

Standard Life Property Fund



31 March 2022

Activity

The merger of the Aberdeen UK Property Fund into the SLI UK Real Estate Fund completed on 26 November 2021, providing enhanced scale and diversification for underlying investors.

The Fund completed the sale of 17 Quay Street, Manchester, realising £12.35 million. The disposal removed the single largest void in the Fund.

Focusing on income, successful asset-management initiatives have completed during the period. In the industrial sector, activity included three lease renewals: Nicholls & Clarke extended their lease at Ascent Park, Harlow, for an additional 10 years at an initial rent of £110,725 per annum (an uplift of 42%); CMB Foods extended their lease at The Felbridge Centre, East Grinstead, for an additional six years at a rent of £187,300 per annum (an uplift of 25%) and George Jackson extended their lease at IO Centre, Sutton, for an additional five years at a rent of £132,500 per annum (an uplift of 25%).

Activity in the office sector included three lease variations at 1 Marsden Street, Manchester, where Latham & Watkins extended their existing lease to provide an additional five years unexpired term and settled a rent review

at £504,679 per annum; Business Growth Fund removed a 2022 break option to also provide five years unexpired term, with a rent review due later this year, and Tesco also extended their existing lease of the ground floor retail unit for an additional 15 years at an initial rent of £100,000 per annum. At Central Square South, Newcastle, Keyence UK entered into a new five-year lease at a rent of £65,088 per annum (£25.00 per square foot).

In the retail sector, at the multi-use Bligh's Meadow, Sevenoaks, KSS Design Group renewed their lease for a further five years at a rent of £53,300 per annum. At The Old Dairy, South Ruislip, Asda settled an indexed-linked rent review securing an uplift to £2,115,270 per annum, an increase of 15%, and at Gateway Retail Park, Harwich, the Fund secured new lettings to Greggs and Peacocks, taking a 10-year lease at an initial rent of £31,500 per annum and a five-year lease at a rent of £65,000 per annum respectively. Finally, at High Street, Worthing, Waitrose extended their existing lease for an additional 15 years at an initial rent of £608,000 per annum.

As at 31 March 2022, the unencumbered liquidity in the Fund was 14.2% of net asset value.

Risk factors you should consider before investing:

- a. The value of an investment can fall as well as rise and is not guaranteed. An investor may get back less than they put in. Past Performance is not a guide to future performance.
- b. 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.
- c. 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.
- d. 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.
- e. Property valuation is a matter of judgment by an independent valuer and is therefore a matter of the valuer's opinion rather than fact.
- f. 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.



Cumulative and Annualised performance as at 31/03/2022

	3 Months %	1 Year %	3 Years (p.a.) %	5 Years (p.a.) %
Standard Life Property Fund	2.8	12.1	1.4	2.4

Discrete annual performance year to 31/03

	2022	2021	2020	2019	2018
Standard Life Property Fund	12.1	-1.9	-5.2	2.2	5.9

Fund performance has been calculated net of Annual Management Charge.

Source: abrdrn

Past performance is not a guide to future results. The value of investments, and the income from them, can go down as well as up and an investor may get back less than the amount invested. This investment may be affected by changes in currency exchange rates.

Performance

Over the first quarter, within the Fund, the industrial sector continued to see positive capital growth. The retail sector was also positive, with the retail warehouse segment seeing the greatest positive capital movement over the quarter. The Fund's office holdings saw the heaviest capital decline.

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Standard Life Property Fund is a Unit Linked Insured Fund.

*abrdrn means the relevant member of Standard Life Aberdeen group, being abrdrn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

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