

Aberdeen UK Property Fund

Monthly Factsheet

August 2020

All trading in the Aberdeen UK Property Fund and the Aberdeen UK Property Feeder Unit Trust has been suspended effective from the valuation point at midday on 18 March 2020. For more information visit

www.aberdeenstandard.com/fundsuspension

The Aberdeen UK Property Fund was launched on 4 March 2016 following a restructure of the Aberdeen Property Trust.

Discrete annual returns (%) - year ended 31/08

	2016	2017	2018	2019	2020
Property Fund A Share Class	-9.58	9.32	5.69	-3.71	-10.47
Property Fund I Share Class	-9.11	9.84	6.21	-3.33	-10.14
Performance Target	-2.68	8.62	6.09	-0.28	-4.87

Past performance (%)

	1m	3m	6m	1y	3y p.a.
Property Fund A Share Class	-0.32	-1.57	-5.37	-10.47	-3.05
Property Fund I Share Class	-0.29	-1.48	-5.20	-10.14	-2.65
Performance Target	-0.10	-0.88	-4.58	-4.87	0.06

Performance Data: Share Class A Acc and I Acc. Prior to 4th March 2016, this Fund was known as the Aberdeen Property Trust and any past performance information for the period prior to 4 March 2016 is from the Aberdeen Property Trust (a unit trust which launched on 29 October 2004).

Source: Lipper, Basis: unit price returns, net of charges.

Past performance is not a guide to future results.

Top five property holdings

Name	Value Range	Sub sector
London, 24 Minories	£50m-£75m	Other Commercial
Edgware, Broadwalk Centre	£50m-£75m	Shopping Centre
Sheffield, The Moor	£50m-£75m	Shopping Centre
London, 180 Stratford High Street	£50m-£75m	Other Commercial
Biggleswade, A1 Shopping Park	£50m-£75m	Retail Warehouses

Source: Knight Frank, August 2020.

Top five tenants (consolidated)

Name	% of total income
B&Q Ltd	5.06
Radisson Collection Hotel Edinburgh Limited	4.61
Motel One (UK) Limited	4.61
Sytner Properties Ltd	3.47
Bank of Scotland plc	3.28

Source: Aberdeen Standard Investments, August 2020.

Past performance is not a guide to future results.

^AThe Ongoing Charge Figure (OCF) is an estimate as at 31 August 2019 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 Funds. The Ongoing Charge Figure can help you compare the annual operating expenses of different Funds.

^BYields shown are estimates based on a snapshot of the portfolio and are not guaranteed. The above do not take account of any fair value adjustment made to the property valuation. The Distribution Yield reflects the amounts that may be expected to be distributed over the next twelve months as a percentage of the midmarket share price of the fund as at the date shown.

Source: Aberdeen Standard Investments, Argus, Knight Frank, August 2020.

^CBreaks are assumed to be executed if the lease is over rented and the break is at the option of the tenant or mutual.

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: Aberdeen Standard Investments August 2020.



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.

Performance Target: To meet the IA UK Direct Property Sector Average return (after charges) over the long term with lower volatility. 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 Company based on the investment policy of the Company and the constituents of the sector.

Portfolio Holdings : 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 Aberdeen Standard Investments). The fund may invest up to 30% in short term government bonds such as gilts, money-market instruments and cash.

Dealing information

Minimum initial investment	
Class A	£500
Class I	£1,000,000
Valuation point	12 noon
Settlement terms	T+3
Accounting period end dates	31 Dec (final) & 31 Mar, 30 Jun & 30 Sep (interim)
Ex-dividend dates	1 st of Jan, Apr, Jul & Oct
Payment dates	End of Feb, May, Aug & Nov

Ongoing charges figure (OCF)^A

Property Fund Share class A: 1.34%
Property Fund Share class I: 0.89%

AMC:

Property Share class A: 1.20%
Property Share class I: 0.75%

Fund codes - A acc

Sedol BTLX1C9
ISIN GB00BTLX1C92
Bloomberg ABEUPAA LN
Lipper LP68352851

Fund codes - I acc

Sedol BTLX1F2
ISIN GB00BTLX1F24
Bloomberg ABEUPIA LN
Lipper LP68352853

Performance

comparator: Performance Target

Property Fund NAV: £984,136,824

No. of holdings: 29

Launch date: 4 March 2016

(Note that prior to this date, this Fund was known as the Aberdeen Property Trust).

Yields^B

Current yield (initial): 5.03% (Property)

Current yield (equivalent): 6.01% (Property)

Distribution yield A share (inc.) 2.7%
(Q1 2020, annualised): I share (inc.) 3.1%

Fund average unexpired lease term^C

Fund as at June 2020 7.4 years

MSCI as at June 2020 6.6 years

Source: MSCI Q2 2020.

Property vacancy rate

Fund as at August 2020 4.9%

MSCI as at August 2020 8.6%

Source: MSCI Q2 2020.

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Property portfolio: regional analysis

Region	Portfolio %
Central London	17.6
Rest of London	18.4
South East	23.3
South West	0.0
Eastern	6.0
East Midlands	0.8
West Midlands	0.0
Yorks / Humber	8.6
North West	12.8
North East	0.0
Scotland	12.5
Northern Ireland	0.0
Wales	0.0

Source: Aberdeen Standard Investments, Knight Frank, August 2020.

Property portfolio: sector analysis

Sector	Portfolio %
Retail	39.6
Standard retail	4.8
Shopping centres	21.9
Retail warehouses	12.9
Offices	11.6
Central London	0.0
South East	0.0
Rest UK	11.6
Industrial	18.6
South East	14.6
Rest UK	4.0
Distribution	0.0
Other	30.2

Source: Aberdeen Standard Investments, Knight Frank, August 2020.

Market review

According to the MSCI Monthly Index, the All Property total return in July was 0.1% (the latest data available). This was the first positive return since February before the COVID-19 crisis began with income returns marginally offsetting the capital and market rental value declines recorded over the period. At a sector level, retail values fell 0.9%, offices by 0.3%, and industrials were marginally positive at 0.1%. Shopping centres have recorded the biggest capital declines for seven months in a row (-1.3% in July) at a segment level. In central London, City offices outperformed the West End for the eighth month in a row. Industrials and in particular South East Industrials remain the best performing sector with a total return of 0.5% recorded over the month.

Fund performance

During Aug 2020 the I Acc shares returned investors -0.29% over the month. Over the past 12 months the Fund has returned -10.14%.

Capital movements continue to be more pronounced in the consumer facing markets for non-essential retail and leisure where rent collection and income profiles are most challenged. Industrial, office and long income assets, let to defensive covenants, are continuing to prove more resilient.

Fund management activity

During the month the Fund disposed of 2 retail assets in Cardiff and Inverness and a small single let industrial asset in Speke totalling approximately £30 million.

At Axis Park, Peterborough we have let unit let unit 19C to Automation and Robotic Technology for a 5 year term at a rent of £21,540 per annum on a new 2,872 sq ft unit equating to £7.50 per sq ft. Also at Axis Park, we agreed a lease extension on unit 3, a 19,403 sq ft unit which was let unit April 202. We agreed a 10 year lease extension to the Camper Factory at a rent 13% higher than the prevailing rate which further proves rental growth in this location.

We continue to proactively engage with our tenants and where appropriate seek a collaborative approach to managing through the current crisis. We believe this approach will be beneficial to investors in the medium term with financially sound businesses continuing to operate and occupy premises once the lockdown position eases.

Outlook and Fund positioning

The summer months are traditionally a period of lower investment volumes and 2020 appears no different with limited new evidence emerging, to justify valuation changes. We continue anticipate further capital declines particularly in the retail and leisure sectors as structural challenges start to come through in the occupier markets. Office values have proved resilient thus far, however we expect the shift towards more remote working to be reflected in rising availability and falling rents during the rest of the year with the central London markets being particularly at risk.

We continue to focus on income and with that tenant engagement as businesses continue to adjust to the current environment. The immediate focus continues to be on tenant engagement to secure appropriate rental income and a proactive medium term approach to income security and occupational levels.

The over-arching Fund Strategy remains unchanged and we remain focused on reducing risk within the property portfolio, whilst also targeting an enhanced exposure to liquid assets. We will continually review and implement enhancements as appropriate to best protect the interests of our customers and investors as matters evolve.

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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 go down as well as up and you may get back less than the amount invested.
- The Aberdeen UK Property 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.
- If the Fund should breach any of the statutory conditions required for PAIF (Property Authorised Investment Fund) status, then depending on the nature of the breach and the number of breaches that have occurred, this may result in a corporation tax liability arising or HM Revenue & Customs terminating the Fund's PAIF status. Termination of the Fund's PAIF status would result in the Fund being treated differently for tax purposes.
- During periods of market volatility, large redemptions and/or high levels of cash flows into the Fund, the Manager may apply a dilution adjustment in order to protect the interests of the investors in the Fund and to treat customers fairly. Several factors, including the risks highlighted below, may contribute to the movement in dealing price. Buying and selling physical property incurs high direct transaction costs. In addition, indirect costs may be incurred in times of market volatility, resulting from the movement in property prices compared to prior valuations. As dilution adjustments are related to the inflows and outflows of monies from the Fund, it is not possible to predict whether dilution will occur at any future point of time, or the extent of any adjustment to the dealing price of the Fund. Dilution adjustments may move the single dealing price of the Fund significantly higher or lower than the midmarket price and may therefore have a negative impact on your Fund valuation and the proceeds of share sales should you choose to redeem.
- Property investments can take significantly longer to buy and sell than other investments, such as bonds and company shares. If properties have to be sold quickly this could result in lower prices being obtained for them.
- Property values are a matter of the valuers' opinions and can go up and down. There is no guarantee that property values, or rental values from them, will increase so you may not get back the full amount invested.
- The Fund's level of income is not guaranteed and may be affected by vacant properties or tenants of properties defaulting on rental payments.
- In order to enable daily dealing in the Fund (during normal trading conditions), the Fund maintains a portion of its portfolio in assets with better liquidity, such as cash, near-cash and securities, rather than in physical properties. This will mean that, from time to time, the performance of the Fund may be different from the performance of the underlying commercial property sector.
- In extreme market conditions, should the Fund be experiencing significant levels of redemptions, the Fund may exhaust its immediately available assets in paying those redemptions and may therefore need to temporarily suspend Fund dealing. Such a dealing suspension would result in the payment of further redemptions being delayed.
- The Fund can use derivatives in order to meet its investment objectives or to protect from price and currency movements. This may result in gains or losses that are greater than the original amount invested.
- A full list of risks applicable to this Fund can be found in the Prospectus.

Other important information:

The Fund is a sub-fund of Aberdeen Property ICVC, an authorised open-ended investment company (OEIC) and qualifies as a Property Authorised Investment Fund (PAIF) for tax purposes. The Authorised Corporate Director is Aberdeen Standard Fund Managers Limited (ASFML). Nothing herein constitutes investment, legal, tax or other advice and is not to be relied upon in making an investment or other decision. No recommendation is made, positive or otherwise, regarding individual securities mentioned. This is not an invitation to subscribe for shares in the Fund and is by way of information only. Subscriptions will only be received and shares issued on the basis of the current Prospectus, relevant Key Investor Information Document (KIID) and Supplementary Information Document (SID) for the Fund. These can be obtained from Aberdeen Standard Fund Managers Limited (ASFML), PO Box 12233, Chelmsford, CM99 2EE.

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