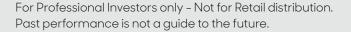


Quarterly Update - Q2 2025





The abrdn Real Estate Fund quarterly update provides an overview of the market; fund performance, positioning and portfolio changes; and the fund manager's outlook for the months ahead.

abrdn Real Estate Fund, a Sterling denominated sub fund of the abrdn Real Estate Funds ICVC. This fund is managed by abrdn Fund Managers Limited.

abrdn Real Estate 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.

OBJECTIVES AND INVESTMENT POLICY

Transition

The abrdn Real Estate Fund is currently undergoing a portfolio transition to (i) reduce its holdings to approximately 45% in direct UK property, and (ii) increase its holdings to approximately 45% in indirect property. The transition commenced on 18 September 2024 and is expected to be completed within 18 -24 months. However, this timeline may vary depending on market conditions. Investors should be aware that, for a period from 18 September 2024, investments in both direct and indirect holdings in abrdn Real Estate Fund will not align with the target allocations of 45% as stated in the investment policy.

Investment Objective

To generate income and some growth over the long term (5 years or more) by investing in property and property related investments. It is intended that the fund will be a PAIF at all timesand, 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 achieve a return in excess of the following composite index over rolling five-year periods (after charges). 45% MSCI UK Monthly Property Index; 45% FTSE EPRA Nareit Developed Net Total Return Index and 10% SONIA. 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 sub-fund based on the investment policy of the fund and the constituents of the sector.





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UK Real Estate Market Overview

Over the 12 months to May, UK real estate produced an 8.7% total return. Returns have been gradually climbing since the start of the year. Capital growth continues to feature in limited quantities, although this is not broad[1] based and features primarily in the retail and industrial sectors. It is these sectors which have led 12-month total returns, at 11.0% and 10.5%, respectively, while offices remain the primary laggard at 3.1%.

The investment market has had a quiet start to 2025. However, the UK real estate market appears favourable among international investors. Once again, it was the top destination for cross-border capital over 2024.

We still see UK real estate performing well, and we are forecasting an annualised 8.4% return over three years. Importantly, we expect sectoral returns to converge. While this may make outperforming slightly more challenging on a sector-allocation level, it will provide opportunities for asset-specific outperformance. In addition, more consistent returns across All Property may help to provide confidence to the investment market.

UK economic outlook

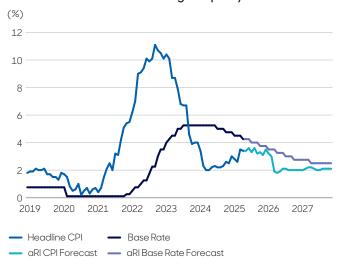
Activity

GDP growth was stronger than expected over the first quarter, expanding by 0.7%. However, initial data shows a 0.3% contraction during April, driven by a fall in services output. In May, retail sales also contracted sharply, and provisional estimates suggest a monthly payroll reduction of 109,000 employees (-0.9%). Economic data is expected to remain soft throughout the rest of the year. There is pressure on long-dated gilt yields, raising the cost of borrowing and threatening Labour's already narrow fiscal headroom situation. The government is struggling against its self-imposed fiscal rules. As spending cuts are proving challenging to rally behind, tax increases may be inevitable at the next Autumn Budget.

Inflation

The 12-month change in the Consumer Price Index (CPI) was 3.4% in May and it's expected to remain elevated over the short term. Over the same period, services inflation also came in stickier than ideal at 4.7%. But there is a clear slowdown underway in the labour market, which should help alleviate the pressure. In some positive news, it appears that the impact of shifting global trade policy will be smaller than initially expected.

UK inflation rate and Bank of England policy rate forecasts



Source: Aberdeen, June 2025.

Forecasts are a guide only and actual outcomes could be significantly different.

Policy

The policy rate was held at 4.25% in June in a 6-3 decision. Underlying uncertainty around supply and demand in the economy, and the potential strength of rising input prices, seemed to make the MPC's decision more clear-cut than in prior meetings. We still expect two further 25bp cuts to feed through by the end of the year. But if inflationary uncertainty subsides and labour weakness persists, there could be a path to swifter reductions.

UK economic outlook

(%)	2022	2023	2024	2025	2026	2027
GDP	4.10	0.10	0.80	1.00	1.10	1.50
CPI	9.10	7.40	2.50	3.20	2.30	2.10
Policy Rate	3.50	5.25	4.75	3.75	2.75	2.50

Source: Aberdeen, June 2025.

Forecasts are a guide only and actual outcomes could be significantly different.

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Fund positioning

	Value range
Top 10 direct holdings	(£m)
Solar Park, Birmingham	50m - 75m
Axis Park, Peterborough	25m - 50m
1 America Street, London	25m - 50m
Woodside Industrial Estate, Bishop's Stortford	10m - 25m
Blighs Meadow Shopping Centre, Sevenoaks	10m - 25m
George IV Bridge, Edinburgh	10m - 25m
Nursling Industrial Estate, Southampton	10m - 25m
New Clarendon House, Edinburgh	10m - 25m
Hobart House, Edinburgh	10m - 25m
1 Marsden Street, Manchester	10m - 25m

Source: Aberdeen, 30 June 2025.

Fund facts

Fund size	£580m
Average lot size (direct)	£16.5m
Average lease length (direct)	3.9 years
Number of direct holdings	28
Number of tenancies (direct)	259
Number of listed holdings	29
Distribution yield ¹	4.26%
Unencumbered cash ²	5.31%
Vacancy rate	9.89%

Source: Aberdeen, 30 June 2025.

Fund Top 10 listed holdings (%) 9.53 abrdn Future Real Estate UCITS ETF Welltower Inc 0.54 LondonMetric Property Plc 0.40 Ventas Inc 0.32 0.29 Prologis Inc Simon Property Group Inc 0.28 Equinix Inc 0.27 Digital Realty Trust Inc 0.27 Public Storage 0.24 Realty Income Corp 0.24

Source: Aberdeen, 30 June 2025.

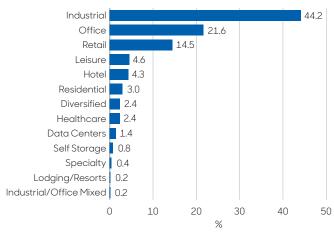
	Contracted rent
Top 5 tenants (direct)	(%)
T P Bennett LLP	6.09
British Telecommunications plc	3.84
Expro North Sea Limited	3.53
Tesco Stores Limited	2.40
TCL Manufacturing Ltd	2.39

Source: Aberdeen, 30 June 2025.

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Performance - % growth	1m	3m	6m	1 y	p.a.	p.a.
Fund Retail Acc	(0.48)	(0.58)	0.00	(0.39)	(6.92)	(0.77)
Fund Institutional Acc	(0.46)	(0.46)	0.19	(0.09)	(6.55)	(0.40)
Performance Target ³	(0.03)	0.23	0.64	2.68	(3.25)	0.60

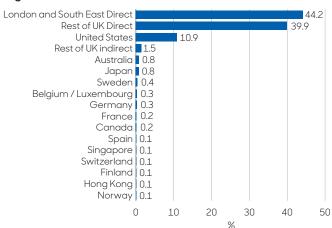
Source: Aberdeen, 30 June 2025.

Sector allocation



Source: Aberdeen, 30 June 2025. Figures ex Cash.

Regional allocation



Source: Aberdeen, 30 June 2025. Figures ex Cash.







¹ Historic Distribution Yield at 31/05/2025. This represents the income generated by the assets in which the Fund has been invested over the last twelve months, expressed as a percentage of the Fund's value for the Institutional Income share class. Please note that this income stream may be subject to taxes and charges.
² The unencumbered cash figure includes cash or cash equivalents plus any short term

 $^{^2\,\}text{The}$ unencumbered cash figure includes cash or cash equivalents plus any short term assets and liabilities within the fund less any future committed capital expenditures.

³ Performance Target IA UK Direct Property Peer group until 02/10/2024, 45% MSCI UK Monthly Property Index; 45% FTSE EPRA Nareit Developed Net Total Return Index and 10% SONIA thereafter.

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Portfolio Update

Transaction and Asset Management Activity

In terms of activity over the quarter, at Avant Garde, Shoreditch, restaurant Harmony Kitchen entered into a new 20-year lease at an initial rent of £135,000 per annum.

In the industrial sector, at Axis Park, Peterborough, a lease renewal with JPB Signs completed at a revised rent of \$24,446 per annum (an uplift of 13%), in addition to new lettings to CD Automation Solutions, Fastenal Europe and Y&T Global Wellness, providing 5-year terms at initial rents of about \$25,000 per annum respectively. At Ascent Park, Harlow, a rent review with Magnet completed at a reviewed rent of \$75,000 per annum, with further fixed uplifts agreed (an initial uplift of 25%).

In the office sector at 1 Marsden Street, Manchester, existing tenant Interpath extended its current lease alongside entering a new lease of the adjoining suite, securing a term of 10 years at a combined initial rent of £213,000 per annum. At 1 America Street, Southwark, existing tenant Gloster MEP extended its lease for an additional 10 years at a new rent of £316,365 per annum (an uplift of c.20%).

As of 30 June 2025, liquid assets in the Fund accounted for 15.4% of net asset value.

Performance Review

The Fund underperformed the performance target during the second quarter of 2025, delivering a total return of -0.46% compared to 0.23% for the target. Provisional figures suggest that the direct property element of the Fund contributed a total return of 0.22% during the period.

Forecasts and Outlook

Turning to the UK commercial real estate sector, the MSCI UK Monthly Index reported a return of 1.7% over the second quarter of 2025, with residential properties experiencing the highest returns at 2.2%. The hotel sector was the worst-performing sector in the index. However, it still produced a positive return of 0.2%.

Office returns remain the weakest among major UK property segments, with MSCI's Monthly Index showing annual growth of just 2.6%. However, capital value declines have moderated, supported by a scarcity of high-quality office space and a surge in value-add investments, particularly in London. The UK industrial sector faces both short-term relief and longer-term uncertainty. The country is currently exempt from the Trump administration's higher-rate steel and aluminium tariffs, offering respite for manufacturers, but the risk of future tariff increases remains. The Build-to-Rent sector in the UK continues to grow at pace, with over 130,000 units completed by the first quarter of 2025. Investment reached a record £5.2 billion in 2024, and forecasts suggest even stronger inflows in 2025.

Investment activity in UK real estate has remained subdued in the opening months of the year. However, there are signs that momentum and confidence are gradually building across the market, even if this has yet to be reflected in higher transaction volumes. Direct real estate performance continues to evolve, with the retail and industrial sectors, which have been standout performers since the pandemic, maintaining their lead.



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Risk profile

The following risk factors should be carefully considered before making an investment decision:

The value of investments and the income from them can fall and investors may get back less than the amount invested.

The abrdn Real Estate 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.

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.

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.

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.

Property valuation is a matter of judgment by an independent valuer and is therefore a matter of the valuer's opinion rather than fact.

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.

Equities can lose value rapidly, and typically involve higher (often significantly higher) market risks than bonds or money market instruments. If a company goes through bankruptcy or a similar financial restructuring, its equities may lose most or all oftheir value.

Real estate and related investments can be hurt by any factor that makes an area or individual property less valuable. Specifically, investments in real estate holdings or related businesses or securities (including interests in mortgages) can be hurt by natural disasters, economic declines, overbuilding, zoning changes, tax increases, population or lifestyle trends, environmental contamination, defaults on mortgages, failures of management, and other factors that may affect the market value or cash flow of the investment. Many issuers of real estate related securities are highly leveraged, which can make their securities more volatile. The value of real estate-related securities does not necessarily track the value of the underlying assets.

To the extent that the fund invests a large portion of its assets in a limited number of industries, sectors, or issuers, or within a limited geographical area, it can be more riskythan a fund that invests more broadly. Focusing on any company, industry, sector, country, region, type of stock, type of economy, etc. makes the fund more sensitive to the factors that determine market value for the area of focus. These factors may include economic, financial or market conditions as well as social, political, economic, environmental or other conditions. The result can be both higher volatility and a greater risk of loss.

Annual returns to 30 June 2025 (%)

	2021	2022	2023	2024	2025
Fund Retail Acc shareclass	4.28	14.36	(14.74)	(5.03)	(0.39)
Fund Institutional Acc shareclass	4.71	14.69	(14.32)	(4.66)	(0.09)
Performance Target ¹	2.62	10.87	(10.73)	(1.20)	2.68

Source: Aberdeen (Fund), 30 June 2025.





¹ Performance Target IA ÚK Direct Property Peer group until 02/10/2024, 45% MSCI UK Monthly Property Index; 45% FTSE EPRA NareitDeveloped Net Total Return Index and 10% SONIA thereafter.

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Important Information

Investment involves risk. 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. Past performance is not a guide to future results.

To help you understand this fund and for a full explanation of risks and the overall risk profile of this fund and the share classes within it, please refer to the Key Investor Information Documents and Prospectus which are available on our website www.aberdeeninvestments.com. The Prospectus also contains a glossary of key terms used in this document.

The fund's Authorised Corporate Director is abrdn Fund Managers Limited.

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