

The abrdrn 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.

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

abrdrn 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 abrdrn 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 abrdrn 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 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 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.

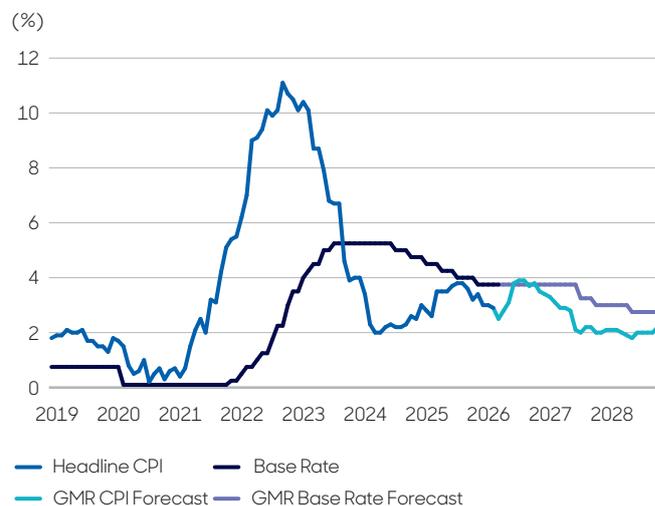
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UK Real Estate Market Overview

- After digesting the initial weeks of the conflict in the Middle East, the latest PMI and consumer confidence surveys point to a deteriorating economic outlook.
- Inflation had been tracking towards the 2% target at the start of the year. But even in the less damaging 'TACOil'¹ scenario, (see Figure 2), the latest energy price shock will send a material change through the economy, at least over the short term.
- The Bank of England (BoE) has pivoted to a much more hawkish position. In a challenging trade-off, inflation is expected to surge, and secondary effects could prove stickier than expected. As such, we would expect rates to be on hold throughout 2026, while the situation becomes clearer.
- Real estate returns have been softening over recent months. After peaking in the 12 months to August at 8.7%, total returns came in at 6.9% on an annual basis during February. Investment volumes over the first quarter of the year were the slowest since 2012 at just £8.3 billion, over 30% below the long-term quarterly average.
- We expect a challenging outlook for UK real estate over the year, given geopolitical risk and potential macroeconomic volatility. The conflict in the Middle East is affecting our outlook significantly. Prior to February, this looked similar to recent years at an All-Property level.
- Across a three- and five-year timeframe, we expect UK real estate to perform just below its long-term average at a market level. Prime, or best-in-class assets will continue their trend of outperforming the market across sectors, and prohibitive development economics will only serve to underpin rental growth over the medium term.

Figure 1: UK inflation rate and Bank of England policy rate forecasts



Source: Aberdeen, April 2026.

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

UK economic outlook

Activity

The UK economy was weak at the start of the year, with the labour market softening and gross domestic product growth close to flatlining at just 0.1% over the fourth quarter of 2025. After digesting the initial weeks of the conflict in the Middle East, the latest PMI and consumer confidence surveys point to a deteriorating economic outlook. Growth will be negatively affected; the extent of which depends on any further conflict escalation and how that feeds into higher energy costs.

Inflation

Inflation had been tracking towards the 2% target at the start of the year. But even in the less damaging 'TACOil' scenario¹, (see Figure 2), the latest energy price shock will send a material change through the economy, at least over the short term. Household energy bills will rise, particularly after the July price cap change, and there is a significant risk of stickier secondary effects, including higher food prices. Inflation could peak around 10% in the 'stagflation' scenario, the effects of which would permeate much of the economy.

¹ TACOil: A scenario playing off the "Trump Always Chickens Out" theme which has become evident during the US president's second term. Under this more optimistic scenario, the conflict is resolved more quickly and negative effects are shorter lasting.



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Policy

The Bank of England (BoE) has pivoted to a much more hawkish position. In a challenging trade-off, inflation is expected to surge, and secondary effects could prove stickier than expected. Meanwhile, the labour market and wider economy are forecasted to weaken significantly, and policy remains elevated from the equilibrium rate. In the 'stagflation' scenario, the path for multiple rate hikes becomes clear, while under the 'conflict risk dominates' scenario, it's a more challenging call. As such, we would expect rates to be on hold throughout 2026, while the situation becomes clearer.

Figure 2: UK economic forecasts

Conflict risk dominates (base case - 13/04/2026)

(%)	2023	2024	2025	2026	2027	2028
GDP	0.10	0.80	1.30	0.40	1.30	1.40
CPI	7.40	2.50	3.40	3.30	2.60	2.00
Policy Rate	5.25	4.75	3.75	3.75	3.00	2.75

TACOil

(%)	2023	2024	2025	2026	2027	2028
GDP	0.10	0.80	1.30	0.90	1.50	1.40
CPI	7.40	2.50	3.40	2.40	2.00	2.10
Policy Rate	5.25	4.75	3.75	3.50	3.00	3.00

Stagflation

(%)	2023	2024	2025	2026	2027	2028
GDP	0.10	0.80	1.30	-0.30	0.20	1.00
CPI	7.40	2.50	3.40	5.80	6.20	2.90
Policy Rate	5.25	4.75	3.75	5.00	3.00	2.50

Source: Aberdeen, April 2026.

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



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Fund positioning

Top 10 direct holdings	Value range (£m)
Axis Park, Peterborough	25m – 50m
1 America Street, London	25m – 50m
Woodside Industrial Estate, Bishop's Stortford	25m – 50m
Unit A, Hydehurst Lane, Crawley	10m – 25m
Nursling Industrial Estate, Southampton	10m – 25m
New Clarendon House, Edinburgh	10m – 25m
1 Marsden Street, Manchester	10m – 25m
Hobart House, Edinburgh	10m – 25m
Bishop Auckland Shopping Park, Bishop Auckland	10m – 25m
Ascent Park, Harlow	10m – 25m

Source: Aberdeen, 31 March 2026.

Fund facts

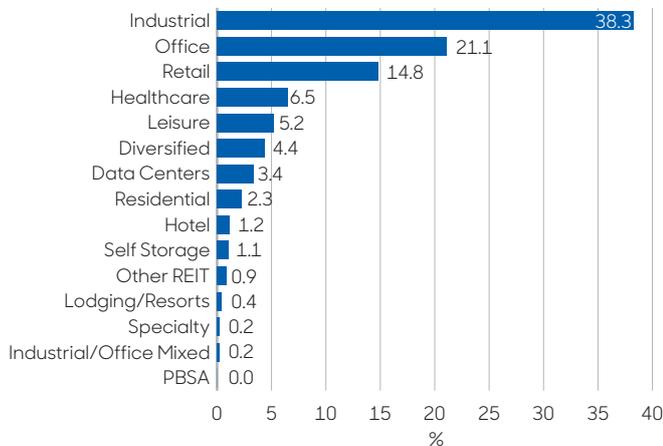
Fund size	£535m
Average lot size (direct)	£14.0m
Average lease length (direct)	4.1 years
Number of direct holdings	25
Number of tenancies (direct)	180
Number of listed holdings	49
Distribution yield ¹	3.92%
Unencumbered cash ²	5.28%
Vacancy rate	8.84%

Source: Aberdeen, 31 March 2026.

¹ Historic Distribution Yield at 28/02/2026. 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 assets and liabilities within the fund less any future committed capital expenditures.

Sector allocation



Source: Aberdeen, 31 March 2026.
Figures ex Cash.

Top 10 listed holdings	Fund (%)
abrdn Future Real Estate UCITS ETF	10.86
Welltower Inc	1.95
Equinix Inc	1.39
Ventas Inc	1.06
Prologis Inc	0.95
Realty Income Corp	0.88
Simon Property Group Inc	0.85
Digital Realty Trust Inc	0.73
Unibail Rodamco Westfield	0.63
Brixmor Property Group Inc	0.63

Source: Aberdeen, 31 March 2026.

Top 5 tenants (direct)	Contracted rent (%)
TP Bennett LLP	7.16
DPD Group UK Ltd	6.41
British Telecommunications plc	4.52
Expro North Sea Limited	4.15
Tesco Stores Limited	2.82

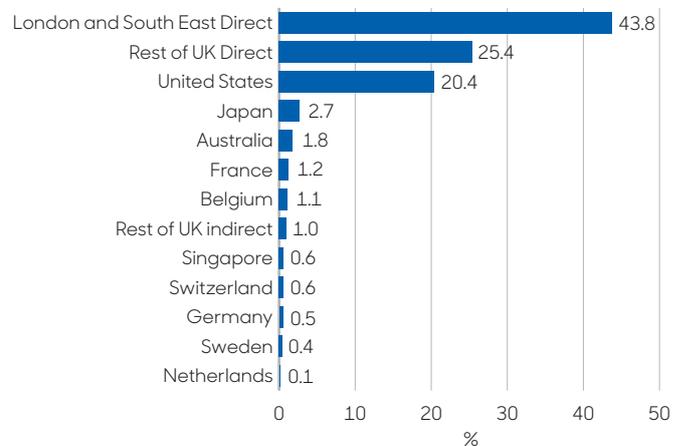
Source: Aberdeen, 31 March 2026.

Performance - % growth	3y 5y					
	1m	3m	6m	1y	p.a.	p.a.
Fund Retail Acc	(2.46)	0.10	(1.53)	(0.77)	(1.63)	(1.18)
Fund Institutional Acc	(2.43)	0.18	(1.36)	(0.37)	(1.26)	(0.81)
Performance Target ³	(3.09)	2.15	2.62	6.54	2.75	1.73

Source: Aberdeen, 31 March 2026.

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.

Regional allocation



Source: Aberdeen, 31 March 2026.
Figures ex Cash.

⁴ Other allocation represents the following countries: Bermuda, Canada, Spain, and Guernsey.

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Portfolio Update

Fund Activity

Following exchange of contracts in Q4 2025, the Fund completed the sale of both the town centre retail-led Bligh's Meadow estate, Sevenoaks (£23.5m) and multi-let office Central Square South, Newcastle (£12.125m). Proceeds have been reinvested into the listed sector, as the Fund continues the strategic hybrid transition.

Successful asset management initiatives over the month include at Axis Park, Peterborough, where new leases were secured with tenants Zenchuk Logistics and BAP Medical UK. At Ascent Park, Harlow, the conclusion of a rent review with Enterprise Rent a Car secured a 34% uplift in rent. At Woodside Industrial Estate, Bishop's Stortford, existing tenant Diageo has extended their lease by a further 10 years at a rent of £243,458 per annum, an uplift of 63%. At 31 March 2026, liquid assets in the Fund was 32.4% of NAV.

Performance Review

The Fund's unit price performance at 31 March 2026 is set out below:

31 March 2026	3 months	1 year	3 years	5 years
Inst Acc	0.18	(0.37)	(1.26)	(0.81)
Performance Target ¹	2.15	6.54	2.75	1.73

¹ IA UK Direct property sector to 30/09/2024, 45% MSCI UK Monthly Property Index, 45% FTSE EPRA Nareit Developed Net Total Return Index, 10% SONIA thereafter.

The direct portfolio generated a total return of c.-0.45% over the three months to end March. The majority of holdings generally had a static capital value and neutral performance over the quarter, with proportionally larger negative contributions from assets Axis Park, Peterborough following investment market engagement, and George IV Bridge, Edinburgh, as the remedial capital expenditure programme proceeds.

The listed element of the Fund generated a total return of c.3.45%, with strong returns in the first two months more than offsetting stock market weakness in March driven by macroeconomic uncertainty following commencement of the Middle East conflict. Across the quarter the greatest performance contributors were data centre owners Digital Realty & Equinix and healthcare landlord Welltower. Detractors included logistics owners CTP and Goodman.

Forecasts and Outlook

UK commercial real estate returned 1.6% over the three months to the end of February (the latest data available), according to the MSCI UK monthly index. The retail sector (2.1%) was the strongest performer, while the office sector (0.9%) was the weakest. UK real estate entered 2026 in a stabilisation phase after earlier repricing. Performance is increasingly income-led, supported by rental growth and constrained supply of high-quality space.

UK office markets remain highly polarised, with occupier demand still defined by a flight to quality and strong location preferences. London office take-up reached around 12 million square feet (sq ft) in 2025, including roughly 3.2 million sq ft in the fourth quarter. This improvement is taking place against a backdrop of limited new supply. Estimates suggest there is only around 8.0 million sq ft of unlet office space under construction across UK markets, equivalent to roughly 1.3 years of supply. However, capital markets activity remains muted due to a lack of appropriate stock for sale. Investment volumes were around £260 million in January 2026 and remain well below historical averages.

UK industrial and logistics markets continue to benefit from strong structural demand, although recent data suggests momentum is normalising and affordability is becoming a clearer constraint in some London and South-East submarkets. The vacancy rate in the big-box segment edged down to around 6.9%, reflecting subdued speculative development and continued absorption of modern space. Construction starts across the UK have stalled as build-cost inflation and viability challenges continue to weigh on development activity. This should support rental growth over the medium to longer term. However, affordability pressures in parts of London and the South East have already slowed rental growth significantly, while regional industrial markets have seen less of this strain.



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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 of their 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 risky than 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 31 March 2026 (%)

	2022	2023	2024	2025	2026
Fund Retail Acc shareclass	13.06	(12.44)	(4.06)	0.00	(0.77)
Fund Institutional Acc shareclass	13.46	(12.10)	(3.73)	0.37	(0.37)
Performance Target ¹	10.84	(9.39)	(1.37)	3.23	6.54

Source: Aberdeen (Fund), 31 March 2026.

¹ 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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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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