
Group 1	0.1321	-	0.1321	0.1289
Group 2	0.0705	0.0616	0.1321	0.1289
Feeder Accumulation Shares				
Group 1	0.3713	-	0.3713	0.3498
Group 2	0.1959	0.1754	0.3713	0.3498
Feeder Income Shares				
Group 1	-	-	-	-
Group 2	-	-	-	-

Distribution Tables

For the year ended 31 December 2022 continued

	Revenue	Equalisation	Distribution paid 30/11/22	Distribution paid 30/11/21
Z Accumulation				
Group 1	0.3748	-	0.3748	-
Group 2	0.0635	0.3113	0.3748	-
J Accumulation				
Group 1	0.3718	-	0.3718	-
Group 2	0.0023	0.3695	0.3718	-
J Income				
Group 1	0.2742	-	0.2742	-
Group 2	0.1751	0.0991	0.2742	-

Distribution Tables

For the year ended 31 December 2022 continued

Special dividend distribution

	Distribution paid 24/12/21
Retail Accumulation Shares	
Group 1	0.1749
Group 2	0.1749
Institutional Accumulation Shares	
Group 1	0.1719
Group 2	0.1719
Retail Income Shares	
Group 1	0.1359
Group 2	0.1359
Institutional Income Shares	
Group 1	0.1348
Group 2	0.1348
ZA income	
Group 1	0.0632
Group 2	0.0632
ZC accumulation	
Group 1	0.0757
Group 2	0.0757
Platform 1 Accumulation Shares	
Group 1	0.0795
Group 2	0.0795
Platform 1 Income Shares	
Group 1	0.0663
Group 2	0.0663
Feeder Accumulation Shares	
Group 1	0.1730
Group 2	0.1730
Feeder Income Shares	
Group 1	-
Group 2	-

Distribution Tables

For the year ended 31 December 2022 continued

Eleventh interim dividend distribution

Group 1 – shares purchased prior to 1 November 2022

Group 2 – shares purchased between 1 November 2022 and 30 November 2022

	Revenue	Equalisation	Distribution paid 30/12/22	Distribution paid 31/12/21
Retail Accumulation Shares				
Group 1	0.3688	-	0.3688	0.0483
Group 2	0.2210	0.1478	0.3688	0.0483
Institutional Accumulation Shares				
Group 1	0.3733	-	0.3733	0.0489
Group 2	0.1459	0.2274	0.3733	0.0489
Retail Income Shares				
Group 1	0.2777	-	0.2777	0.0376
Group 2	0.1505	0.1272	0.2777	0.0376
Institutional Income Shares				
Group 1	0.2839	-	0.2839	0.0381
Group 2	0.1191	0.1648	0.2839	0.0381
ZA income				
Group 1	0.1415	-	0.1415	0.0190
Group 2	0.1415	-	0.1415	0.0190
ZC accumulation				
Group 1	0.1735	-	0.1735	0.0233
Group 2	0.0009	0.1726	0.1735	0.0233
Platform 1 Accumulation Shares				
Group 1	0.1735	-	0.1735	0.0233
Group 2	0.1125	0.0610	0.1735	0.0233
Platform 1 Income Shares				
Group 1	0.1398	-	0.1398	0.0192
Group 2	0.1076	0.0322	0.1398	0.0192
Feeder Accumulation Shares				
Group 1	0.3974	-	0.3974	0.0514
Group 2	0.1999	0.1975	0.3974	0.0514
Z Accumulation Shares				
Group 1	0.4010	-	0.4010	0.0513
Group 2	0.0651	0.3359	0.4010	0.0513

Distribution Tables

For the year ended 31 December 2022 continued

	Revenue	Equalisation	Distribution paid 30/12/22	Distribution paid 31/12/21
J Accumulation Shares				
Group 1	0.3953	-	0.3953	0.0516
Group 2	0.0027	0.3926	0.3953	0.0516
J Income Shares				
Group 1	0.2907	-	0.2907	0.0390
Group 2	0.1974	0.0933	0.2907	0.0390

Distribution Tables

For the year ended 31 December 2022 continued

Final dividend distribution

Group 1 – shares purchased prior to 1 December 2022

Group 2 – shares purchased between 1 December 2022 and 31 December 2022

	Revenue	Equalisation	Distribution paid 15/02/23	Distribution paid 15/02/22
Retail Accumulation Shares				
Group 1	0.2839	-	0.2839	0.3558
Group 2	0.2588	0.0251	0.2839	0.3558
Institutional Accumulation Shares				
Group 1	0.3315	-	0.3315	0.3580
Group 2	0.1316	0.1999	0.3315	0.3580
Retail Income Shares				
Group 1	0.2130	-	0.2130	0.2761
Group 2	0.0594	0.1536	0.2130	0.2761
Institutional Income Shares				
Group 1	0.2523	-	0.2523	0.2804
Group 2	0.1389	0.1134	0.2523	0.2804
ZA income				
Group 1	0.1661	-	0.1661	0.1379
Group 2	0.1661	-	0.1661	0.1379
ZC accumulation				
Group 1	0.1965	-	0.1965	0.1649
Group 2	0.0691	0.1274	0.1965	0.1649
Platform 1 Accumulation Shares				
Group 1	0.1506	-	0.1506	0.1664
Group 2	0.0759	0.0747	0.1506	0.1664
Platform 1 Income Shares				
Group 1	0.1215	-	0.1215	0.1381
Group 2	0.0795	0.0420	0.1215	0.1381
Feeder Accumulation Shares				
Group 1	0.4732	-	0.4732	0.3770
Group 2	0.2785	0.1947	0.4732	0.3770
Z Accumulation Shares				
Group 1	0.4591	-	0.4591	0.3805
Group 2	0.3525	0.1066	0.4591	0.3805

Distribution Tables

For the year ended 31 December 2022 continued

	Revenue	Equalisation	Distribution paid 15/02/23	Distribution paid 15/02/22
J Accumulation Shares				
Group 1	0.3697	-	0.3697	0.3785
Group 2	0.0771	0.2926	0.3697	0.3785
J Income Shares				
Group 1	0.2683	-	0.2683	0.2868
Group 2	0.1475	0.1208	0.2683	0.2868

Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Risk Management Function (Unaudited)

The Company functionally and hierarchically separates the functions of risk management from the operating units and portfolio management functions, to ensure independence and avoid any potential or actual conflicts of interest.

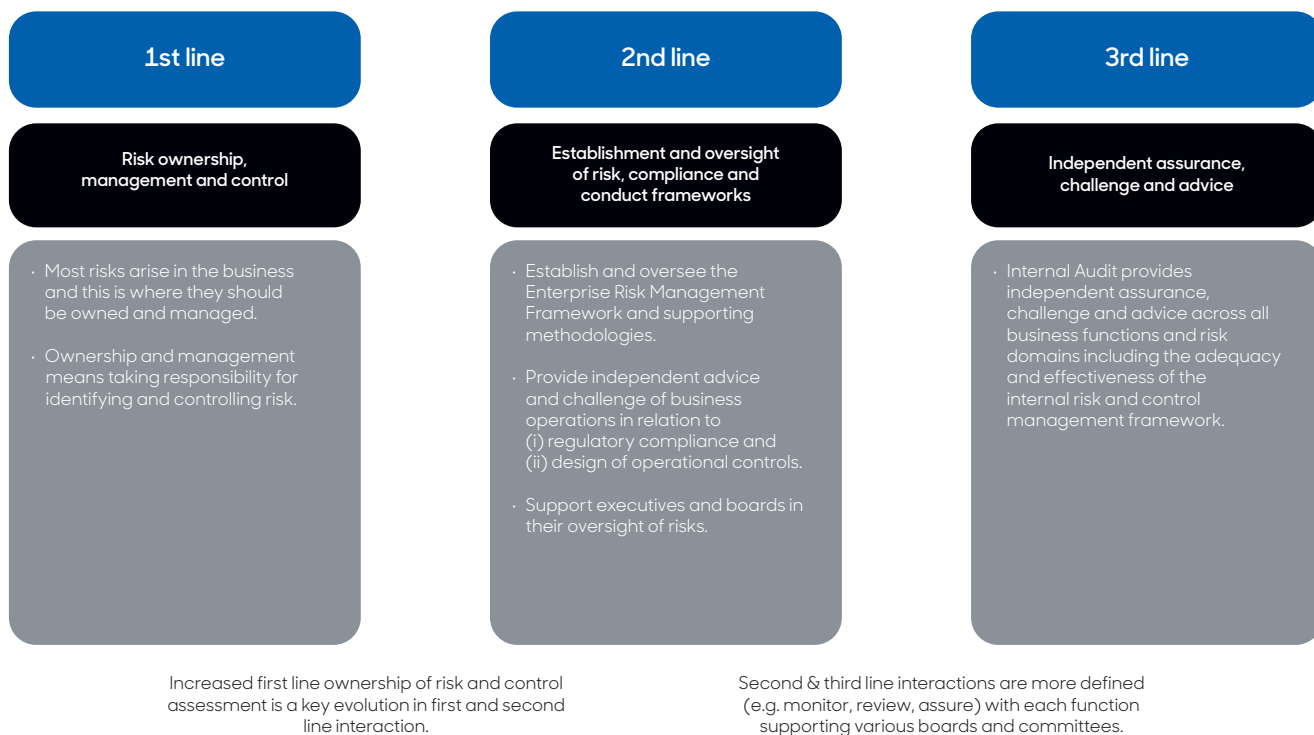
The Risk Management Function for abrdn comprises both first line (Investment Control) and second line areas such as Investment Risk and other risk functions.

The Risk Management Function has responsibility for:

- Implementation of the risk management process and the development and maintenance of the Company's RMP;
- Understanding the business and strategy from the product development phase and provide advice to the Board of Directors as regards the identification of the risk profiles of the funds.
- The identification, measurement, management and monitoring of the risks of the Funds in order to ensure that the level of risk is aligned with the Fund's risk profile; and
- Provision of regular updates to the board of directors/senior management on the adequacy and effectiveness of the risk management process indicating, where applicable, actual or anticipated deficiencies and their remedial measures.

Risk Management Framework – Three Lines of Defence

The management of investment risk within abrdn is organised across distinct functions, aligned to the well-established 'three lines of defence' (LoD) model;



- 1LoD – Functions that own and manage risks, reporting to the COO Investments Vector, in particular the Investment Oversight and Investment Control functions.
 - Continuously improving the management of investments through the generation of value-added insight and the implementation of a robust control environment.
- 2LoD – Functions that oversee risk, reporting to the Group Chief Risk Officer, in particular the Investment Risk function
 - Providing assurance, advice and challenge to drive risk awareness and accountability in the business which is where most risks arise should be managed and owned.
 - Managing the risks to the firm, and potential conflicts of interest in 1LoD.
- 3LoD – Functions that provide independent assurance, reporting to the Chief Internal Auditor

Risk Management Function (Unaudited)

Continued

Investment risk management activity is owned and managed within the functionally and hierarchically independent 2LoD Risk & Compliance function. This mitigates potential conflicts of interest by preventing functions that own the risks from unilaterally establishing their own assessment and control frameworks.

Breach and Escalation procedures

The Risk Management Function provides regular reporting to the Board/senior management, which demonstrates the adequacy and effectiveness of the RMP. This indicates, where applicable, actual or anticipated deficiencies and the remedial measures. In addition, issues and events impacting the Company or the funds managed by the Company are logged in Shield, abrdn's operational risk system, by the relevant area within the prescribed time limits. The Shield system allows for management information and reporting, and thematic issues and trends are highlighted for the attention of Senior Management. Significant events are also reported to the Board and other events may be reported depending on the potential impacts. The Management Company Board receives quarterly event reports from the operational risk function that details the events which have impacted the Funds, directly or indirectly.

Mandate Governance & Controls

Tripartite Process, The 'Tripartite process', which embodies our culture and values, is the cornerstone of mandate governance and is a key control against the risk of mandate failure thereby protecting the company from client complaints, regulatory censure and reputational damage. Equally, it conveys a strong and clear message to external stakeholders about how we strive to meet client expectations. It is a principle based set of processes and protocols that define how mandates are agreed, understood, documented and delivered. Its overarching aim is to develop and document a common understanding of all investment mandates between the following areas;

- Investment Risk Managers - Responsible for the oversight of investment risk and ensuring that the management of investment mandates can be adequately controlled and governed within the overall risk framework.
- Investment Management - Responsible for the day to day management of the mandate and understanding the mandates objectives and constraints.
- Appropriate Client representatives - Responsible for representing the clients' interests and developing and articulating the client or fund objectives).

Fund specific risk limits and monitoring

The RMP involves monitoring on a regular and systematic basis all funds under its purview, to allow both 1st and 2nd line risk teams to identify, measure and monitor risk and where necessary escalate appropriately, including to the Board, any concerns and proposed mitigating actions.

As advised above, in developing the risk profiles for the funds abrdn will determine and set specific risk limits as appropriate for each Fund. In addition, there will be an early warnings system of potential changes via portfolio risk monitoring triggers.

Regulatory limits as well as those set out in the Fund's prospectus (or equivalent documentation), are strictly enforced to ensure that abrdn does not inadvertently (or advertently) breach them and add additional risk exposure to the Fund. Where possible, these are coded into the front office dealing system, Charles River (used for equities, fixed income, multi-asset and the fund of long-only funds businesses) in a pre-trade capacity. These limits are also monitored on a post-trade basis by the Investment Control department, who escalate any breaches identified immediately.

Internal limits or guidelines are also used where appropriate and are captured as part of the Tripartite process. They provide an early warning system of potential risks in the fund and they operate as triggers for further investigation every time they are exceeded. Any exceptions of internal limits are reviewed and, where appropriate, the relevant portfolio manager will rectify the identified internal breach within a reasonable timeframe.

Investment risk limits are generally metrics that are either derived from a risk model with modelling assumptions, regulatory defined market risk measures and/or liquidity risk measures. These limits are monitored by the Investment Risk team. In addition, for these types of parameter internal risk monitoring triggers are set and used, where required, by the Investment Risk team. As with the internal limits above they operate as early warning triggers for further investigation aimed at preventing client and regulatory limit breaches. Any issues or concerns arising from investment risk limits are promptly reviewed and discussed for resolution with the relevant Investment Teams.

Risk Management Function (Unaudited)

Continued

Appendix 1 – Risk Definitions & Risk Management Processes

i) Market Risk Management Processes

Investment Risk is responsible for identification, monitoring and measurement of risks for real estate funds.

Real Estate – Quantitative risk systems are not typically deployed in the production of risk analytics for this asset class largely due to the lack of data and/or appropriate systems, within the industry, to produce meaningful output. The Investment Risk team utilise other metrics specific to the asset class. Such metrics may include, but are not limited to:

Real Estate

- **Tenant and Rent Roll Risk** – This measure attempts to capture and consider property vacancy, lease rolls, tenant quality and tenant concentration at an asset level (Direct Real Estate funds at a property level, Real Estate Multi-Manager at a target fund level) to provide an indication of the stability of income.
- **Debt risk** – After a certain level, debt can significantly increase the volatility of return and limit the capacity of managing the asset appropriately. This measure captures and weights the loan to gross asset value, debt expiry, current and potential covenant breach and cost of debt at asset level to provide an indication of whether debt is **endangering the stability of income and the capacity of the fund management team to follow the fund's strategy.**
- **Loan-To-Value (LTV)** – The use of gearing on an asset-by-asset basis can provide increased returns, but will also increase the risks a Fund is exposed to. As risk is a non-linear function of gearing, the unequal application of LTV can lead to outsized and/or disproportionate exposures to investment risk when compared to equally leveraged portfolios.
- **Refinancing Risk** – This measure captures and considers the risks inherent in refinancing any debt held within a portfolio. The indicator considers the loan to gross asset value, interest coverage, covenants and maturity of the debt facility, in order to determine whether the fund is at risk of failing to achieve a refinancing of the debt, or whether the fund is at risk of failing to achieve adequate terms commensurate with the expected return of the properties backing the facility.
- **Country and Sector Exposures** – Measures concentration of the fund's investments by country and sector
- **Top holdings** – Measures exposure to top individual holdings
- **Tenant Concentration and Tenant Industry Exposures** – Measures the % exposure to individual tenants and to the tenant industry
- **Returns Risk** – Measures the risk of returns being impacted by specific exposures; this could be capital or income driven.

These metrics are generated from a combination of sources, including MSCI, internal systems and tenant data. Once this data has been processed the Investment Risk team analyses reports, assessing absolute and relative exposures and trends across valuation points. Any issues/concerns identified prompt further investigation and escalation as appropriate. Breaches of hard risk limits will be escalated immediately via Tripartite. Funds are generally reviewed quarterly in line with typical valuation cycle, or more frequently as appropriate.

ii) Liquidity Risk

Liquidity risk is defined as the risk that a portfolio may need to raise cash or reduce derivative positions on a timely basis either in reaction to market events or to meet client redemption requests and may be obliged to sell long term assets at a price lower than their market value. Liquidity is also an important consideration in the management of portfolios: Portfolio Managers need to pay attention to market liquidity when sizing, entering and exiting trading positions.

Measuring liquidity risk is subject to three main dimensions:

- **Asset Liquidity Risk** – how quickly can assets be sold.
- **Liability Risk** – managing redemptions as well as all other obligations arising from the liabilities side of the balance sheet.
- **Contingency Arrangements or Liquidity Buffers** – utilising credit facilities etc.

Risk Management Function (Unaudited)

Continued

Liquidity Risk Management Framework

For all funds in scope, details on all governance arrangements and processes applied to fund liquidity stress testing, as set by abrdrn's UK Management Companies, in line with the ESMA LST guidelines, are detailed in the Liquidity Stress Test Policy within the abrdrn UK RMP.

Escalation Process for Liquidity Limit Breaches

The process for the escalation of liquidity risk limit breaches follows the process for investment risk limit breaches. In addition to the escalation routes, any liquidity concerns may also be escalated to the IPC. The ESMA LST policy describes the liquidity stress testing limit breach process in detail.

IPC Process During Heightened Liquidity Crisis

The central role of the IPC is to ensure investor protection. During a liquidity crisis, the main concern of the IPC is to ensure that all redemptions can be met within the fund terms and that the fund liquidity and overall risk profile does not deteriorate materially as a result of any redemptions (e.g. fund manager selling the most liquid assets to meet the redemption, leaving the remaining shareholders of the fund with materially fewer liquid assets). Therefore, in a heightened liquidity crisis, the additional LST analysis required by the IPC over the business-as-usual process includes:

- Daily liquidity meetings where Investment Management teams, Risk Management teams, Operations, Senior Management and IPC members are represented, where day-to-day liquidity in equities and fixed income markets is discussed and where all outflows above an agreed level depending on circumstances (e.g. 1% during March and April 2020) on the net asset value of the funds are discussed, tracked and monitored.
- Additional LST analysis which analyses the trades executed to meet the redemptions, the changes in portfolio allocation, the changes in fund liquidity profile and the changes in time required to liquidate the portfolio under the liquidity (stressed) crisis environment.

The IPC also oversees the abrdrn liquidity management contingency plan which includes:

- Governance Framework;
- How abrdrn will respond to liquidity risks crystallising;
- Details of the liquidity tools and arrangements available, which may be deployed in such circumstances and operational challenges likely to arise from working with relevant third parties or associated with such tools and consequences for investors;
- How abrdrn will implement the Contingency Plan;
- Details of communication arrangements for internal and external concerned parties. Details of how abrdrn will work with the depositary, intermediate unitholders, third party administrators and others as necessary to implement this contingency plan.

Tools to Manage Liquidity, Contingency Arrangements and Liquidity Buffers

Investor behaviour is the main driver of liquidity within an open-ended investment fund. As such, the Fund's articles, management regulations and prospectuses contain certain key provisions or limits, which provide protection to the Fund and ultimately investors in situations where liquidity might become a concern. These provisions or limits are specific to each Fund.

The following are examples of these types of controls used:

- Swing Pricing Policy;
- Redemption limits, for example 10% of Net Asset Value maximum can be redeemed in any one business day;
- In Specie Redemptions; and,
- Settlement Period provisions, extending the settlement period to, for example, T+10 business days to give the fund the ability to liquidate the required portion of the fund in an orderly manner.

Other methods that the Management Company can utilise to help manage liquidity is to use contingency arrangements and liquidity buffers. The Fund's articles, management regulations and prospectuses contain extraordinary liquidity mechanisms to allow the Management Company to act in certain extreme circumstances.

Risk Management Function (Unaudited)

Continued

This should provide additional protection to the Fund and investors. These provisions or limits are specific to each Fund. The following are examples of these types of controls:

- Overdraft facilities;
- Review of the liquidity terms
- Holding a cash limit and or invest in very short dated instruments to ensure cash is available in the fund; and,
- Suspension of Redemptions.

Counterparty Credit Risk

Counterparty credit risk is the risk of loss resulting from the fact that the counterparty to a transaction may default on its obligations prior to the final settlement of the transaction's cash flow. Credit risk falls into both market risk and specific risk categories

Operational Risk Management Framework

Operational risk can be defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk also includes the breakdown of processes to comply with laws, regulations or directives.

An Operational Risk Management Framework is in place to identify, manage and monitor appropriate operational risks, including professional liability risks, to which the Management Company and the Funds are or could be reasonably exposed. The operational risk management activities are performed independently as part of one of the functions of the Risk Division.

The Group's Risk Management Framework is based upon the Basel II definition of operational risk which is "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events".

The Group's management of operational risk is therefore aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses. The Group has developed a framework that embodies continuous improvement to internal controls and ensures that the management of risk is embedded in the culture of the Group.

The identification, management, monitoring and resolution of events, risks and controls are facilitated via the Group's risk management system, Shield. The system is designed to facilitate the convergence of governance, risk and compliance programmes and automate a comprehensive review and assessment of operational risks.

Remuneration

Alternative Investment Fund Managers Directive (AIFMD)

Remuneration Disclosure AIF Annual Report and Accounts

Remuneration Policy

The abrdrn plc Remuneration Policy applies with effect from 1 January 2022. The purpose of the abrdrn plc Remuneration Policy (the "Policy") is to document clearly the remuneration policies, practices and procedures of abrdrn as approved by the abrdrn plc Remuneration Committee (the "Committee"). The Policy is available on request.

The Policy applies to employees of the abrdrn group of companies ("Group" or "abrdrn") including AIFMD Management Companies ("ManCos") and the AIFMD funds that the ManCo manages.

Remuneration Principles

abrdrn applies Group wide principles for remuneration policies, procedures and practices ensuring that:

- Remuneration within the Group is simple, transparent and fair.
- Our Policy supports our long-term strategy by reinforcing a performance-driven culture. It aligns the interests of our employees, shareholders and, importantly, our clients/customers.
- Our remuneration structure recognises the different challenges and priorities of roles and Vectors and Functions across the organisation as appropriate.
- Remuneration policies, procedures and practices promote good conduct, including sound and effective risk management and do not encourage risk taking that exceeds the level of tolerated risk appetite.
- Remuneration extends beyond the provision of fixed and variable pay, with a focus on the retirement provision and the wellbeing needs of our employees, as part of our remuneration philosophy. Total remuneration delivered is affordable for the Group.

Remuneration Framework

Employee remuneration is composed of fixed and variable elements of reward as follows:

- a) Fixed reward (fixed remuneration: salary and cash allowances, if appropriate); and Benefits (including pension).
- b) Variable reward (bonus, a proportion of which may be subject to retention or deferral depending on role and regulatory requirements; and senior employees may also be awarded a long-term incentive award).

Appropriate ratios of fixed: variable remuneration will be set to as to ensure that:

- a) Fixed and variable components of total remuneration are appropriately balanced and
- b) The fixed component is a sufficiently high proportion of total remuneration to allow abrdrn to operate a fully flexible policy on variable remuneration components, including having the ability to award no variable remuneration component in certain circumstances where either individual and/or Group performance does not support such award.

Base salary	Base salary provides a core reward for undertaking the role and depending on the role, geographical or business market variances or other indicators, additional fixed cash allowances may make up a portion of fixed remuneration. Periodic reviews take into account the employee's role, scope of responsibilities, skills and experience, salary benchmarks (where available) and, where relevant, any local legislative or regulatory requirements.
Benefits (including retirement benefit where appropriate)	Benefits are made up of core benefits which are provided to all employees; and extra voluntary benefits that may be chosen by certain employees which may require contribution through salary sacrifice or other arrangements. Retirement benefits are managed in line with the relevant legislative requirements and governance structures. In certain, very limited circumstances, a cash allowance may be offered in lieu of a retirement arrangement.

Remuneration

Continued

Annual Performance Bonus Awards	<p>Employees who have been employed during a performance year (1 January to 31 December) may be eligible to be considered for an annual bonus in respect of that year.</p> <p>Annual bonuses are based upon Group, Vector, Function, Team and Individual performance (with individual performance assessed against agreed goals and behaviours). The variable remuneration pool for all eligible employees, including Identified Staff or Material Risk Takers ("MRTs"), is determined initially by reference to profitability and other quantitative and qualitative financial and non-financial factors including risk considerations (on an ex-post and ex-ante basis). In reaching its final funding decision, the Committee exercises its judgement to ensure that the outcome reflects holistic Company performance considerations.</p> <p>abrdn Fund Managers Limited has specific obligations to act in the best interests of the AIFMD funds it manages and its investors. Accordingly, the performance of the underlying funds and the interests of investors (including, where relevant, investment risk) are also taken into account as appropriate. The Risk and Capital Committee and the Audit Committee formally advise the Committee as part of this process.</p> <p>The overall bonus pool is allocated to vectors and functions based on absolute and relative performance for each vector and function, and their alignment with strategic priorities and risk considerations. Allocation by region and subdivision/ team is determined on a discretionary basis by the vector, regional and functional heads based on the absolute and relative performance of the constituent teams and alignment with strategic priorities.</p> <p>Individual annual bonus awards are determined at the end of the 12-month performance period with performance assessed against financial and nonfinancial individual objectives, including behaviour and conduct. Individual awards for Identified Staff are reviewed and approved by the Committee (with some individual award approvals delegated, as appropriate, to the Group's Compensation Committee, over which the Committee retains oversight). In carrying out these approvals, the Committee seeks to ensure that outcomes are fair in the context of overall Group performance measures and adjusted, where appropriate, reflect input from the Risk and Capital Committee and the Audit Committee. Variable remuneration awards are subject to deferral for a period of up to three years. A retention period may also be applied as required by the relevant regulatory requirements. Deferral rates and periods comply, at a minimum, with regulatory requirements and may exceed these. In addition to the application of ex-ante adjustments described above, variable remuneration is subject to ex-post adjustment (malus / clawback arrangements).</p>
Other elements of remuneration – selected employees	<p>The following remuneration arrangements may be awarded in certain very limited circumstances:</p> <p>Carried Interest Plans – These arrangements are designed to reward performance in roles where a carried interest plan is appropriate. Selected employees are granted carried interest shares in private market funds established by the Group.</p> <p>Buy-Out Awards/Guaranteed Bonuses – These are intended to facilitate/support the recruitment of new employees. Buy-outs are not awarded, paid or provided unless they are in the context of hiring new employees. Guaranteed bonuses are not awarded, paid or provided unless they are exceptional and in the context of hiring new employees and limited to the first year of service. These awards are only made where such a payment or award is permitted under any relevant remuneration regulations and are designed to compensate for actual or expected remuneration foregone from previous employers by virtue of their recruitment.</p> <p>Retention and Special Performance Awards / LTIP – Supports retention and/or the delivery of specific performance outcomes. The Company may determine that it is appropriate to grant an exceptional award in limited circumstances. Awards are structured to deliver specific retention and/or performance outcomes. Retention and/or special performance awards comply with all relevant regulatory requirements.</p> <p>Severance Pay – Payment made to support an employee whose role is considered to be redundant. Severance payments comply with any legislative and regulatory requirements and any payments are inclusive of any statutory entitlement. In the event of severance, the treatment of any individual elements of an employee's remuneration is governed, as appropriate, by relevant plan or scheme rules.</p>

Control Functions

The Group ensures that, as appropriate, senior employees engaged in a control function are independent from the business units they oversee and have appropriate authority to undertake their roles and duties. These include, but are not necessarily limited to, Risk, Compliance and Internal Audit function roles. Senior employees engaged in a control function are remunerated in a way that ensures they are independent from the business areas they oversee, have appropriate authority, and have their remuneration directly overseen by the Remuneration Committee.

Remuneration

Continued

Conflicts of interest

The Remuneration Policy is designed to avoid conflicts of interest between the Group and its clients and is designed to adhere to local legislation, regulations or other provisions. In circumstances or jurisdictions where there is any conflict between the Policy and local legislation, regulations or other provisions then the latter prevail. Where the Committee receives input from members of management on the remuneration arrangements in operation across the Group this never relates to their own remuneration.

Personal Investment Strategies

The Company adheres to the regulatory principles and industry best practice on the use of personal hedging strategies which act in restricting the risk alignment embedded in employee remuneration arrangements.

AIFMD Identified Staff / MRTs

The 'Identified Staff' or MRTs of abrdn Fund Managers Limited are those employees who could have a material impact on the risk profile of abrdn Fund Managers Limited or the AIFMD Funds it manages. This broadly includes senior management, decision makers and control functions. For the purposes of this disclosure, 'Identified Staff' includes employees of entities to which activities have been delegated.

Quantitative remuneration disclosure

The table below provides an overview of the following:

- Aggregate total remuneration paid by abrdn Fund Managers Limited to its entire staff; and
- Aggregate total remuneration paid by abrdn Fund Managers Limited to its AIFMD 'Identified Staff'.

Amounts shown reflect payments made during the financial reporting period in question. The reporting period runs from **1 January 2022 to 31 December 2022** inclusive.

	Headcount	Total Remuneration £'000
abrdn Fund Managers Limited¹	855	141,552
of which		
Fixed remuneration		101,713
Variable remuneration		39,839
abrdn Fund Managers Limited 'Identified Staff'²	113	62,151
of which		
Senior Management ³	46	34,570
Other 'Identified Staff'	67	27,581

1 As there are a number of individuals indirectly and directly employed by abrdn Fund Managers Limited this figure represents an apportioned amount of abrdn's total remuneration fixed and variable pay, apportioned to the Management Company on an AUM basis, plus any carried interest paid. The Headcount figure provided reflects the number of beneficiaries calculated on a Full Time Equivalent basis.

2 The Identified Staff disclosure relates to AIFMD MRTs and represents total compensation of those staff of the Management Company who are fully or partly involved in the activities of the Management Company

3 Senior management are defined in this table as Management Company Directors and members of the abrdn plc Board, together with its Executive Committee, Investment Management Committee and Group Product Committee.

Further Information

abrdn UK Real Estate Funds ICVC was incorporated on 6 March 2014, incorporated under the FCA Regulations. The Company is an open-ended investment company (OEIC) with variable capital under regulation 12 (authorisation) of the OEIC Regulations.

Consumers' rights and protections, including any derived from EU legislation, are currently unaffected by the result of the UK referendum to leave the European Union and will remain unchanged unless and until the UK Government changes the applicable legislation.

Documentation and Prices

Copies of the current Prospectus and Key Investor Information Documents (KIIDs) for the abrdn UK Real Estate Funds ICVC, daily prices, together with the latest Annual (and if issued later the interim) Report and Accounts for any fund, are available to download at abrdn.com. A paper copy of the Report and Accounts is available on request from the ACD.

Notices/Correspondence

Please send any notices to abrdn Fund Managers Limited, PO Box 12233, Chelmsford, CM99 2EE. Any notice to the ACD will only be effective when actually received by the ACD. All notices will be sent to the investor at the address set out in the Application form or the latest address which the investor has notified to the ACD, and will be deemed to have been received three days after posting.

Events detailed in these terms and conditions will be carried out on the dates specified, unless the dates are a non-business day, when they will be carried out on the next business day.

Complaints and Compensation

If you need to complain about any aspect of our service, you should write to the Complaints Team, abrdn Investments, PO Box 12233, Chelmsford, CM99 2EE, who will initiate our formal complaints procedure. If you prefer, you may call the Complaints Team on 0345 113 6966 or email complaints@abrdn.com in the first instance. Alternatively if you have a complaint about the Company or Funds you can contact the Depository directly. A leaflet detailing our complaints procedure is available on request.

We will endeavour to respond to your complaint as soon as possible and will notify you of our outcome within 8 weeks. If the complaint is not resolved by us to your satisfaction then you may have the right to take your complaint to the Financial Ombudsman Service (FOS).

To contact the FOS Service you should write to The Financial Ombudsman Service, Exchange Tower, London, E14 9SR, email complaint.info@financial-ombudsman.org.uk or telephone 0800 023 4567 (free for landlines and mobiles) or 0300 123 9123 (calls cost no more than calls to 01 and 02 numbers) or +44 20 7964 0500 (available from outside the UK – calls will be charged).

We are covered by the Financial Services Compensation Scheme, which means if we become insolvent, you may be entitled to compensation. The level of compensation will depend on the type of business and the circumstances of your claim. Investments are covered up to £85,000 for claims against firms that fail on or after 1 April 2019. Details are available from the FSCS Helpline on 0800 678 1100 or 020 7741 4100 and on the FSCS website: www.fscs.org.uk.

Important Information

The above document is strictly for information purposes only and should not be considered as an offer, investment recommendation or solicitation, to deal in any of the investments or funds mentioned herein and does not constitute investment research as defined under EU Directive 2003/125/EC. abrdn Fund Managers Limited ("abrdn") does not warrant the accuracy, adequacy or completeness of the information and materials contained in this document and expressly disclaims liability for errors or omissions in such information and materials. Any research or analysis used in the preparation of this document has been procured by abrdn for its own use and may have been acted on for its own purpose. The results thus obtained are made available only coincidentally and the information is not guaranteed as to its accuracy. Some of the information in this document may contain projections or other forward looking statements regarding future events or future financial performance of countries, markets or companies. These statements are only predictions and actual events or results may differ materially. The reader must make their own assessment of the relevance, accuracy and adequacy of the information contained in this document and make such independent investigations, as they may consider necessary or appropriate for the purpose of such assessment. Any opinion or estimate contained in this document is made on a general basis and is not to be relied on by the reader as advice. Neither abrdn nor any of its employees, associated group companies or agents have given any consideration to nor have they or any of them made any investigation of the investment objectives, financial situation or particular need of the reader, any specific person or group of persons. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the reader, any person or group of persons acting on any information, opinion or estimate contained in this document. abrdn reserves the right to make changes and corrections to any information in this document at any time, without notice.