



abrdn UK Real Estate Funds ICVC

Interim Long Report (unaudited)
For the six months ended 30 June 2024

abrdn.com

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Report of the Authorised Corporate Director

abrdn UK Real Estate Funds ICVC (the "Company") is an investment company with variable capital, having its head office in Scotland and with registered number IC989 and authorised by the Financial Conduct Authority with effect from 6 March 2014. Its FCA Product Reference Number is 607205.

The Company has one Sub-fund, the abrdn UK Real Estate Fund (the "Fund"), therefore no disclosure of cross-holdings is required.

The Company is classed as a Non-UCITS Retail Scheme ("NURS"). The Company is also a "UK AIF" (Alternative Investment Fund) for the purposes of Investment Funds Sourcebook (Fund), and is intended to be a Property Authorised Investment Fund ("PAIF") at all times. The holders of shares in the Company are not liable for the debts of the Company.

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Appointments

Authorised Corporate Director (ACD) and Alternative Investment Fund Manager

abrdn Fund Managers Limited

Registered Office

280 Bishopsgate
London
EC2M 4AG

Correspondence address

PO Box 12233
Chelmsford
Essex
CM99 2EE

Investment Adviser

abrdn Investment Management Limited
1 George Street
Edinburgh
EH2 2LL

Depository

Citibank UK Limited

Registered Office

Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Registrar

SS&C Financial Services Europe Limited
SS&C House
St. Nicholas Lane
Basildon
Essex
SS16 5FS

Report of the Authorised Corporate Director

Continued

Independent Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Valuation Advisers

CBRE Limited
Henrietta House
Henrietta Place
London
W1G 0NB

Knight Frank LLP
55 Baker Street
London
W1U 8AN

Legal Advisers

Addleshaw Goddard
60 Chiswell Street
London
EC1Y 4AG

CMS Cameron McKenna LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

Managing Agent

Workman LLP
101 Victoria Street
Bristol
BS1 6PU

Report of the Authorised Corporate Director

Continued

Prospectus Updates Since 31 December 2023

- On 27 February 2024, Martin Kwiatkowski was appointed as a director of abrdn Fund Managers Limited;
- On 15 March 2024, Fraser Tulloch was appointed as a director of abrdn Fund Managers Limited;
- The list of funds managed by the ACD was updated, where appropriate;
- Performance and dilution figures were refreshed, where appropriate;
- The list of sub-custodians was refreshed, where appropriate;
- The list of eligible markets was refreshed, where appropriate;
- The list of sub-investment advisors to the funds was refreshed, where appropriate;
- The risk disclosures in relation to the funds were refreshed, where appropriate.

Assessment of Value

In 2017 the Financial Conduct Authority (FCA) published the final Asset Management Market Study. This introduced (among other reforms) new governance rules with the aim of enhancing duty of care and ensuring the industry acts in investors' best interests. The rules were outlined in the FCA policy statement PS18/8 and came into effect from 30 September 2019. As a result, abrdn Fund Managers Limited is required to perform a detailed assessment on whether our funds are "providing value to investors". The resulting findings will be published on a composite basis throughout the year, and can be found on the 'Literature' pages of our website.

Climate-related Financial Disclosures

The recommendations by the Taskforce for Climate-related Financial Disclosures (TCFD) – initiated by the Financial Stability Board in 2015 and adopted in 2017 – provide organisations with a consistent framework for disclosing financial impacts of climate-related risks and opportunities. The disclosure in line with TCFD recommendations enables external stakeholders to gain a better understanding of the climate-related risks and opportunities (including how they are managed) that are likely to impact the organisation's future financial position as reflected in its income statement, cash flow statement, and balance sheet. The TCFD has developed 11 recommendations which are structured around four thematic areas, notably governance, strategy, risk management and metrics and target. In Policy Statement 21/24 the Financial Conduct Authority (FCA) have created a regulatory framework for asset managers, life insurers and FCA-regulated pension providers to make climate-related disclosures consistent with the recommendations of the TCFD. As a result of the disclosure requirements abrdn UK Real Estate Funds ICVC is required to perform a detailed annual assessment, determining financial impacts of climate-related risks and opportunities. The resulting findings are published at <https://www.abrdn.com/en-gb/personal/save-and-invest/abrdn-funds/literature>.

Authorised Corporate Director's Statement

In accordance with the requirements of the COLL Rules as issued and amended by the Financial Conduct Authority, we hereby certify the report on behalf of abrdn Fund Managers Limited, the Authorised Corporate Director.



Aron Mitchell
Director
abrdn Fund Managers Limited
27 August 2024



Adam Shanks
Director
abrdn Fund Managers Limited
27 August 2024

Investment Report

Market background

We are seeing initial signs of stabilisation across UK real estate. Declines in capital values across the more favoured segments have slowed substantially over recent quarters. We expect pressure on these segments to subside further following reductions in the Bank of England base rate. Out-of-favour segments are expected to see additional declines in capital values, especially as transactions pick-up throughout the year.

According to the MSCI Monthly Index, all property capital value growth sat at 0.2% over Q2, offsetting a poor Q1 to record -0.6% over H1. Retail saw the strongest capital growth out of all sectors at 0.8% over the half year, almost entirely driven by the retail warehouse segment. The industrial sector recorded an improvement in capital values of 0.5% over H1 with rest of UK industrial exhibiting stronger capital growth than south east industrial over the period. The office sector continued to exhibit the greatest decline in capital values at -4.4% over the period with rest of UK offices reporting the largest capital falls.

All property income returns remained relatively constant at 0.5% per month. As a result, total return for Q2 2024 improved to 1.7% from 0.6% in Q1 2024, whilst on an annual basis total returns increased to 1.0%.

As investors await a more supportive macroeconomic environment, the investment market remains lukewarm. Total transactions over the first half of 2024 were down around 7% year-on-year to £24 billion, according to Real Capital Analytics. Around 23% of deals were in the residential sector. It remains a favourite among investors, looking for strong rental value growth potential and favourable supply dynamics. Around 18% went to hotels, as North American investors were active on several large portfolios, mainly around London. Unsurprisingly, secondary offices remain less popular with investors, given high capital-expenditure requirements for assets struggling with low occupancy. Outside of prime assets, lenders are still hesitant towards the sector, as valuations are correcting.

Performance

The abrdn UK Real Estate Fund returned -0.59%* over the period, compared with a total return of -0.57% from the IA UK Direct Property peer group.**

The fund underperformed the MSCI UK Daily Traded APUTs and PAIFs Quarterly Property Index (direct property benchmark) for Q1 2024 recording a total return of -0.44% against a benchmark of -0.29%. The fund underperformed this benchmark over the 3 year period (-0.62%) and was broadly in line over the 5 year period (-0.06%). MSCI benchmark information for Q2 2024 has not yet been released.

Discrete annual returns (%):

	1 Year to 30/06/2024 (%)	1 Year to 30/06/2023 (%)	1 Year to 30/06/2022 (%)	1 Year to 30/06/2021 (%)	1 Year to 30/06/2020 (%)
Retail Acc	-5.03	-14.74	14.36	4.28	-6.36
Institutional Acc	-4.66	-14.32	14.69	4.71	-5.96
Platform 1 Acc	-4.69	-14.39	14.70	4.62	-6.00
Platform 1 Inc	-5.49	-14.34	15.03	4.67	-6.00
IA UK Direct property (sector average)**	-1.05	-11.60	11.86	2.58	-3.03

Annualised returns (%) - to 30/06/2024

	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (%pa)	5 Years (%pa)
Retail Acc	-0.19	-0.86	-5.03	-2.53	-1.99
Institutional Acc	0.00	-0.55	-4.66	-2.15	-1.60
Platform 1 Acc	-0.04	-0.59	-4.69	-2.19	-1.65
Platform 1 Inc	-0.25	-1.21	-5.49	-2.35	-1.73
IA UK Direct property (sector average)**	0.65	-0.57	-1.05	-0.85	-0.63

* Platform 1 Acc Share Class

** The peer group includes both master and feeder funds in the IA UK Direct Property Sector.

Investment Report

Continued

Investment activity

The fund progressed the sale of six transactions during the reporting period with The Old Dairy, South Ruislip (£34.5m); 55 Princess St, Manchester (£15m); East Gate Quarter, Llanelli (£9m); Trilogy, Segensworth Industrial Park, Fareham (£21.9m) Building 7600, Rugby (£17.5m) and Voyager, Manchester Airport (£11.5m), all completing during the first half of the year.

Focussing on income, a number of successful asset management initiatives completed during the period, including the following examples:

In the office sector, at 55 Princess Street, Manchester, a new lease to We Build Recruitment completed, providing a 2 year term at an initial rent of £45,180 per annum (£30 per sq ft). At New Clarendon House, Edinburgh, an agreement to lease with Buro Happold concluded, setting a 10 year term at an initial rent of £42 per sq ft (c. £268,338 per annum) with completion subject to PC of the building refurbishment, which is anticipated early Q3 2024.

In the industrial sector, a rent review completed with TCL Manufacturing at Ferry Lane, Rainham, securing a revised rent of £609,000 per annum (an uplift of 85%). The fund let 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.

At Avant Garde, Shoreditch, a renewal with Tempo Pilates completed providing an additional term of 15 years and an initial rent of £41,500 per annum alongside a rent review with Sainsbury's, generating a reviewed rent of £171,522 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

UK real estate seems to be pointing in a much more positive direction than this time last year. More economic and political certainty has filtered into the market, resulting in slowing declines in capital values. We have seen investors hold back over the first half of 2024. This is expected to shift into a more positive light as the rate-cutting cycle takes hold and as real estate returns look more attractive on a risk-adjusted basis.

From a risk perspective, a change in the UK's government doesn't seem to have much of an impact on investor intentions. The living sector may be under more scrutiny, given potential policy changes, but the probability of any radical shifts from Labour is low. A greater level of uncertainty comes from the BoE's actions on rates. A cumulative reduction of 75 basis points is expected over the second half of 2024, though worries surrounding services inflation and wage growth persist.

Still, given our current assumptions, we expect UK real estate to perform well over the forecast period, although bifurcation within sectors will remain a factor. We expect the industrial and living sectors to outperform all property, particularly over the next year. In a notable shift over recent months, offices are now projected to stay in positive territory, owing to strong rental growth. In fact, rental growth will remain a central growth story across real estate sectors, especially given the low levels of construction projected over the forecast period. Although construction prices have moderated from their peaks, restrictive financing costs will make development difficult in the near term.

Certain lenders are acknowledging the upside potential here, as we are seeing increased activity by UK clearing banks for all asset classes outside of offices. As the rate-cutting cycle bites, margins are expected to become more competitive among non-bank lenders. This should provide a much-needed boost to liquidity.

2nd August 2024

Company Information

Launch Date: May 2014

abrdn UK Real Estate Funds ICVC (the "Company") is an investment company with variable capital, having its head office in Scotland and with registered number IC989 and authorised by the Financial Conduct Authority with effect from 6 March 2014. The Company has one sub-fund, the abrdn UK Real Estate Fund (the "fund").

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.

The performance target of the fund is to exceed the return of 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 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 fund based on the investment policy of the fund and the constituents of the sector.

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 abrdn). The fund may invest in short term government bonds such as gilts, money-market instruments and cash.

Policy

The fund will aim to diversify risk by seeking exposure to three main sectors:

- Retail (e.g. shopping centres, retail warehouses, standard shops, supermarkets and department stores);
- Offices (e.g. standard offices and business parks); and
- Industrial (e.g. standard industrial estates and distribution warehousing).

In addition, the fund may also gain exposure to other property sectors (e.g. leisure parks, restaurants, pubs, hotels, student accommodation and residential). The fund will seek geographic diversification across the UK amongst properties held. The fund may also invest in other property related assets (including property related transferable securities and property related collective investment schemes), money-market instruments, deposits, money-market related collective investment schemes and government and public securities. The fund may also invest in derivatives and forward transactions but only for the purposes of hedging (which includes efficient portfolio management), not for the purpose of meeting the investment objective.

Specific Risks

Investors should be aware of the following risk factors:

- (a) 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 Company should be aware that they may not be able to sell their investment when they want to;
- (b) 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 Company returns; and
- (c) Property valuation is a matter of judgement by an independent valuer and is therefore a matter of the valuer's opinion rather than fact.
- (d) Certain derivatives could behave unexpectedly or could expose the Company to losses that are significantly greater than the cost of the derivative. Derivatives in general are highly volatile and do not carry any voting rights. The pricing and volatility of many derivatives (especially credit default swaps) may diverge from strictly reflecting the pricing or volatility of their underlying reference(s).

In difficult market conditions, it may be impossible or unfeasible to place orders that would limit or offset the market exposure or financial losses created by certain derivatives. Using derivatives also involves costs that the Company would not otherwise incur.

Regulations may limit the Company from using derivatives in ways that might have been beneficial to the Company. Changes in tax, accounting, or securities laws could cause the value of a derivative to fall or could force the fund to terminate a derivative position under disadvantageous circumstances.

Company Information

Continued

Certain derivatives, in particular futures, options, contracts for difference and some contingent liability contracts, could involve margin borrowing, meaning that the company could be forced to choose between liquidating securities to meet a margin call or taking a loss on a position that might, if held longer, have yielded a smaller loss or a gain.

To the extent that the Company uses derivatives to increase its net exposure to any market, rate, basket of securities or other financial reference source, fluctuations in the price of the reference source will be amplified at the Company level.

- (e) The Company has a single swinging price. The single price can be swung up or down in response to inflows or outflows from the fund, in order to protect investors from the effect of dilution. Dilution occurs where the fund is forced to incur costs as a result of the investment manager buying or selling assets following inflows or outflows. A change to the pricing basis will result in a movement to the Company's published price and reported investment performance.

Comparative Tables

Retail accumulation	30 June 2024	31 December 2023	31 December 2022	31 December 2021
Closing net asset value (£'000)	41,624	44,986	50,959	72,202
Closing number of shares	39,571,518	42,430,718	46,969,971	59,411,576
Closing net asset value per share (pence)	105.19	106.02	108.49	121.53
Change in net asset value per share	(0.78%)	(2.28%)	(10.73%)	10.37%
Operating charges	1.30%	1.30%	1.31%	1.34%
Property Expenses	0.43%	0.46%	0.37%	0.51%
Institutional accumulation	30 June 2024	31 December 2023	31 December 2022	31 December 2021
Closing net asset value (£'000)	116,318	151,714	175,701	192,751
Closing number of shares	105,976,352	137,458,581	156,017,242	153,444,796
Closing net asset value per share (pence)	109.76	110.37	112.62	125.62
Change in net asset value per share	(0.55%)	(2.00%)	(10.35%)	10.81%
Operating charges	0.83%	0.83%	0.84%	0.85%
Property Expenses	0.43%	0.46%	0.37%	0.51%
Retail income	30 June 2024	31 December 2023	31 December 2022	31 December 2021
Closing net asset value (£'000)	826	1,633	1,990	2,899
Closing number of shares	1,124,007	2,154,720	2,451,170	3,083,767
Closing net asset value per share (pence)	73.46	75.80	81.18	94.02
Change in net asset value per share	(3.09%)	(6.63%)	(13.66%)	7.06%
Operating charges	1.30%	1.30%	1.31%	1.34%
Property Expenses	0.43%	0.46%	0.37%	0.51%
Institutional income	30 June 2024	31 December 2023	31 December 2022	31 December 2021
Closing net asset value (£'000)	5,790	6,198	7,349	10,122
Closing number of shares	7,464,612	7,767,568	8,637,199	10,320,996
Closing net asset value per share (pence)	77.57	79.79	85.09	98.07
Change in net asset value per share	(2.78%)	(6.23%)	(13.24%)	7.54%
Operating charges	0.83%	0.83%	0.84%	0.85%
Property Expenses	0.43%	0.46%	0.37%	0.51%
ZA income	30 June 2024	31 December 2023	31 December 2022	31 December 2021
Closing net asset value (£'000)	2,091	2,141	4,800	5,878
Closing number of shares	5,106,982	5,106,982	10,819,962	11,589,636
Closing net asset value per share (pence)	40.93	41.91	44.37	50.72
Change in net asset value per share	(2.34%)	(5.54%)	(12.52%)	8.45%
Operating charges	-	-	0.01%	0.02%
Property Expenses	0.43%	0.46%	0.37%	0.51%

Comparative Tables

Continued

ZC accumulation	30 June 2024	31 December 2023	31 December 2022	31 December 2021
Closing net asset value (£'000)	88	95	96	101
Closing number of shares	164,775	176,772	176,254	167,908
Closing net asset value per share (pence)	53.56	53.69	54.53	60.42
Change in net asset value per share	(0.24%)	(1.54%)	(9.75%)	11.48%
Operating charges	0.08%	0.08%	0.09%	0.10%
Property Expenses	0.43%	0.46%	0.37%	0.51%
Platform 1 accumulation	30 June 2024	31 December 2023	31 December 2022	31 December 2021
Closing net asset value (£'000)	6,506	4,782	4,781	6,628
Closing number of shares	12,799,404	9,353,669	9,162,690	11,384,182
Closing net asset value per share (pence)	50.83	51.12	52.18	58.22
Change in net asset value per share	(0.57%)	(2.03%)	(10.37%)	10.75%
Operating charges	0.88%	0.88%	0.89%	0.89%
Property Expenses	0.43%	0.46%	0.37%	0.51%
Platform 1 income	30 June 2024	31 December 2023	31 December 2022	31 December 2021
Closing net asset value (£'000)	2,220	1,776	1,985	2,248
Closing number of shares	5,832,036	4,534,538	4,748,684	4,665,706
Closing net asset value per share (pence)	38.07	39.17	41.79	48.19
Change in net asset value per share	(2.81%)	(6.27%)	(13.28%)	7.49%
Operating charges	0.88%	0.88%	0.89%	0.89%
Property Expenses	0.43%	0.46%	0.37%	0.51%
Feeder accumulation	30 June 2024	31 December 2023	31 December 2022	31 December 2021
Closing net asset value (£'000)	596,949	706,375	943,640	1,321,137
Closing number of shares	483,624,326	571,070,388	751,571,056	950,245,872
Closing net asset value per share (pence)	123.43	123.69	125.56	139.03
Change in net asset value per share	(0.21%)	(1.49%)	(9.69%)	11.55%
Operating charges	-	-	0.01%	0.03%
Property Expenses	0.43%	0.46%	0.37%	0.51%
Z accumulation^A	30 June 2024	31 December 2023	31 December 2022	31 December 2021
Closing net asset value (£'000)	38	38	634	43
Closing number of shares	30,651	30,493	503,144	30,726
Closing net asset value per share (pence)	123.82	124.12	126.07	139.68
Change in net asset value per share	(0.24%)	(1.55%)	(9.74%)	-
Operating charges	0.08%	0.08%	0.09%	0.10%
Property Expenses	0.43%	0.46%	0.37%	0.51%

Comparative Tables

Continued

J accumulation^B	30 June 2024	31 December 2023	31 December 2022	31 December 2021
Closing net asset value (£'000)	37	41	52	297
Closing number of shares	31,900	34,580	43,844	222,308
Closing net asset value per share (pence)	116.74	117.33	119.69	133.42
Change in net asset value per share	(0.50%)	(1.97%)	(10.29%)	-
Operating charges	0.75%	0.75%	0.76%	0.81%
Property Expenses	0.43%	0.46%	0.37%	0.51%
J income^C	30 June 2024	31 December 2023	31 December 2022	31 December 2021
Closing net asset value (£'000)	285	311	463	2,185
Closing number of shares	356,550	379,072	529,086	2,167,092
Closing net asset value per share (pence)	79.89	82.13	87.53	100.83
Change in net asset value per share	(2.73%)	(6.17%)	(13.19%)	-
Operating charges	0.75%	0.75%	0.76%	0.81%
Property Expenses	0.43%	0.46%	0.37%	0.51%

The closing net asset value (£'000) divided by the closing number of shares may not calculate to the closing net asset value per share (pence) due to rounding differences. The published closing net asset value per share (pence) is based on unrounded values and represents the actual price.

The change in the net asset value per share is the change from the beginning of the period to the close of the period.

Operating charges are expenses associated with the maintenance and administration of the Trust on a day-to-day basis that are actually borne by the share class.

^A Z Accumulation share class was launched on 29 November 2021.

^B J Accumulation share class was launched on 29 November 2021.

^D J Income share class was launched on 29 November 2021.

Portfolio Statement

As at 30 June 2024

	Market value £'000	Total net assets %
INVESTMENT PROPERTIES 82.52% (2023: 82.45%)		
INDUSTRIAL 35.51% (2023: 34.62%)		
Properties valued between £0 and £44.6m		
Smiths Metals, Biggleswade		
Axis Park, Peterborough		
Masthead Industrial Estate, Dartford		
Minto Commercial Park, Aberdeen		
Woodside Industrial Estate, Bishop's Stortford		
Southern Cross Distribution Park, Southampton		
Solar Park, Highlands Road, Solihull		
Lion & Churchill House, Aberdeen		
Tradeway & Trade Park, Sutton*		
Ascent Park, Harlow		
Ferry Lane, Rainham		
Brooklands Close, Sunbury		
	274,377	35.51
LEISURE 3.65% (2023: 4.16%)		
Properties valued between £0 and £22.6m		
Baxter Gate, Loughborough		
Avant Garde, Bethnal Green Road, Shoreditch, London*		
	28,242	3.65
OTHER 12.31% (2023: 10.70%)		
Properties valued between £0 and £55.8m		
Russell Way, Crawley		
George IV Bridge Hotel, Royal Mile, Edinburgh*		
24-26 Minories, London		
Land Off London Road, Crawley		
Dell of Inshes, Inverness		
	95,102	12.31

Portfolio Statement

As at 30 June 2024 continued

	Market value £'000	Total net assets %
OFFICES 14.00% (2023: 14.82%)		
Properties valued between £0 and £32.0m		
Hobart House, Edinburgh		
Annandale House, Hanworth Road, Sunbury		
Duncan House, Enterprise Drive, Westhill, Aberdeen		
1 America Street & 29 Great Guildford Street, London		
1 Marsden Street, Manchester		
Central South Square, Newcastle Upon Tyne		
	108,202	14.00
RETAIL 10.47% (2023: 12.57%)		
Properties valued between £0 and £30.3m		
Waitrose, High Street, Worthing		
166-168 High Street & 68-70 Regent Street, Cheltenham		
Tesco, Ruthin, Denbighshire		
Bishop Auckland Shopping Park, Bishop Auckland		
Tesco, Congleton*		
Blighs Meadow Shopping Centre, Sevenoaks*		
	80,938	10.47
RETAIL WAREHOUSES 6.58% (2023: 5.58%)		
Properties valued between £0 and £50.8m		
Leamington Shopping Park, Royal Leamington Spa		
	50,833	6.58
Total Investment Properties	637,694	82.52
DEVELOPMENT PROPERTIES 2.56% (2023: 1.83%)		
Clarendon House 114-116 George Street, Edinburgh	19,760	2.56
Total Development Properties	19,760	2.56

Portfolio Statement

As at 30 June 2024 continued

	Market value £'000	Total net assets %
COLLECTIVE INVESTMENT SCHEMES 7.42% (2023: 7.20%)		
abrdn Liquidity Fund – Sterling Fund**	57,343	7.42
	57,343	7.42
Portfolio of investments	714,797	92.50
Net other assets	57,975	7.50
Total Net Assets	772,772	100.00

The percentage figures in brackets show the companies holding as at 31 December 2023.

* Denotes leasehold and mixed properties, those properties not highlighted are freehold properties.

** Managed by subsidiaries of abrdn plc.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets per the balance sheet	657,454
Collective Investment Schemes classified as cash equivalents	57,343
Net other assets	57,975
Total Net Assets	772,772

Financial Statements

Statement of Total Return

For the six months ended 30 June 2024

	30 June 2024		30 June 2023	
	£'000	£'000	£'000	£'000
Income:				
Net capital (losses)/gains		(21,480)		2,129
Revenue	26,699		33,592	
Expenses	(5,894)		(6,294)	
Interest payable and similar charges	(2)		(8)	
Net revenue before taxation	20,803		27,290	
Taxation	-		-	
Net revenue after taxation		20,803		27,290
Total return before distributions		(677)		29,419
Distributions		(21,714)		(28,411)
Change in net assets attributable to shareholders from investment activities		(22,391)		1,008

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 30 June 2024

	30 June 2024		30 June 2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		920,090		1,192,450
Amounts receivable on the issue of shares	3,317		14,050	
Amounts payable on the cancellation of shares	(147,844)		(149,889)	
		(144,527)		(135,839)
Dilution adjustment		1,843		1,609
Change in net assets attributable to shareholders from investment activities (see above)		(22,391)		1,008
Retained distribution on accumulation shares		17,756		23,454
Unclaimed distributions		1		1
Closing net assets attributable to shareholders		772,772		1,082,683

Comparative information is provided for the statement of change in net assets attributable to shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

Financial Statements

Continued

Balance Sheet

As at 30 June 2024

	30 June 2024		31 December 2023	
	£'000	£'000	£'000	£'000
Assets:				
Fixed assets:				
Investment Property	637,694		758,651	
Development Property	19,760		16,811	
		657,454		775,462
Current assets:				
Debtors	32,269		32,541	
Cash and bank balances	7,297		701	
Cash equivalents	106,134		131,978	
		145,700		165,220
Total assets		803,154		940,682
Liabilities:				
Creditors: amounts falling due after more than one year		(11)		(11)
Current Liabilities:				
Distribution payable	(1,336)		(943)	
Creditors	(29,035)		(19,638)	
		(30,371)		(20,581)
Total liabilities		(30,382)		(20,592)
Net assets attributable to shareholders		772,772		920,090

Financial Statements

Continued

Cash Flow Statement

For the six months ended 30 June 2024

	30 June 2024 £'000	30 June 2023 £'000
Cash flows from operating activities		
Net revenue before taxation	20,803	27,290
Adjustments for:		
(Increase)/decrease in debtors	(98)	5,590
Increase in creditors	9,035	2,302
Interest payable and similar charges	2	8
Cash from operations	29,742	35,190
Interest payable and similar charges	(2)	(8)
Net cash from operating activities	29,740	35,182
Cash flows from investing activities		
Purchases of investments and capital expenditure	(12,073)	(1,614)
Disposal of investments	108,936	44,620
Net cash generated from investing activities	96,863	43,006
Cash flows from financing activities		
Amounts received on issue of shares	3,688	13,722
Amounts paid on cancellation of shares	(147,828)	(150,014)
Distributions paid	(3,554)	(2,590)
Dilution adjustment	1,843	1,609
Net cash used in financing activities	(145,851)	(137,273)
Net decrease in cash and cash equivalents	(19,248)	(59,085)
Reconciliation to net cash decrease		
Cash and cash equivalents at the start of the period	132,679	255,125
Decrease in cash and cash equivalents	(19,248)	(59,085)
Cash and cash equivalents at the end of the period	113,431	196,040

Notes to the Financial Statements

Accounting Policies

For the six months ended 30 June 2024

Basis of Accounting

The financial statements have been prepared on a going concern basis in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (IMA) in May 2014.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL") and the Company's Instrument of Incorporation.

Distribution Policies

The net revenue from the fund's investments accumulates daily, proportionately to the net asset value of the assets attributable to each share class, over each accounting period. If revenue exceeds expenses during the period, the net revenue of the fund is available for distribution (or re-investment) at share class level to the shareholders in accordance with the OEIC Regulations. If expenses exceed revenue during the period, the net revenue shortfall may be funded from capital.

The fund makes property, interest and dividend distributions.

Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. For derivative investments, where positions are undertaken to enhance capital return, the gains and losses are taken to capital, otherwise where they generate revenue, the amounts are included as revenue or expense and affect distributions.

Equalisation

In order that each shareholder in the same share class shall receive the same rate of distribution per share the buying price of each share contains an amount called equalisation. This is equivalent to the net of distributable income less expenses accrued in the fund at the time of purchase, these purchased shares are known as Group 2. As part of the distribution payment the average amount of this equalisation is returned to Group 2 shareholders. The equalisation element of the distribution to Group 2 shareholders is treated as a repayment of capital and is therefore not liable to income tax. This amount should, however, be deducted from the cost of the shares for capital gains tax purposes.

Distribution Tables

For the six months ended 30 June 2024 (in pence per share)

First interim dividend distribution

Group 1 – shares purchased prior to 1 January 2024

Group 2 – shares purchased between 1 January 2024 and 31 January 2024

	Revenue	Equalisation	Distribution paid 29/02/24	Distribution paid 28/02/23
Retail accumulation				
Group 1	0.4184	-	0.4184	0.3874
Group 2	0.3700	0.0484	0.4184	0.3874
Institutional accumulation				
Group 1	0.4271	-	0.4271	0.3738
Group 2	0.1672	0.2599	0.4271	0.3738
Retail income				
Group 1	0.2992	-	0.2992	0.2897
Group 2	0.1842	0.1150	0.2992	0.2897
Institutional income				
Group 1	0.3086	-	0.3086	0.2825
Group 2	0.2242	0.0844	0.3086	0.2825
ZA income				
Group 1	0.1544	-	0.1544	0.1473
Group 2	0.1544	-	0.1544	0.1473
ZC accumulation				
Group 1	0.1979	-	0.1979	0.1808
Group 2	0.1979	-	0.1979	0.1808
Platform 1 accumulation				
Group 1	0.1982	-	0.1982	0.1732
Group 2	0.0748	0.1234	0.1982	0.1732
Platform 1 income				
Group 1	0.1519	-	0.1519	0.1387
Group 2	0.0998	0.0521	0.1519	0.1387
Feeder accumulation				
Group 1	0.4561	-	0.4561	0.4164
Group 2	0.2314	0.2247	0.4561	0.4164
Z accumulation				
Group 1	0.4579	-	0.4579	0.4182
Group 2	0.4039	0.0540	0.4579	0.4182
J accumulation				
Group 1	0.4525	-	0.4525	0.3974
Group 2	0.4525	-	0.4525	0.3974
J income				
Group 1	0.3166	-	0.3166	0.2905
Group 2	0.1848	0.1318	0.3166	0.2905

Distribution Tables

For the six months ended 30 June 2024 (in pence per share) continued

Second interim dividend distribution

Group 1 – shares purchased prior to 1 February 2024

Group 2 – shares purchased between 1 February 2024 and 29 February 2024

	Revenue	Equalisation	Distribution paid 28/03/24	Distribution paid 31/03/23
Retail accumulation				
Group 1	0.3773	-	0.3773	0.4002
Group 2	0.1764	0.2009	0.3773	0.4002
Institutional accumulation				
Group 1	0.3847	-	0.3847	0.3999
Group 2	0.2252	0.1595	0.3847	0.3999
Retail income				
Group 1	0.2681	-	0.2681	0.2984
Group 2	0.2681	-	0.2681	0.2984
Institutional income				
Group 1	0.2771	-	0.2771	0.2997
Group 2	0.1628	0.1143	0.2771	0.2997
ZA income				
Group 1	0.1386	-	0.1386	0.1538
Group 2	0.1386	-	0.1386	0.1538
ZC accumulation				
Group 1	0.1782	-	0.1782	0.1894
Group 2	0.0384	0.1398	0.1782	0.1894
Platform 1 accumulation				
Group 1	0.1787	-	0.1787	0.1896
Group 2	0.0594	0.1193	0.1787	0.1896
Platform 1 income				
Group 1	0.1364	-	0.1364	0.1514
Group 2	0.0628	0.0736	0.1364	0.1514
Feeder accumulation				
Group 1	0.4104	-	0.4104	0.4360
Group 2	0.1678	0.2426	0.4104	0.4360
Z accumulation				
Group 1	0.4121	-	0.4121	0.4377
Group 2	0.1125	0.2996	0.4121	0.4377
J accumulation				
Group 1	0.4078	-	0.4078	0.4156
Group 2	0.0820	0.3258	0.4078	0.4156
J income				
Group 1	0.2842	-	0.2842	0.3030
Group 2	0.2842	-	0.2842	0.3030

Distribution Tables

For the six months ended 30 June 2024 (in pence per share) continued

Third interim dividend distribution

Group 1 – shares purchased prior to 1 March 2024

Group 2 – shares purchased between 1 March 2024 and 31 March 2024

	Revenue	Equalisation	Distribution paid 30/04/24	Distribution paid 28/04/23
Retail accumulation				
Group 1	0.4287	-	0.4287	0.3996
Group 2	0.2191	0.2096	0.4287	0.3996
Institutional accumulation				
Group 1	0.4381	-	0.4381	0.3866
Group 2	0.1689	0.2692	0.4381	0.3866
Retail income				
Group 1	0.3041	-	0.3041	0.2967
Group 2	0.3041	-	0.3041	0.2967
Institutional income				
Group 1	0.3144	-	0.3144	0.2896
Group 2	0.1239	0.1905	0.3144	0.2896
ZA income				
Group 1	0.1578	-	0.1578	0.1483
Group 2	0.1578	-	0.1578	0.1483
ZC accumulation				
Group 1	0.2037	-	0.2037	0.1847
Group 2	-	0.2037	0.2037	0.1847
Platform 1 accumulation				
Group 1	0.2034	-	0.2034	0.1792
Group 2	0.0900	0.1134	0.2034	0.1792
Platform 1 income				
Group 1	0.1546	-	0.1546	0.1425
Group 2	0.0780	0.0766	0.1546	0.1425
Feeder accumulation				
Group 1	0.4693	-	0.4693	0.4249
Group 2	0.1750	0.2943	0.4693	0.4249
Z accumulation				
Group 1	0.4709	-	0.4709	0.4266
Group 2	0.0658	0.4051	0.4709	0.4266
J accumulation				
Group 1	0.4644	-	0.4644	0.4051
Group 2	0.0128	0.4516	0.4644	0.4051
J income				
Group 1	0.3227	-	0.3227	0.2940
Group 2	0.1932	0.1295	0.3227	0.2940

Distribution Tables

For the six months ended 30 June 2024 (in pence per share) continued

Fourth interim dividend distribution

Group 1 – shares purchased prior to 1 April 2024

Group 2 – shares purchased between 1 April 2024 and 30 April 2024

	Revenue	Equalisation	Distribution paid 31/05/24	Distribution paid 31/05/23
Retail accumulation				
Group 1	0.4040	-	0.4040	0.4242
Group 2	0.3338	0.0702	0.4040	0.4242
Institutional accumulation				
Group 1	0.4127	-	0.4127	0.4784
Group 2	0.1229	0.2898	0.4127	0.4784
Retail income				
Group 1	0.2855	-	0.2855	0.3141
Group 2	0.0042	0.2813	0.2855	0.3141
Institutional income				
Group 1	0.2950	-	0.2950	0.3600
Group 2	0.1279	0.1671	0.2950	0.3600
ZA income				
Group 1	0.1483	-	0.1483	0.1624
Group 2	0.1483	-	0.1483	0.1624
ZC accumulation				
Group 1	0.1919	-	0.1919	0.2019
Group 2	-	0.1919	0.1919	0.2019
Platform 1 accumulation				
Group 1	0.1915	-	0.1915	0.2185
Group 2	0.0713	0.1202	0.1915	0.2185
Platform 1 income				
Group 1	0.1452	-	0.1452	0.1737
Group 2	0.0708	0.0744	0.1452	0.1737
Feeder accumulation				
Group 1	0.4421	-	0.4421	0.4644
Group 2	0.1117	0.3304	0.4421	0.4644
Z accumulation				
Group 1	0.4435	-	0.4435	0.5760
Group 2	0.0315	0.4120	0.4435	0.5760
J accumulation				
Group 1	0.4373	-	0.4373	0.5173
Group 2	0.0016	0.4357	0.4373	0.5173
J income				
Group 1	0.3027	-	0.3027	0.3759
Group 2	0.3027	-	0.3027	0.3759

Distribution Tables

For the six months ended 30 June 2024 (in pence per share) continued

Fifth interim dividend distribution

Group 1 – shares purchased prior to 1 May 2024

Group 2 – shares purchased between 1 May 2024 and 31 May 2024

	Revenue	Equalisation	Distribution paid 28/06/24	Distribution paid 30/06/23
Retail accumulation				
Group 1	0.3806	-	0.3806	0.3963
Group 2	0.1831	0.1975	0.3806	0.3963
Institutional accumulation				
Group 1	0.3882	-	0.3882	0.3571
Group 2	0.1814	0.2068	0.3882	0.3571
Retail income				
Group 1	0.2679	-	0.2679	0.2919
Group 2	0.2679	-	0.2679	0.2919
Institutional income				
Group 1	0.2764	-	0.2764	0.2661
Group 2	0.0803	0.1961	0.2764	0.2661
ZA income				
Group 1	0.1376	-	0.1376	0.1390
Group 2	0.1376	-	0.1376	0.1390
ZC accumulation				
Group 1	0.1790	-	0.1790	0.1730
Group 2	-	0.1790	0.1790	0.1730
Platform 1 accumulation				
Group 1	0.1801	-	0.1801	0.1703
Group 2	0.0883	0.0918	0.1801	0.1703
Platform 1 income				
Group 1	0.1358	-	0.1358	0.1325
Group 2	0.0271	0.1087	0.1358	0.1325
Feeder accumulation				
Group 1	0.4124	-	0.4124	0.3987
Group 2	0.1531	0.2593	0.4124	0.3987
Z accumulation				
Group 1	0.4137	-	0.4137	0.4680
Group 2	0.0333	0.3804	0.4137	0.4680
J accumulation				
Group 1	0.4112	-	0.4112	0.3797
Group 2	0.0036	0.4076	0.4112	0.3797
J income				
Group 1	0.2836	-	0.2836	0.2731
Group 2	0.2836	-	0.2836	0.2731

Distribution Tables

For the six months ended 30 June 2024 (in pence per share) continued

Sixth interim dividend distribution

Group 1 – shares purchased prior to 1 June 2024

Group 2 – shares purchased between 1 June 2024 and 30 June 2024

	Revenue	Equalisation	Distribution paid 31/07/24	Distribution paid 31/07/23
Retail accumulation				
Group 1	0.4300	-	0.4300	0.4463
Group 2	0.2544	0.1756	0.4300	0.4463
Institutional accumulation				
Group 1	0.4407	-	0.4407	0.4523
Group 2	0.1570	0.2837	0.4407	0.4523
Retail income				
Group 1	0.3015	-	0.3015	0.3279
Group 2	0.2734	0.0281	0.3015	0.3279
Institutional income				
Group 1	0.3128	-	0.3128	0.3341
Group 2	0.1829	0.1299	0.3128	0.3341
ZA income				
Group 1	0.1573	-	0.1573	0.1686
Group 2	0.1573	-	0.1573	0.1686
ZC accumulation				
Group 1	0.2049	-	0.2049	0.2110
Group 2	-	0.2049	0.2049	0.2110
Platform 1 accumulation				
Group 1	0.2046	-	0.2046	0.2104
Group 2	0.0977	0.1069	0.2046	0.2104
Platform 1 income				
Group 1	0.1539	-	0.1539	0.1661
Group 2	0.0489	0.1050	0.1539	0.1661
Feeder accumulation				
Group 1	0.4725	-	0.4725	0.4857
Group 2	0.0976	0.3749	0.4725	0.4857
Z accumulation				
Group 1	0.4741	-	0.4741	0.4786
Group 2	0.0397	0.4344	0.4741	0.4786
J accumulation				
Group 1	0.4675	-	0.4675	0.4622
Group 2	0.0052	0.4623	0.4675	0.4622
J income				
Group 1	0.3211	-	0.3211	0.3321
Group 2	0.3211	-	0.3211	0.3321

Distribution Tables

For the six months ended 30 June 2024 (in pence per share) continued

Equalisation

This applies only to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Further Information

abrdn UK Real Estate Funds ICVC was incorporated on 6 March 2014, incorporated under the FCA Regulations. The Company is an open-ended investment company (OEIC) with variable capital under regulation 12 (authorisation) of the OEIC Regulations.

Consumers' rights and protections, including any derived from EU legislation, are currently unaffected by the result of the UK referendum to leave the European Union and will remain unchanged unless and until the UK Government changes the applicable legislation.

Documentation and Prices

Copies of the current Prospectus and Key Investor Information Documents (KIIDs) for the abrdn UK Real Estate Funds ICVC, daily prices, together with the latest Annual (and if issued later the Interim) Report and Accounts for any fund, are available to download at **abrdn.com**. A paper copy of the Report and Accounts is available on request from the ACD.

Notices/Correspondence

Please send any notices to abrdn Fund Managers Limited, PO Box 12233, Chelmsford, Essex, CM99 2EE. Any notice to the ACD will only be effective when actually received by the ACD. All notices will be sent to the investor at the address set out in the Application form or the latest address which the investor has notified to the ACD, and will be deemed to have been received three days after posting.

Events detailed in these terms and conditions will be carried out on the dates specified, unless the dates are a non-business day, when they will be carried out on the next business day.

Complaints and Compensation

If you need to complain about any aspect of our service, you should write to the Complaints Team, abrdn Investments, PO Box 12233, Chelmsford, CM99 2EE, who will initiate our formal complaints procedure. If you prefer, you may call the Complaints Team on 0345 113 6966 or email **complaints@abrdn.com** in the first instance. Alternatively if you have a complaint about the Company or Funds you can contact the Depository directly. A leaflet detailing our complaints procedure is available on request.

We will endeavour to respond to your complaint as soon as possible and will notify you of our outcome within 8 weeks. If the complaint is not resolved by us to your satisfaction then you may have the right to take your complaint to the Financial Ombudsman Service (FOS).

To contact the FOS Service you should write to The Financial Ombudsman Service, Exchange Tower, London, E14 9SR, email **complaint.info@financial-ombudsman.org.uk** or telephone 0800 023 4567 (free for landlines and mobiles) or 0300 123 9123 (calls cost no more than calls to 01 and 02 numbers) or +44 20 7964 0500 (available from outside the UK – calls will be charged).

We are covered by the Financial Services Compensation Scheme, which means if we become insolvent, you may be entitled to compensation. The level of compensation will depend on the type of business and the circumstances of your claim. Investments are covered up to £85,000 for claims against firms that fail on or after 1 April 2019. Details are available from the FSCS Helpline on 0800 678 1100 or 020 7741 4100 and on the FSCS website: **www.fscs.org.uk**.

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