

Standard Life Pooled Property Pension Fund

INVESTMENT POLICY AND OBJECTIVES

The objective of the Fund is to deliver good long-term relative performance by investing in a diversified portfolio of UK commercial property. Its objective is to outperform its benchmark, the median return to the All Balanced Fund component of the MSCI/AREF UK Quarterly Property Fund Index on a rolling three-year basis

INVESTOR CONSTITUENCY

The Fund is open to investment by all UK corporate pension funds and retail pension investors

Fund details	
Type of fund	Managed Fund
Residence	United Kingdom
Launch date	March 1980
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31-Dec
NAV (GBPm)	1600.7

Source: abrdn

Management/professional advisors	
Manager	abrdn
Investment Advisor	abrdn
Fund Manager	David Stewart
Fund manager – REITs/property shares	n/a
Trustee	n/a
Auditors	Ernst and Young LLP

Source: abrdn

Investment rates of return, %		MSCI/AREF UK Quarterly Property Fund Index		
	Standard Life Pooled Property Pension Fund	Managed Open-Ended Funds	All balanced open-ended funds	All funds
3 months	1.7	0.7	0.4	0.3
Year-to-date	4.1	0.4	0.2	0.1
12 months	-20.8	-18.1	-17.4	-17.1
3 years+	3.1	3.5	3.4	2.3
5 years+	0.9	1.8	2.2	1.1
10 years+	5.1	5.7	6.3	5.5

Source: abrdn

Property investment restrictions	
Maximum speculative development exposure	^10%
Maximum lot-size holding as a standing investment	15%
Maximum lot-size holding permitted at purchase	10%
Maximum exposure to limited partnerships	*Nil
Maximum exposure to closed and open-ended property unit trusts	20%

Source: abrdn

Portfolio distribution %		MSCI/AREF UK Quarterly Property Fund Index		
	Standard Life Pooled Property Pension Fund	Other balanced open-ended funds	All balanced open-ended funds	All funds
Standard retail – South East	6.6	4.9	4.6	4.6
Standard retail – Rest of UK	0.7	1.2	1.4	2.3
Shopping centres	1.9	0.6	0.9	2.5
Retail warehouses	9.5	12.4	12.1	7.6
All UK retail	18.8	19.1	19.0	17.1
City offices	6.9	3.3	3.4	3.2
West End offices	3.5	8.1	7.5	5.1
Rest of South East offices	0.0	7.5	7.1	5.5
Rest of UK offices	0.0	5.2	4.9	5.3
All UK offices	10.4	24.2	22.9	19.1
South East industrial	22.6	24.0	24.5	20.3
Rest of UK industrial	24.1	13.6	13.7	11.8
All UK industrial	46.8	37.6	38.2	32.1
Other UK properties	13.0	12.4	12.5	25.9
Cash***	9.9	6.7	7.4	5.8
Overall	98.9	100.0	100.0	100.0

Source: abrdn

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	32	1,430.5	98.8
Joint and indirect holdings	1	17.7	1.2
Listed investments	0	0.0	0.0
Total	33	1,448.2	100.0

Source: abrdn

Largest direct investments by lot size & percentage of total portfolio

Property	Location	Sector	Valuation (GBPm)	% of total portfolio
GRAVELLY INDUSTRIAL PARK, BIRMINGHAM, UK	BIRMINGHAM	Industrial	150m - 200m	11.2
GALLIONS REACH SHOPPING PARK	LONDON	Retail Park	100m - 150m	7.9
THE FARMLOE BUILDING, 28-36 ST JOHNS STREET, LONDON, UK	LONDON	Office	100m - 150m	7.7
GROSVENOR HOUSE, 141/143 DRURY LANE &, 20/22 WILD STREET, LONDON, UK	LONDON	Education	100m - 150m	6.9
THAMES GATEWAY PARK, PHASE 3 & 4	DAGENHAM	Industrial	50m - 100m	6.9
PLOT 230 MAGNA PARK, MILTON KEYNES, UK	MILTON KEYNES	Industrial	50m - 100m	6.6
ST MARKS SHOPPING CENTRE WEST, HIGH STREET, LINCOLN, UK	LINCOLN	Residential	50m - 100m	5.9
THE WATER GARDENS	HARLOW	Retail Other	50m - 100m	4.0
42 WIGMORE STREET, LONDON, UK	LONDON	Office	50m - 100m	3.9
SAINSBURY'S MARKET, 99 WILTON ROAD, VICTORIA, LONDON, UK	LONDON	Retail Other	25m - 50m	3.4
10 largest investments as % of portfolio				64.2

Source: abrdn

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 - 2.5	0	0.0	0.0
2.5 - 5	1	3.9	0.3
5 - 10	1	6.2	0.4
10 - 25	12	195.4	13.5
25 - 50	9	344.1	23.8
50 - 100	5	393.6	27.2
100 - 150	3	325.5	22.5
Over 150	1	162.0	11.2
Total	32	1430.5	98.8
Average lot size		44.7	

Source: abrdn

Property Yield		Voids as % of ERV	
Net initial yield	4.20%	Investments	8.95%
Nominal equivalent yield	5.46%	Developments	2.97%
True equivalent yield	5.65%	Total	11.92%
Net reversionary yield	4.79%		

Source: abrdn

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	12.7	9.0
Retail warehousing	9.0	8.4
Shopping centres	4.8	6.9
Central London offices	11.4	10.5
Other offices	0.0	0.0
Industrial	47.6	50.9
Other	14.5	14.4
Overall	100.0	100.0

Source: abrdn

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	8.2	0.8	0.0	0.4	-7.6	-6.3	-13.9	93.7
Retail warehousing	5.8	7.0	0.0	9.6	0.0	22.5	22.5	122.5
Shopping centres	3.1	2.2	0.0	45.8	0.0	89.4	89.4	189.4
Central London offices	7.4	1.4	0.0	13.9	0.0	22.4	22.4	122.4
Other offices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Industrial	30.6	0.3	9.1	9.7	0.0	41.9	41.9	141.9
Other	9.3	0.0	0.0	15.3	0.0	32.5	32.5	132.5
Overall	64.4	1.1	4.3	11.5	-1.0	32.7	31.8	132.7

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

Source: abrdn

The unexpired term of leases

Years	% of rent passing
20 years or greater	7.3
15 years or greater, but less than 20	10.4
10 years or greater, but less than 15	17.8
5 years or greater, but less than 10	16.4
Less than 5 years	48.1

Source: abrdn

Joint and indirect property holdings

Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
GROSS FUND HOLDING IN JPUT SC	Retail Shopping Centre	INDIRECT RE - OTHER UNLISTED FUND	-	4.5	17.7	1.2
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Source: abrdn

Development exposure*

	Capital value of developments			Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	20.8	22.9	43.7	4.3
% of all directly held properties*	1.45%	1.60%	3.05%	0.30%

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

Source: abrdn

Valuations/performance monitors/affiliations

Frequency of valuation	Valuations are undertaken on a monthly basis at month end dates
Valuers	KNIGHT FRANK
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	Yes
Member of the Association of Real Estate Funds	Full member

Source: abrdn

Restrictions on holdings of cash/borrowings

Maximum total gearing permitted	*
for investment purposes	Nil
for liquidity purposes	Nil
Net current assets (maximum)	15%
Net current assets (minimum)	*

Source: abrdn

The contribution of major tenants to rental income

Tenant	%
LIVE NATION (MUSIC) UK LTD	8.1
JOHN LEWIS/WAITROSE	7.8
THE UNIVERSITY OF LINCOLN	5.3
ROYAL MAIL GROUP LIMITED	5.0
SAINSBURYS	3.7
PREMIER FARNELL UK LTD	2.9
ASDA STORES LTD	2.7
VOLKSWAGEN GROUP UK LIMITED	2.4
DPD GROUP UK LIMITED	1.9
NEXT HOLDINGS LIMITED	1.8
Three largest tenants' contribution to rental income	21.1
Five largest tenants' contribution to rental income	29.8
Ten largest tenants' contribution to rental income	41.6

Source: abrdn

Balance sheet/gearing

	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	1430.5	0.0	17.7	0.0	1448.2
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	159.8	0.0	0.0	0.0	159.8
Other net assets/liabilities	-7.3	0.0	0.0	0.0	-7.3
Total net assets	1583.1	0.0	17.7	0.0	1600.7
Gearing (%)					
Net debt (cash)/properties	-11.2	-	0.0	-	-11.0

Net debt (cash)/equity	-10.1	-	0.0	-	-10.0
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Source: abrdn

Quarterly data per unit						
As at	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23
Bid (GBP)	3.56	3.66	3.40	2.80	2.87	2.92
Offer (GBP)	3.83	3.94	3.66	2.99	3.08	3.13
Mid (GBP)	3.70	3.80	3.53	2.90	2.97	3.02
Bid/offer spread	7.02%	6.94%	7.05%	6.53%	6.85%	6.76%
Net asset value (GBP)	3.61	3.72	3.45	2.84	2.91	2.96
Yield	n/a	n/a	n/a	n/a	n/a	n/a

Source: abrdn

Unit pricing

The fund is valued at the close of business each working day and a unit price is set that will apply to all units bought and sold the following day. The method of calculating the unit price (ie the pricing basis) depends mainly on the overall cash flow of the fund and, more specifically, whether these cash flows result in Standard Life Investments having to purchase, sell or simply transfer stock. This gives rise to four pricing bases, offer, bid, mid and middle price. Middle price is simply the average of the bid and offer price. Mid price is 1.64% above bid price, and is the price basis on which the fund transfers units between buyers and sellers on the same day.

Distributions

The fund does not distribute income. Its gross income is reinvested in the fund.

Minimum investment/disinvestment

Minimum initial investment: GBP 50,000

Creation, transfer and realisation of units

Units in the fund may be created at any time at the discretion of the manager. Units may be redeemed at any time on receipt of written notice to the manager. The manager has the right to delay redemptions for up to 12 months pending consideration of specific fund/market conditions. The manager will also attempt to match units in the fund with other parties at mid price.

Taxation

CGT and income tax:

Fund is exempt from UK capital gains tax and UK income tax.

Stamp duty reserve tax

Transfers of units do not attract SDRT.

Charges

The annual management charge is equivalent to 0.50% of the net asset value of the fund.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	115	62.1
1% or greater but less than 2%	2	3.0
2% or greater but less than 4%	7	19.5
4% or greater but less than 8%	0	0.0
Greater than 8.0%	1	15.5
Total	125	100.0
Major investors		
Largest holder	1	15.5
Three largest holders	3	23.4
Five largest holders	5	28.5
Ten largest holders	10	37.9
Internal/external investors		
Internal	10	25.2
External	115	74.8

Source: abrdn

Liquidity						
Period	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022	Year to Dec 2023
Issues and redemptions						
Units in issue as at start of period	1,162,271,895	1,071,252,639	977,196,262	900,526,878	851,022,530	582,078,861
Units issued during period	-91,019,256	-94,056,377	-76,669,383	-49,504,348	-268,943,669	-40,940,678
Units in issue at end of period	1,071,252,639	977,196,262	900,526,878	851,022,530	582,078,861	541,138,183
Unit transfers						
Matched bargains	-	-	0	0	0	0
Matched bargains %*	-	-	0	0.00%	0	0.00%

* as % of units in issue at the end of the period

Source: abrdn