abrdn Property Income Trust

Actively managing UK real estate looking for higher yield and capital growth

Performance Data and Analytics for Quarter 2, 2024

Results of General Meeting held on 28 May 2024

On 14 May 2024, abrdn Property Income Trust Limited's ("API" or the "Company") announced that a circular ("Circular") to convene a general meeting of API Shareholders (the "General Meeting") had been published and sent to Shareholders to allow them to consider and, if thought fit, approve a change to API's investment policy in order to implement a Managed Wind-Down. At the General Meeting of the Company held on 28 May 2024, shareholders who together represented a majority of the API Shares, voted to approve the ordinary resolution to adopt the New Investment Policy of the Company, as outlined below.

Investment Objective

The Company's investment objective is to realise all existing assets in the Company's portfolio in an orderly manner.

- Net asset value ("NAV") per ordinary share was 73.3p (Mar 2024 – 76.4p), a decrease of 4.1% for Q2 2024, comprising a NAV total return of -2.8% and dividends paid of -1.3%. The main components of NAV total return are -0.5% due to a reduction in property values, -2.3% attributable to a change in accounting basis and -0.8% due to further strategic review costs, partially offset by net income of 1.1%.
- The portfolio saw an overall capital value decline of 0.5% on a like for like basis during the quarter with valuation declines in the office and retail sectors.
- Following the Shareholder vote on the 28 May 2024, the Company is now in a managed wind-down and therefore no longer prepares its financial information on the going concern basis of accounting. This has reduced the NAV by 2.3% (1.8p) mainly due to the estimated costs of realising the portfolio.
- LTV[A] of 28.7%. The Company is in a robust financial position as it has sufficient cash to meet ongoing obligations, and through the managed wind down will be able to repay debt and return capital to shareholders. The all-in cost of debt is 5.8% and the focus remains on repaying the RCF.

Portfolio Performance (%)

	Q2 2024	1 Year	3 Year	5 Years
Portfolio Performance (Total Return cumulative)	0.0	(0.7)	4.8	12.5

Discrete Performance (%)

	30/06/24	30/06/23	30/06/22	30/06/21	30/06/20
Direct portfolio Total return	(0.7)	(21.0)	30.3	15.6	(7.8)
NAV Total return	(8.1)	(21.0)	30.3	15.6	(7.8)
Share Price Total Return	17.2	(33.1)	14.3	22.1	(31.4)

Past performance is not a guide to future results.

For full details of the fund's objective, policy, investment and borrowing powers and details of the risks investors need to be aware of, please refer to the prospectus.
[A] LTV calculated as Debt less cash divided by portfolio value.
[B] The land on the Ralia estate is presented as "Land", having previously been presented as "Other Commercial", now that MSCI has confirmed that classification.

This document is intended for use by individuals who are familiar with investment terminology. Please contact your financial adviser if you need a explanation of the terms used.

Key Statistics as at 30 June 2024

Fund Manager	Jason Baggaley
Launch Date	19 December 2003
Sedol	3387528
Reuters/Epic/ Bloomberg code	API
Portfolio Value	£405.5m (at 30/06/2024)
Market Capitalisation	£196.7m (at 30/06/2024)
Management Fee	0.60% per annum on total assets up to £500 million, 0.50% per annum on total assets over £500 million.
Current Gross Quarterly Dividend	1.00 pence per share
Ordinary Share Price	51.6 pence (as at 30/06/2024)
NAV per Ordinary Share	73.3 pence (as at 30/06/2024)
Loan to Value[B]	28.7% (as at 30/06/2024)

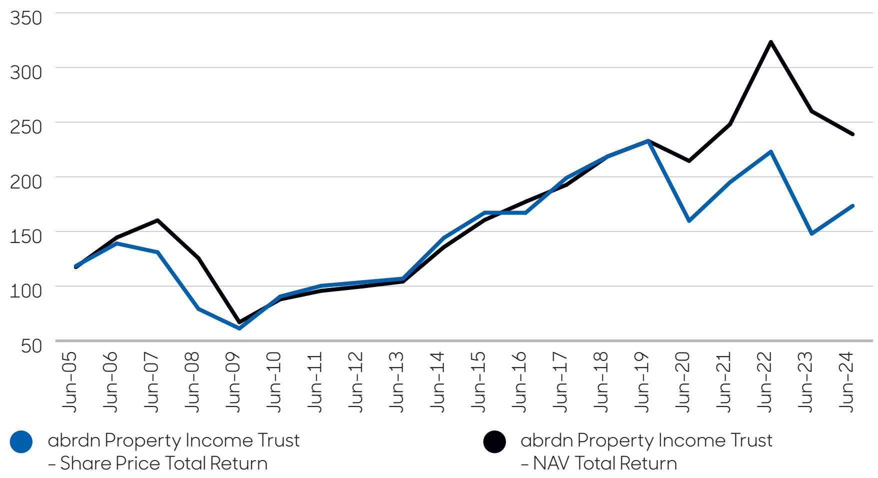
Portfolio Information
Sub Sector Weightings (Company%)

Properties	%
ROUK Industrial	47.7
Retail Warehouse	15.4
SE Industrial	9.5
Other Commercial	9.0
ROUK Offices	7.4
South East Offices	5.0
Central London Office	1.8
High St Retail	1.7
Land[B]	2.5

All sources (unless indicated): abrdn: 30 June 2024.

abrdn Property Income Trust

NAV and Share Price Total Return



Source: Thomson Reuters Datastream, abrdn.
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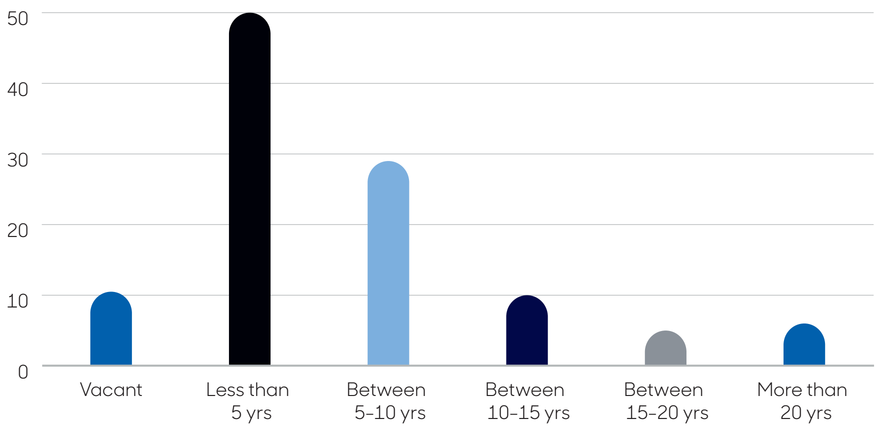
Lease Expiry/Break Profile



Average unexpired lease term to earliest of break or lease expiry is 6.50 years.

Top Ten Holdings

Property/ Direct Investment	Location	Sector	Value Band
B & Q	Halesowen	Retail	£20-25m
Symphony	Rotherham	Industrial	£20-25m
54 Hagley Road	Birmingham	Office	£15-20m
Morrisons	Welwyn Garden City	Retail	£15-20m
Whitehorse Business Park	Shellingford	Industrial	£15-20m
Tetron 141	Swadlincote	Industrial	£10-15m
Hollywood Green	London	Other	£10-15m
Rainhill Road	Washington	Industrial	£10-15m
3 Earlstrees Road	Corby	Industrial	£10-15m
Stadium Way	St. Helens	Industrial	£10-15m

Factsheet

Receive the factsheet by email as soon as it is available by registering at www.abrdn.com/trustupdates www.abrdnpit.co.uk

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Investment Review & Outlook

UK Real Estate Market outlook – Q3 2024

- The UK economy expanded faster than expected over the first quarter of 2024, rebounding from a short-lived recession at the end of 2023 to grow 0.7%. This growth has continued into Q2 and a summer of major sporting events is likely to continue to support it. A rise in consumer spending was a large driver behind this growth and, paired with increasing household savings, suggests the economy is improving. We expect real wage growth to remain strong, as nominal wage growth returns slowly to a more sustainable rate.
- The annual Consumer Price Index (CPI) returned to the Bank of England's (BoE) target rate of 2% in May, as base effects and lower energy prices fed through. Services inflation is the outlier and remains above target propelled by rising real wages. Although this poses the risk of extending inflationary pressure, robust productivity growth will help to lessen the effects. The BoE remained steadfast in maintaining a restrictive policy rate until the meeting in August when the first cut in Base Rate of this cycle was made, from 5.25% to 5%. Four of the nine voting members voted in favour of maintaining the rate at 5.25%, suggesting that further economic signals of lower inflationary pressures may be needed to see further cuts.

UK property market – Occupier/Investment Trends

- We are seeing signs of stabilisation in the Industrial sector and capital value declines have slowed substantially over recent quarters. By contrast, the office sector is expected to see additional declines in capital values, especially as transactions pick up throughout the year.
- 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.

Investment Manager commentary

During Q2 the shareholders of the Company voted in favour of a change in investment strategy to sell all the assets in the Company and return capital to investors. The Investment Manager is aligned with the Board to achieve this and maximise risk adjusted returns to shareholders and fee arrangements have been changed accordingly.

Two asset sales completed during the quarter (as previously reported) totaling £13.2 million and a further two assets are under offer for sale. As noted above, the Board is also assessing the potential for selling most of the rest of the portfolio in a single transaction. It is likely that such a sale, were it to take place, would be at a discount to the NAV reflecting the value of a more immediate return of capital and the reduction of risk associated with individual sales over a longer period. There can be no certainty that a portfolio sale can be achieved on acceptable terms. The Board will keep shareholders informed.

Although the main focus has been on the exit strategy, asset management remains an important area to drive returns. Seven new leases / lease regears were completed with a total annual rent of just over £1m pa.

At the end of June 2024 the Company had £38.9m (£44.5m 30 March 2024) drawn on its revolving credit facility (RCF) with RBSI. The repayment of the outstanding RCF remains a priority as assets are sold.

Important information

Risk factors you should consider prior to investing:

- The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested.
- Past performance is not a guide to future returns.
- The value of property and property-related assets is inherently subjective due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the valuations of Properties will correspond exactly with the actual sale price even where such sales occur shortly after the relevant valuation date.
- Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the Ordinary Shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the falls for whatever reason, including tenant defaults, the use of borrowings will increase the impact of such fall on the net revenue of the Company and, accordingly, will have an adverse effect on the Company's ability to pay dividends to Shareholders.
- The performance of the Company would be adversely affected by a downturn in the property market in terms of market value or a weakening of rental yields. In the event of default by a tenant, or during any other void period, the Company will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveying costs in re-letting, maintenance costs, insurance costs, rates and marketing costs.
- Returns from an investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the development or redevelopment and management of the property, as well as upon changes in its market value.
- Any change to the laws and regulations relating to the UK commercial property market may have an adverse effect on the market value of the Property Portfolio and/or the rental income of the Property Portfolio.
- Where there are lease expiries within the Property Portfolio, there is a risk that a significant proportion of leases may be re-let at rental values lower than those prevailing under the current leases, or that void periods may be experienced on a significant proportion of the Property Portfolio.
- The Company may undertake development (including redevelopment) of property or invest in property that requires refurbishment prior to renting the property. The risks of development or refurbishment include, but are not limited to, delays in timely completion of the project, cost overruns, poor quality workmanship, and inability to rent or inability to rent at a rental level sufficient to generate profits.
- The Company may face significant competition from UK or other foreign property companies or funds. Competition in the property market may lead to prices for existing properties or land for development being driven up through competing bids by potential purchasers.
- Accordingly, the existence of such competition may have a material adverse impact on the Company's ability to acquire properties or development land at satisfactory prices.
- As the owner of UK commercial property, the Company is subject to environmental regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. If the Company owns or acquires contaminated land, it could also be liable to third parties for harm caused to them or their property as a result of the contamination. If the Company is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced letting income and reduced asset valuation, which could have a material adverse effect on the Company's business, financial condition, results of operations, future prospects and/or the price of the Shares.

Other important information:

The Company is a Closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission managed by abrdn with an independent Board of Directors. The Company trades as a UK REIT for tax purposes.

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