

Aberdeen Standard European Balanced Property Fund

Quarter 2, 2019



For professional investors only, in Switzerland for qualified investors only – not for use by retail investors or advisers

A core fund designed to invest in a balanced property portfolio across the Eurozone.

Investment objective and strategy

The Aberdeen Standard European Balanced Property Fund¹ (the “Fund”) is an open-ended, core fund designed for institutional investors with a strategy to invest in office, logistics, retail and mixed-use properties in the Eurozone. The Fund’s strategy is to screen, invest in, and manage individual assets which we believe will provide the greatest opportunity to deliver the Fund’s long-term return target, whilst avoiding excessive risk. The Fund will not engage in speculative property development and will pursue active management during the holding period in order to enhance performance in a controlled fashion. The Fund pursues a long-term absolute return target, comprising a cash dividend return target of 4.5% per year, and a total return target of 6.5% per year. The MSCI’s IPD Pan-European Property Funds Index (PEPFI) is used as a performance comparator.

Key facts

Key Points	Fund Features
Returns	An attractive income return profile far above its peer group
Track-Record	Outperformed IPD’s Pan-European Property Fund Index since inception
Diversification	A well-diversified portfolio with limited vacancy rates
Quality Stock	High quality Core properties with durable income streams and long WAULTs
Lower Volatility	Achieved through strong sector diversification, modest leverage, strategic investment vision and a quality pipeline
Leverage	Modest leverage compared to other peer group funds
Management	An established track-record of active portfolio and transaction management performed locally and in-house
Investment Process	A rigorous and quality-driven investment process with a focus on active portfolio management and stock-selection
Fee Structure	A simple, clean and competitive fee structure (with no performance, transaction or subscription fees)
ESG	GRESB Green Star rated (4 out of 5 stars)
Currency Exposure	No currency exposure (Eurozone only)
Country Exposure	No exposure to the UK (Eurozone countries only)

Key information

Legal structure	SICAV-FIS
Domicile	Luxembourg
Risk style	Core
Term	Open ended, infinite lifetime
Investment universe	Eurozone
Target size (GAV)	EUR 2 billion
Current size (GAV)	EUR 1.1 billion
Minimum commitment	EUR 3 million
Target return	Income return: 4.5% per annum Total return: 6.5% per annum
Currency	EUR
Leverage	Maximum LTV of 40% of GAV; Current LTV of 13% of GAV; Long-term average LTV of 25% of GAV
Liquidity	Redemption requests accepted quarterly
NAV reporting frequency	Quarterly
External asset valuation	Quarterly by property appraisers. Valuation advisors rotated every three years, unless otherwise required in accordance with local laws
Launch	Q3 2006
Annual management fee	Fund management fee of 90bps of NAV for commitments up to EUR 25 million; 80bps for commitments of EUR 25 - 50 million; 70bps for commitments > EUR 50 million
Other fees	Redemption fees depending on holding period applicable to class B shares; 4% redemption fee on NAV in the first two years decreasing to 0.5% after seven years
Total Expense Ratio	GAV: 0.9% NAV: 1.2%

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.

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¹ As at Q2 2019, the new name of the Fund is now Aberdeen Standard European Balanced Property Fund (formerly Aberdeen European Balanced Property Fund).

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Transactions

In Q1 2019, the Fund acquired a fully leased office building in the central business district (CBD) of Eindhoven, the Netherlands, next to the Central Station for a net price of EUR 45.5 million. The building is leased to VGZ, a health insurance company, for a WAULT of 6.4 years incl. breaks with an annual rent of EUR 2.6 million. In Q2 2019, the Fund acquired a fully leased, multi-let Grade A office building in Barcelona for a net price of EUR 98.0 million. It has a total annual rent: EUR 4.4 million. It has excellent access by both private and public transport, being next to the metro station on the new line to the airport.

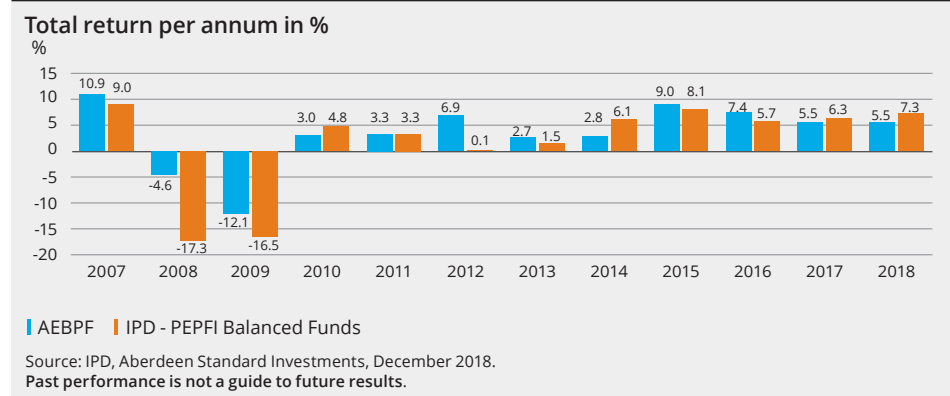
In Q1 2019, the Fund disposed of the Arena asset in Den Bosch, the Netherlands, for a net price of EUR 45.9 million. This was 4.4% above the Q3 2018 valuation. The asset is located on a non-prime location in the city centre of Den Bosch. The asset has been sold because of the location and high exposure to fashion retailers with a short WAULT incl. breaks of 3.8 years. In order to maximize the disposal price, it was decided to sell the parking garage separately. The sale of the parking was closed in Q2 2019.

Portfolio management

Local management expertise and resources are among our key strengths in Europe. Having native speakers on the ground, with local expertise and networks, is essential for maximising portfolio returns and optimising risk control. The current focus is on maintaining and improving the already high occupancy rate of 98.4% as at 30 June 2019.

Performance summary

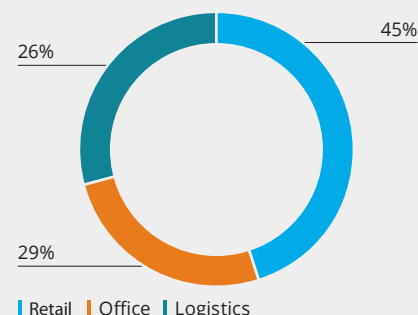
The Fund has outperformed the IPD PEPFI benchmark by an average of 1.9% per annum since inception.



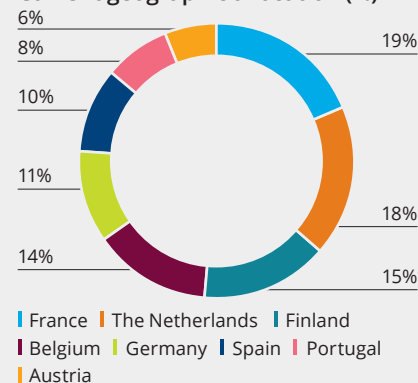
Distribution yield

	2012	2013	2014	2015	2016	2017	2018
Aberdeen Standard European Balanced Property Fund	4.8	5.4	5.1	4.6	4.1	4.2	4.1
IPD PEPFI	3.9	3.9	3.6	2.4	2.7	2.1	2.2

Current sector allocation (%)

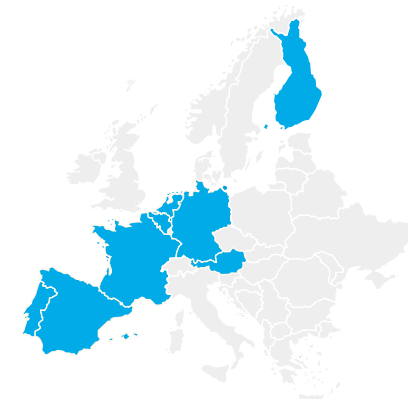


Current geographic allocation (%)



Figures may not always sum to 100% due to rounding.

Investment universe



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Quarter 2, 2019

Important information

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