

abrdrn UK Real Estate Fund

INVESTMENT POLICY AND OBJECTIVES

The Fund's investment objective is to achieve income and capital growth through investment predominantly in UK real commercial property (mainly the retail, office and industrial sectors, but possibly including smaller sectors such as leisure property). The Fund will seek geographic diversification across the UK amongst properties held. Its benchmark is the MSCI UK All Property Monthly Index.

INVESTOR CONSTITUENCY

The Fund is open to investment by pension funds, charities, insurance companies, other corporate and institutional investors, and private individuals

Fund details	
Type of fund	Property Authorised Investment Fund
Residence	United Kingdom
Launch date	Dec 2004
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31-Dec
NAV (GBPm)	933.0

Source : STANDARD LIFE INVESTMENTS

Management/professional advisors	
Manager	Standard Life Investments (Mutual Funds) Ltd
Investment Advisor	Standard Life Investments
Fund Manager	George Shaw
Corporate trustee	Citibank International Limited
Auditors	KPMG LLP

Source : STANDARD LIFE INVESTMENTS

Investment rates of return, %				
MSCI/AREF UK Quarterly Property Fund Index*				
	abrdrn UK Real Estate Fund	Other Balanced Open-Ended Funds	All balanced open-ended funds	All funds
3 months	-11.6	-14.0	-14.1	-13.4
Year-to-date	-10.7	-8.7	-9.5	-10.0
12 months	-10.7	-8.7	-9.5	-10.0
3 years*	-1.8	2.2	2.2	0.8
5 years*	-0.7	3.1	2.9	1.7
10 years*	-	6.8	6.5	5.7

Sources: * MSCI/AREF UK Quarterly Property Fund Index

Note: * Weighted average returns

+ Annualized

Property investment restrictions	
Maximum development exposure	*
Maximum speculative development exposure	10%
Maximum lot-size holding as a standing investment	10% (ex retail parks/shopping centres - max 15%)
Maximum lot-size holding permitted at purchase	10% (ex retail parks/shopping centres - max 15%)
Maximum exposure to limited partnerships	*
Maximum exposure to joint ventures	*
Maximum exposure to closed and open-ended property unit trusts	10%

Source : STANDARD LIFE INVESTMENTS

Portfolio distribution %				
MSCI/AREF UK Quarterly Property Fund Index				
	abrdrn UK Real Estate Fund	Other Balanced Open-Ended Funds	All balanced open-ended funds	All funds
Standard retail – South East	6.6	5.0	4.7	4.7
Standard retail – Rest of UK	3.6	1.2	1.5	2.5
Shopping centres	2.7	0.6	0.9	2.5
Retail warehouses	7.9	12.1	11.7	7.5
All UK retail	20.9	18.9	18.7	17.2
City offices	0.0	3.6	3.6	3.3
West End offices	0.0	8.4	7.8	5.4
Rest of South East offices	5.6	9.1	8.3	6.4
Rest of UK offices	13.6	5.3	5.1	5.5
All UK offices	19.2	26.4	24.8	20.6
South East industrial	30.5	23.9	24.5	20.0
Rest of UK industrial	10.9	13.8	13.7	11.8
All UK industrial	41.4	37.7	38.2	31.8
Other UK properties	18.6	11.9	11.9	25.1
Cash***	0.0	5.1	6.4	5.3
Overall	100.0	100.0	100.0	100.0

Source : STANDARD LIFE INVESTMENTS

** MSCI/AREF UK Quarterly Property Fund Index

Property ownership structure			
	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	43	933.0	100.0
Joint and indirect holdings	0	0	0
Listed investments	0	0	0
Total	43	933.0	100.0

Source : STANDARD LIFE INVESTMENTS

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
24 MINORIES	LONDON	Hotel	50m - 75m	7.5
IO CENTRE & TRADEWAY, KIMPTON INDUSTRIAL ESTATE, S	SUTTON	Industrial	50m - 75m	6.2
LEAMINGTON SHOPPING PARK, ROYAL LEAMINGTON SPA, WA	WARWICK	Retail Park	50m - 75m	5.8
ARLA DAIRY SITE, VICTORIA ROAD, SOUTH RUISLIP, UK	RUISLIP	Retail Other	50m - 75m	5.5
MASTHEAD INDUSTRIAL ESTATE, CROSSWAYS BUSINESS PAR	DARTFORD	Industrial Other	25m - 50m	5.0
SOLAR PARK, HIGHLANDS ROAD, SOLIHULL, BIRMINGHAM,	SOLIHULL	Industrial Other	25m - 50m	4.8
THE BRIDGE	EDINBURGH	Hotel	25m - 50m	3.9
AXIS PARK	PETERBOROUGH	Industrial	25m - 50m	3.7
TRIPLE TWO CENTRE	BECKENHAM	Industrial Other	25m - 50m	3.7
1 AMERICA STREET &, 29 GREAT GUILDFORD STREET, LON	LONDON	Office	25m - 50m	3.5
10 largest investments as % of portfolio				49.5

Source : STANDARD LIFE INVESTMENTS

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 - 2.5	2	2.3	0.2
2.5 - 5	2	6.1	0.7
5 - 10	5	42.7	4.6
10 - 25	23	388.5	41.6
25 - 50	7	260.7	27.9
50 - 100	4	232.8	24.9
100 - 150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	43.0	933.0	100.0
Average lot size		21.7	

Source : STANDARD LIFE INVESTMENTS

Property Yield		Voids as % of ERV	
Net initial yield	4.94%	Investments	8.75%
Nominal equivalent yield	-	Developments	-
True equivalent yield	6.44%	Total	-
Net reversionary yield	5.86%		

Source : STANDARD LIFE INVESTMENTS

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	11.5	8.7
Retail warehousing	8.8	8.5
Shopping centres	3.7	3.5
Central London offices	0.0	0.0
Other offices	21.2	24.2
Industrial	38.5	38.4
Other	16.3	16.8
Overall	100.0	100.0

Source : STANDARD LIFE INVESTMENTS

Over Renting and Reversionary Potential, % Rent Passing

Sector	Rent Passing, GBP Millions	Rent Free, % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented, % Rent Passing	Reversionary potential, % Rent Passing	Reversionary potential Net of Over renting, % Rent Passing	Market Value, % Rent Passing
Standard retail	5.9	0.0	0.0	2.9	-13.7	-10.7	-24.5	89.3
Retail warehousing	4.5	0.0	0.0	12.7	-4.4	15.4	11.0	115.4
Shopping centres	1.9	5.5	0.0	5.8	-5.1	18.4	13.3	113.0
Central London offices	-	-	-	-	-	-	-	-
Other offices	10.9	3.2	0.0	25.5	-2.1	38.5	36.4	135.3
Industrial	19.8	2.3	0.0	6.7	-4.4	20.7	16.3	118.4
Other	8.4	0.0	0.0	4.6	-7.2	22.6	15.4	122.6
Overall	51.4	1.8	0.0	10.4	-5.5	20.6	15.2	118.9

*Comprising the ERV of developments in progress or contracted which have not been pre-let

Source : STANDARD LIFE INVESTMENTS

The unexpired term of leases

Years	% of rent passing
20 years or greater	6.5
15 years or greater, but less than 20	6.6
10 years or greater, but less than 15	5.4
5 years or greater, but less than 10	25.4
Less than 5 years	56.1

Source : STANDARD LIFE INVESTMENTS

Development exposure*

	Capital value of developments			Cost to complete schemes in progress*
	Not yet started	In progress*	All developments	
GBPm	0.0	0.0	0.0	0
% of all directly held properties*	0.00%	0.00%	0.00%	0.00%

* Includes joint ventures in which the Fund has an interest of 50% or more

+ Including schemes to which the fund is contractually committed

Source : STANDARD LIFE INVESTMENTS

Valuations/performance monitors/affiliations

Frequency of valuation	Monthly
Valuers	CBRE and JLL
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	No
Member of the Association of Real Estate Funds	Full member

Source : STANDARD LIFE INVESTMENTS

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	10%
for investment purposes	-
for liquidity purposes	-
Cash holdings maximum/minimum	Target range 0 - 20%

Source : STANDARD LIFE INVESTMENTS

Note: The fund has the power to borrow up to 10% of the value of the property of the fund. There is no intention to gear the portfolio under normal circumstances but the fund may borrow from time to time to meet short term liquidity requirements if required.

The contribution of major tenants to rental income

Tenant	%
MOTEL ONE (UK) LTD	5.4
ASDA STORES LIMITED	4.1
WEATHERFORD UK LIMITED	3.3
TP BENNETT	3.0
TESCO PROPERTY NOMINEES (NO'S 5&6) LTD	2.8
TECHNIP UK LIMITED	2.4
CINE-UK LTD	2.3
MARKS & SPENCER PLC	2.1
MANCHESTER AIRPORT PLC	2.0
TECHNICOLOR VIDEO SERVICES UK LTD	1.8
Three largest tenants' contribution to rental income	12.8
Five largest tenants' contribution to rental income	18.6
Ten largest tenants' contribution to rental income	29.2

Source : STANDARD LIFE INVESTMENTS

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	933.0	0.0	0.0	0.0	933.0
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	0.0	0.0	0.0	0.0	0.0
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	933.0	0.0	0.0	0.0	933.0
Gearing (%)					
Net debt (cash)/properties	0.0	-	-	-	0.0
Net debt (cash)/equity	0.0	-	-	-	0.0

Source : STANDARD LIFE INVESTMENTS

Quarterly data per unit

As at	30-Sep-21	31-Dec-21	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22
Single price per unit (GBP)						
A Accumulation units	1.582	1.215	1.254	1.298	1.229	1.085
A Income units	0.867	0.943	0.964	0.991	0.930	0.814
B Accumulation units	1.393	1.256	1.297	1.345	1.274	1.126
B Income units	1.027	0.984	1.007	1.036	0.973	0.853
Earned per unit (GBP)						
A Accumulation units	0.973	0.910	1.042	1.099	0.915	1.001
A Income units	0.763	0.708	0.804	0.841	0.694	0.754
B Accumulation units	0.976	0.912	1.048	1.107	0.917	1.056
B Income units	0.793	0.715	0.816	0.854	0.703	0.804

Source : STANDARD LIFE INVESTMENTS

Unit pricing

The fund changed from dual priced to a single swinging price with effect from 18th March 2016.

The unit price is re-calculated daily at 12 pm. The Cut-Off Point by which the Authorised Corporate Director must have received applications to deal in Shares is 11.59am

Distributions

The units are priced on an XD basis on the first day of every month. Payment is on the last day of every month (with the exception of the year end, when the Fund goes XD on 1 January and the Payment date is 15 February).

Minimum investment/disinvestment

The minimum investment is GBP500 unless it represents a regular monthly contribution, when the minimum amount is GBP50 (with a monthly maximum per investor of GBP50,000). The minimum disinvestment is not less than GBP100, ensuring that at least GBP250 remains invested. There is a limit a maximum value of units (currently GBP5m) on the value of units that may be sold by the manager to a single investor in any calendar month. (All of these amounts are subject to the discretion of the Fund Manager.)

Creation, transfer and realisation of units

Units can be bought or sold by giving notice on any business day between 9.00 am and 5.00 pm. Units are bought or sold at the price calculated at the next valuation point ie 12 pm on the following day. The proceeds of a sale will normally be posted within four working days after the receipt of written sale instructions. In the case of telephone instructions, settlement will be made on receipt of a completed form of renunciation which is issued with the contact note.

The manager reserves the right to suspend the issue and redemption of units for up to 28 days where this is in the interests of unit holders, and to defer redemptions for up to six months if there is insufficient liquidity in the fund to facilitate daily redemptions.

Taxation

The PAIF Fund is generally exempt from United Kingdom tax on capital gains realised on the disposal of its investments (including interest-paying securities and derivatives).

The PAIF Fund qualifies as a PAIF for tax purposes. Accordingly, the income generated by its Property Investment Business will be exempt from tax. Any dividend income it receives from United Kingdom companies or, in general, from non-United Kingdom companies will also be exempt from tax. It would, however, be subject to tax in the unlikely event that there should be a net balance of other income, which will generally consist of interest but could include other property income, less deductible expenses and the gross amount of any PAIF interest distributions made, or a tax charge otherwise arises.

The distributions of the PAIF Fund will be split into up to three streams for United Kingdom tax purposes:

- property income distributions, representing income from the PAIF Fund's Property Investment Business;
- PAIF dividend distributions representing any dividends received by the PAIF Fund and certain other income; and
- PAIF interest distributions representing the net amount of all other income received by the PAIF Fund

The Sub-funds (Feeder Funds)

The Sub-funds are exempt from United Kingdom tax on capital gains realised on the disposal of their investment in the Standard Life Investments PAIF. The Sub-funds will receive income (or be deemed to do so in the case of accumulation Units) from the Standard Life Investments PAIF. This will be streamed for tax purposes into up to three parts depending on the nature of the income generated by the Standard Life Investments PAIF:

- property income distributions (representing property income received by the Standard Life Investments PAIF) will be received net of 20% tax and no further corporation tax will be payable by the Sub-fund in question on them;
- PAIF dividend distributions (representing any dividends received by the Standard Life Investments PAIF and certain other income) will be exempt from corporation tax; and
- PAIF interest distributions (representing the net amount of all other income received by the Standard Life Investments PAIF) will be received net of 20% tax and no further corporation tax will be payable by the Sub-fund in question on them.

Each Sub-fund will pay all distributable income as dividend distributions (or accumulate it within the Sub-fund in the case of accumulation Units).

Income Tax

Distributions are classed as dividends which carry a tax credit at the rate of 10% of the gross income. Individual unitholders whose income is within the lower or base rate bands will have no further tax to pay. Higher rate taxpayers can set the tax credit against their tax liability, which will be charged at a rate of 32.5% on dividend income

Stamp duty reserve tax

Transfers of units attract SDRT at the standard rate, currently 0.5%.

Corporation tax

Only the Feeder Fund is subject to corporation tax at the rate of 20%.

Fees

The fees changed on the 31st March and should be as follows:-

	Retail (bps)	Platform (bps)	Inst (bps)
AMC	130	75	75
Platform fee	N/A	5	n/a
Registrar fee	N/A	8	8

Retail share class AMC reduced to 130bps on 31st March. (8bps registrar fee is wrapped up within the AMC for the Retail share class)

- Launch of Platform 1 share class at 75bps AMC.
- Inclusion of 5bps platform charge within the additional expenses of the Platform 1 share class.
- Inclusion of the 8bps Registrar fee within the additional expenses for Platform 1 and Institutional share classes.

XD date	The first day of each month
Valuation Point	12 Noon on any dealing day
Dealing Days for Subscriptions	Any Business Day
Cut off point for Subscriptions	In respect of any Dealing Day, 12.00 noon on that Dealing Day
Dealing Days for Redemptions	Any Business Day
Cut off point for Redemptions	In respect of any Dealing Day, 12.00 noon on that Dealing Day

Classes of Shares	Retail	Institutional	Feeder	Platform 1	Standard Life	Institutional "A"
Types of shares available	Income Accumulation	Income Accumulation	Income Accumulation	Income Accumulation	Income Accumulation	Accumulation
Currency of Denomination	Pounds Sterling	Pounds Sterling	Pounds Sterling	Pounds Sterling	Pounds Sterling	Pounds Sterling
Initial Charge	7.50%	7.50%	0.00%	0.00%	0.00%	7.50%
Redemption Charge	N/A	N/A	N/A	N/A	N/A	N/A
Annual management charge	1.30%	0.75%	0.00%	0.75%	0.00%	1.50%
Minimum Initial investment	£50,000*	£5,000,000*	£1,000,000	£2,000,000	£1,000,000	£5,000,000
Minimum Initial investment	N/A	N/A	N/A	N/A	N/A	N/A
Minimum Holding	£25,000*	£50,000	£50,000	£50,000	£50,000	£50,000
Minimum Redemption	£2,500*	£5,000*	£5,000	£5,000	£5,000	£5,000
Regular Savings plan	N/A	N/A	N/A	N/A	N/A	N/A
Charges taken from Income	No	No	No	No	No	No

Unit holder analysis

	Number of unitholders	Total % held
Less than 1% of units in issue	1,396	35.2
1% or greater but less than 2%	8	11.1
2% or greater but less than 4%	10	26.5
4% or greater but less than 8%	3	18.0
Greater than 8.0%	1	9.3
Total	1,418	100.0
Major investors		
Largest holder	1	9.3
Three largest holders	3	22.0
Five largest holders	5	30.4
Ten largest holders	10	44.2
Internal/external investors		
Internal	16	0.0
External	1,402	100.0

Source : STANDARD LIFE INVESTMENTS

Liquidity – Conversion to PAIF

Period Units**	31-Dec-22	31-Dec-22	31-Dec-22	31-Dec-22
Issues and redemptions*	Retail Acc	Institutional Acc	Retail Inc	Institutional Inc
Units in issue as at start of period	48,183,077	156,373,599	2,737,838	9,035,687
Units issued during period	0	0	0	0
Units redeemed during period	-1,214,523	-366,322	-286,668	-398,433
Units in issue at end of period	46,968,554	156,007,278	2,451,170	8,637,254
Unit transfers				
Matched bargains	0	0	0	0
Matched bargains %	0	0	0	0

Note: * Income units and accumulation units

** As of Q2 2014 the fund changed to a PAIF and Feeder fund in which the structure of units changed