

abrdn UK Real Estate Fund

Monthly Factsheet May 2024

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 sub-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.

Performance Target: To exceed the return of the 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 sub-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 sub-fund based on the investment policy of the sub-fund and the constituents of the sector.

Portfolio securities

- The sub-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 sub-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 also invest in short term government bonds such as gilts, money-market instruments and cash.

Discrete annual returns (%) - year ended 31/05

	2020	2021	2022	2023	2024
Fund Retail Acc shareclass	-6.17	1.57	15.77	-13.86	-4.66
Fund Institutional Acc shareclass	-5.86	1.98	16.27	-13.54	-4.31
Fund Platform One Acc shareclass	-5.84	1.92	16.19	-13.57	-4.37
Performance Target ^A	-3.04	1.37	12.28	-10.96	-1.26

Past performance (%)

	1m	3m	6m	1y	3y p.a.	5y p.a.
Fund Retail Acc shareclass	0.10	0.10	-1.32	-4.66	-1.67	-1.95
Fund Institutional Acc shareclass	0.18	0.18	-1.18	-4.31	-1.28	-1.58
Fund Platform One Acc shareclass	0.14	0.10	-1.20	-4.37	-1.34	-1.62
Performance Target ^A	0.53	0.82	-0.84	-1.26	-0.56	-0.85

^A Benchmark includes both master and feeder funds in the IA UK Direct Property Peer group. Source: abrdn (Fund) and Morningstar (Target)

Past performance is not a guide to future results.

Top five property holdings

Name	£ of property*	Sub-sector
London, 24-26 Minories	£50m - 75m	Other Commercial
Leamington Spa, Leamington Shopping Park	£50m - 75m	Retail
Dartford, Masthead Industrial Estate	£25m - 50m	Industrial
Birmingham, Solar Park	£25m - 50m	Industrial
Sutton, lo Centre & Tradeway	£25m - 50m	Industrial

Source: abrdn, May 2024

^B The Ongoing Charge Figure (OCF) is an estimate as at April 2022 and may vary from year to year. It excludes the cost of buying and selling assets for the fund. An estimate is used in order to provide the figure that will most likely be charged. It does not include any initial charges or the cost of buying and selling stocks for the fund. The Ongoing Charge Figure can help you compare the annual operating expenses of different funds.

^C MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Universe Property Index (unfrozen) from 01/01/2019. Prior MSCI UK Quarterly Balanced Monthly Index Funds Quarterly Property Index (Unfrozen)

^D Historic Distribution Yield - this represents the income generated by the assets in which the fund has been invested over the last twelve months, expressed as a % of the fund's value for Institutional Acc Shareclass. Please note that this income stream may be subject to taxes and charges.

^E The Average Lease Length is the weighted average (by estimated rental value, "ERV") of all contracted income within the fund. ERV refers to the rent that a particular asset would be expected to achieve if it were to be re-let in current market conditions. Benchmark is MSCI UK Daily Traded APUTs and PAIFs Quarterly Property Index.

^F The vacancy rate represents the sum of all assets within the fund's portfolio which do not generate rental income. It is expressed as a percentage of the total portfolio estimated rental value, ERV, which is the sum of rental income that the portfolio would be expected to achieve if all assets were to be re-let in current market conditions. Benchmark is MSCI UK Daily Traded APUTs and PAIFs Quarterly Property Index.

Dealing information

Minimum initial Investment	
Retail shareclass	£500
Institutional shareclass	£1,000,000
Platform One shareclass	£1,000,000
Valuation point	12:00 UK Time
Settlement terms	T+3
Accounting period end dates	31 Dec (final) and 30 Jun (interim)
Ex-dividend dates	First day of each month
Payment dates	15 Feb (final) and Last day of each month. Jan no payment (interim)

Ongoing charges figure (OCF)^B

Retail shareclass	: 1.30%
Institutional shareclass	: 0.83%
Platform One shareclass	: 0.88%

Annual management charge (AMC)

Retail shareclass	: 1.30%
Institutional shareclass	: 0.75%
Platform One shareclass	: 0.75%

Retail Acc Shareclass

Sedol	BJFL152
ISIN	GB00BJFL1522
Bloomberg	BRUKPRA LN
Lipper	60098626

Retail Inc Shareclass

Sedol	BJFL163
ISIN	GB00BJFL1639
Bloomberg	BRUKPRI LN
Lipper	60098625

Institutional Acc Shareclass

Sedol	BJZ2TG2
ISIN	GB00BJZ2TG29
Bloomberg	IGUKPIA LN
Lipper	68151106

Institutional Inc Shareclass

Sedol	BJZ2V33
ISIN	GB00BJZ2V336
Bloomberg	IGUKPII LN
Lipper	68151107

Platform One Acc Shareclass

Sedol	BYPHP53
ISIN	GB00BYPHP536
Bloomberg	SLIUP1A
Lipper	68367077

Platform One Inc Shareclass

Sedol	BYPHP64
ISIN	GB00BYPHP643
Bloomberg	SLIUP1I
Lipper	68367078

Performance Target/Performance Comparator

Portfolio Constraining Benchmark ^C	MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Property Index
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Property Fund NAV £807,015,539

No. of holdings 34

Fund Launch date 22 Dec 2004

Historic Distribution Yield^D 4.56% (Fund)

Average Unexpired Lease Length^E 6.7 Years

Benchmark 6.4 Years

% Vacancy Rate^F 5.75%

Benchmark 9.50%

Management process

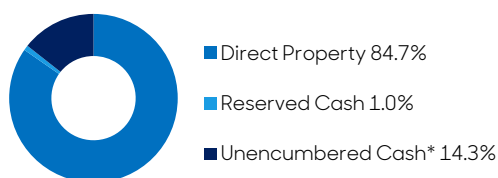
- The management team use market research and their discretion (active management) to identify investments that are expected to benefit from changes in property prices and property improvements. They will maintain a diverse asset mix at sector level.
- In seeking to achieve the Performance Target, the MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Universe Property Index is used as a reference point for portfolio construction and as a basis for setting risk constraints. Due to the fund's risk constraints, the intention is that the fund's performance profile will not deviate significantly from that of the MSCI UK Daily Traded APUTs and PAIFs in the UK Quarterly Universe Property Index over the longer term.
- Please note: Selling property can be a lengthy process so investors in the sub-fund should be aware that, in certain circumstances, they may not be able to sell their investment when they want to.

Top five tenants (consolidated)

Name	% of total income
Motel (One) Uk Limited	6.70
Radisson Hotel Edinburgh Limited	5.36
Tesco Stores Limited	5.03
T P Bennett LLP	3.75
Technip UK Limited	2.60

Source: abrdn, May 2024

Asset allocation



*The unencumbered cash figure includes cash or cash equivalents plus any short term assets and liabilities within the fund less any future committed capital expenditures.
Source: abrdn, May 2024.

Property portfolio: regional analysis

Region	Portfolio %
Central London	8.34
Rest of London	14.49
South East	18.73
South West	0.37
Eastern	12.51
East Midlands	1.01
West Midlands	14.40
Yorks/Humber	0.00
North West	7.62
North East	5.41
Scotland	15.89
Wales	1.23

Source: abrdn, May 2024

Property portfolio: sector analysis

Sector	Portfolio %
Retail	20.07
Retail Warehouses	10.67
Standard Retail - South East	1.48
Standard Retail - Rest of UK	4.50
Shopping Centres	3.42
Offices	20.74
Office - Rest of UK	14.54
Office - Rest of South East	6.20
Office - West End & Mid Town	0.00
Industrial	41.27
Industrial - South East	31.31
Industrial - Rest of UK	9.96
Other	17.92

Source: abrdn, May 2024

Market review

According to the MSCI UK Monthly Index for May, the total return for all property remained at 0.5% for the month, resulting in a 3-month total return of 1.4%. Annual total return for all property increased to 0.3%, up slightly from 0.2% in the previous month.

Capital growth for all property increased to 0.1% in May, the strongest recording since April 2023. Annual capital growth remained at -5.3%. The Retail sector exhibited the most robust capital growth out of all sectors at 0.3%, driven by both Retail Warehouse and Standard Retail South East segments which both recorded the largest capital growth in the index at 0.5%. Standard Retail Rest of UK reported the weakest capital growth in the Retail sector at -0.7%. The Industrial sector saw an improvement in capital values by 0.2% over the month, with Rest of UK Industrial and South East Industrial generating capital growth of 0.3% and 0.2%, respectively. The Office sector continued to exhibit the greatest capital value decline out of all sectors at -0.5%, with the Rest of UK Office segment seeing the largest capital decline in the index at -0.9%.

Fund performance

During May the Institutional Acc shares returned investors 0.18% over the month. Over the past 3 years the Fund has returned -1.28%, 0.72% behind the IA UK Direct Property benchmark.

Fund management activity

Recent asset management activity includes the letting of three units at Axis Park, Peterborough, where AEBI Schmidt has taken two units and Taipec the third. Each unit is let at an initial rent of £69,790 per annum and a term of 10 years. A rent review with TCL Manufacturing at Ferry Lane, Rainham, has secured a revised rent of £609,000 per annum (an uplift of 85%). At Avant Garde, Shoreditch, a lease renewal with Tempo Pilates completed providing an additional term of 15 years and an initial rent of £41,500 per annum. Finally, at Blighs Meadow, Sevenoaks, the Fund secured a new letting to Café Nero at an initial rent of £65,000 per annum and a term of 10 years.

Outlook and Fund positioning

Decisive sentiment to real estate appears paused as investors await conviction on the anticipated interest-rate cuts which are widely viewed as the catalyst for improved returns. While the macro environment will continue to dominate as we move through 2024, sector allocation will remain crucial. Polarisation from both a sector and asset quality perspective will remain a key differentiator for performance. Real estate refinancing poses a risk to our outlook in 2024, but we believe that the risk is more heavily skewed towards the office sector, given the amount of outstanding debt and lack of appetite for lending in this sector. With the outlook for monetary policy becoming more positive, an improvement in UK real estate performance is expected in the second half of 2024.

We continue to forecast that sectors which benefit from longer term growth drivers, such as the industrial sector, will see greater investment demand return and stronger pricing levels. The focus for investors should be on good-quality assets with strong ESG credentials, which should be in a strong position to benefit from a recovery in UK real estate performance and to protect longer-term returns.

The over-arching Fund strategy remains focused on reducing risk within the property portfolio, whilst also retaining an enhanced exposure to liquid assets. Strong asset fundamentals are important at times of volatility. We will continually review and implement enhancements as appropriate to best protect the interests of our customers and investors as matters evolve.

Important Information

The following risk factors should be carefully considered before making an investment decision:

- The value of investments and the income from them can fall and investors may get back less than the amount invested.
- The abrdn UK Real Estate Fund invests in assets that may at times be hard to sell. This means that there may be occasions when you experience a delay or receive less than you might otherwise expect when selling your investment. For more information on risks, see the prospectus and key investor information document.
- The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives may result in the fund being leveraged (where market exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses. The fund does not make extensive use of derivatives.
- 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 fund should be aware that they may not be able to sell their investment when they want to.
- 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 fund returns.
- Property valuation is a matter of judgment by an independent valuer and is therefore a matter of the valuer's opinion rather than fact.
- The fund employs a single swinging pricing methodology to protect against the dilution impact of transaction costs. Due to the high transaction charges associated with the fund's assets, a change in the pricing basis will result in a significant movement in the fund's published price.

To help you understand this fund and for a full explanation of risks and the overall risk profile of this fund and the share classes within it, please refer to the Key Investor Information Documents and Prospectus which are available on our website www.abrdn.com. The Prospectus also contains a glossary of key terms used in this document.

The fund's Authorised Corporate Director is abrdn Fund Managers Limited.

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AA-200624-179738-57

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