abrdn Property Income Trust Limited

Annual Report and Financial Statements
For the year ended 31 December 2023

Contents

Objective and Investment Policy

Objective

To provide shareholders with an attractive level of income together with the prospect of income and capital growth.

Investment Policy

The Directors intend to achieve the investment objective by investing in a diversified portfolio of UK real estate assets in the industrial, office, retail and 'other' sectors, where 'other' includes leisure, data centres, student housing, hotels (and apart-hotels) and healthcare.

Investment in property development and investment in co-investment vehicles, where there is more than one investor is permitted up to a maximum 10% of the property portfolio.

In order to manage risk in the Company, without compromising flexibility, the Directors apply the following restrictions to the Property portfolio:

- No property will be greater by value than 15% of total assets.
- No tenant (with the exception of the Government) shall be responsible for more than 20% of the Company's rent roll.
- Gearing, calculated as borrowings as a percentage of the Group's gross assets, may not exceed 65%. The Board's current intention is that the Company's gearing will not exceed 45%.

All investment restrictions apply at the time of investment. The Company will not be required to dispose of an asset or assets as a result of a change in valuation.

Any material change to the investment policy of the Company may only be made with the prior approval of its shareholders. As noted below, the API Board intend to propose a change in this policy to that of a Managed Wind-Down at an upcoming extraordinary general meeting (EGM) currently proposed to be held on 28 May 2024.

An analysis of how the portfolio was invested on 31 December 2023 is contained within the Investment Manager's Report.

Future of the Company

As discussed in more detail in Note 2.1 (on pages 62 to 63), on 19 January 2024, the boards of abrdn Property Income Trust Limited (API) and Custodian Property Income REIT plc (CREI) announced that they had reached agreement on the terms and conditions of a recommended all-share merger pursuant to which CREI would acquire the entire issued and to be issued share capital of API.

On 20 February 2024, Urban Logistics REIT plc announced that it was considering a possible offer for API, which was subsequently withdrawn on the 20 March 2024.

On the 27 March 2024, both the API Court Meeting and API General Meeting were convened with the proportions of API Shares voting in favour being below the minimum threshold required. The Board had previously explained to shareholders that if the proposed merger was rejected, it would take the necessary actions to put the Company into a managed and orderly wind-down (subject to approval of API Shareholders at an upcoming EGM), selling assets and returning funds to shareholders as such funds become available.

A shareholder circular will be posted to shareholders on 14 May 2024 recommending a change in investment policy to pursue a managed wind-down.

Given the material uncertainty over the Company's future, the Directors have decided not to provide an annual report in the same format as previous years to reduce costs.

Performance Summary

Earnings, Dividends & Costs	31 December 2023	31 December 2022
IFRS Loss per share (p)	(2.17)	(13.11)
EPRA earnings per share (p) (excl capital items & swap movements) [1]	2.83	2.94
Dividends paid per ordinary share (p)	4.0	4.0
Dividend Cover (%) [2]	71	73
Dividend Cover excluding non-recurring items (%)	82	97
Dividend Yield (%) [3]	7.5	6.4
FTSE All-Share Real Estate Investment Trusts Index Yield (%)	4.5	4.6
FTSE All-Share Index Yield (%)	4.0	3.6
Ongoing Charges [2]		
As a % of average net assets including direct property costs	2.5	2.2
As a % of average net assets excluding direct property costs	1.2	1.1

Capital Values & Gearing	31 December 2023	31 December 2022	Change %
Total assets (£million)	456.1	444.9	2.5
Net asset value per share (p) (note 22)	78.2	84.8	(7.8)
Ordinary Share Price (p)	53.0	62.4	(15.1)
(Discount)/Premium to NAV (%)	(32.2)	(26.4)	
Loan-to-value (%) [2]	30.8	22.6	

Total Return	1 year % return	3 year % return	5 year % return	10 year % return
NAV [4]	(3.0)	8.8	8.0	101.2
Portfolio	0.7	12.6	15.9	99.4
AIC Property Direct – UK Commercial (weighted average) NAV Total Return	(0.8)	10.9	18.2	73.6
Share Price [4]	(8.2)	6.6	(11.7)	35.2
AIC Property Direct – UK Commercial (weighted average) Share Price Total Return	(1.3)	6.8	5.1	22.0
FTSE All-Share Real Estate Investment Trusts Index	11.6	(1.1)	8.3	35.5
FTSE All-Share Index	7.9	28.1	37.7	68.2

Property Returns & Statistics (%)	31 December 2023	31 December 2022
Portfolio income return	5.3	4.4
MSCI Benchmark income return	4.6	4.1
Portfolio total return	0.7	(8.8)
MSCI Benchmark total return	(1.5)	(8.9)
Void rate	7.6	9.8

1 Calculated as profit for the period before tax (excluding capital items & swaps costs) divided by weighted average number of shares in issue in the period. EPRA stands for European Public Real Estate Association. See pages 91 to 93

2 As defined and calculated under API's Alternative Performance Measures (see pages 89 to 90)

3 Based on dividend paid of 4.0p and the share price at 31 December 2023 of 53.0p.

4 Assumes re-investment of dividends excluding transaction costs.
Sources: abrdn, MSCI

Chair's Statement

Background

Despite grappling with global uncertainties, ranging from geopolitical tensions to the persistent shadow of COVID-19, the UK economy exhibited commendable resilience during 2023. A notable feature of the economic landscape in 2023 was the resurgence of inflationary pressures, fuelled by a combination of factors including supply chain disruptions, rising energy prices and wage pressures. The Bank of England responded decisively to these challenges, implementing measured adjustments to monetary policy in an effort to temper inflation while supporting economic growth. As we sit here in April 2024, it would appear that this fine balance has been well judged with a meaningful recession avoided, and inflation on a downwards trajectory.

Corporate Activity

During the second half of 2023 the Board undertook a strategic review. This review was prompted by the Board's concerns, as well as those of some shareholders about the Company's size, the lack of liquidity in its shares, the discount to NAV and uncovered dividend. The outcome of this review, following interest from other listed REITs, was that the Board recommended to shareholders that they vote in favour of a proposed merger with Custodian REIT for the reasons outlined in various announcements to shareholders during the first quarter of 2024.

The Company's Court Meeting and General Meeting were both held on 27 March 2024, with the proportions of API Shares voting in favour of the proposed merger being below the minimum threshold required. Prior to this date, the Board explained to shareholders that if the proposed merger was rejected, it would take the necessary actions to put the Company into a managed and orderly wind-down. As such, following the vote, the Board announced that it intended to take steps to implement a Managed Wind-Down subject to the approval of the Company's Shareholders at an upcoming Extraordinary General Meeting (EGM) on 28 May 2024. The outcome of this meeting is not guaranteed and will be known only after publication of this report. Hence the Annual Report has been prepared with a material uncertainty in relation to its going concern despite the Boards belief that all present and future commitments will be met in full. Further information on the Board's assessment can be found in Note 2.1 on pages 62 to 63 of the Financial Statements.

UK Real Estate Market

After the challenges of the second half of 2022 and the resultant market re-pricing, 2023 saw some stabilisation with a marked improvement in real estate total returns, albeit these remained marginally negative. Throughout the year there was an expectation of a peak in interest rates followed swiftly by the beginnings of a period of rate cuts. However, this failed to materialise due to inflation levels remaining stubbornly elevated. The uncertainty around inflation, interest rates and debt costs contributed to weakened investor sentiment which resulted in significantly reduced investment activity. According to CBRE, investment volumes in the UK were down 30.2% when compared to 2022 with some sectors being more impacted than others.

This was most notable within the office sector, which persists in its underperformance with the main driver being a continuation of outward yield movement negatively impacting capital values. Whilst there was limited transactional evidence in the sector, the transactions that did occur painted a weakening picture. There was a stark divergence in value movement across regions with, as an example, London's West End significantly outperforming the South East, albeit both still returning negative total returns. Confidence in the sector has not recovered to pre-COVID levels, from either an investor or occupier perspective and this is depressing demand and negatively impacting values.

From an occupational perspective, demand continues to focus on prime or "best-in-class" assets, characterised by those with high levels of amenity and a strong emphasis on environmental and sustainable credentials. Following a review of the Company's office portfolio a number of years ago, the Board and Investment Manager have progressed initiatives to maximise amenity at all of the office assets within the confines of the specific buildings. This has positioned the Company's assets favourably within their respective market and is evidenced by the good letting activity over the year. It does, however, remain a focus of the Investment Manager to continue to reduce the Company's exposure to this sector, and this is evidenced by the sale of 15 Basinghall Street in London which completed in March 2024.

In contrast to the performance of the office sector, the industrial sector has recovered from the sharp pricing correction in late 2022 and early 2023 to return to being the top-performing sector according to the MSCI Quarterly Index. With the outward pressure on yields abating, and positive rental growth continuing, the sector posted a total return of 4.1% for the year.

Whilst tenant demand remains robust and development levels low, the overall vacancy rate within the sector is starting to rise. The increase is muted, and the overall vacancy level remains below historic averages, but this is perhaps the beginning of affordability having an impact on demand for some occupiers. Expectations are that there will continue to be positive rental growth within the sector, albeit at more muted levels than we have seen in recent years. Both the Board and the Investment Manager continue to have conviction around the portfolio's significant exposure to the industrial sector being a source of performance going forwards.

The retail sector outperformed on a total return basis, showing commendable resilience largely led by a higher relative income return. The sector does, however, continue to demonstrate a wide divergence of returns between the sub-sectors bookended by High Street at the lower end and Retail Warehousing at the higher. The inflationary pressures on household incomes have impacted discretionary spending, with the discount and value retailers being the beneficiaries. This divergence reinforces the Company's strategy of focusing its retail portfolio predominantly in retail warehousing let to discount retailers.

Environmental, Social and Governance (ESG) factors are now an ever-present consideration for investors and occupiers alike. The Board's Sustainability Committee oversees the work that the Company undertakes in this area, demonstrating the importance that the Board places on this area. As an example, the Company has taken great strides over recent years in the installation of on-site renewable energy in the form of roof-mounted photovoltaic panels. Recent elevated energy costs have brought significant focus on the benefits of on-site renewable energy for occupiers, so the Company's work in this area will be a significant benefit going forward.

Portfolio and Corporate Performance

The NAV total return for the year was -3.0%. The real estate investment portfolio returned 0.7%, which outperformed the MSCI Quarterly Property Index benchmark return of -1.5% over the same period. The Company's portfolio has outperformed the Index over 1, 3, 5 and 10 years.

The share price total return for the year at -8.2% was a disappointment. Similarly to 2022, the share price traded persistently at a high discount to NAV throughout the year. Whilst the Board had utilised buybacks in previous years, repeating this would have required additional borrowings at unattractive interest rates so was not deemed a suitable option. The discount level was one of the main reasons behind the Board undertaking a review of the Company's future.

IFRS earnings improved from -13.11p per share to -2.17p for 2023 reflecting the stabilisation in property valuation moves compared to last year. EPRA earnings per share decreased from 2.94p to 2.83p per share, a decrease of 3.7%.

Rent Collection

Following the disruption of COVID, collection rates have returned to where we would expect with the fourth quarter sitting at 99.4% and the year as a whole at 99.7%. This continued recovery in collection rates led to a further reversal in bad debt provisions which contributed £213,048 (or 0.06p per share) to performance. The diversified nature of the tenant mix within the portfolio should mitigate the risk of individual tenant failure.

Financial Resources

The Company continues to be in a strong financial position with unutilised financial resources of £25m available in the form of its revolving credit facilities ("RCF") net of existing cash and financial commitments.

As at the year end the Company had a Loan-to-Value ("LTV") ratio of 30.8%, which sits within the Board's target range.

Dividends

The Board has maintained the annual dividend of 4p per share for 2023. Dividend cover (excluding non-recurring costs) was 82% for 2023, reflecting a decrease from 97% in 2022 (also excluding non-recurring items). Dividend cover for Q4 2023 was 83% demonstrating progress towards full cover.

Annual General Meeting ("AGM")

The Annual General Meeting ("AGM") will be held at 2.00pm on Tuesday 13 August 2024 at 18 Bishops Square, London E1 6EG. The AGM has been deferred from its typical June date to grant shareholders the opportunity to assess the progress of the proposed Managed Wind-Down if voted for at the upcoming EGM. The Board looks forward to welcoming shareholders in person where they will have the opportunity to put questions to the Board and/or the Manager. Shareholders are also invited to submit questions by email to property.income@abrdn.com

Outlook

Looking ahead to 2024, there is cautious optimism around the trajectory for UK real estate returns. At a macro level, the downward trajectory of inflation will hopefully continue and lead to some confidence returning to the market alongside interest rate cuts. Increased investor demand should strengthen the market for good quality real estate assets in the right areas of the market with appropriate ESG credentials.

At a property market level, there is an expectation of continued rental growth in the industrial sector as well as the retail warehouse sector where vacancy rates have been falling. Both these sectors are areas of the market in which the Company has positioned itself with good levels of exposure, indicating continued positive performance for the portfolio.

29 April 2024
James Clifton-Brown
Chair

Investment Manager's Report

for the year ended 31 December 2023

Market Review

One of the defining aspects of the UK commercial real estate market in 2023 was the low volume of investment transactions. It is worth remembering that capital values fell by around 20% in the second half of 2022 as inflation took hold and interest rates started to rise. Interest rate expectations have defined sentiment over the course of 2023 with capital valuation declines more muted over the period, averaging nearly 1.5% per quarter. As discussed below this fall was driven by the office sector, whilst industrial and retail warehouse values appear to have broadly stabilised.

For several years now sector allocation has played an important part in the performance of a UK diversified property portfolio. This has transitioned from retail underperforming to offices underperforming, and for a short period in between when industrials underperformed (the 4th quarter 2022 derating of low yielding assets hitting industrials very hard). Sector divergence is likely to remain elevated but much more nuanced in the future, with Environmental, Social and Governance (ESG) factors having a major influence on performance.

Returns in the direct UK real estate market in 2023 were negative, driven by continued declines in capital values. The all Property capital index decline in 2023 was 5.7% (compared to 2022's decline of 12.8%). Total return was -1.0% in 2023 compared to -9.1% in 2022. The listed sector is often considered to be more forward looking than the direct market, and the REIT sector ended 2023 buoyantly, with the FTSE EPRA Nareit UK Index providing a total return of 10.7% for 2023, significantly outperforming the FTSE All-Share Index's 7.9% over the same period. The positivity in the REIT sector was most noticeable in the 4th quarter of 2023, as sentiment towards the outlook for inflation and interest rates became much more positive. Some of those gains have however been given back over the first quarter of 2024 as the timing of interest rate cuts seems to be being pushed back.

Industrial

Following a sharp sector-wide repricing in the 12 months to June 2023, the industrial market rebounded, posting a positive annual total return of 4.1% by the end of the year according to the MSCI Quarterly Index. Indeed, as yields stabilised, capital value growth levelled out on an annual basis across all Industrials at -0.4%. London and the Southeast posted total returns of 3.2% and 4.0%, respectively, and all regions posted positive returns on an annual basis. Rental growth has decelerated from the near-parabolic levels seen in 2022 as levels of supply and demand rebalance. In terms of demand, national take-up over 2023 declined 40% year-on-year to 29.1m sq ft according to Savills, though this represents a 12% increase over pre-Covid levels. Manufacturing, food retailers, and third-party logistics operators ('3PL') led take-up figures at 24%, 17%, and 15%, respectively. Similarly, overall investment volumes reached £9.4 billion according to Real Capital Analytics (RCA), down from the £15.8bn seen over 2022, and nearer to the long-term average.

Availability rose across the UK during 2023 as occupiers recalibrated their immediate requirements for space, although units over 200,000 sq ft are in notable short supply with the greatest need in the South East for 3PLs. Rental values within this sub-sector of the market will likely continue to be squeezed higher as costs remain too high to justify Build-to-Suit space and demand for e-commerce captures more of the post-Covid retail sales market. Market rental growth is still expected to return positive values in the near term across all industrial, albeit at a slower pace than recent years due to incoming supply. With consumer confidence rising and the prospect of rate cuts feeding through in the second half of 2024, occupiers will likely feel more confident in bringing forward expansion plans as the economy improves.

Office

The office sector continues to underperform, delivering an annual total return of -10.2% to December 2023 according to the MSCI Quarterly Index. Weakening capital values led this decline, accelerating in their deterioration over 2023 as the Bank of England raised interest rates to 15-yr highs to quell inflationary pressure. This helped increase the polarisation of performance in the office market between regions. Indeed, London West End offices substantially outperformed its peers at -2.4% compared to -13.9% and -15.4% for the City of London and wider Southeast offices, respectively. Market rental value growth provides a similar story, with Midtown and West End offices leading the pack at 4.8% and 4.4%, respectively, compared to 2.4% for all offices.

As has been the trend post-Covid, concealed within these figures is an occupational story of sustained flight to best-in-class quality, particularly for assets with sustainability credentials and amenities. Outdated and out of fashion stock is experiencing both the highest levels of vacancy and greatest outward yield shifts. A dwindling pipeline due to rising interest rates and elevated construction costs will only reinforce this trend over the medium term as occupiers embrace flexible working strategies and undesirable offices struggle to reduce vacancies.

Retail

The retail sector posted a total annual return of -0.1% to December 2023 according to the MSCI Quarterly Index, beating all property returns of -1.0%. This proved to be a year of two halves as retail outperformed the all property index over the first six months of 2023, seeing a relatively robust total return of 2.2%. This trend reversed in the 2nd half of the year as cost of living pressures cemented themselves, with West End standard retail and South East retail warehouses posting -1.7% and -2.5%, respectively. Despite a slowdown, retail has performed well in the context of the significant rebasing seen over 2022. Much of this recovery was influenced by strong performance within the high-yielding shopping centres and resilient retail warehousing sub-sectors, with the latter posting consistent month-on-month rental growth over the year.

Much of the relative performance within the retail warehousing sub-sector comes from the continued resilience of discount retailers. Value supermarkets and discount homeware brands have benefited significantly from consumers under sustained cost of living pressures. This is evident within ONS retail sales data through the widening divergence between retail sales values and volumes as consumers increasingly spend more for less. Furthermore, as value operators look to expand further, a limited pipeline of suitable properties should support further rental growth in this sub-sector.

Market Outlook 2024

We expect the UK real estate market to bottom out in 2024 and start to improve in the latter part of the year and into 2025. A catalyst for an improvement in the fortunes for UK real estate will be the start of the interest rate cutting cycle, matched with lower prices, and the prospect of a far more positive real estate yield margin.

While the macro environment will continue to dominate in 2024, sector allocation will remain crucial. Polarisation in performance from both a sector and asset-quality perspective will remain a key differentiator for performance. Real estate refinancing poses a risk to our outlook in 2024, but we believe that the risk is more heavily skewed towards the office sector, given the amount of outstanding debt and lack of appetite for lending to this sector.

Sectors that benefit from longer-term growth drivers, such as the industrial and logistics sector, will continue to garner the most interest from investors. It is unlikely that there will be a material change in investor sentiment towards the office sector, but more attractively priced re-positioning opportunities will emerge over the course of 2024, with debt re-capitalisation and funds working through redemptions the most likely source of value. However, underwriting assumptions, particularly around capital expenditure, are crucial. Long income assets now look more attractively priced, and we anticipate there will be some good buying opportunities in this area of the market in 2024.

Purchases:

The Company made two purchases during the year, both occurring early in the year. Knowsley, Villiers Road – was a site purchase for a speculative logistics development that completed in the first quarter although the contract was exchanged the previous summer. The purchase was conditional on a satisfactory planning consent. Further details of the development are given below. Welwyn Garden City, Morrisons, is a supermarket purchased for £18.29m reflecting a yield of 6.4%. The purchase was a sale and leaseback with Morrisons giving a 25-year lease with CPI linked rent reviews (annual for the first 5 years). The asset combines a long-term income with a high yield.

Development:

The Company completed the development of its speculative logistics unit in Knowsley in late December 2023. The unit is built to a high specification, and we are confident that a letting will be achieved reasonably quickly given the current level of interest and multiple inspections.

Although not strictly a development the Company also completed the substantial refurbishment of a logistics unit in Washington. The unit had previously been occupied by a manufacturer servicing Nissan; however, we agreed terms with Hermes Parcelnet on expiry of the last lease for a new 15-year lease subject to a scope of works by the landlord that changed the unit to a fully specialist delivery hub. The refurbishment included a substantial photo voltaic scheme, and the asset now has an EPC A rating.

Sales:

Only one sale completed during the year; a logistics property of two units in Livingston Scotland for £6.25m before costs sold towards the end of 2023.

Given the various potential corporate transactions, sales were not progressed in 2023, however a number of sales have been undertaken after the reporting period as a strategy of prepaying the RCF was implemented.

‣ London, 15 Basinghall Street (Office) – sold for £9.85m completed in the first quarter.

‣ Warrington, Opus 9 (Industrial) – sold in the first quarter for £6.75m.

‣ Hebburn, Unit 4 Monkton Business Park (Industrial) – Sale completed in April 2024 at £5.3m to the tenant.

‣ Bristol, Kings Business Park (Industrial) – sold for £7.9m in April 2024.

In addition, soft marketing commenced after the period end for the sale of Far Ralia, the Company's natural capital asset. Timing of the exit is being influenced by changes to the grant funding submission period and strong progress on planting in order to maximise value for the Company. It is realised that at a time of higher interest rates a non-income producing asset sits less comfortably in an income focused fund. Indications suggest the capital value uplift on a sale will make this investment one of the Company's better investments.

Asset Management:

Although not many investment transactions were completed over the course of 2023, the experienced and dedicated asset management team completed a significant number of deals to enhance or protect the income to the Company.

Rent collection has returned to the levels expected following the disruption of COVID.

Rent Collection	Quarter	% Received
2022	1	100%
	2	100%
	3	99%
	4	100%
	2022 FY	**100%**
2023	1	100%
	2	100%
	3	100%
	4	99%
	2023 FY	**100%**

The vacancy rate at the year-end was 7.6% (prior year 9.8%) which is above our target level of 5%.

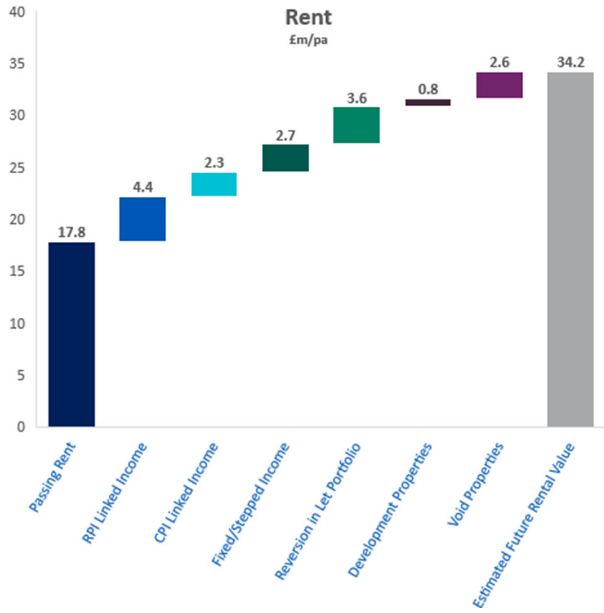
Fourteen lettings were completed during the year securing total rent of £2.7m per annum.

Seven lease renewals or regears were completed over the year securing £1.4m per annum, along with seven rent reviews, resulting in an additional £0.5m per annum being secured.

Income Growth Potential

One of the attractions of the portfolio is the amount of reversion that exists – i.e. potential to grow the rent. At year end that figure was £7m with the Estimated Rental Value (ERV) of the portfolio 26% above the passing rent. This reversion will be received from several parts of the portfolio as the table below demonstrates.

Rent reviews are a mixture of open market (negotiated), fixed or indexed. The graphic below shows the Company mix.



	Current Rent	Estimated Rental Value	Reversion	Reversion (% of portfolio income)
Let Properties	£27,143,039	£30,753,882	£3,610,843	13.3%
Speculative Development Properties	-	£830,000	£830,000	3.1%
Void Properties	-	£2,605,160	£2,605,160	9.6%
Total	**£27,143,039**	**£34,189,042**	**£7,046,003**	**26.0%**

Portfolio Rent Reviews

Basis	% of Current Rent Roll	Weighted Average Floor (value if fixed)	Weighted Average Cap / Range of Caps	Weighted Average Unexpired Lease Term (years)
RPI Inflation linked %	15.9%	1.0%	3.9 (ex-uncapped income)	7.6
CPI Inflation linked %	8.1%	0.7%	3.8%	19.6
Fixed / Stepped	9.6%	2.6%	n/a	10.0
Open Market Value	66.4%	n/a	n/a	2.6
Total	**100%**	**n/a**	**n/a**	**6.3 (FUND WAULT)**

Debt

As reported in the last Annual Report and Accounts, the Company's previous debt facilities with RBSI expired in April 2023. The Company had secured new facilities with RBSI in the 4th quarter of 2022 that commenced concurrently to the previous facilities expiring. These new facilities are:

‣ A 3-year Term Loan of £85m which is fully drawn. The Company entered into an interest rate cap for the full £85m at 3.96% which when coupled with the margin of 150 bps (one of the lowest in the sector) results in an all-in cost capped at 5.46%.

‣ Revolving Credit Facility (RCF) of £80m. As at the year-end, the Company had drawn £56.9m of the RCF which is also at a margin of 150 bps over SONIA. Following subsequent sales and development costs, the drawn amount was £44.4m as at 31 March 2024.

The two facilities from RBSI are due to expire in April 2026 and incur no early repayment fees. As at 31 December 2023, the Loan to Value ratio (LTV) was 30.8%.

Performance

There are a number of different measures of performance used by the Board, from individual assets to shareholder return. These are detailed below:

Portfolio Return:

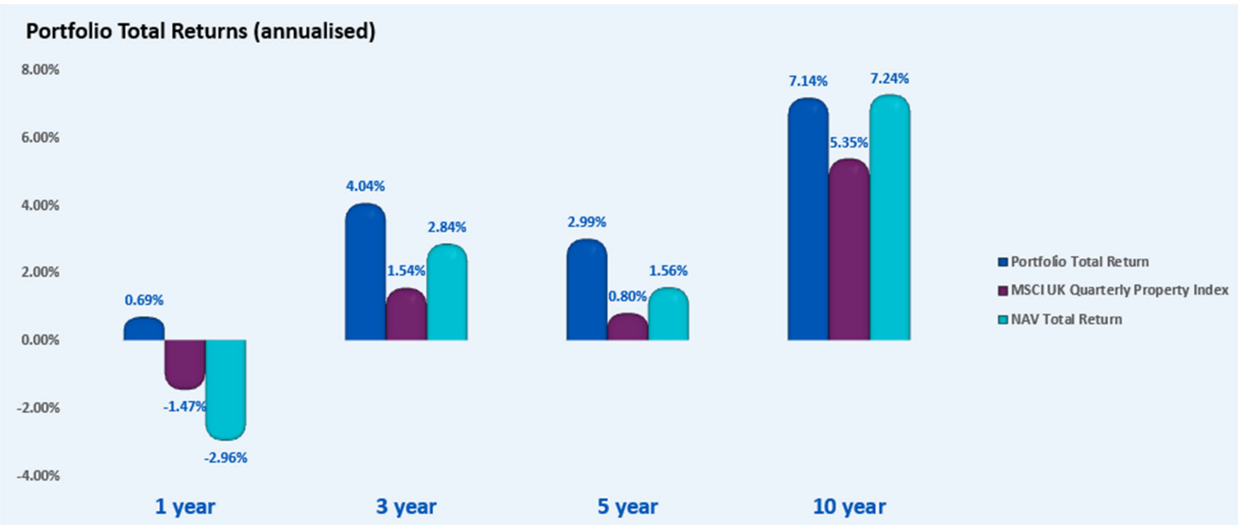
As the Company invests in direct real estate one of the best measures of investment decisions and quality of the portfolio is its performance compared to the general UK real estate market. For that reason, we compare the portfolio to the MSCI quarterly index – the largest regular index of the market. The chart below shows that the Company's portfolio has outperformed the MSCI index over 1,3, 5, and 10 years. For the purpose of this year-end report the chart also shows the portfolio and net asset value (NAV) against both indices for clarity.

NAV Return:

NAV total return encompasses the costs of the fund, including running the REIT and debt costs. As the MSCI index does not include these, we instead use the AIC Property Direct UK Sector weighted average as a comparator. In the short term, the impact of higher debt costs has impacted the Company NAV Total Return along with its high exposure to logistics which de-rated heavily at the end of 2022. The chart below also shows a comparison to the Open-Ended property sector as investors often have to decide whether to invest in Investment Companies or Open-Ended vehicles.

NAV Total Returns to 31 December 2023

Source AIC, abrdn, Investment Association	1 year %	3 years %	5 years %	10 years %
abrdn Property Income Trust Limited	(3.0)	8.8	8.0	101.2
AIC Property UK Commercial (weighted average)	(0.8)	10.9	18.2	73.6
Investment Association Open Ended Commercial Property Funds sector	2.6	2.8	6.0	43.2



Share Price:

The final measure is one that the Investment Manager has limited influence on but is of most interest to Shareholders – that is the Share Price Total Return. The table below compares the API share price return to that of the FTSE all share REIT index and AIC Property UK Commercial (weighted average) segment. A major negative factor has been the persistently high discount at which the shares have traded when compared to the Company's NAV.

Share Price Total Returns to 31 December 2023

Source AIC, abrdn	1 year %	3 years %	5 years %	10 years %
abrdn Property Income Trust Limited	(8.2)	6.6	(11.7)	35.2
FTSE All-Share Index	7.9	28.1	37.7	68.1
FTSE All-Share REIT Index	11.6	(1.1)	8.3	35.5
AIC Property Direct – UK Sector (weighted Average)	(1.3)	6.8	5.1	22.0

Valuation

The portfolio is valued quarterly by Knight Frank LLP under the provisions of the RICS Red Book. As at 31 December 2023 the portfolio, including Far Ralia, was valued at £439.2m (£416.2m at 31 December 2022) and the Company held cash of £6.7m (£15.9m at 31 December 2022). The portfolio consisted of 46 assets at year-end (45 assets at 31 December 2022).

Investment Strategy

The Company has always had a focus on income with its objective stated as "To provide shareholders with an attractive income return, with the prospect of income and capital growth, through investing in a diversified portfolio of commercial real estate assets in the UK".

With the growing importance of Environmental, Social and Governance (ESG) matters on investors and occupiers alike a slight pivot in strategy over the last few years has been to ensure that the income from the portfolio is sustainable. We do that by ensuring the portfolio will continue to appeal to tenants through the quality of accommodation offered at an affordable price. The scale of new lettings and lease renewals suggests this has been achieved, with further growth in income to be expected from the portfolio.

Environmental Social and Governance (ESG)

ESG is central to API's investment philosophy and is fully incorporated into our decision making and actions. We believe that ESG should form a central part of decision making, and that in order to make the best decisions, we must build our own expertise and knowledge through working with best-in-class consultants to optimise the timing and impact of our investments in ESG improvements. We do not aim to solve every problem overnight, rather we seek to find the optimum point of intervention for each asset to maximise return for shareholders and avoid waste (and with-it embedded carbon).

To reflect the importance of ESG, the Annual Report now includes a dedicated section and we were also early adopters of the Taskforce for Climate-related Financial Disclosures.

Outlook and Future Strategy

Although the economic outlook and the Company's future remains uncertain the portfolio consists of good quality assets that appeal to occupiers and investors. The Investment Manager will continue to focus on growing income through active asset management of the assets, and, subject to shareholder approval (please see Note 2.1 on pages 62 to 63 of the Financial Statements) will commence a Managed Wind-Down of the Company through the sale of assets. The sales process is expected to take approximately 24 months within a range of 18-30 months from the date of implementation, although this is very dependent on a reasonable market existing for all the Company's properties. There is a clear objective to maximise returns to shareholders in a reasonable timescale.

Property Investments

for the year ended 31 December 2023

Top 10 Tenants

1. **B&Q Plc**
Passing Rent: £1,560,000
5.7%

2. **Public Sector**
Passing Rent: £1,365,203
5.0%

3. **WM Morrisons Supermarkets Ltd**
Passing Rent: £1,252,162
4.6%

4. **The Symphony Group Plc**
Passing Rent: £1,225,000
4.5%

5. **Schlumberger Oilfield UK plc**
Passing Rent: £1,138,402
4.2%

6. **Timbmet Limited**
Passing Rent: £904,768
3.3%

7. **Atos IT Services UK Limited**
Passing Rent: £872,466
3.2%

8. **CEVA Logistics Limited**
Passing Rent: £840,000
3.1%

9. **ThyssenKrupp Materials (UK) Ltd**
Passing Rent: £643,565
2.4%

10. **Hermes Parcelnet Ltd**
Passing Rent: £591,500
2.2%

Top 10 Properties

1. **Halesowen, B&Q**
£22m - £24m
Retail (5.4%)

2. **Rotherham, Ickles Way**
£20m - £22m
Industrial (4.8%)

3. **Birmingham, 54 Hagley Road**
£18m - £20m
Office (4.5%)

4. **Welwyn Garden City, Morrison's**
£18m - £20m
Retail (4.2%)

5. **Swadlincote, Tetron 141**
£16m - £18m
Industrial (3.6%)

6. **Shellingford, White Horse Business Park**
£14m - £16m
Industrial (3.5%)

7. **London, Hollywood Green**
£12m - £14m
Other (3.2%)

8. **Washington, Rainhill Road**
£12m - £14m
Industrial (3.1%)

9. **Corby, 3 Earlstrees Road**
£12m - £14m
Industrial (3.1%)

10. **St Helens, Stadium Way**
£12m - £14m
Industrial (2.9%)

Lease Expiry Profile – rent expiring

0-5 years	£10,386,518	38.1%
6-10 years	£8,982,146	32.9%
11-15 years	£4,899,334	18.0%
16-20 years	£1,120,716	4.1%
21-25 years	£1,897,359	7.0%
25 > years	£nil	0.0%

#	Name	Location	Sub-sector	Market Value	Tenure	Area sq ft	Occupancy %
1	B&Q	Halesowen	Retail	£22m-£24m	Freehold	92,400	100%
2	Ickles Way	Rotherham	Industrial	£20m-£20m	Leasehold	364,974	100%
3	54 Hagley Road	Birmingham	Office	£18m-£20m	Leasehold	136,515	89%
4	Morrisons	Welwyn Garden City	Retail	£18m-£20m	Leasehold	61,409	100%
5	Tetron 141	Swadlincote	Industrial	£16m-£18m	Freehold	141,459	0%
6	White Horse Business Park	Shellingford	Industrial	£14m-£16m	Freehold	214,882	100%
7	Hollywood Green	London	Other	£12m-£14m	Freehold	63,634	100%
8	Rainhill Road	Washington	Industrial	£12m-£14m	Freehold	149,676	100%
9	3 Earlstrees Road	Corby	Industrial	£12m-£14m	Freehold	195,225	100%
10	Stadium Way	St Helens	Industrial	£12m-£14m	Freehold	101,087	100%
11	Building 3000 Birmingham Business Park	Birmingham	Other	£12m-£14m	Freehold	40,146	100%
12	Walton Summit	Preston	Industrial	£12m-£14m	Freehold	147,946	100%
13	Badentoy North	Aberdeen	Industrial	£10m-£12m	Freehold	67,843	100%
14	Bastion Point	Dover	Industrial	£8m-£10m	Freehold	84,376	100%
15	15 Basinghall Street	London	Office	£8m-£10m	Freehold	17,465	98%
16	Tetron 93	Swadlincote	Industrial	£8m-£10m	Freehold	93,836	100%
17	Cosford Lane	Rugby	Industrial	£8m-£10m	Leasehold	100,564	100%
18	Villiers Road	Knowsley	Industrial	£8m-£10m	Freehold	107,000	0%
19	Tempsford Road	Sandy	Industrial	£8m-£10m	Freehold	125,774	100%
20	Ocean Trade Centre	Aberdeen	Industrial	£8m-£10m	Freehold	103,120	92%
21	The Pinnacle	Reading	Office	£8m-£10m	Freehold	39,379	69%
22	85 Fullarton Drive	Cambuslang	Industrial	£8m-£10m	Freehold	61,033	100%
23	Far Ralia	Newtonmore	Other	£8m-£10m	Freehold	N/A*	N/A
24	Alston Road	Washington	Industrial	£8m-£10m	Freehold	96,689	100%
25	Mount Farm	Milton Keynes	Industrial	£8m-£10m	Freehold	74,709	100%
26	Monck Street	London	Office	£8m-£10m	Leasehold	18,554	100%
27	Kings Business Park	Bristol	Industrial	£8m-£10m	Freehold	58,538	100%
28	Explorer	Crawley	Office	£6m-£8m	Freehold	42,135	95%
29	82-84 Eden Street	Kingston-Upon-Thames	Retail	£6m-£8m	Freehold	24,234	98%
30	Howard Town Retail Park	Glossop	Retail	£6m-£8m	Mixed	47,132	96%
31	Opus 9	Warrington	Industrial	£6m-£8m	Freehold	53,279	100%
32	160 Causewayside	Edinburgh	Office	£6m-£8m	Freehold	39,522	100%
33	Garanor Way	Bristol	Industrial	£6m-£8m	Leasehold	38,330	100%
34	One Station Square	Bracknell	Office	£6m-£8m	Freehold	42,429	73%
35	3 Elliott Way	Birmingham	Industrial	£6m-£8m	Freehold	46,495	100%
36	The Point Retail Park	Rochdale	Retail	£4m-£6m	Freehold	42,224	100%
37	101 Princess Street	Manchester	Office	£4m-£6m	Freehold	41,096	42%
38	Unit 4 Easter Park	Bolton	Industrial	£4m-£6m	Leasehold	35,534	100%
39	21 Gavin Way	Birmingham	Industrial	£4m-£6m	Freehold	36,376	100%
40	Victoria Shopping Park	Hednesford	Retail	£4m-£6m	Leasehold	37,096	100%
41	2 Brunel Way	Fareham	Industrial	£4m-£6m	Freehold	38,217	100%
42	Unit 4 Monkton Business Park	Hebburn	Industrial	£4m-£6m	Freehold	33,021	100%
43	Olympian Way	Leyland	Retail	£4m-£6m	Leasehold	31,781	100%
44	Grand National Leisure Park	Aintree	Other	£4m-£6m	Leasehold	38,223	100%
45	Yarm Road	Stockton-on-Tees	Other	£4m-£6m	Freehold	44,266	100%
46	Unit 14 Interlink Park	Bardon	Industrial	£2m-£4m	Freehold	32,747	100%
	Total property portfolio			**£439.2m**			

* The land at Ralia Estate, Newtonmore covers an area of 1,447 hectares.

Portfolio Allocation by Region

South East	23.0%
West Midlands	18.7%
North West	15.4%
East Midlands	13.5%
North East	12.0%
Scotland	10.1%
South West	3.3%
City of London	2.2%
London West End	1.8%

Environmental, Social and Governance (ESG)

for the year ended 31 December 2023

ESG

It is now commonplace for investment managers to say that ESG is embedded in their processes. It is not always clear what that really means. As a Company investing in real assets we can have a direct impact on ESG outputs – and the reason we have fully integrated ESG into our investment process and behaviour is that we believe it is fundamental to achieving the Company's investment objective. We do not consider ESG in isolation or as just a cost. We see it as an opportunity for driving performance. It is for that reason it forms an integral part of our decision-making processes. We seek to implement ESG initiatives in a planned, sensible, and measured way so as to maximise the return on investment.

ESG Policy

Please note that the text below relates to the approach and activities undertaken in 2023. If the proposal to move to a managed wind-down is approved by shareholders then the focus will change to an optimum disposal strategy rather than longer term performance initiatives, and this will impact the approach to ESG.

ESG Strategy

The Board has a separate Sustainability Committee that sets Key Performance Indicators (KPIs) in order to measure the ESG performance of the real estate portfolio and Investment Manager in delivering ESG improvements. The Committee demonstrates the increased importance of ESG in managing risk and return for the Company.

The Investment Manager has an advanced and comprehensive framework of process, oversight, and knowledge to incorporate and enhance ESG into the business and to ensure practical implementation, which is evolving to keep pace with current ESG trends and legislation.

Priorities

The Company, in addition to its focus on ESG transparency and reporting, has identified two main areas of focus that have the most relevance for the activities it undertakes – People and Planet.

People involves our tenants, the users of our properties and the local community. It is a wide-ranging theme, covering supplier management, community engagement, social values, tenant engagement and wellness.

Under Planet, the Company has a primary focus on (1) carbon and energy; (2) climate resilience; and (3) biodiversity.

Extreme weather events are becoming more common place bringing the need for climate action into focus. The Company has a clear strategy for managing carbon emissions across the portfolio and has been implementing energy efficiency improvements and renewable energy projects for several years.

In 2021, we undertook work to establish the operational carbon footprint baseline of the portfolio and model our pathway to net-zero.

The Company's commitments are as follows:

- 2030: achieve Net Zero Carbon across all portfolio landlord emissions (Scope 1 & 2)
- 2050: achieve Net Zero Carbon across all portfolio emissions (Scope 1, 2 & 3).

The following provides an overview of definitions of the different emissions scopes:

- Scope 1 and 2: Cover emissions that directly result from the landlord's activities where there is operational control, either through the purchase or consumption of energy or refrigerant losses.
- Scope 3: Emissions are those that occur in our supply chains and downstream leased assets (tenant spaces) over which we have a degree of influence but limited control.

While there are no standard industry definitions of net-zero carbon for real estate, the Company has been working to build-out its own definitions, which are detailed in the table on page 15.

This involved benchmarking the performance of each asset, modelling our future footprint including embodied and operational carbon and identifying the types of measures necessary to fully decarbonise the portfolio by 2050. From that baseline we can measure progress annually – although it won't be a straight line to net-zero. Since then, we have been actioning our net-zero strategy to improve on the baseline performance.

Transparency and Reporting

EPRA Sustainability Best Practice Recommendations Guidelines.

We have adopted the 2017 EPRA Sustainability Best Practice Recommendations Guidelines (sBPR) to inform the scope of indicators we report against. We have reported against all EPRA sBPR indicators that are material to the Company. We also report additional data not required by the EPRA sBPR where we believe it to be relevant (e.g. like-for-like greenhouse gas emissions).

A full outline of the scope of reporting and materiality review in relation to EPRA sBPR indicators as explained above, is included on pages 94 to 100 which also provides disclosures required under Streamlined Energy and Carbon Reporting (SECR).

Our ESG Priorities

Planet - Climate Change

The Company considers the risks and opportunities of climate change on the portfolio. This is one of the most material ESG components to investment performance. The Taskforce for Climate-related Financial Disclosures (TCFD) was established to provide a standardised way to disclose and assess climate-related risks and opportunities and defines two types of climate risks:

‣ Transition risks: those that relate to an asset, portfolio or company's ability to decarbonise. An entity can be exposed to risks as a result of carbon pricing, regulation, technological change and shifts in demand related to the transition.

‣ Physical risks: those that relate to an asset's vulnerability to factors such as increasing temperatures and extreme weather events as a result of climate change. Exposure to physical risks may result in, for example, direct damage to assets, rising insurance costs, health and safety or supply chain disruption.

There is still significant uncertainty and methodological immaturity in assessing climate risks and opportunities and there is not yet a widely recognised net zero carbon standard. Nonetheless, we have progressed already with work to model the implications of decarbonising the portfolio in line with a 1.5°C scenario (using the 'Carbon Risk Real Estate Monitor' (CRREM) as a real-estate specific framework to measure against) and undertaken analysis to understand potential future physical climate risks.

The table on pages 20 to 26 provides a brief overview of our Company approach to all 11 TCFD recommendations. Whilst the company does not fall in scope of the 'Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022', the company still voluntarily follows this framework, as best practice. The disclosure outlines how the Company complies with all 11 recommendations. We expect that our reporting against TCFD recommendations will continue to evolve over time as industry methodologies improve and our own work develops further. In addition to the qualitative disclosure below, the next section provides further analysis into the work the Company has been undertaking with regards to transition risks and its net-zero carbon target.

Transition Risks: Targeting Net-Zero

Net-Zero Strategy

The Company has set a target to be net-zero for emissions associated with landlord-procured energy by 2030 and has determined that it will work with tenants to establish a reasonable and realistic target for total carbon emissions over the medium term.

The net-zero target was informed from the findings of a carbon modelling exercise undertaken in 2021 to understand its current carbon footprint, and what would be required to be net-zero by 2050. The key finding was that landlord-controlled energy (i.e. responsible for scope 1 and 2 carbon emissions) accounts for roughly 11% of the Company's carbon footprint and we have limited control over 89% of the output determined by tenants.

Our Net-Zero Principles

Although the goal of net-zero may seem clear, definitions and standards and the policy mix to support it remains immature. Accordingly, the Company has established several key principles to ensure its strategy, is robust and delivers value:

Practical:

‣ Asset-level action – focusing on energy efficiency and renewables is our priority to ensure compliance with energy performance regulations. Our analysis shows that meeting proposed future Energy Performance Certificate standards is a sensible stepping stone towards net-zero. This improves the quality of assets for occupiers and reduces the exposure to regulatory and market risk. Our investment in nature-based carbon removal at Far Ralia is in addition to asset-level decarbonisation.

‣ Timing – we aim to align improvements at our properties with existing plant replacement cycles and planned refurbishment activities wherever possible. This ensures we are not unnecessarily replacing functional plant ahead of its useful life unless necessary, which in turn reduces cost and embodied carbon.

Realistic:

‣ Target – long-term objectives must be stretching but deliverable and complemented by near-term targets and actions.

‣ Policy support – to fully decarbonise before 2050 the real estate sector requires a supportive policy mix to incentivise action and level the playing field.

Measurable:

‣ Clear key performance indicators at the asset and portfolio level.

Collaborative:

‣ Occupiers – we cannot achieve net-zero for the portfolio in isolation. We will work closely with occupiers, many of whom have their own decarbonisation strategies covering their leased space.

‣ Suppliers – we will work collaboratively with our suppliers including property managers and consultants in order to achieve net-zero.

Net-zero delivery strategy

Target Timeframe	Target	Context
Short term	Achieve net-zero emissions across all portfolio landlord emissions for Scope 1 and 2 by 2030. Improve emissions intensity for all scopes with a 50% reduction by 2030 from 2019 baseline.	We see these 2030 targets as a sensible stepping-stone towards long-term decarbonisation. In the near term our activities are focused on occupier engagement and compliance with energy performance regulations which will mean significant investment in energy efficiency, heat decarbonisation and renewable energy. Whilst it is worth acknowledging that the Landlord only has direct control over approximately 11% of carbon emissions, they will continue to work with tenants and upgrade properties where possible to try and achieve this challenging target. We anticipate that actions taken to decarbonise heat before 2030 will mean the company has very low Scope 1 emissions at this date.
Long term	Net-zero across all emission scopes by 2050.	Buildings in the UK will have to be fully decarbonised by 2050 through energy efficiency and the decarbonisation of heat and electricity. We will aim to reach our long-term target through these measures as much as possible with high quality nature-based offsets for any residual carbon. We will keep our long-term target under review and may bring it forward as policy measures and market drivers become clearer in the coming years.

Delivery

Acquisitions

Action	2023 performance	2024 onwards
In line with the Investment Manager's policies, benchmark assets preacquisition, understand costs and build decarbonisation into asset management plan from the start of ownership.	During 2023 2 assets were acquired and an in-depth ESG due diligence was applied. The development asset since achieved EPC A rating, and on the supermarket as part of the purchase the tenant was required to undertake ESG upgrades to the asset.	For any new acquisitions, the in depth ESG due diligence approach focusing on decarbonisation potential of the asset will be applied.

Standing Investments

Data coverage and occupier engagement

Action	2023 performance	2024 onwards
Improve ability to obtain tenant energy data via: 1. Improve tenant engagement 2. Increase smart metering coverage 3. Integrate ESG into lease agreements	46% data coverage by floor area (based on 2023 GRESB submission, data as at 31/12/2022) 10 assets by number with smart metering (as at 31/12/2023) 18 leases signed with non-negotiable ESG clauses (as at 31/12/2023)	100% of assets to be targeted with automation of energy data collection. Every new lease will include non-negotiable ESG clauses.

Energy efficiency

Action	2023 performance	2024 onwards
• Build improved understanding of tenant decarbonisation strategies and extent of tenant renewable energy procurement. • Implement low-carbon refurbishments to ensure regulatory compliance focusing on energy efficiency and heat decarbonisation and start to quantify and reduce embodied carbon.	-34% reduction in carbon intensity of scope 1 and 2 emissions and a 12% reduction in carbon intensity for scope 3 emissions compared to baseline (2019 versus 2022) 11 tenants procured renewable energy (based on 2023 GRESB submission, data as at 31/12/2022) 100% of portfolio ran through energy and carbon simulation model (as at 31/12/2023) 86% of portfolio with EPC A-C as at 31/12/2023 (73% as at 31/12/2022) 60% of assets of Scope 1 and 2 portfolio reliant on gas (based on 2023 GRESB submission, data as at 31/12/2022)	Assess optimum time of intervention and scope for ESG improvements and incorporate in discussions with tenants.

Standing Investments (continued)		
Renewable energy		
Action	**2023 performance**	**2024 onwards**
Continue to implement solar PV projects and establish power purchase agreements with occupiers.	3.4 MWp installed Solar PV capacity (2022: 1.5 MWp) to date with approximately 14 MWp of opportunity.	Any further PV installations will be dependent on the future strategic direction of the Company.
Nature based carbon removal		
Action	**2023 performance**	**2024 onwards**
Progress with nature-based carbon removal strategy at our site Far Ralia in parallel with asset decarbonisation.	During 2023 planting approval was received for a scheme that encompassed natural rewilding, peatland restoration, bio diversity gain and planting of native species. Grant funding was also secured enabling site preparation. In the later part of 2023, and first half of 2024 planting has been completed on most of the land.	Planting to be completed in 2024 and first grant income following completion. Peatland restoration works to start post planting. This will generate claimable carbon units linearly after the first five years, and every ten years thereafter.
Development		
Action	**2023 performance**	**2024 onwards**
Direct development and development funding to be designed to whole life net zero principles.	One major refurbishment and one development completed during the year. The refurbishment has created an operationally carbon net neutral building, whilst the development asset has achieved a "NetZero ready status".	Whole life carbon assessments to be undertaken for any new refurbishments and developments and design to be aligned with whole life net-zero principles.

Performance to Date

Baseline versus current performance:

In order to report progress against our net-zero carbon target, please see table below which splits out the carbon performance for scope 1 and 2 carbon emissions with regards to the 2030 target and Scope 3 carbon emissions for the 2050 target.

Our carbon performance for our 2019 baseline versus 2022 is shown below. We used 2019 as a baseline as it was unaffected by changes in occupancy due to COVID-19. The 2019 baseline was updated from that reported in the previous annual report due to improved data coverage and the inclusion of F-gases. Between 2019 and 2022, absolute carbon emissions for the portfolio have decreased by 32%.

This can in part be explained by sale of assets. The most useful figure to observe is the carbon intensity figure which normalises the carbon performance by floor area and shows relative performance improvements between 2019 and 2022 removing the influence of any portfolio churn. The carbon intensity for Scope 1 and 2 assets where we have data for the whole building has reduced by 34% between 2019 and 2022. For scope 3 emissions, the carbon intensity has reduced by 12%.

The reason 2023 data is not shown here, is due to later data collection periods for scope 3 which required data requests going out to all tenants during Q1 2024 to collect data for the previous year to allow time for energy invoicing to be completed.

Net Zero target	KPI	Metric	Baseline	2022	% Change
2030 Scope 1 & 2	Absolute carbon (scope 1 & 2)	tCO2e	2,102	1,426	-32%
	% of portfolio (Scope 1 & 2)	%	11%	10%	-1%
	Carbon intensity (Scope 1 & 2 whole building)	tCO2e/m2	50.57	33.30	-34%
	Carbon performance against current year CRREM target (Scope 1 & 2 whole building)	% of portfolio by value that meets CRREM Current	72%	94%	n/a
2050 Scope 1, 2 and 3	Absolute carbon (Scope 1, 2 & 3 whole building)	tCO2e	19,375	13,935	-32%
	Absolute carbon (Scope 3)	tCO2e	17,273	12,509	-28%
	% of portfolio (Scope 3)	%	89%	90%	+1%
	Carbon intensity (scope 3 whole building)	tCO2e/m2	42.32	37.21	-12%

Net-Zero Action on the Ground

The route to net-zero for the UK is going to evolve, and so are regulations and solutions / technology that we can use. The high-level progress is already reported in the net-zero delivery strategy above. The purpose of the next section is to provide real life examples of implementing net-zero on the ground:

Electric Vehicle Charging:

Although installing EV charge points does not reduce the Company's energy consumption, it does help with broader decarbonisation, and provides further amenity to tenants. We have tendered a package of rapid chargers for our retail warehouse parks, where a third party will pay the capital cost of installing the chargers and will operate them, with a small rent coming back to the Company.

In our office properties we are generally installing the chargers directly, mainly offering one or two fast chargers as we see how demand develops. At Hagley Road we have agreed terms for an operator to provide rapid and fast chargers for the public and tenants to use – again adding to the amenity offer at the building.

Energy efficiency:

Refurbishment decisions are focused around energy performance improvements.

The Company's strategy is to focus on ensuring compliance with EPC (Energy Performance Certificates) regulations. At present it is unlawful to lease properties that have an F or G rating. The Government has proposed legislation that will increase the threshold to C in 2027, and B in 2030.

The portfolio currently has a range of EPC ratings. All assets below C are being assessed to understand the route to get a C by 2027, and to B by 2030. Within the office portfolio this takes the form of a detailed maintenance and upgrading programme from now through to 2030 to understand the best times for intervention, and what work will be required. In most cases, the route to EPC B requires electrification of the buildings.

The technology enabling this is developing, and we are identifying the right time for the intervention rather than trying to do everything immediately, only to find a better solution becomes available in the future. We did however ensure up to date EPC assessments on our office assets with a rating of at least a C to ensure compliance until 2027 in case of regulation change.

One of the challenges of looking at a UK wide portfolio is that Scotland has a different approach to calculating an EPC rating (and does not have the legislation impacting use at certain ratings). EPCs are a very visible measure of a building's energy performance, but should not be the driver of all decision making, as there is not a clear alignment of EPCs to a pathway to net-zero. The majority of the Company's E and G rated properties are located in Scotland .

Energy Performance Certificate Rating (EPC)	% of fund's rental value
A+	3.1%
A	9.1%
B	39.0%
C	35.1%
D	6.6%
E	6.0%
F	0.0%
G	1.1%

Renewable energy:

One of the ways we can reduce the carbon footprint of the Company is through the use of renewable energy. All landlord supplied energy comes from a green tariff, however, on-site generation has an even smaller footprint.

Following the positive groundwork completed in 2022 on a number of photo voltaic (PV) installations, significant progress has been made during 2023. Whilst at the end of 2021 we had six operational PV schemes across the portfolio totalling 1.2MWp, as at the end of 2023 we now have twelve schemes with a capacity of 3.4MWp.

Included in this is our largest installation to date, at Rainhill Road, Washington where a 1.16MWp scheme has been completed. Given the specifics of this property, we utilised an innovative product which combined the PV panels and roof covering, mitigating the need to refurbish or replace the roof. When incorporated with a comprehensive refurbishment, the property is now effectively operationally carbon net neutral.

A further installation has been completed since the end of 2023, and we have another on site with another committed and due to start shortly. Combined these provide a further 1.2MWp of capacity. In terms of future pipeline, the portfolio has 16 other potential opportunities which could add an additional 12.7MWp.

Depending on the strategic direction for the portfolio, we will continue to progress further opportunities where it is viable and aligns with asset plans.

Carbon offsetting:

Based on current emissions data, current policies and nationally determined contributions (NDCs), it is highly likely that the global economy will overshoot the 1.5°C carbon budget. Carbon offsetting is an important part of achieving net-zero but only if done in conjunction with real carbon reductions. The Company believes that carbon offsetting should only be done alongside carbon reductions.

The path to net-zero will, however, take time, and some offsetting will be required. The Company's offsetting strategy is to focus on local, high integrity nature-based offsets where possible alongside its carbon reduction targets.

As part of this broader strategy, during 2021 the Company acquired 1,471 hectares of open moorland in the Scottish Highlands called Far Ralia. The intention is to undertake a mix of reforestation (planting approximately 1.2m natural broadleaf trees), peatland restoration and other forms of biodiversity gain to create a high integrity, local nature-based source of offsets.

The opportunity has the potential to create 373,000 carbon credits over the lifetime of the project at a known fixed cost today. We anticipate significant future cost increases in carbon credits making this asset progressively more valuable economically as well as environmentally.

To date, the Company has completed approximately 80% of the detailed planting plans which were prepared after consultation with a number of regulatory and interested parties, leading to an agreed Environmental Impact Plan.

During the early part of site ownership, seeds were collected on site by the nursery we are using and saplings grew ready for planting in 2023 and 2024. A number of contracts have been agreed and we have required that all tendering parties are local / Highlands based using local labour where possible.

In partnership with the Natural History Museum and EY we undertook a Biodiversity baseline survey using their Biodiversity Intactness Index. Given we bought open moorland in the national park, with a historic use of grouse shooting and stalking along with limited grazing, the result was quite surprising, with a current score of only 52 out of 100. The survey has considered the Company's plans for the site, which concludes that the regeneration program will, in a period of 75 years or so, return biodiversity to the level of a resilient and functioning ecosystem. This surpasses the safe planetary boundary reaching a high of 94%, and within 30 years will deliver a significant increase in biodiversity of nearly 21 percentage points.

On a social level, the project will (i) boost the local economy, by employing local contractors and forestry experts, where possible, (ii) provide improved amenity, by restoring bothies and, improving access (iii) offer discovery and volunteering opportunities to local schools. Healthy woodland will also provide flood mitigation benefits, improved soil quality and protection against erosion, as well as enhanced water quality downstream.

Physical Risks: Climate Resilience.

As part of the Company's investment process we take long term climate impacts into account. For many years, we have been ensuring that we have a clear understanding of the flood risk of an asset, and what flood mitigation there is in place, before we will invest. If our analysis indicates that there is an unacceptable risk of damage or harm to life, then we will not proceed.

With changing weather patterns as a result of climate change, we know we need to not only assess historic incidents of flooding but also understand potential future risks. We are now assessing not only flooding from rivers, sea and surface water, but also other acute risks including water scarcity, heat stress, extreme wind and fires – issues that in the past may not have been considered a concern in a UK context. We are also considering chronic risks. Chronic risks are those associated with the impacts of rising temperatures on energy consumption for the cooling and heating of buildings.

Rising temperatures will, at some point, require increased cooling of workplaces, something that will require increased energy consumption. With increased modelling out to 2080 we are better able to forecast future changes and adapt our strategies accordingly. Our modelling indicates that whilst physical risks present long term concerns, the increased operational costs associated with cooling demands may be far more significant in the future under a high warming scenario. It is for this reason that we are focusing our efforts on improving the design and operation of the buildings in the portfolio to ensure that they are low carbon and fit for the future. The analysis shows that the portfolio has extremely low exposure to acute risks.

Biodiversity:

Biodiversity is a relatively new focus for the Company but is rising in importance due to risks associated with biodiversity loss which includes upcoming regulation on reporting company impacts on nature. Biodiversity measurement is a key indicator for measuring a healthy ecosystem and adverse nature impacts and the Company aims to achieve at least a 10% biodiversity net gain on developments.

The approach to understanding the Company's impact on nature from its real estate investments, is based on two phases in the property asset's lifecycle:

1. **The Construction Phase:**
   For construction/development sites, there are two ways to consider the impact on nature. The first is to focus directly on the existing site and optimise for nature as much as possible around the building and target biodiversity net gain. The second is to actively engage with the supply chains of the materials used to construct the buildings to reduce the impact on nature upstream.

2. **The Use Phase:**
   For buildings already standing, where we have management control and can be directly involved on site, the Company can optimise the site for nature as much as possible (e.g. native species planting alongside installation of bird and bat boxes). Where our occupiers have control, we can engage and work together to improve the building's environmental surroundings.

We have initiated a programme of best practice with our managing agents to ensure each asset is assessed with a view to optimising landscaping regimes to support greater biodiversity. At our office investment in Edinburgh we are working with a local charity to increase biodiversity in the landscaping regime, and at our leisure park in Aintree the Company won a "Green Apple" award for its landscaping improvements. The Company's land purchase of Far Ralia provides an opportunity to consider biodiversity on a greater scale, as described on the previous page.

Enhancing the 'S' in ESG

Two of our main principles are to own buildings that work for our tenants, and to do the right thing for people who work at those properties. We therefore focus on the social aspects of wellbeing, health and safety and promoting a fair living wage to optimise those principles. It is also important to consider the wider impact our buildings have on the local community and contribute positively to that community.

Fair Living Wage

Our supplier agreements for on-site staff require a living wage to be paid. Our property managing agent is JLL, who have a strong commitment to being an ethical company.

Taskforce for Climate-Related Disclosures

for the year ended 31 December 2023

TCFD was established to provide a standardised way to disclose and assess climate-related risks and opportunities. Recommendations are structured around four key topics: Governance, Strategy, Risk Management and Metrics & Targets. The Company is committed to implementing the recommendations of the TCFD to provide investors with information on climate risks and opportunities that are relevant to the business. TCFD covers risks and opportunities associated with two overarching categories of climate risk; transition and physical:

- **Transition risks** are those that relate to an asset, portfolio or company's ability to decarbonise. An entity can be exposed to risks as a result of carbon pricing, regulation, technological change and shifts in demand related to the transition.

- **Physical risks** are those that relate to an asset's vulnerability to factors such as increasing temperatures and extreme weather events as a result of climate change. Exposure to physical risks may result in, for example, direct damage to assets, rising insurance costs or supply chain disruption.

There is still significant uncertainty and methodological immaturity in assessing climate risks and opportunities and there is not yet a widely recognised net zero carbon standard. Nonetheless, we have progressed already with work to model the implications of decarbonising the portfolio in line with a 1.5°C scenario (using the 'Carbon Risk Real Estate Monitor' (CRREM) as a real-estate specific framework to measure against) and undertaken analysis to understand potential future physical climate risks.

The table below provides a brief overview of our Company approach to all 11 TCFD recommendations. The below disclosure outlines how the Company aligns with all 11 recommendations. Note that this disclosure against the TCFD recommendations is entirely voluntary. We expect that our reporting against TCFD recommendations will continue to evolve over time as industry methodologies improve and our own work develops further. In addition to the qualitative disclosure below, pages 94 to 100 provide core TCFD metrics on carbon emissions and value at risk from physical climate risks.

TCFD Recommendation	Company Approach	Further Information
Governance		
Board oversight of climate-related risks and opportunities	The Board recognises its responsibility to assess the Company's Principal risks and emerging risks; of which some have been identified to relate to climate change. The Board consider climate-related risks and opportunities alongside all other Company risks which fall under the remit of the Audit Committee. The Board have also created a separate Sustainability Committee to monitor and oversee the Investment Manager's ESG undertakings which includes consideration of climate-related risks and opportunities. In addition, the Board, alongside the Investment Manager, consider climate related issues as part of the Investment Process, such as during investment decisions involving acquisitions, disposals and fund strategic planning. The Company has identified its most material potential risks, one of which relates to its investment and asset management activity, and how ill-judged property investment decisions could expose the Company to risk, including those associated with climate change. The Board, alongside the Investment Manager, consider climate related risks and opportunities relating to transitional and physical climate risk, as an integral part of the Investment and Asset Management Process. This includes review of such climate related risks and opportunities during acquisition ESG due diligence (at the pre-bid and exclusivity phase), and during annual Company strategic planning, which is the process by which risks and opportunities against various ESG indicators (including climate indicators) are identified across the portfolio, and strategic goals are set.	Sustainability Committee Report on page 43.
Management's role in assessing and managing climate-related risks and opportunities	The Investment Manager's ESG approach groups material sustainability indicators into four main categories: (i) Environment & Climate, (ii) Demographics; (iii) Governance & Engagement; and (iv) Technology & Infrastructure. This approach allows the identification and promotion (where relevant) of material ESG risks and opportunities relevant to a fund's investment strategy, sector and geography. These guide the prioritisation and integration of ESG factors at the fund and asset level, whilst providing a structure for engagement with, and reporting to stakeholders. Of these ESG factors, climate change represents one of the most material ESG risks and opportunities that the Company's real estate portfolio considers as part of its investment process. The Investment Manager's 'Blueprint for addressing climate change', which details its approach to climate risk, is available on the website: http://www.abrdn.com/docs?editionId=42ec6ae7-d171-4a81-a0ac-1f06106c86b4	The Company's approach is set out in the Environmental, Social and Governance section on pages 13 to 19.

TCFD Recommendation	Company Approach	Further Information
Governance (continued)		
Management's role in assessing and managing climate-related risks and opportunities (continued)	At an operational level, the Investment Manager is responsible for integrating consideration of climate risks and opportunities into the investment and asset management process. The Company adopts the Investment Manager's approach to integrating ESG in the investment process, and climate related risks and opportunities are considered the most material ESG topic relating to the Company. As such, climate risk and opportunities are considered throughout the investment process, including during acquisitions, asset/property management, refurbishment/development and fund strategic planning. A range of governance mechanisms exist which are used to ensure that (a) the Investment Manager's approach and house-view on climate risk approaches is cascaded down from the senior leadership team to the real estate and Company level; and (b) to ensure the climate related factors are considered during investment decisions. These governance bodies include (but are not limited to): ‣ **abrdn Investments-level Climate Change Strategy Group**: this is led by abrdn's Head of Sustainability Insights and Climate Strategy, attended by the Real Estate Head of ESG. This group meets quarterly and is the decision-making forum for climate related risks and opportunities in the investments vector, and ensures compliance with TCFD reporting obligations. ‣ **Investment Strategy Committee (ISC)**: this committee is the decision-making and approval body for the Company's annual strategic plan, which includes several sections on ESG risks/opportunities (including relating to climate risks), and strategic goals. This committee is also the approval body for ESG/climate-related changes to the investment process, developed in the 'ESG Strategy Working Group'. ‣ **Investment Committee (IC)**: this is the approval body for acquisitions, fundings and large development proposals, during which a climate related risks and opportunities are considered. ‣ **ESG Strategy Working Group**: this group is led by Georgie Nelson (Head of Real Estate ESG), and is used to develop new processes and procedures with respect to ESG (including climate related processes and procedures), to ensure that the Investment Manager stays in line with best practice and emergent legislation. The Investment Manager reports a number of KPIs to the Board on a quarterly and annual basis, including climate related indicators including energy data coverage and portfolio carbon emissions.	The Company's approach is set out in the Environmental, Social and Governance section on pages 13 to 19.
Strategy		
Climate-related risks and opportunities the organisation has identified over the short, medium, and long term	As part of our investment and asset management process we consider climate-related risks and opportunities over a range of timescales and scenarios, also taking into account the type and geographical location of our assets. A summary of our initial assessment over the short, medium and long term is as follows. The time horizons used below are considered to be appropriate umbrellas under which to identify climate risks and opportunities and are informed by the timescales against which we expect the impacts of transitional/policy related and physical climate risks to be felt, based on our understanding of local regulation, and the outputs of climate scenario analysis completed on our portfolio to-date. **Short-term (0-5 years):** ‣ **Transition: Policy and Legal**: in the short term we anticipate regulations affecting the energy performance and emissions of buildings to continue to tighten to align more closely with Government targets for economy-wide decarbonisation. Whilst this will provide clarity of direction to the sector, the risk is likely to take the form of increased development and refurbishment costs, which could start to affect valuations. ‣ **Transition: Market and Reputational:** the above trends will also create opportunities to benefit from shifting occupier and investor demand for low-carbon, future-fit assets. ‣ **Physical: Acute:** we anticipate that the frequency and severity of acute/extreme weather events will continue to increase, even in the short-term.	An overview of the Company's approach to addressing physical climate risks is on page 18.

TCFD Recommendation	Company Approach	Further Information
Strategy (continued)		
Climate-related risks and opportunities the organisation has identified over the short, medium, and long term (continued)	<u>**Medium-term (5-15 years):**</u> ‣ **Transition: Policy and Legal:** the aforementioned policy and legal related trends will continue and we expect regulations and market sentiment to further drive energy efficiency and decarbonisation towards alignment with science-based decarbonisation pathways (such as CRREM), representing the same risks as outlined above (increased costs). ‣ **Transition: Market and Reputational:** as with the short-term risks, we anticipate that addressing policy and legal related risks will create market and reputational opportunities arising from shifting investor demand. ‣ **Transition: Technology:** We anticipate significant technological change in this period particularly in relation to heat pump solutions which will improve the technical and financial feasibility of decarbonising heat in buildings. In addition, grid decarbonisation will continue to contribute to the required carbon emissions reductions from the built environment sector. <u>**Long-term (15+ years):**</u> ‣ **Physical: Acute and Chronic:** over the long term (15+ years), in terms of risk we are likely to see climate-related extreme/acute weather events increase in frequency and severity which may impact built environment assets depending on their location and characteristics. In addition, we are also likely to see how the impact of chronic physical climate risks, such as the influence that changing weather will have on heating and cooling costs, along with energy consumption. This is an example where increased cooling costs associated with heat stress could also have a negative impact on the asset's alignment with net-zero carbon benchmarks, due to the increased energy consumed. However, there will remain opportunities to enhance the resilience of our assets through resilience planning/interventions, creating market and reputational opportunities.	An overview of the Company's approach to addressing physical climate risks is on page 18.
The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where material	The Board recognises that climate change will affect the built environment, both through decarbonisation and increased physical risks. The trends summarised above are therefore expected to affect the Company's strategy and operations in the coming years. **Transition Climate Risks:** In recognition of the importance of decarbonisation, and in order to support the Company's alignment with tightening policy around carbon reduction, the Company has set a net-zero carbon target of 2030 for Scope 1 and 2 emissions, and 2050 for all emissions scopes. The Company also established a baseline operational carbon footprint of 2019, against which progress has been measured in 2021 and 2022 (progress in 2020 was excluded due to Covid-19 influence). Operational energy consumption data is used to support the calculation of the portfolio's operational carbon footprint, with industry-accepted benchmarks used to estimate the remainder. On an absolute carbon emissions basis, the portfolio achieved a 32% reduction in total Scope 1 and 2 emissions between 2019 and 2022, and a 28% reduction for all operational emissions scopes during the same period. On an emissions intensity basis: The carbon intensity for Scope 1 and 2 assets where we have data for the whole building has reduced by 30% between 2019 and 2022. For scope 3 emissions, the carbon intensity has reduced by 16%. Such analysis has supported the identification of opportunities to reduce the carbon intensity of poor performing assets. The Company uses the Carbon Risk Real Estate Monitor (CRREM) tool to analyse the net-zero performance of its assets. CRREM is a real estate specific net-zero assessment framework, widely used across the real estate industry, and recommended under the Institutional Investors Group on Climate Change (IIGCC) (under which the Investment Manager is a member) net-zero investment framework implementation guide. The Company will use such analysis to support the prioritisation of assets to take forward for more detailed net-zero carbon audits. While the Company is already including decarbonisation-related capital expenditure (CAPEX) figures into its asset cash flow calculations, detailed audits will support the refinement of these CAPEX figures and support our asset managers in programming in net-zero interventions into wider asset management plans.	The EPC profile of the Company's properties is set out on page 100. The Company's approach to net-zero is set out on page 14.

TCFD Recommendation	Company Approach	Further Information
Strategy (continued)		
The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where material (continued)	Alongside our net zero carbon planning described above, a detailed exercise has been completed by the Investment Manager to assess the portfolio's compliance with anticipated Minimum Energy Efficiency Standards legislation to ensure assets are capable of compliance and that any necessary interventions can be appraised and included with the individual asset plans. As at December 2023, 51% of the portfolio ERV in the EPC A+/A/B bracket, and 86% was in the EPC A+ to C bracket. This represents the resilience of the portfolio to current and future known energy regulation in the UK, which is currently anticipated to be minimum EPC C by 2027, and EPC B by 2030 (for all leases). With regard to the 14% of portfolio ERV that does not currently meet the anticipated 2027 and 2030 minimum standards, we use EPC recommendation reports to better understand the interventions required to meet minimum energy standards. While exact costs to achieve these standards has not yet been fully established, the Company manages this risk by integrating the Investment Manager's house-level net-zero carbon costs into asset forecast cashflows, to ensure that the estimated cost of decarbonisation is reflected in investment return calculations. **Physical Climate Risks:** The Company continues to participate in physical climate risk scenario analysis (using a third-party data provider) to understand future risks and opportunities based on asset type/nature and geographical location of its assets. The analysis uses climate data relating to various hazards (e.g. cyclones, windstorm, wildfire, inland/coastal flood) along with company exposure data (e.g. asset type, location, insurance costs, replacement value, floor area and market value). This data is modelled out under varying time horizons (out to 2080) under different climate scenarios. The outputs of the analysis support the understanding of future cost and value impact relating to the portfolio. It should be noted that data quality and methodologies in the physical climate risk space are continually evolving, and the Company continues to work with an external third-party data provider to analyse such risks, and their materiality. Importantly, no significant risks to the Company's assets have been identified at this stage. In the event significant risks are identified by any subsequent physical climate risk analysis, the Company will take appropriate action to limit its exposure to such risks, including integrating the cost of resilience planning into asset cash flows.	The EPC profile of the Company's properties is set out on page 100. The Company's approach to net-zero is set out on page 14.
The resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2C or lower scenario	A full outline of how we have considered the climate related risks and opportunities under chosen future scenarios has been outlined above. The Company has set out its long term aim to be a net zero Company by 2050 with an interim target for operational emissions within our direct control (Scope 1 and 2 emissions) by 2030. We are tracking progress against our long-term aim at the Fund level and asset level, using key KPIs including EPC ratings vs ERV, carbon data coverage, total energy/carbon emissions and energy/carbon intensity metrics. Against current and future known energy regulation in England and Wales, the portfolio is well-positioned with 51% of the portfolio ERV in the EPC A+/A/B bracket, and 86% was in the EPC A+ to C bracket. This represents the resilience of the portfolio to current and future known energy regulation in the UK, which is currently anticipated to be minimum EPC C by 2027, and EPC B by 2030 (for all leases). The Company is working to put a plan in place to achieve all minimum energy efficiency standards set by the UK Government. With regard to resilience against science-based decarbonisation pathways, the Company's work to establish a net zero pathway is informed by industry benchmarks including the Carbon Risk Real Estate Monitor (CRREM) 1.5°C Paris-aligned emissions trajectories. Going forward, the Company will use such analysis to compare its assets against 1.5C science-based decarbonisation pathways (CRREM), to support the prioritisation of assets to take forward for more detailed net-zero carbon audits. While the Company is already including decarbonisation-related capital expenditure (CAPEX) figures into its asset cash flow calculations, such detailed audits will support the refinement of these CAPEX figures and support our asset managers in programming in net-zero interventions into wider asset management plans.	Our delivery strategy is set out on page 14.

TCFD Recommendation	Company Approach	Further Information
Strategy (continued)		
The resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2C or lower scenario (continued)	We consider that the portfolio and Company strategy is well-positioned to decarbonise in line with this trajectory assuming national energy and climate policy is also supportive of this goal. The Investment Manager will continue to engage with industry bodies such as the Better Building Partnership to standardise net zero definitions across the industry. We recognise that we cannot act in isolation and that achieving this level of decarbonisation will require supportive climate policy and the cooperation of our occupiers and suppliers. Our recent work on understanding value at risk as a result of physical climate risk has highlighted the importance of considering changes in wind speeds and flood risk over time as well as the implications of rising temperatures on cooling loads. Our initial assessment of these results is that in general under a worst-case climate scenario, physical climate risks do not become material to the Company's portfolio until after 2050, and that most potential cost is associated with additional cooling demand due to rising temperatures. We consider that our existing portfolio and Company strategy is resilient to physical climate risks in the short to medium term. We will however keep this under regular review as methodologies for physical risk assessment improve.	Our delivery strategy is set out on page 14.
Risk Management		
The Company's processes for identifying and assessing climate-related risks	The Company's processes for assessing the size and extent of transition and physical climate risk are outlined in detail above under "The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where material.". Climate-related risks are considered and assessed by the Company Audit Committee. The Board have also created a separate Sustainability Committee to monitor and oversee the Investment Manager's ESG undertakings which includes consideration of climate-related risks and opportunities The Company employs the Investment Manager's approach to addressing climate risks and opportunities as part of the investment process. This includes assessment of transition and physical climate risks during acquisition due diligence, asset management, refurbishment/development and portfolio-level strategic planning. The Company considers transition climate risks via net-zero carbon analysis, to determine the extent to which the portfolio aligns with the defined net-zero targets, and to define indicative high-level CAPEX figures to decarbonise the portfolio in line with a net-zero pathway. The Company also uses a third-party data provider to assess value at risk (amongst other indicators) associated with several climate hazards, over multiple time horizons and climate scenarios.	
The Company's processes for managing climate-related risks	The Company follows the Investment Manager's approach to managing climate related risk. We have embedded our approach to such risks into our investment process for acquisitions, refurbishments/developments and standing investments. This approach is outlined below. **<u>On acquisition:</u>** **Transition risks:** Our ESG due diligence process involves the assessment of transition risks at both the pre-bid and post-bid stage, with the aim of reducing a Fund's exposure to transitional climate risks going forward. At the pre-bid stage, we use all available information about the asset, its context and regulatory backdrop, alongside our in-house decarbonisation guidance and ESG priorities of the Fund, to form a view of anticipated decarbonisation costs over the next 10-year period. Where appropriate, such decarbonisation CAPEX is captured as part of the pre-bid screen and meeting; which subsequently feeds into the IC paper for review. When detailed due diligence is completed during exclusivity, the assumptions around decarbonisation for compliance and net-zero alignment (using a 1.5C CRREM pathway) are refined by an external consultant. This allows the Fund to better understand the costs that it may be responsible for in the future for decarbonisation. Such findings are included in our pre-signing checklist prior to deal completion.	An overview of the findings of the latest net-zero and physical climate risk analysis is provide on pages 22-23.

TCFD Recommendation	Company Approach	Further Information
Risk Management (continued)		
The Company's processes for managing climate-related risks (continued)	**Physical risks:** As part of any pre-bid ESG screen/meeting, we use a mapping tool made available to us by a physical climate risk data provider to screen assets (based on their geographical location) against up to 8 different physical climate risks across different time horizons (current, 2030, 2050, 2100) under different climate scenarios including Low (RCP2.6), Intermediate (RCP4.5) and High (RCP8.5) scenarios. This tool is used alongside available online mapping provided by environmental regulators/authorities in the given country (where/if available). Such risks are considered at pre-bid stage in a "go/no-go" context. During exclusivity, as a minimum, flood risk will be assessed in more detail by an external third-party, alongside any other physical climate risks identified during the pre-bid screen. **<u>On development/refurbishment:</u>** The Investment Manager has established a set of ESG guidelines and standards (which include a focus on climate related aspects) that apply to all new construction, major renovations and forward funded developments carried out by the Group. These standards ensure new developments are future fit and resilient to future transition and physical climate risks. This sets out the standards that are used as a benchmark during the design and appraisal of development schemes and outlines the process to be followed by our internal and external teams when undertaking major development work. This covers, for example, requirements for EPC ratings, CRREM alignment and physical climate resilience. Approval for major development must be sought through the Investment Committee in the same way as for asset acquisitions. The process can also be flexible to account for any separate Investment Committee processes outlined by client requirements. For smaller refurbishment activity an ESG checklist is available to teams to support the identification of ESG opportunities (which include climate related risks and opportunities) that contribute to fund goals that can be included in project specification. Approval for landlord refurbishment works is through a Capital Expenditure Approval Form (CEAF) which requires description of ESG measures incorporate in the works. Overall, the approach to development seeks to deliver high quality assets that meet the needs of tenants and ultimately support investment returns. **<u>On development/refurbishment:</u>** The Company completes an annual ESG risk and performance dashboard as part of their strategic plan which flags priority assets for action against both transition risks (looking at levels of energy data collection, carbon performance against net-zero pathways where data available and energy performance ratings) and physical risks (looking at modelled acute weather risks out to 2050 as a result of climate change). The Company's strategic plan is approved via the Investment Manager's Investment Strategy Committee (ISC). All assets have an ESG and climate related component integrated into their asset management plan. These are set to enable the assets to contribute to the fund level strategic ESG ambition/goals set in the annual strategic plan. An example of this would be installing solar panels onto the roof of a property; enabling the fund to sell the generated electricity to the tenant and in turn generating additional income from the asset In addition to the annual ESG risk and performance dashboard, The Company completes an annual carbon footprinting exercise to review progress against its 2019 baseline, and to review asset level performance against CRREM 1.5C benchmarks, to help determines next steps and priorities for the fund with regards to priority assets for focus and specific initiatives to roll out with more detailed analysis. The Company also undertakes analysis with an external consultant to assess the assets within the fund against various hazards which are expected to impact real estate due to climate change under multiple different scenarios, including a worst-case scenario (RCP8.5).	An overview of the findings of the latest net-zero and physical climate risk analysis is provide on pages 22-23.
The Company's processes for identifying, assessing and managing climate-related risks into the organisation's overall risk management.	The Company's overall risk management process is underpinned by the Investment Manager's investment process described above. Climate related risks and opportunities are assessed at all stages of the investment process, which are in turn supported by robust governance bodies including the Investment Committee (IC) and Investment Strategy Committee (ISC). In addition, as described above, the Board have also created a separate Sustainability Committee to monitor and oversee the Investment Manager's ESG undertakings which includes consideration of climate-related risks and opportunities	

TCFD Recommendation	Company Approach	Further Information
Metrics and Targets		
The metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process	We disclose our greenhouse gas emissions (alongside other related ESG performance metrics on energy and water consumption, waste generation and disposal routes) in line with EPRA Sustainability Best Practices Recommendations. In addition, we also disclose the following carbon and climate metrics in line with TCFD requirements: ‣ Scope 1, 2 and 3 emissions (tCO2e) ‣ Scope 1, 2 and 3 emissions data coverage (%) ‣ Year-on-year change in carbon emissions (%) ‣ Portfolio carbon intensity by floor area (tCO2e/m2) ‣ Weighted Average Carbon Intensity (WACI) (tCO2e/m2 weighted by value) ‣ Economic Emissions Intensity (tCO2e/Gross Asset Value) ‣ Climate Value at Risk (%), further details available on page 23 under physical climate risk As part of our decarbonisation strategy we also track progress against our baseline carbon footprint from 2019. Information on year-on-year performance is included in the net-zero pathway section above (on pages 14 to 16) and in the EPRA disclosures on pages 94 to 100. At present, the Company does not have sufficient reliable data to report a specific percentage of total assets that have associated climate related “risks” vs “opportunities”. However, based on the findings of net-zero carbon and climate scenario analysis completed to-date, along with the current status of the portfolio against the UK Government’s Minimum Energy Efficiency Standards (MEES), there are not considered to be any significant climate risks in the portfolio. The Company accounts for the cost of decarbonising its assets in line with regulation and recognised industry pathways (e.g. CRREM), by factoring in such cost into our cash flows (and deploying capital where necessary). The Company does not apply a specific carbon price (e.g. £ per tonne of carbon), rather we assess our assets to understand what the interventions to decarbonise our assets may cost, and where necessary use the Investment Manager’s house-level decarbonisation cost guidance. In addition, it should be noted that ESG goals (which include climate relate goals) are included in investment teams’ performance targets. The metrics from the 2023 calendar year included in the EPRA disclosures will in part be used to inform future progress updates relating to the Company’s net-zero pathway (alongside any additional Scope 3 data collected for the 2023 calendar year throughout the first half of 2024). This net-zero pathway analysis supports the analysis of assets against CRREM 1.5C net-zero pathways, to better understand risk, and likely decarbonisation related CAPEX to include in cash flow calculations. In addition, the metrics outlined above also support with investment decision making at all touch-points of the investment process. As part of the Investment Manager’s ESG policy and approach, ESG goals (including those related to climate aspects) are embedded in investment teams’ performance targets. Metrics related to ESG performance contribute to overall evaluations.	The EPRA disclosures included on pages 94 to 100 include the relevant climate related performance data, including GHG emissions. Further information on our net-zero pathway are included above in pages 14 to 16.
Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	We disclose our emissions in line with EPRA Sustainability Best Practices Recommendations (see pages 94 to 100). This covers Scope 1 and 2 emissions associated with landlord-procured energy as well as Scope 3 emissions from energy sub-metered to occupiers. Scope 3 emissions are considered material to the Company, especially given that they contributed to around 96% of the Company’s total operational carbon footprint in 2022. Our revised 2019 baseline emissions including tenant consumption (actual and estimated) is presented on page 16. We have used 2019 data as a baseline for our measurements as this is prior to any disruption to measurement caused by the COVID-19 pandemic.	Data on emissions is set out on pages 94 to 100.
The targets used by the organisation to manage climate-related risks and opportunities and performance against targets	An outline of the Company’s climate related targets are outlined above in section “The impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning where material”. We have set out our long-term aim to be a net zero Company by 2050 with an interim target for operational emissions within our direct control by 2030. While the Company has not yet established specific targets around other climate related elements (for example percentage of EPC ratings by ERV), the Company continually looks to improve the portfolio’s performance through implementation of the Investment Manager’s investment process and will look to set specific targets in the future where appropriate.	Our delivery strategy is set out on page 14.

Stakeholder Engagement

for the year ended 31 December 2023

This section explains how the Directors have promoted the success of the Company for the benefit of its members as a whole during the financial year to 31 December 2023. The Directors take into account the likely long-term consequences of decisions, the need to foster relationships with all stakeholders and the impact of the Company's operations on the environment, in accordance with the AIC Code on Corporate Governance.

The Role of the Directors

The Company is a REIT and has no Executive Directors or employees and is governed by a Non-Executive Board of Directors. Its main stakeholders are Shareholders, the Investment Manager, Tenants, Service Providers, Debt Providers, the Environment and the Community.

As set out in the Corporate Governance Report, the Board has delegated day-to-day management of the assets to the Investment Manager and either directly or through the Investment Manager, the Company employs key suppliers to provide services in relation to property management, health & safety, valuation, legal and tax requirements, auditing, depositary obligations and share registration, amongst others. All decisions relating to the Company's investment policy, investment objective, dividend policy, gearing, corporate governance and strategy in general are reserved for the Board.

The Board meets quarterly, with numerous other ad-hoc meetings, and receives full information on the Company's performance, financial position and any other relevant information. At least once a year, the Board also holds a meeting specifically to review the Group's strategy.

The Board regularly reviews the performance of the Investment Manager, and its other service providers, to ensure they manage the Company, and its stakeholders, effectively and that their continued appointment is in the best long-term interests of the stakeholders as a whole.

The Board also reviews its own performance annually to ensure it is meeting its obligations to stakeholders. Engagement with key stakeholders is considered formally as part of the annual evaluation process.

Strategic Activity during the Year

Notable transactions where the interests of stakeholders were actively considered by the Board during the year, and subsequently, include:

- All decisions relating to the Company's dividends – the Board recognised the importance of dividends to its shareholders and have maintained the dividend at a level of 1.0p per share per quarter throughout the year. The level of dividend is monitored by the Board throughout the year.

- During the second half of 2023 the Board undertook a strategic review. This review was prompted by the Board's concerns, as well as those of some shareholders about the Company's size, the lack of liquidity in its shares, the discount to NAV and an uncovered dividend. The outcome of this review, following interest from other listed REITs, was that the Board recommended to shareholders that they vote in favour of a proposed merger with Custodian REIT for the reasons outlined in various announcements to shareholders during the first quarter of 2024. Further information can be found in Note 2.1 on pages 62 to 63 of the Financial Statements.

The Board's primary focus is to promote the long-term success of the Company for the benefit of its stakeholders as a whole. The Board oversees the delivery of the investment objective, policy and strategy, as agreed by the Company's shareholders. As set out above, the Board considers the long-term consequences of its decisions on its stakeholders.

Shareholders

Shareholders are key stakeholders and the Board places great importance on communication with them. The Board welcomes all shareholders' views and aims to act fairly to all shareholders. The Board believes that the Company's shareholders seek an attractive and sustainable level of income, the prospect of growth of income and capital in the longer term, a well-executed sustainable investment policy, responsible capital allocation and value for money. As indicated in the recent shareholder vote, however, a number of shareholders wish the Company to be wound down with capital returned to shareholders. The shareholder vote on 28 May 2024 will determine the future strategy of the Company.

The Board, Investment Manager and Company's Broker regularly meet with shareholders, and prospective shareholders, to discuss Company initiatives and seek feedback. The views of shareholders are discussed by the Board at every Board meeting, and action taken to address any shareholder concerns. The Investment Manager provides regular updates to shareholders and the market through the Annual Report, Half-Yearly Report, Quarterly Net Asset Value announcements, Company Factsheets and its website.

The Chair offers to meet with key shareholders at least annually, and other Directors are available to meet shareholders as required. This allows the Board to hear feedback directly from shareholders on the Company's ongoing strategy.

The Company's AGM provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Investment Manager of the Company.

The Board welcomes correspondence from shareholders, addressed to the Company's registered office. All shareholders have the opportunity to put questions to the Board at the Annual General Meeting.

This year's AGM is being held on Tuesday 13 August 2024 at 2.00pm at 18 Bishops Square, London, E1 6EG.

The Board hopes that as many shareholders as possible will be able to attend the meeting. As set out in the Chair's Statement, shareholders are encouraged to submit questions in advance of the AGM by email to:
property.income@abrdn.com.

Tenants

Another key stakeholder group is that of the underlying tenants that occupy space in the properties that the Company owns. The Investment Manager works closely with tenants to understand their needs through regular communication and visits to properties.

The Board believes that tenants benefit from a trusting and long-term working relationship with the Investment Manager, sustainable buildings and tenancies, value for money and a focus on the community, health & safety and the environment.

The Investment Manager consults with tenants and, on the Board's behalf, invests in our buildings to improve the quality and experience for our occupiers as well as reduce voids and improve values, helping to produce stronger returns. The Board receives reports on tenant engagement and interaction at every Board meeting. The Board also expects the Investment Manager to undertake extensive financial due diligence on potential tenants to mitigate the risk of tenant failure or inability to let properties.

Debt Provider

The Company has a term loan facility and revolving credit facility with The Royal Bank of Scotland International Limited ("RBSI"). RBSI seeks responsible portfolio management and ongoing compliance with the Company's loan covenants. The Company maintains a positive working relationship with RBSI and provides regular updates on business activity and compliance with its loan covenants.

Investment Manager

The Chair's Statement on pages 4 to 5 and Investment Manager's Report on pages 6 to 10 detail the key investment decisions taken during the year and subsequently. The Investment Manager has continued to manage the Company's assets in accordance with the mandate provided by shareholders, with the oversight of the Board. The Board receives presentations from the Investment Manager at every Board meeting to help it to exercise effective oversight of the Investment Manager and the Company's Strategy. The Board formally reviews the performance of the Investment Manager, and the fees it receives, at least annually. More details on the conclusions from the Board's review is set out on page 40.

Other Service Providers

The Board via the Management Engagement Committee also ensures that the views of its service providers are heard and annually reviews these relationships in detail. The aim is to ensure that contractual arrangements remain in line with best practice, services being offered meet the requirements and needs of the Company and performance is in line with the expectations of the Board, Investment Manager and other relevant stakeholders. Reviews will include those of the company secretary, broker and share registrar. The Company's auditor is reviewed annually by the Audit Committee.

The Community and the Environment

The Board and the Investment Manager are committed to investing in a responsible manner. There are a number of geopolitical, technological, social and demographic trends underway globally that influence real estate investments – many of these changes fall under the umbrella of ESG considerations. As a result, the Investment Manager fully integrates ESG factors into its investment decision making and governance process.

To reflect the importance of ESG factors, and how they shape the decision making of the Company, the Board has created a Sustainability Committee. This Committee will give greater focus to the responsibilities and actions of the Company in this critical area.

The Board has adopted the Investment Manager's ESG Policy and associated operational procedures and is committed to environmental management in all phases of the investment process.

The Company aims to invest responsibly, to achieve environmental and social benefits alongside returns. By integrating ESG factors into the investment process, the Company aims to maximise the performance of the assets and minimise exposure to risk.

Please see our section on Environmental, Social and Governance starting on page 13, our Taskforce for Climate-related Financial Disclosures on pages 20 to 26, page 30 of our Strategic Overview and the EPRA Financial and Sustainability Reporting from page 94, for more information on the Company's approach to ESG.

Strategic Overview

for the year ended 31 December 2023

Objective

The objective, and purpose, of the Group is to provide shareholders with an attractive level of income together with the prospect of income and capital growth.

Investment Policy and Business Model

The Directors intend to achieve the investment objective by investing in a diversified portfolio of UK real estate assets in the industrial, office, retail and 'other' sectors, where 'other' includes leisure, data centres, student housing, hotels (and apart-hotels) and healthcare.

Investment in property development and investment in co-investment vehicles where there is more than one investor is permitted up to a maximum of 10% of the Property Portfolio.

In order to manage risk in the Company, without compromising flexibility, the Directors apply the following restrictions to the Property Portfolio:

- No property will be greater by value than 15% of total assets.
- No tenant (with the exception of the Government) shall be responsible for more than 20% of the Company's rent roll.
- Gearing, calculated as borrowings as a percentage of the Group's gross assets, may not exceed 65%. The Board's current intention is that the Company's gearing will not exceed 45%.

All investment restrictions apply at the time of investment. The Company will not be required to dispose of an asset or assets as a result of a change in valuation.

Any material change to the investment policy of the Company may only be made with the prior approval of its Shareholders.

Strategy

Each year the Board undertakes a strategic review, with the help of its Investment Manager and other advisers.

Ultimately the Board has sought to maximise returns to shareholders, and this was achieved by distributing an attractive income return.

At the property level, it is intended that the Group remains primarily invested in the commercial sector, while keeping a watching brief on other classes such as student accommodation and care homes as well as other sectors which will enable the Company to meet its environmental targets.

The Company is also undertaking some development to ensure its assets meet the highest standards and will perform well. The development risk is split between pre-let developments and speculative developments (where there is no lease in place for the completed unit). Speculative development will not exceed 10% of the fund.

The Board's preference is to buy into good, but not necessarily prime, locations, where it perceives there will be good continuing tenant demand, and to seek out properties where the asset management skills of the Investment Manager can be used to beneficial effect. The Board will continue to have very careful regard to tenant profiles.

As part of this investment strategy, the Group recognises that tenants are a key stakeholder and an important objective is therefore to foster a culture whereby the experience of tenants is seen as paramount to the future success of the Group.

The Investment Manager works closely with tenants to understand their needs through regular communication and visits to properties.

The Board recognises the importance of strong ESG credentials within the portfolio. The Investment Manager provides the Board with frequent updates regarding ongoing work to enhance the ESG attributes of the existing portfolio as well as consideration for all acquisition opportunities.

Where required, and in consultation with tenants, the Group refurbishes and manages the owned assets to improve the tenants' experience, including consideration of health & safety and environmental factors, with the aim being to generate greater tenant satisfaction and retention and hence lower voids, higher rental values and stronger returns.

During the year the shares of the Company consistently traded at a significant discount to net assets, and the dividend remained uncovered by earnings.

The Board

As at 31 December 2023, the Board consisted of a Non-Executive Chair and four Non-Executive Directors. The names and biographies of those Directors who held office at 31 December 2023 and at the date of this report appear on page 34 and indicate their range of property, investment, commercial and financial experience.

Key Performance Indicators

The Board meets quarterly and at each meeting reviews performance against a number of key measures which are considered to be alternative performance measures ("APMs").

These APMs are in line with recognised industry performance measures both in the Real Estate and Investment Trust industry and help to assess the overall performance of the portfolio and the wider Group. These KPIs are: Performance of the portfolio and the total return of the Company.

Property income and total return is measured against the MSCI UK Quarterly Property Index ("the Index"). The Index provides a benchmark for the performance of the Group's property portfolio and enables the Board to assess how the portfolio is performing relative to the market. A comparison is made of the Group's property returns against the Index over a variety of time periods (quarter, annual, three years, five years and ten years).

ESG.

The Board and Investment Manager strive to position the Company as a leader in ESG. It has undertaken an initial assessment of its carbon footprint to inform decision making as the Company progresses to net-zero. A programme is underway to fully understand the pathway to have all assets EPC B rated by 2030, and a clear framework for refurbishment and development standards is in place. The Company now has a separate Sustainability Committee made up of the Non-Executive Directors to monitor progress against the ESG targets set.

Property Voids.

Property voids are unlet properties. The Board reviews the level of property voids within the Company's portfolio on a quarterly basis and compares the level to the market average, as measured by MSCI. The Board seeks to ensure that, when a property becomes void, the Investment Manager gives proper priority to seeking a new tenant to maintain income.

Rent Collection.

The Board assesses rent collection by reviewing the percentage of rents collected within 21 days of each quarter end, and reviews details of the current arrears.

Net Asset Value Total Return.

The net asset value ("NAV") total return reflects both the net asset value growth of the Company and also the dividends paid to shareholders. The Board regards this as the best overall measure of value delivered to shareholders. The Board assesses the NAV total return of the Company over various time periods (quarter, annual, three years, five years and ten years) and compares the Company's returns to those of its peer group of listed, closed-ended property investment companies, as set out on page 9.

Premium or Discount of the Share Price to Net Asset Value.

The Board closely monitors the premium or discount of the share price to the NAV and believes that a key driver for the level of the premium or discount is the Company's long-term investment performance. However, there can be short-term volatility in the premium or discount and the Board takes powers at each Annual General Meeting ("AGM") to enable it to issue or buy back shares with a view to limiting this volatility.

Dividend per Share and Dividend Cover.

A key objective of the Company is to provide an attractive, sustainable level of income to shareholders and the Board reviews, at each Board meeting, the level of dividend per share and the dividend cover, in conjunction with detailed financial forecasts, to ensure that this objective is being met and is sustainable.

The Board considers the performance measures both over various time periods and against similar funds.

A record of these measures is disclosed in the Financial and Portfolio Report, Chair's Statement and Investment Manager's Review.

Principal Risks and Uncertainties

The Board ensures that proper consideration of risk is undertaken in all aspects of the Company's business on a regular basis. During the year, the Board carried out an assessment of the risk profile of the Company, including consideration of risk appetite, risk tolerance and risk strategy. The Board regularly reviews the principal and emerging risks of the Company, seeking assurance that these risks are appropriately rated and ensuring that appropriate risk mitigation is in place.

The group and its objectives become unattractive to investors, leading to widening of the discount.

This risk has been a major concern of the Board and has been highlighted in conversations with shareholders. The discount has traded consistently at a larger discount than most of the peer group. This was one of the factors that led to a review of the Company's future.

Net revenue falls such that the Company cannot sustain its level of dividend, for example due to tenant failure, voids or increased costs.

This risk is mitigated through regular review of forecast dividend cover and of tenant mix, risk and profile. Due diligence work on potential tenants is undertaken before entering into new lease arrangements and tenants are kept under review through regular contact and various reports both from the managing agents and the Investment Manager's own reporting process.

Contingency plans are put in place at units that have tenants that are believed to be in financial trouble. The Company subscribes to the MSCI Iris Report which updates the credit and risk ranking of the tenants and income stream and compares it to the rest of the UK real estate market.

The increase in financing costs has meant the dividend has been uncovered during the year despite the strongly reversionary nature of the portfolio and forecasts of the dividend being covered in 2025 – it was felt that this was a factor contributing to the high level of the discount.

Uncertainty or change in the macroeconomic environment results in property becoming an undesirable asset class, causing a decline in property values.

This risk is managed through regular reporting from, and discussion with, the Investment Manager and other advisers, and by having a diversified property portfolio (diversified by sector and geography).

Macroeconomic conditions form part of the decision-making process for purchases and sales of properties and for sector allocation decisions.

The impact of geopolitical uncertainty and the cost-of-living crisis have resulted in inflationary pressures which have impacted both property values and the ability of tenants to pay rent.

Real estate holdings of good quality and rental growth prospects can appear more attractive at such times to offer a partial hedge against inflationary pressures.

Environmental.

Environmental risk is considered as part of each purchase and monitored on an ongoing basis by the Investment Manager. However, with extreme weather events both in the UK and globally becoming a more regular occurrence due to climate change, the impact of the environment on the property portfolio and on the wider UK economy is seen as an increasing risk.

Please see the Environmental, Social and Governance Policy section, our Taskforce for Climate-related Financial Disclosures and the Investment Manager's Review for further details on how the Company addresses environmental risk, including climate change.

Other risks faced by the Group include the following:

- Tax efficiency – the structure of the Group or changes to legislation could result in the Group no longer being a tax efficient investment vehicle for shareholders.

- Regulatory – breach of regulatory rules could lead to the suspension of the Group's Stock Exchange Listing, financial penalties or a qualified audit report.

- Financial – inadequate controls by the Investment Manager or third-party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations.

- Operational – failure of the Investment Manager's accounting systems or disruption to the Investment Manager's business, or that of third-party service providers, could lead to an inability to provide accurate reporting and monitoring, leading to loss of shareholder confidence.

- Business continuity – risks to any of the Company's service providers or properties, following a catastrophic event e.g. terrorist attack, cyber-attack, power disruptions or civil unrest, leading to disruption of service, loss of data etc.

- Refinancing – risk that the Company is unable to renew its existing facilities, or does so on significantly adverse terms, which does not support the current business strategy.

- Cyber – the risk of large-scale network disruption through various forms such as hacking, malware, phishing, DDOS, data breach or loss. In addition, Artificial Intelligence and it's potential use in cyber attacks

The Board seeks to mitigate and manage all risks through continual review, policy setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Group's property portfolio, levels of gearing and the overall structure of the Group.

Details of the Group's internal controls are described in more detail in the Corporate Governance Report on pages 38 to 42.

Emerging Risks

Emerging risks have been identified by the Board through a process of evaluating relatively new risks that have emerged and increased materially in the year, and subsequently, or through market intelligence are expected to grow significantly and impact the Company. Any such emerging risks are likely to cause disruption to the business model. If ignored, they could impact the Company's financial performance and prospects. Alternatively, if recognised, they could provide opportunities for transformation and improved performance.

‣ Future of the Company

Following the Company's Court Meeting and General Meeting held on the 27 March 2024, the Board announced that it intended to take steps to implement a Managed Wind-Down subject to approval of API shareholders at an upcoming EGM on 28 May 2024. Further information on the timeline and proposal can be found in Note 2.1 on pages 62 to 63 of the Financial Statements.

If shareholders vote in favour of a managed wind-down, there are several risks associated with the size, speed and method of capital distributions back to shareholders, and the maintenance of REIT status for tax purposes. Several options are being considered and will be detailed in an upcoming circular to shareholders.

Finally, there is a risk that as the Managed Wind-Down progresses, some assets prove difficult to sell and become stranded.

‣ Economic and Geopolitical

2024 is a year in which more than half the global population will experience local elections and there will be greater focus on the democratic process in some 70 countries. The outcome of some elections, particularly the United States, may have far reaching implications on the geo-political world order. If former President, Donald Trump, wins the US election, there is the risk that America may pursue a more isolationist and protectionist policy which may result in less military support (e.g. Ukraine), less diplomatic intervention in other conflicts such as the Middle East and more trade tariffs. Greater escalation of events could result and financial markets are likely to be volatile.

Conflict between countries is rising. Following Hamas' attack on Israel and Israel's military response in Gaza, it is uncertain yet if other countries will be drawn into the violence. The war waging between Ukraine and Russia since February 2022 has reached a stalemate, but with no settlement in sight.

Rapid inflationary pressures caused by supply side shortages generated initially by the Russian invasion of Ukraine have now subsided but inflation may continue to remain above acceptable levels and so there is an expectation that interest rates will stay "higher for longer" than originally anticipated. The impact on consumers and businesses remains to be seen, even if recessions are avoided, and increasing default rates on loans could put strain on the banking system.

Tensions are also increasing in the relationship between the United States and China which could lead to greater protectionism and a decline in global trade. In particular, the future of Taiwan is disputed and as one of the largest producers and exporters of microchips in the world could cause considerable disruption if its independence was threatened. Many Western companies are continuing to build supply chains closer to home and reduce their dependency on Asia, particularly China.

The current economic and geopolitical environment is unpredictable, and changing rapidly, and this may affect real estate valuations in the Company's portfolio.

‣ Climate

Climate change is happening now and its rate of change and impact on the environment will depend on the planet's success in controlling global emissions. The average surface temperature in the UK has risen by 1.2ºC since pre-industrial times, and further warming is predicted. More extreme weather events are also expected in future which could cause serious damage to infrastructure and property. The extent of climate change and the necessary regulation to control it are uncertain and will continue to be monitored. A "greenlash" against climate policies is beginning to emerge and may become more evident if the Republicans win the US elections in 2024. This could derail progress against global climate targets.

‣ Changing Behavioural Patterns

The pandemic introduced or accelerated some structural changes to the ways that we live, work and consume and reformed our expectations of our environment and society. In particular, the trend towards flexible and home working is affecting the use of offices, with sustainability, health, wellbeing and the social impact of office use increasing in importance.

The continuing attraction of online shopping and decline in physical retailing have created challenging conditions for traditional retailers and their landlords. It is still uncertain how the role of offices and retail will develop, and they both continue to be assessed in order to protect the portfolio but also to identify new investment opportunities.

‣ Technology & Artificial Intelligence

Technology is rapidly changing the habits of businesses and consumers which in turn is impacting occupiers' future requirements for property and leading to greater disparity in the performance of different property sectors and also within each sector itself. Advances in technology have enabled many of the behavioural changes in the use of real estate: for example, the increased use of video conferencing by businesses has facilitated a more permanent shift to home working and could also redefine the need for office space in the future.

Robotics and automation are also altering the specifications for industrial buildings and greater use of data and advanced analytics is driving the need the data storage and data centres. Technology is also increasingly contributing to improvements in the sustainability of properties. If landlords fail to embrace technology, they may face the risk of "stranded" assets in the future.

Artificial intelligence is being adopted rapidly by businesses and jobs may change significantly as AI replaces the need for particular human activities. This will impact business models and may reduce workforce numbers, but also could generate new roles. This potentially transforming aspect of AI, in turn, will affect business' requirements for space.

Cyber-attacks are increasing in occurrence and target businesses' data, IT systems and even their physical infrastructure as buildings have become more reliant on smart technology for their daily operation. In addition, the rapid evolution of AI is potentially introducing risks that have not yet been identified or quantified.

Viability Statement

The Board has assessed the Group's viability over three years and assessed financial projections over that timeframe on the assumption that shareholders do not vote in favour of the Managed Wind-Down as further explained in Note 2.1 on pages 62 to 63 of the Financial Statements.

The Board has also carried out a robust assessment of the principal and emerging risks faced by the Group, as detailed on pages 30 to 33. The main risks which the Board considers will affect the business model are: future performance, solvency, liquidity, tenant failure leading to a fall in dividend cover and macroeconomic uncertainty.

The Board takes any potential risks to the ongoing success of the Group, and its ability to perform, very seriously and works hard to ensure that risks are consistent with the Group's risk appetite at all times. In assessing the Group's viability, the Board has carried out thorough reviews of the following:

- Detailed NAV, cash resources and income forecasts, prepared by the Company's Investment Manager, for a three-year period under both normal and stressed conditions;
- The Group's ability to pay its operational expenses, bank interest, tax and dividends over a three-year period;
- Future debt repayment dates and debt covenants, in particular those in relation to LTV and interest cover;
- The ability of the Company to refinance its debt facilities in April 2026;
- Demand for the Company's shares and levels of premium or discount at which the shares trade to NAV;
- Views of shareholders; and
- The valuation and liquidity of the Group's property portfolio, the Investment Manager's portfolio strategy for the future and the market outlook.

The assessment for stressed conditions used a foreseeable severe but plausible scenario which was modelled using the following assumptions:

- 25 per cent capital fall in the next 3 years
- Tenant defaults of 15 per cent for the next 3 years
- Sterling Overnight Index Average (SONIA) tracks 1.0 per cent above the anticipated forward curve

Even under those scenarios the Group remains viable.

Despite the uncertainty in the UK regarding the impact of international conflict, the Board has a reasonable expectation, based on the information at the time of writing, that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years.

The Board have also assessed the Group's ability to meet its liabilities as they fall due under a Managed Wind-Down scenario. In that case, the Group may no longer be considered to be viable as it will be liquidated once the net proceeds of the wind-down have been returned to shareholders. However, the Board is satisfied that the Group will be able to meet its liabilities as they fall due over the wind-down period.

Approval of Strategic Report

The Strategic Report comprises the Financial and Portfolio Review, Performance Summary, Chair's Statement, Investment Manager's Review, Environmental, Social and Governance (ESG), Taskforce for Climate-related Financial Disclosures, Stakeholder Engagement and Strategic Overview. The Strategic Report was approved by the Board and signed on its behalf by:

29 April 2024
James Clifton-Brown
Chair

Board of Directors

James Clifton-Brown

Chair

James Clifton-Brown is a UK resident. He joined CBRE Global Investors in 1984 as a fund manager on the Courtaulds Pension Scheme Account (now Akzo Nobel Pension Scheme) and became the firm's UK Chief Investment Officer ("CIO") in 1996. He retired from this role on 30 April 2017. In his role as UK CIO, James had responsibility for the firm's UK house strategy and risk management as well as client and investor relationship management. Since 2004, he has also been a Director on a number of boards relating to CBRE Global Investors Limited. He is a voting member on the USA and European Investment Committees of CBRE Global Investors.

Contribution: The Board, through the Nomination Committee, has reviewed the contribution of James Clifton-Brown in light of his forthcoming re-election at the AGM in August 2024 and has concluded that he remains a strong Chair of the Company and continues to provide excellent strategic and investment insights into portfolio management and wider corporate strategy.

Sarah Slater

Board member

Sarah Slater is a UK resident. She is the Chief Executive of The Eyre Estate, a private family trust, a former trustee of Dulwich Estate and was a Board member of GRIP REIT Plc, one of the UK's largest residential REITs. During her career, Sarah held senior positions at The Canada Pension Plan Investment Board (CPPIB), ING Real Estate Investment Management (now CBRE GI) and Henderson Global Investors (now Nuveen) with responsibility for the delivery of major real estate programmes.

Contribution: The Board, through the Nomination Committee, has reviewed the contribution of Sarah Slater in light of her forthcoming re-election at the AGM in August 2024 and has concluded that she brings valuable property expertise and insight into the outlook for property to the Board, and continues to Chair the Property Valuation Committee strongly.

Jill May

Board member

Jill May is a UK resident. She is an External Member of the Prudential Regulation Committee of the Bank of England, a Council member of the Duchy of Lancaster and is also a Non-Executive Director of JPMorgan Claverhouse Investment Trust plc and Alpha Financial Markets Consulting plc. Jill was a Non-Executive Director of the CMA from its inception in 2013 until 2016. Prior to this she spent 25 years in investment banking comprising 13 years in mergers and acquisitions with SG Warburg & Co. Ltd and 12 years at UBS AG. She was appointed Senior Independent Director of the Company on 15 June 2022 following the retirement of Huw Evans.

Contribution: The Board, through the Nomination Committee, has reviewed the contribution of Jill May in light of her forthcoming re-election at the AGM in August 2024 and has concluded that she continues to discharge her responsibilities appropriately both as Senior Independent Director as well as in chairing the Remuneration Committee, Nomination Committee and Management Engagement Committee. Jill also continues to provide excellent strategic, risk and investment management insight to the Board discussions.

Mike Balfour

Board member

Mike Balfour is a UK resident. He is a member of the Institute of Chartered Accountants of Scotland and was Chief Executive at Thomas Miller Investment Ltd from 2010 to January 2017. Prior to this, he was Chief Executive at Glasgow Investment Managers and Chief Investment Officer at Edinburgh Fund Managers Limited. Mike has 38 years of investment management experience and was appointed to the Board on 10 March 2016. He is also Chair of Fidelity China Special Situations PLC, audit chair of Schroder BSC Social Impact Trust plc and is on the board of TPT Retirement Solutions.

Contribution: The Board, through the Nomination Committee, has reviewed the contribution of Mike Balfour in light of his forthcoming re-election at the AGM in August 2024 and has concluded that his chairmanship of the Audit Committee is strong and continues to provide the Board with expert knowledge of investment companies, financing and capital markets.

Mike Bane

Board member

Mike Bane is a resident of Guernsey. Mike is a member of the Institute of Chartered Accountants of England & Wales and retired as an assurance partner in Ernst & Young LLP ("EY") in 2018. He has over 35 years' experience in practice with a focus on the asset management and real estate industries. He was a member of EY's EMEIA Wealth and Asset Management Board and was responsible for EY's services to those industries in the Channel Islands. Mike is Chair of HICL plc and a non-executive director of Apax Global Alpha Limited. In addition, he is Chair of The Health Improvement Commission for Guernsey & Alderney LBG.

Contribution: The Board, through the Nomination Committee, has reviewed the contribution of Mike Bane in light of his forthcoming re-election at the AGM in August 2024 and has concluded that his chairmanship of the Sustainability Committee is strong and continues to provide the Board with the benefit of his industry experience and knowledge of the real estate sector and regulatory and operating environment in Guernsey, where the Company is registered.

Directors' Report

for the year ended 31 December 2023

The Directors of abrdn Property Income Trust Limited ("the Company") present their annual report and audited financial statements for the year to 31 December 2023.

Principal Activity and Status

The Company was incorporated in Guernsey on 18 November 2003 under registration number 41352. The Company is a closed ended investment company registered under the provisions of The Companies (Guernsey) Law, 2008 (as amended). The principal activity and status of the Company's subsidiaries is set out in note 10. On 1 January 2015 the Company migrated its tax residence to the UK and became a UK REIT. The Company's ordinary shares are admitted to trading on the premium segment of the London Stock Exchange. The Company has complied with the relevant provisions of, and the requirements set out in, the United Kingdom's Financial Conduct Authority's Listing Rules throughout the year under review.

At 31 December 2023, the Group consisted of the Company and four subsidiaries: abrdn Property Holdings Limited, a company with limited liability incorporated in Guernsey; abrdn (APIT) Limited Partnership, a limited partnership established in England & Wales; abrdn APIT (General Partner) Limited, a company with limited liability incorporated in England & Wales; abrdn (APIT Nominee) Limited, a company with limited liability incorporated in England & Wales.

Results and Dividends

The Group generated an IFRS loss of £8.3 million (2022: Loss of £51.1 million) in the year equating to earnings per share of -2.17p (2022: -13.11p). In addition, the Group had cash outflows of £9.2 million (2022: generated cash of £2.1 million) in the year and had cash at the year-end of £6.7 million (2022: £15.9 million). The Group paid out dividends totalling £15.2 million (2022: £15.6 million) in the year.

Share Capital and Voting Rights

At 31 December 2023 there were 406,865,419 ordinary shares of 1p each in issue, comprising 381,218,977 (2022: 381,218,977) ordinary shares with voting rights and an additional 25,646,442 (2022: 25,646,442) ordinary shares held in treasury. During the year, the Company bought back no (2022: 15,703,409) ordinary shares into treasury. There have been no changes to the ordinary shares in issue, or held in treasury, since the year end.

All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of ordinary shares in the Company, no special rights with regard to control attached to the ordinary shares, no agreements between holders of ordinary shares regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid.

As required by the FCA's Listing Rules, the Directors will only issue shares at prices which are not less than the net asset value of the ordinary shares unless such shares are first offered on a pre-emptive basis to existing shareholders or otherwise with the approval of shareholders.

Directors

The Directors of the Company during the year and at the date of this Report are set out below, including details of the number of ordinary shares in the Company (audited):

	2023	2022
James Clifton-Brown	21,500	21,500
Jill May	128,592	128,592
Mike Balfour	125,000	125,000
Sarah Slater	20,000	20,000
Mike Bane	-	-

Substantial Shareholdings

As at 31 December 2023 and 31 March 2024, the following entities had notified the Company of a holding of 3% or more of the Company's issued share capital.

	Holdings (%)	
	31.12.2023	31.03.2024
Hargreaves Lansdown	13.4	12.3
Interactive Investor	10.4	9.8
AJ Bell	7.3	6.8
Mattioli Woods	6.4	5.7
BlackRock	5.0	5.0
RBC Brewin Dolphin	4.7	4.2
Brooks Macdonald	3.4	3.1

External Agencies

The Board has contractually delegated the following services to external firms:

- The function of Alternative Investment Fund Manager, including management of the investment portfolio (delegated to abrdn Fund Managers Limited, see below)
- Company secretarial and administration services (delegated to Northern Trust International Fund Administration Services (Guernsey) Limited)
- Shareholder registration services (Computershare Investor Services (Guernsey) Limited)

These contracts were entered into after full and proper consideration by the Directors of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the Group. These contracts are reviewed regularly by the Management Engagement Committee. Key members of staff from the Investment Manager and Company Secretary attend Board meetings to brief the Directors on issues pertinent to the services provided.

Investment Management Agreement

The Company appointed abrdn Fund Managers Limited (formerly Aberdeen Standard Fund Managers Limited) (the "Investment Manager") as its alternative investment fund manager with effect from 10 December 2018.

Under the terms of the Investment Management Agreement between the Investment Manager and the Company ("the Management Agreement"), the Investment Manager was entitled to an annual fee equal to 0.70% of gross asset value up to £500 million and 0.60% of gross asset value over £500 million. With effect from 1 January 2023, the annual fee changed to 0.60% of gross asset value up to £500 million and 0.50% of gross asset value over £500 million.

The Management Agreement is terminable by either party on not less than one year's notice. On 12 October 2023, the Board served notice on the Investment Management Agreement. In the event that the Managed Wind-Down is approved by Shareholders, it is proposed that a new agreement (and fee structure) will be signed with the Investment Manager.

Directors' Insurance and Indemnities

The Group maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Group. The Company's Articles of Association provide, subject to the provisions of Guernsey law, for the Group to indemnify Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their position as Directors in which judgement is given in their favour or they are acquitted.

Statement of Directors' Responsibilities

The Directors are responsible for preparing financial statements for each year which give a true and fair view, in accordance with applicable Guernsey law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the financial performance and cash flows of the Company for that period. In preparing those Financial Statements, the Directors should:

‣ select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;

‣ make judgement and estimates that are reasonable;

‣ present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

‣ provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;

‣ state that the Company has complied with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and

‣ prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the Financial Statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

Corporate Governance

The Directors' report on Corporate Governance is detailed on pages 38 to 42 and forms part of the Directors' Report.

Criminal Finances Act

The Directors are fully committed to complying with all legislation and appropriate guidelines designed to prevent tax evasion and the facilitation of tax evasion in the jurisdictions in which the Group, its service providers and business partners operate.

Financial Instruments

The financial risk management objectives and policies arising from financial instruments and the exposure of the Company to risk are disclosed in note 3 to the financial statements.

Disclosure of Information to Auditors

In the case of each of the persons that are directors at the time when the Annual Report is approved, the following applies:

‣ so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

‣ he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going Concern

The Group's strategy and business model, together with the factors likely to affect its future development, performance and position, including principal risks and uncertainties, are set out in the Strategic Report.

The Directors have reviewed detailed cash flow, income and expense projections in order to assess the Group's ability to pay its operational expenses, bank interest and dividends. The Directors have examined significant areas of possible financial risk including cash and cash requirements and the debt covenants, in particular those relating to LTV and interest cover.

As set out in more detail in the Chair's Statement on page 4 and in Note 2.1 on pages 62 to 63 of the Financial Statements, following the results of the Company's Court Meeting and General Meeting held on the 27th March 2024, the Board announced that they are taking steps to implement a Managed Wind-Down subject to the approval of shareholders at an upcoming EGM on 28 May 2024. The outcome of this vote represents a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding this material uncertainty, the Board has concluded that it remains appropriate to continue to prepare the financial statements on a going concern basis. In reaching this conclusion, the Board has come to the view that, as the proposed change in Investment Policy is contingent on shareholder approval and the Company is considered solvent in all other regards, there is no irrevocable path to liquidation and thus going concern remains the most appropriate basis for preparation. Note 2.1 on pages 62 to 63 of the Financial Statements includes further details on the Board's assessment of going concern and the proposed EGM.

Independent Auditors

A resolution to re-appoint Deloitte LLP as the Group's auditor will be proposed to the shareholders at the Annual General Meeting on 13 August 2024.

Annual General Meeting

The notice of the Annual General Meeting, which will be held this year at 2.00pm on Tuesday 13 August 2024 at 18 Bishops Square, London E1 6EG, may be found on pages 106 to 108.

The Board hopes that as many shareholders as possible will be able to attend the Annual General Meeting, where there will be the opportunity to put questions to both the Board and Investment Manager.

The Board welcomes correspondence from shareholders in writing to the Company's registered office (see page 105) by email to:
property.income@abrdn.com

Approved by the Board on 29 April 2024.

James Clifton-Brown
Chair

Corporate Governance Report

for the year ended 31 December 2023

Introduction

The Company is committed to high standards of corporate governance.

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance 2019 (the "AIC Code"). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out alternative Provisions on issues that are of specific relevance to the Company. The UK Code is available on the Financial Reporting Council's (the "FRC") website: frc.org.uk. The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council and the Guernsey Financial Services Commission, provides more relevant information to shareholders.

The Company has complied with the provisions of the AIC Code on Corporate Governance, except those relating to the requirement for an internal audit function.

The Board considers these provisions are not relevant to the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no internal operations. The Company has therefore not reported further in respect of these provisions.

The Board

The Board is comprised of Non-Executive Directors with James-Clifton Brown as Chair and Jill May as Senior Independent Director. Biographical details of each Director may be found on page 34.

All Directors are considered by the Board to be independent of the Investment Manager and free of any relationship which could materially interfere with the exercise of their independent judgement on issues of strategy, performance, resources and standards of conduct.

Matters Reserved for the Board.

The Board sets the Company's objectives and ensures that its obligations to its shareholders are met. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues.

These matters include:

- the maintenance of clear investment objectives and risk management policies;
- the monitoring of the business activities of the Company ranging from analysis of investment performance through to review of quarterly management accounts;
- monitoring requirements such as approval of the Half-Yearly Report and Annual Report and financial statements and approval and recommendation of any dividends;
- setting the range of gearing in which the Manager may operate;
- major changes relating to the Company's structure including share buy-backs and share issuance;
- Board appointments and removals and the related terms;
- authorisation of Directors' conflicts or possible conflicts of interest;
- terms of reference and membership of Board Committees;
- appointment and removal of the Manager and the terms and conditions of the Management Agreement relating thereto; and
- London Stock Exchange/Financial Conduct Authority – responsibility for approval of all circulars, listing particulars and other releases concerning matters decided by the Board.

Full and timely information is provided to the Board to enable it to function effectively and to allow the Directors to discharge their responsibilities.

At least once a year, the Board also holds a meeting specifically to review the Group's strategy.

Individual Directors are entitled to have access to independent professional advice at the Group's expense where they deem it necessary to discharge their responsibilities as Directors. The Group maintains appropriate Directors and Officers liability insurance.

The Directors have access to the company secretarial and administration services of the Company Secretary, Northern Trust International Administration Services (Guernsey) Limited, through its appointed representatives. The Company Secretary is responsible to the Board for:

- Ensuring that Board procedures are complied with;
- Under the direction of the Chair, ensuring good information flows to the Board and its Committees, as well as facilitating inductions and assisting with professional developments; and
- Liaising, through the Chair, on all corporate governance matters.

Management of Conflicts of Interest, Anti-Bribery Policy and Tax Evasion Policy.

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need authorising either in relation to the Director concerned or their connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Group and whether the Director's ability to act in accordance with his or her wider duties is affected. Each Director is required to notify the Company Secretary of any potential or actual conflict situations which require authorising by the Board. Any authorisations given by the Board are reviewed at each Board meeting.

The Board takes a zero-tolerance approach to bribery and has adopted appropriate procedures designed to prevent bribery. abrdn also takes a zero-tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption. It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country and its full policy on tax evasion may be found on its website.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow it to fulfil its obligations. The Board also recognises the benefits and is supportive of, and will give due regard to, the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, socio-economic background, religion, ethnic or national origins or disability in considering the appointment of Directors. The Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. The Board will take account of the targets set out in the FCA's Listing Rules, which are set out below.

The Board has resolved that the Company's year-end date is the most appropriate date for disclosure purposes. The information in the tables below has been provided by each Director through the completion of questionnaires.

Chair and Senior Independent Director

The Chair is responsible for providing effective leadership to the Board, demonstrating objective judgement and promoting a culture of openness and debate. The Chair facilitates the effective contribution, and encourages active engagement, by each Director. In conjunction with the Company Secretary, the Chair ensures that Directors receive accurate, timely and clear information to assist them with effective decision-making. The Chair leads the evaluation of the Board and individual Directors, and acts upon the results of the evaluation process by recognising strengths and addressing any weaknesses. The Chair also engages with major shareholders and ensures that all Directors understand shareholder views.

Table for reporting on sex as at 31 December 2023

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, Chair and SID)	Number in executive management	Percentage of executive management
Men	3	60%	N/A[3]	N/A[3]	N/A[3]
Women	2	40%[1]			
Not specified/prefer not to say	-	-			

Table for reporting on ethnic background as at 31 December 2023

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, Chair and SID)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	5	100%	N/A[3]	N/A[3]	N/A[3]
Other ethnic group	-	-[2]			
Not specified/prefer not to say	-	-			

1. Meets target that at least 40% of Directors are women as set out in LR 9.8.6R (9)(a)(i)

2. Does not meet target that at least one Director is from a minority ethnic background as set out in LR 9.8.6R (9)(a)(iii). [In relation to the ethnic diversity of the Board, the Directors recognise that this does not meet the target and will take this into account when making future Board appointments.]

3. These columns are not applicable as the Company is externally managed and does not have any executive staff, specifically it does not have either a CEO or CFO. The Company considers that the roles of Chair of the Board, Senior Independent Director and Chair of the Audit Committee are senior board positions and accordingly that the Company meets in spirit the requirement that at least one of the senior board positions is held by a woman.

The Senior Independent Director acts as a sounding board for the Chair and acts as an intermediary for other directors, when necessary. Working closely with the Nomination Committee, the Senior Independent Director takes responsibility for an orderly succession process for the Chair and leads the annual appraisal of the Chair's performance. The Senior Independent Director is also available to shareholders to discuss any concerns they may have.

Board Committees

The Board has appointed a number of Committees – the Property Valuation Committee, the Audit Committee, the Sustainability Committee, the Management Engagement Committee, the Nomination Committee and the Remuneration Committee. Copies of their terms of reference, which define the responsibilities and duties of each Committee, are available on request from the Company Secretary or may be downloaded from the Company's website at **www.abrdnpit.co.uk**

Property Valuation Committee.

The Property Valuation Committee, chaired by Sarah Slater throughout the year, comprises the full Board and meets at least three times a year. The Committee is convened for the purpose of reviewing the quarterly independent property valuation reports prior to their submission to the Board. The Chair of the Property Valuation Committee meets with the independent property valuer at least annually.

Audit Committee.

The Audit Committee, chaired by Mike Balfour throughout the year, comprises the full Board, apart from the Board Chair, and meets at least three times a year. James Clifton-Brown, the Chair of the Board, attends the Audit Committee by invitation of the Chair. The Audit Committee's report is included on pages 44 to 46.

Management Engagement Committee.

The Management Engagement Committee, which comprises the full Board, is chaired by Jill May. The Committee meets at least once a year to review the performance of the Investment Manager and other service providers, including with the terms and conditions of their contracts with the Group.

The Committee reviews the performance of, and contractual arrangements with, the Investment Manager on an annual basis. The Board has considered the appropriateness of the continuing appointment of the Investment Manager in view of the performance of the Investment Manager, the fees payable to the Investment Manager and the notice period under the Management Agreement.

Nomination Committee.

The Nomination Committee, chaired by Jill May throughout the year, comprises the full Board and meets at least once a year. The Committee believes that, given the size of Board, it is appropriate for all Directors to serve as members of the Committee. Appointments of new Directors are considered by the Committee taking account of the need to maintain a balanced Board.

New Directors appointed to the Board receive a formal induction and appropriate training is arranged for new and current Directors, as required. The Group's policy on diversity is noted on page 39. The Board and Committee are cognisant of the recommendations of the Parker Review and recognises the benefits of diversity in its broadest sense and the value this brings to the Company in terms of skills, knowledge and experience.

During the year the Committee met twice, covering succession planning and committee composition. The Committee is also responsible for arranging the Company's annual evaluation of the Board and Committees and individual Directors.

Remuneration Committee.

The Remuneration Committee chaired by Jill May throughout the year, comprises the full Board and meets at least once a year. The Committee believes that, given the size of Board, it is appropriate for all Directors to serve as members of the Committee. The Committee reviews the level of Directors' fees, ensuring that they reflect the time commitment and responsibilities of the role and are fair and comparable with those of similar companies.

Sustainability Committee.

The Sustainability Committee, chaired by Mike Bane from 1 January 2023, comprises the whole Board, and meets at least twice per year. The Committee seeks to understand the views of key stakeholders of the Company on ESG matters and takes responsibility for the Company's TCFD reporting and setting and monitoring the Company's ESG strategy and Carbon Net-Zero pathway.

Performance of the Board

The Nomination Committee undertook an annual evaluation of the Chair of the Board, individual Directors and the performance of Committees and the Board as a whole with respect to the year ended 31 December 2023. This involved the completion of questionnaires by each Director and follow-on discussions between the Chair and each Director. The appraisal of the Chair was undertaken by the Senior Independent Director. The collated results of the annual evaluation were discussed by the Committee, following its completion. The Board is satisfied with the performance of the Board, each individual Director, and the Chair. Details of the individual contribution made by each Director may be found on page 34.

In relation to the year ended 31 December 2020, the Company engaged Lintstock Ltd, an independent external service provider which has no other connection to the Company, to undertake a board evaluation. Assisted by Lintstock Ltd, the Board assessed that it had in place the appropriate balance of skills, experience, length of service and knowledge of the Company, while also recognising the advantages of diversity. It had been intended to carry out an external assessment of the board's performance for the year ended 31 December 2023. Following the corporate activity described in the Chair's Statement, an external assessment was postponed and may be carried out over the next 12 months.

Meeting Attendance

The table below sets out the Directors' attendance at each scheduled quarterly Board and Committee meetings in addition to meetings dedicated to the Strategic Review conducted during 2023. The number of meetings which the Directors were eligible to attend are also disclosed. In addition to the meetings detailed below, two of the Directors attended a further meeting with the Board of Custodian REIT during 2023.

Tenure Policy and Re-Election of Directors at the Annual General Meeting.

The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board. However, in accordance with corporate governance best practice and the need for regular refreshment and diversity on the Board, the Board does not expect any of the Group's Directors, including the Chair, to serve on the Board longer than the AGM following their ninth anniversary of appointment as a Director, except in exceptional circumstances. Depending on the outcome of the shareholder vote on 28 May 2024 it may be appropriate for certain directors to serve beyond the ninth anniversary of appointment.

There are no service contracts in existence between the Group and any Directors but each of the Directors was appointed by letter of appointment which sets out the main terms of his or her appointment.

The Directors' appointment dates are as follows: Mike Balfour (10 March 2016), James Clifton-Brown (17 August 2016), Jill May (12 March 2019), Sarah Slater (27 November 2019) and Mike Bane (31 January 2022).

Pursuant to the Articles of Association of the Company, one third, or the number nearest to but not exceeding one third, of the Directors are required to retire and stand for re-election at the Annual General Meeting each year, provided that each Director shall retire and stand for re-election at the Annual General Meeting immediately following their appointment then at intervals of no more than three years. However, in accordance with the recommendations of the AIC Code, the Board has agreed that all Directors will retire annually and, if eligible, will seek re-election.

All Directors will retire and, being eligible, stand for re-election at the forthcoming Annual General Meeting. The Board has reviewed the skills and experience of each Director, as described in their individual biographies on page 34 and believes that each contributes to the long-term sustainable success of the Company. The Board has no hesitation in recommending their individual re-election to shareholders.

Internal Controls

The Board is ultimately responsible for the Group's system of internal controls and risk management and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in accordance with the Financial Reporting Council publication – Guidance on Risk Management, Internal Control and Related Financial and Business Reporting ('the FRC Guidance').

This process has been in place for the year under review and up to the date of approval of this Annual Report and Consolidated Financial Statements and is regularly reviewed by the Board and accords with the FRC Guidance.

	Board	Audit Committee	Property Valuation Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee	Sustainability Committee	Strategic Review
Mike Balfour	4/4	3/3	4/4	2/2	2/2	2/2	3/3	8/8
James Clifton-Brown[A]	4/4	-/-	4/4	2/2	2/2	2/2	3/3	8/8
Jill May[B]	4/4	3/3	4/4	2/2	2/2	2/2	3/3	8/8
Sarah Slater[B]	4/4	3/3	4/4	2/2	2/2	2/2	3/3	8/8
Mike Bane	4/4	3/3	4/4	2/2	2/2	2/2	3/3	8/8

A The Chair of the Board is not a member of the Audit Committee but may attend meetings at the invitation of the Audit Committee Chair.
B. Attended a further meeting with Custodian REIT

The process is based principally on a risk-based approach to internal control whereby a risk matrix is created that identifies the key functions carried out by the Board, the Investment Manager and the other service providers, the individual activities undertaken within those functions, the risk associated with each activity and the controls employed to minimise those risks. A risk rating is then applied. The risk matrix is regularly updated and the Board is provided with regular reports highlighting any material changes to risk ratings and confirming action which has been, or is being, taken.

Twice a year the Board, via the Audit Committee, carries out an assessment of internal controls by considering the risk matrix and documentation from the Investment Manager and the Company Secretary, including reports from their internal audit and compliance functions.

The Board has reviewed the effectiveness of the Investment Manager's system of internal control including its annual internal controls report prepared in accordance with the International Auditing and Assurance Standards Board's International Standard on Assurances Engagements ("ISAE") 3402, "Assurance Reports on Controls at a Service Organisation". This report sets out the Investment Manager's internal control policies and procedures with respect to the management of their clients' assets and contains a report from independent external auditors.

At each Board meeting, the Board monitors the investment performance of the Group in comparison to its stated objective and against comparable companies and relevant indices. The Board also reviews the Group's activities since the last Board meeting to ensure that the Investment Manager adheres to the agreed investment policy and guidelines and, if necessary, approves changes to such policy and guidelines. In addition, at each Board meeting, the Board receives reports from the Company Secretary in respect of compliance matters and duties performed on behalf of the Group.

The Board has adopted appropriate procedures designed to prevent bribery, including regular reviews of the anti-bribery policies of its suppliers. The Board has also reviewed a statement from the Investment Manager detailing arrangements in place whereby the Investment Manager's staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters.

The Group entered into arrangements to comply with AIFMD in 2014. The Group appointed Standard Life Investments (Corporate Funds) Limited as its AIFM, which was replaced by Aberdeen Standard Fund Managers Limited on 10 December 2018 (subsequently renamed abrdn Fund Managers Limited on 1 August 2022), and Citibank UK Limited as its Depositary. The Depositary's responsibilities include cash monitoring, safe-keeping of any financial instruments held by the Group and monitoring the Group's compliance with investment limits and leverage requirements. The AIFM has a permanent risk management function to ensure that effective risk management policies and procedures are in place to monitor compliance with risk limits. The AIFM has a risk policy which covers the risks associated with the management of the portfolio and the adequacy and appropriateness of this policy is reviewed at least annually by the AIFM. The AIFM presents a report to the Board, via the Audit Committee, on a six-monthly basis confirming its compliance with AIFMD in relation to the Company.

Relations with Shareholders

As set out in the Stakeholder Engagement Section, the Board welcomes correspondence from shareholders, addressed to the Company's registered office or by email to property.income@abrdn.com. This year's AGM is being held at:

18 Bishops Square,
London,
E1 6EG
on Tuesday 13 August 2024 at 2.00pm.

To promote a clear understanding of the Group, its objectives and financial results, the Board aims to ensure that information relating to the Group is disclosed in a timely manner and once published, quarterly factsheets, the interim report and annual report are available on the Company's website which can be found at: www.abrdnpit.co.uk

The Chair and the Investment Manager continue to offer individual meetings to the largest institutional and private client manager shareholders and they report back to the Board on these meetings.

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the Consolidated Financial Statements is on page 50 and the Statement of Going Concern is included in the Directors' Report on page 37 and the Viability Statement can be found on page 33. The Independent Auditor's Report is on pages 51 to 57.

Approved by the Board on
29 April 2024

James Clifton-Brown

James Clifton-Brown
Chair

Sustainability Committee Report

for the year ended 31 December 2023

Role of the Sustainability Committee

Established in November 2021, the Sustainability Committee seeks to understand the views of key stakeholders of the Company on ESG matters and takes responsibility for the Company's TCFD reporting, oversight of the Manager's ESG and climate approach, and setting and monitoring the Company's ESG strategy and Carbon Net-Zero pathway.

Composition of the Sustainability Committee

The Sustainability Committee is chaired by Mike Bane, comprises the whole Board, and meets at least twice per year.

The key stakeholders in the Company are considered to be the shareholders, Investment Manager, tenants, debt providers, suppliers, service providers and the community at large.

Key Responsibilities of the Sustainability Committee

The Sustainability Committee will discharge its responsibilities in the following areas:

- Oversee the activities of the Investment Manager to ensure that the sustainability objectives of the Company (as set by the board), are met and observed.

- Monitor the progress of the Investment Manager in relation to KPIs and measures set by the Board.

- Setting the Company's ESG strategy and net-zero carbon pathway.

- Along with the Investment Manager, understand the reporting requirements and reporting on ESG and TCFD.

- Monitor the Company's EPC rating exposure (against regulatory requirements) (or other such measure as may from time to time be considered relevant in place of an EPC).

Review of Activities

In the prior year, the Company established its sustainability KPIs and ensured that these cover the Company's key targets for 2030 as detailed in the dedicated section on ESG and the Taskforce for Climate-related Financial Disclosures (pages 13 to 26).

Approved by the Board on
29 April 2024

Mike Bane
Sustainability Committee Chair

Audit Committee Report

for the year ended 31 December 2023

Composition of Audit Committee

The Audit Committee comprises the full Board, except the Chair of the Board, all of whom are independent at the year end and have recent and relevant financial experience. Two members of the Audit Committee are Chartered Accountants, one of whom, Mike Balfour, chairs the Audit Committee.

Role of the Audit Committee

The main responsibilities of the Audit Committee are:

- Monitoring the integrity of the consolidated financial statements of the Group and any public announcements relating to the Group's financial performance and reviewing significant reporting judgements contained in them;

- Reviewing the annual Going Concern assessment and Viability Statement.

- Reviewing the effectiveness of the Group's internal financial controls and risk management systems and bringing material issues to the attention of the Board;

- Whistleblowing and oversight – reviewing an annual statement from the Investment Manager detailing the arrangements whereby the Investment Manager's staff may, in confidence, escalate concerns about possible improprieties in relation to financial reporting or other matters;

- To consider annually whether there is a need for the Company to have its own internal audit function;

- Making recommendations to the Board, for it to put to shareholders for their approval at a general meeting, in relation to the appointment of the external auditor, and to approve the remuneration and terms of engagement of the external auditor;

- Reviewing the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;

- Making recommendations to the Board in relation to the engagement of the external auditor to supply non-audit services, taking into account ethical guidance regarding the provision of non-audit services by the external audit firm;

- Where requested by the Board, providing advice on whether the annual report and consolidated financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Audit Committee reports to the Board on its findings, identifying any matters in respect of which the Audit Committee considers that action or improvement is needed and making recommendations as to the steps to be taken.

Review of Significant Issues and Risks

In planning its work, and reviewing the audit plan with the Auditor, the Audit Committee takes account of the most significant issues and risks, both operational and financial, likely to impact on the Group's consolidated financial statements. This included an assessment of risks, such as Climate Change and Geopolitical Risk, and the impact these could have on the Group and its underlying investment portfolio.

The property investment portfolio is the most substantial figure on the Balance Sheet. The valuation of the properties, and in conjunction with this the confirmation of ownership and title, is therefore a key risk that requires the attention of the Audit Committee. Specifically, the risk is that the properties are not recognised and measured in line with the Group's stated accounting policy on the valuation of investment properties. The investment properties are valued at the year end, and at each quarter end, by Knight Frank, independent international real estate consultants. The valuations are prepared in accordance with the RICS Valuation – Professional Standards, published by the Royal Institution of Chartered Surveyors, and are reviewed by the Property Valuation Committee (quarterly), the Audit Committee (six monthly) and the external auditor (annually).

Full details of the valuation methodology are contained in note 7 to the Consolidated Financial Statements.

Given the material uncertainty in relation to going concern following the results of the Company's Court Meeting and General Meeting, as set out in more detail in the Chair's Statement on page 4 and Directors' Report on page 37, the Audit Committee gave particular consideration to the appropriateness of the going concern basis of preparation of the financial statements.

The Board's statement on going concern is provided in full in Note 2.1 on pages 62 to 63 of the Financial Statements.

Audit Committee Evaluation

The activities of the Audit Committee were considered as part of the Board appraisal process completed in accordance with standard governance arrangements as noted as pages 40 to 41. A full evaluation was undertaken on the effectiveness, roles and responsibilities of the Audit Committee in accordance with the Financial Reporting Council's current guidance. The evaluation found that the Audit Committee functioned well with the right balance of membership and skills.

Review of Activities

The Audit Committee met three times during the year under review, in March, August and November 2023. Following the year end, the Audit Committee met in March and April 2024.

At each March/April and August meeting, the Audit Committee reviews the Group's compliance with the AIC Code on Corporate Governance and carries out a detailed assessment of the Group's internal controls, including review of:

- the Group's risk framework, including its risk appetite statement and full risk matrix, enabling the on-going identification, evaluation and management of the significant risks facing the Group;
- the Investment Manager's risk management and internal controls;
- the anti-bribery policy of the Group, and its service providers;
- the Investment Manager's arrangements for staff to escalate concerns, in confidence, of possible improprieties; and Reviewing the performance of the auditor.

At each March/April meeting, the Audit Committee reviews the Annual Report and Consolidated Financial Statements and receives the external auditor's audit findings report. The external auditor is in attendance at this meeting. Following its review, the Audit Committee provides advice to the Board on whether the Annual Report and Consolidated Financial Statements, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model, viability and strategy.

At each March/April and August meeting the Audit Committee reviews the compliance of the Investment Manager, as AIFM, and the depositary, in relation to their obligations under AIFMD in respect of the Company.

At each August meeting, the Audit Committee reviews the Interim Report and Consolidated Financial Statements.

Each November, the Audit Committee meets with the external auditor and reviews the audit plan and identifies significant risks and audit responses to those risks.

Internal Auditor

The Board has considered the need for an internal audit function but, because the Company is externally-managed, the Board has decided to place reliance on the Manager's risk management/internal controls systems and internal audit procedures.

External Audit Process

There are no contractual obligations which restrict the Audit Committee's choice of external auditor. The Group's external auditor is Deloitte, who were appointed as Auditor for the year ended 31 December 2019, following a tender process carried out during 2018.

Shareholders approved the re-appointment of Deloitte as the Group's auditor at the AGM in June 2023.

The Audit Committee meets twice a year with the external auditor. The auditor provides a planning report in advance of the annual audit and a report on the annual audit, which are considered at the November and March/April meetings, respectively. The Audit Committee has the opportunity to question and challenge the auditor in respect of these reports.

In accordance with regulatory requirements Deloitte rotates the audit partner responsible for the audit every five years. The audit partner for the Company is Siobhan Durcan who is in her second year of involvement in the audit.

The Audit Committee reviews the provision of non-audit services by the external auditor. All non-audit work to be carried out by the external auditor has to be approved in advance by the Audit Committee, to ensure such services are not a threat to the independence and objectivity of the conduct of the audit. During the year ended 31 December 2023, Deloitte received fees of £nil in relation to non-audit services (2022: £nil). The Committee is cognisant of audit fee levels and will keep these under review to ensure Deloitte continues to offer value for money for shareholders.

At least once a year, the Audit Committee has the opportunity to discuss any aspect of the auditor's work with the auditor in the absence of the Investment Manager. The Audit Committee reviews the performance, effectiveness, value for money and general relationship with the external auditor each year. This review takes into consideration the standing, skills and experience of the audit firm and the audit team. In addition, on an annual basis, the Audit Committee reviews the independence and objectivity of the external auditor through the completion of a questionnaire which scores the auditor on various aspects of their performance.

Overall the Committee believes the external audit process is effective.

Auditor

On the recommendation of the Audit Committee, it is the Board's intention to propose, at the Annual General Meeting on 13 August 2024, that shareholders approve the reappointment of Deloitte as the Group's auditors and approve the Board to authorise the Auditors' remuneration as resolutions 4 and 5, respectively.

Approved by the Board on
29 April 2024

Mike Balfour
Audit Committee Chair

Directors' Remuneration Report

For the year ended 31 December 2023

Remuneration Committee

The Remuneration Committee, comprising the full Board and chaired by Jill May, has prepared this Directors' Remuneration Report which consists of two parts:

a) a Remuneration Policy, which is subject to a shareholder vote every three years – most recently voted on at the AGM on 15 June 2022 where the proxy votes on the relevant resolution were: For – 172,625,986 votes (98.86%); Discretionary – 45,149 votes (0.03%); Against – 1,129,769 votes (0.65%); and Withheld votes – 813,055 (0.47%). The Remuneration Policy will next be put to a shareholder vote at the AGM in 2025; and

b) an annual Implementation Report, which is subject to an advisory vote by shareholders.

The law requires the Company's auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The independent auditor's opinion is included on pages 51 to 57.

The fact that the Remuneration Policy is subject to a shareholder vote at least every three years does not imply any change on the part of the Company. The principles remain the same as for previous years. There have been no changes to the Directors' Remuneration Policy during the period of this Report.

Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for its Directors, which takes into consideration corporate governance principles. No shareholder views were sought in setting the Remuneration Policy although any comments received from shareholders are considered on an ongoing basis.

The Directors are non-executive and it is the Board's policy that the remuneration of Directors be reviewed annually, although such review may not necessarily result in any change. The annual review should ensure remuneration reflects Directors' duties and responsibilities, expected and actual time commitment, the level of skills and experience required and the need for Directors to maintain on an ongoing basis an appropriate level of knowledge of regulatory and compliance requirements in an industry environment of increasing complexity.

Remuneration should be fair and comparable to that of similar real estate investment companies. The level of fees should also be sufficient to attract and retain the high calibre of Directors needed to oversee the Company properly and to reflect its specific circumstances.

Appointment.

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive and are appointed under the terms of letters of appointment.
- Directors must retire and be subject to re-election at the first AGM after their appointment; the Company has also determined that every Director will stand for re-election at each AGM.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment.
- No incentive or introductory fees will be paid to encourage a directorship.
- Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- The Company indemnifies its Directors for all costs, charges, and losses together with certain expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

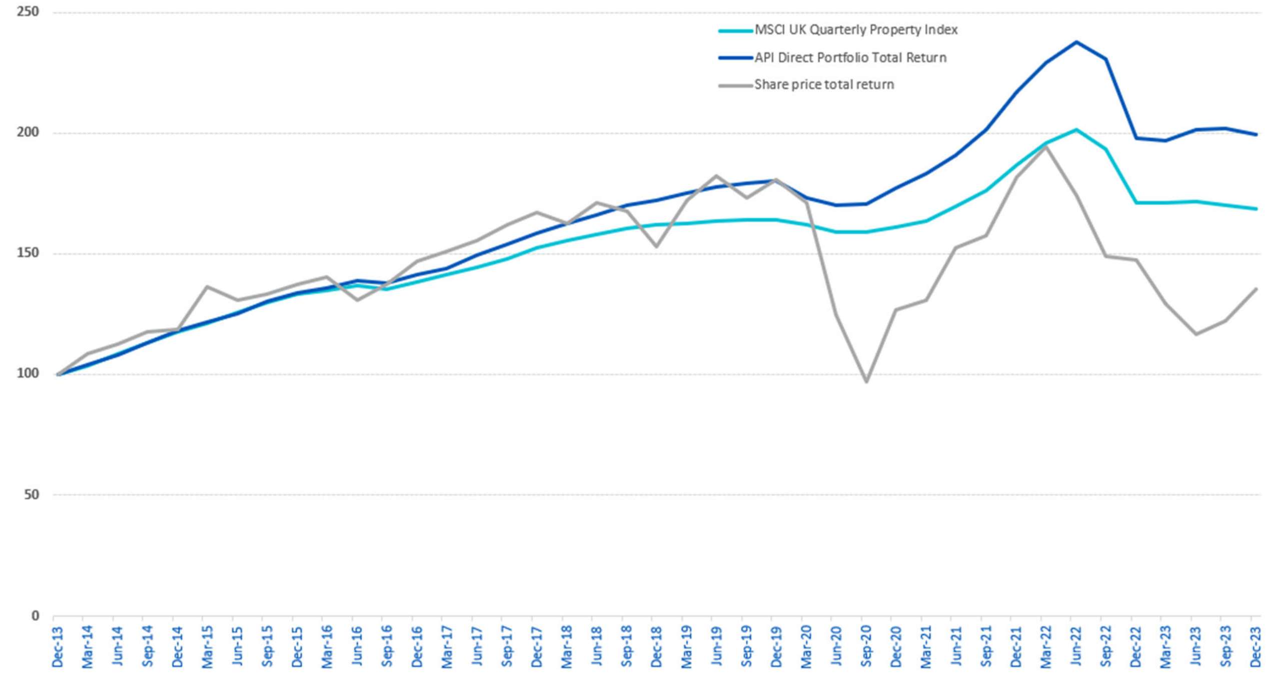
Performance, Service Contracts, Compensation and Loss of Offices.

- The Directors' remuneration is not subject to any performance-related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice, there are no set notice periods and no compensation will be due upon leaving office.
- No Director is entitled to any other monetary payment or to any assets of the Company.
- No Director will stand for re-election as a Director of the Company later than the Annual General Meeting following the ninth anniversary of their appointment to the Board unless in relation to exceptional circumstances.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Articles Limit on Directors' Fees.

The Company's Articles of Association limit to £350,000 the aggregate annual fees payable to Directors. The limit can be amended by shareholder resolution from time to time and was last increased at the Annual General Meeting in 2020.



Implementation Report

Directors' Fees.

The level of fees for the next year, the year under review and the preceding year are set out in the table below. There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors.

	2024 £	2023 £	2022 £
Chair	55,000	50,000	50,000
Chair of Audit Committee	46,000	41,500	41,500
Senior Independent Director	42,500	37,000	37,000
Director	40,000	37,000	37,000

The Remuneration Committee carried out a review of Directors' annual fees during the year including taking account of increases in inflation and the time commitment required of Directors of the Company to adequately discharge their responsibilities. These factors supported an increase in the Directors' fees as disclosed above. A similar exercise conducted in the prior year similarly suggested an increase, however, at the time the Committee decided on that occasion to leave the annual fees unchanged.

Given the significantly increased time spent on the Company's affairs over the last 12 months, because of the Strategic Review, following the year-end it was agreed that each Director should receive a one-off fee of £20,000 with the Chair receiving £30,000 to partially reflect the additional work performed.

Company performance

The Board is responsible for the Group's investment strategy and performance, although the management of the Group's investment portfolio is delegated to the Investment Manager through the Investment Management Agreement, as referred to in the Corporate Governance Report on page 38.

Directors' Fees

The Directors who served during the year received remuneration as shown in the table.

	2023 £	2022 £	% change
Huw Evans[A]	-	17,124	-100%
Mike Balfour	41,500	41,500	-
Mike Bane[B]	37,000	34,059	8.6%
James Clifton-Brown	50,000	50,000	-
Jill May	37,000	37,000	-
Sarah Slater	37,000	37,000	-
Employers' national insurance contribution	23,735	22,885	
	226,235	**239,568**	
Directors' expenses	13,201	8,035	
	239,436	**247,603**	

A Retired as a Director on 15 June 2022
B Appointed as a Director on 31 January 2022

The table indicates the expenditure during the year in relation to Directors' remuneration and shareholder distributions.

	2023 £	2022 £
Aggregate Directors' Remuneration	239,436	247,603
Aggregate shareholder distributions	15,248,759	15,610,827

Statement of Proxy Voting at Annual General Meeting

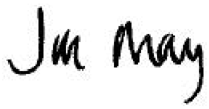
At the Company's latest Annual General Meeting, held on 14 June 2023, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 31 December 2023 and the proxy votes received on the relevant resolution were: For – 120,304,202 (99.45%); Discretionary – 65,359 (0.05%); Against – 479,890 votes (0.4%); and Withheld votes – 120,546 (0.1%).

Directors' Shareholdings

The Directors' interests in the Company's ordinary shares are shown in the Directors' Report on page 35.

An ordinary resolution for the approval of the Directors' Remuneration Report will be put to shareholders at the Annual General Meeting on 13 August 2024.

Approved by the Board on
29 April 2024



Jill May

Remuneration Committee Chair

Statement of Directors' Responsibilities

for the year ended 31 December 2023

The Directors are responsible for preparing the Annual Report and the Group Consolidated Financial Statements for each year which give a true and fair view, in accordance with the applicable Guernsey law and those International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

In preparing those Consolidated Financial Statements, the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- State that the Group has complied with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Group Consolidated Financial Statements; and
- Prepare the Group Consolidated Financial Statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Group Consolidated Financial Statements.

The Directors are responsible for keeping adequate accounting records, that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time, the financial position of the Group and to enable them to ensure that the Financial Statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The maintenance and integrity of the Company's website is the responsibility of the Directors through its Investment Manager; the work carried out by the auditors does not involve considerations of these matters and, accordingly, the auditors accept no responsibility for any change that may have occurred to the Consolidated Financial Statements since they were initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of the consolidated financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Consolidated Annual Report under the Disclosure and Transparency Rules.

The Directors each confirm to the best of their knowledge that:

- The Consolidated Financial Statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- The management report, which is incorporated into the Strategic Report, Directors' Report and Investment Manager's Review, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

Statement under the UK Corporate Governance Code.

The Directors each confirm to the best of their knowledge and belief that the Annual Report and Consolidated Financial Statements taken as a whole are fair, balanced and understandable and provide the information necessary to assess the Group's position and performance, business model and strategy.

Approved by the Board on
29 April 2024

James Clifton-Brown

James Clifton-Brown
Chair

Independent auditor's report to the members of abrdn Property Income Trust Limited

Report on the audit of the financial statements

1 Opinion

In our opinion the financial statements of abrdn Property Income Trust Limited (the 'parent company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 26

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and as issued by the IASB.

2 Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3 Material uncertainty related to going concern

We draw attention to note 2.1 in the financial statements, which indicates that following the shareholders decision not to vote in favour of the proposed all-share merger, the shareholders are now due to vote to consider the board's recommendation of a managed wind down of the Group. This vote is due to take place in May 2024 after the signing of the annual report. If the shareholders vote in favour of a managed wind down the Group has an intention to enter liquidation. However, there can be no certainty of outcome of the shareholders' vote.

As stated in note 2.1, these events or conditions, along with the other matters as set forth in note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Challenged management's assessment of going concern and the assumptions, including income, expenditure and cash forecasts, used in their 12 month and forecast models;

- Evaluated the maturity of Group debt and the effect of repayment dates on the going concern assumption of the Group;

- Performed fair value of investment property and income sensitivity analysis, which we compared to management stress testing results;

- Inspected banking covenants to assess compliance as at the balance sheet date; and

- Challenged the appropriateness of the Group's disclosures within note 2.1 of the financial statements over the going concern basis and the material uncertainty arising with reference to, our knowledge and understanding of the assumptions taken by the Directors and presented to the shareholders.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting; and

- the directors' identification in the financial statements of the material uncertainty related to the Group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

4 Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: ‣ Going Concern (see section above "Material uncertainty related to going concern"); and ‣ Investment property valuation Within this report, key audit matters are identified as follows: **Newly identified** **Increased level of risk** **Similar level of risk** **Decreased level of risk**
Materiality	The materiality that we used for the Group financial statements was £2.98m which was determined on the basis of 1% of the net asset value.
Scoping	All audit work for the Group was performed directly by the Group engagement team. All of the Group's subsidiaries are subject to full scope audits.
Significant changes in our approach	There were no significant changes in our approach in the current year, except for the material uncertainty in relation to going concern as reported in section 3 of our audit report.

5 Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

5.1 Investment property valuation

Key audit matter description	Valuation of investment properties is the key driver of the Group's net asset value. Valuations are inherently complex and require significant judgement and estimation around the key inputs and assumptions. We have determined that the main judgements are around equivalent yields and estimated market rent thus this was the focus of our key audit matter. Given the level of judgement involved, we have determined that there was a potential for fraud through possible manipulation of this balance. Management's valuation is based on the valuation provided by external chartered surveyors. The valuation of the investment property portfolio at 31 December 2023 amounted to £388m (2022: £401m). Refer to notes 2.2 of accounting policies on pages 63 to 64 and note 7 on page 74-77 of the notes to the financial statements. Also refer to the Audit Committee report pages 44-46.

How the scope of our audit responded to the key audit matter	We performed the following procedures: ‣ Obtained an understanding of and tested relevant controls in relation to the valuation process; ‣ Evaluated the competence, capability and objectivity of the external valuer in order to obtain an understanding of the work of that expert; ‣ In conjunction with our real estate advisory specialists, we challenged the external valuer on their valuation process and assumptions, performance of the portfolio, significant assumptions and critical judgement areas including climate related risk, by benchmarking the valuation assumptions, in particular the equivalent yields and estimated market rates, to relevant market evidence including specific property transactions and other external data; ‣ Assessed the integrity of information provided to the external valuer, including testing a sample back to underlying lease agreements; and ‣ Evaluated the financial statements disclosures to assess whether the significant judgements and estimations are appropriately disclosed.
Key observations	Based on the work performed, we concluded that the key judgments used in the valuation of the investment properties are appropriate.

6 Our application of materiality

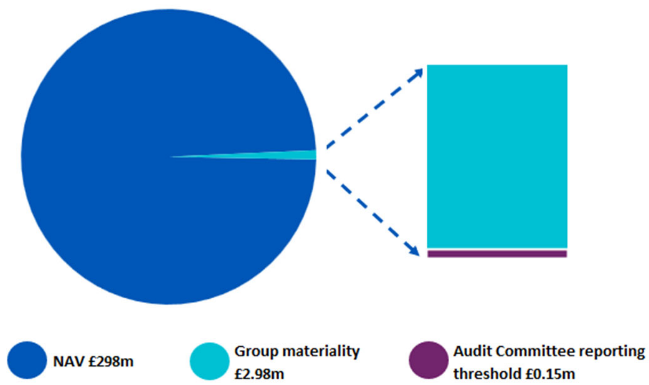
6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group Materiality	£2.98m (2022: £3.23m)
Basis for determining materiality	1% of the net asset value, in line with prior year.
Rationale for the benchmark applied	Net assets is the key balance considered by the users of the financial statements which is consistent with the market approach for such entities. Net assets were selected as investors are seeking capital appreciation in addition to dividend streams, and the net asset value per share is an important indicator of performance to investors.

In addition to net assets, we consider EPRA earnings as a critical performance measure for the Group and a measure which is widely used within the real estate industry. We applied a lower-level materiality of £0.54m (2022: £0.57m), which equates to 5% (2022: 5%) of that measure for testing all balances impacting that measure, including trade receivables and trade payables.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of Group materiality for the 2023 audit (2022: 70%). In determining performance materiality, we considered the following factors:

a. the impact of macroeconomic uncertainty on the Group's operations and across the wider real estate sector as a whole;
b. the fact that we have not identified any significant changes in business structure; and
c. our experience from previous audits which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.15m (2022: £0.16m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7 An overview of the scope of our audit

7.1 Scoping

The Group consists of the Company, abrdn Property Income Trust Limited and its subsidiaries. Our Group audit was scoped by obtaining an understanding of the Group and its environment, including internal controls, and assessing the risks of material misstatement at the Group level. The Group is audited by one audit team, led by the Senior Statutory Auditor. The audit is performed centrally, as the books and records for each entity within the Group are maintained at head office. All of the Group's subsidiaries are subject to full scope audits. We also tested the consolidation process.

7.2 Our consideration of the control environment

The Board of Directors delegates management functions to abrdn Fund Managers Limited as Investment Manager. As part of our risk assessment, we assessed the control environment in place at the Investment Manager, and obtained an understanding of the relevant controls, such as those related to the financial reporting cycle. We also tested relevant controls in relation to the valuation of investment property and were able to adopt a control reliance approach on the key business processes surrounding investment property valuations.

As part of our audit procedures, we obtained an understanding of the relevant controls in operation at the service organisation of the Investment Manager, including an assurance report on controls at service organisations. We further obtained a bridging letter from the Investment Manager detailing that there have not been any material changes to the internal control environment between the date of the assurance report and the balance sheet date. There were no other balances where we planned to rely on controls, other than the balances noted above.

7.3 Our consideration of climate-related risks

As part of our risk assessment, we have considered the potential impact of climate change on the Group's business and its financial statements. We obtained an understanding of the process for identifying climate-related risks, the processes and controls in place, as well as the determination of any mitigating actions.

The Group continues to develop its assessment of the potential impact of environmental, social and governance ("ESG") related risks, including climate change. As outlined in the ESG disclosures on page 13 and strategic overview on page 29 the Group considers climate change to be a principal risk within the business, with particular impact on their investment properties. As part of our assessment of our key audit matter, we considered whether there was a heightened element of climate risk in relation to the key judgements in the valuation of investment properties. Whilst this did not have a material impact on the judgements, climate related risks were included as part of our overall challenge on investment properties.

The directors have assessed that there is currently no material impact arising from climate change on the valuation of investment property. This is disclosed in Note 7 to the financial statements.

We have assessed whether the risks identified by the Group are consistent with our understanding of the Group's business and evaluated whether appropriate disclosures have been made in the financial statements in this regard. The directors have adopted the Task Force for Climate Related Disclosures ("TCFD"). In conjunction with our ESG specialists we assessed disclosures in the strategic overview, ESG and TCFD section to consider whether they are materially consistent with the guidelines.

8 Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9 Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

10 Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11 Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;

- results of our enquiries of management, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;

- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

- the matters discussed among the audit engagement team and relevant internal specialists, including tax, financial instrument and real estate advisory specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in investment property valuation. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Guernsey) Law, 2008 and the Listing Rules.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. This included compliance with the REIT regime rules.

11.2 Audit response to risks identified

As a result of performing the above, we identified investment property valuation as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

- enquiring of management, the directors and the Audit Committee and external legal counsel concerning actual and potential litigation and claims;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- reading minutes of meetings of those charged with governance; and

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12 Opinions on other matters prescribed by our engagement letter

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the UK Companies Act 2006 as if that Act had applied to the company.

13 Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 37;

- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 33;

- the directors' statement on fair, balanced and understandable set out on page 50;

- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 31 to 33;

- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 41 to 42; and

- the section describing the work of the Audit Committee set out on pages 44 to 46.

14 Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or

- proper accounting records have not been kept by the parent company; or

- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

15 Other matters which we are required to address

15.1 Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 13 June 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is five years, covering the years ending 31 December 2019 to 31 December 2023.

15.2 Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16 Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and/or those matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Siobhan Durcan (ACA, FCCA)
For and on behalf of Deloitte LLP
Recognised Auditor
St Peter Port, Guernsey
29 April 2024

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023

	Notes	12 Months to 31 Dec 2023 £	12 Months to 31 Dec 2022 £
Rental income		27,552,279	26,697,931
Service charge income		4,884,357	4,411,821
Service charge expenditure		(6,354,598)	(5,576,812)
Net Rental Income		**26,082,038**	**25,532,940**
Administrative and other expenses			
Investment management fee	4	(2,632,225)	(3,480,963)
Other direct property operating expenses	4	(2,408,461)	(3,010,845)
Net Impairment gain on trade receivables	4	213,048	772,947
Fees associated with strategic review and aborted merger	4	(1,729,925)	-
Other administration expenses	4	(1,136,742)	(1,134,919)
Total administrative and other expenses		**(7,694,305)**	**(6,853,780)**
Operating profit before changes in fair value of investment properties		**18,387,733**	**18,679,160**
Valuation loss from investment properties	7	(17,989,531)	(62,257,782)
Valuation loss from land	8	(783,683)	(60,322)
Loss on disposal of investment properties	7	(279,090)	(207,153)
Operating loss		**(664,571)**	**(43,846,097)**
Finance income	5	92,178	27,543
Finance costs	5	(7,695,508)	(3,672,685)
Loss on termination of interest rate swaps	15b	-	(3,562,248)
Loss for the year before taxation		**(8,267,901)**	**(51,053,487)**
Taxation			
Tax charge	6	-	-
Loss for the year, net of tax		**(8,267,901)**	**(51,053,487)**
Other comprehensive (loss) / income			
Movement in fair value on swap	15a	(902,534)	1,470,570
Movement in fair value on interest rate cap	15c	(789,918)	43,292
Total other comprehensive (loss)/gain		**(1,692,452)**	**1,513,862**
Total comprehensive loss for the year, net of tax		**(9,960,353)**	**(49,539,625)**
Loss per share		**2023 (p)**	**2022 (p)**
Basic and diluted loss per share	20	(2.17)	(13.11)

All items in the above Statement of Comprehensive Income derive from continuing operations.

The notes on pages 62 to 88 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

as at 31 December 2023

Assets	Notes	31 Dec 23 £	31 Dec 22 £
Non-current assets			
Investment properties	7	388,338,754	401,217,536
Lease incentives	7	9,306,403	8,357,036
Land	8	8,250,000	7,500,000
Interest rate cap	15c	559,671	2,211,007
Rental deposits held on behalf of tenants		895,003	751,782
		407,349,831	420,037,361
Current Assets			
Investment property held for sale	9	35,100,000	-
Trade and other receivables	11	6,101,152	7,457,083
Cash and cash equivalents	12	6,653,838	15,871,053
Interest rate swap	15a	-	1,238,197
Interest rate cap	15c	849,110	339,462
		48,704,100	24,905,795
Total assets		**456,053,931**	**444,943,156**
Liabilities			
Current liabilities			
Trade and other payables	13	14,018,455	10,880,310
		14,018,455	10,880,310
Non-current liabilities			
Bank borrowings	14	141,251,910	109,123,937
Obligations under finance leases	16	1,810,120	899,572
Rental deposits due to tenants		895,003	751,782
		143,957,033	110,775,291
Total liabilities		**157,975,488**	**121,655,601**
Net assets		**298,078,443**	**323,287,555**
Equity			
Capital and reserves attributable to Company's equity holders			
Share capital	18	228,383,857	228,383,857
Treasury share reserve	18	(18,400,876)	(18,400,876)
Retained Earnings	19	-	4,382,024
Capital reserves	19	(9,660,578)	11,084,178
Other distributable reserves	19	97,756,040	97,838,372
Total equity		**298,078,443**	**323,287,555**
		2023 (p)	**2022 (p)**
NAV per share	22	78.2	84.8

The accounts on pages 58 to 88 were approved and authorised for issue by the Board of Directors on 29 April 2024 and signed on its behalf by

James Clifton-Brown
Chair

The notes on pages 62 to 88 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

	Notes	Share capital	Treasury Shares	Retained earnings	Capital reserves	Other distributable reserves	Total equity
		£	£	£	£	£	£
Opening balance 1 January 2023		228,383,857	(18,400,876)	4,382,024	11,084,178	97,838,372	323,287,555
Loss for the year		-	-	(8,267,901)	-	-	(8,267,901)
Other comprehensive loss		-	-	-	(1,692,452)	-	(1,692,452)
Total comprehensive loss for the year		-	-	(8,267,901)	(1,692,452)	-	(9,960,353)
Dividends paid	21	-	-	(15,248,759)	-	-	(15,248,759)
Valuation loss from investment properties	7	-	-	17,989,531	(17,989,531)	-	-
Valuation loss from land	8	-	-	783,683	(783,683)	-	-
Reclassified from Other distributable reserves		-	-	82,332	-	(82,332)	-
Loss on disposal of investment properties	7	-	-	279,090	(279,090)	-	-
Balance at 31 December 2023		**228,383,857**	**(18,400,876)**	**-**	**(9,660,578)**	**97,756,040**	**298,078,443**

for the year ended 31 December 2022

	Notes	Share capital	Treasury Shares	Retained earnings	Capital reserves	Other distributable reserves	Total equity
		£	£	£	£	£	£
Opening balance 1 January 2022		228,383,857	(5,991,417)	8,521,081	72,095,573	97,838,372	400,847,466
Loss for the year		-	-	(51,053,487)	-	-	(51,053,487)
Other comprehensive income		-	-	-	1,513,862	-	1,513,862
Total comprehensive loss for the year		-	-	(51,053,487)	1,513,862	-	(49,539,625)
Ordinary shares placed into treasury net of issue costs		-	(12,409,459)	-	-	-	(12,409,459)
Dividends paid	21	-	-	(15,610,827)	-	-	(15,610,827)
Valuation loss from investment properties	7	-	-	62,257,782	(62,257,782)	-	-
Valuation loss from land	8	-	-	60,322	(60,322)	-	-
Loss on disposal of investment properties	7	-	-	207,153	(207,153)	-	-
Balance at 31 December 2022		**228,383,857**	**(18,400,876)**	**4,382,024**	**11,084,178**	**97,838,372**	**323,287,555**

The notes on pages 62 to 88 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flow

for the year ended 31 December 2023

Cash flows from operating activities	Notes	12 months to 31 Dec 2023 £	12 months to 2022 £
Loss for the year before taxation		(8,267,901)	(51,053,487)
Movement in lease incentives		(984,446)	(841,398)
Movement in trade and other receivables		1,212,710	3,719,424
Movement in trade and other payables		2,353,098	(3,237,151)
Loss on termination of interest rate swaps	15b	-	3,562,248
Finance costs	5	7,695,508	3,672,685
Finance income	5	(92,178)	(27,543)
Valuation loss from investment properties	7	17,989,531	62,257,782
Valuation loss from land	8	783,683	60,322
Loss on disposal of investment properties	7	279,090	207,153
Net cash inflow from operating activities		**20,969,095**	**18,320,035**
Cash flows from investing activities			
Finance income	5	92,178	27,543
Purchase of investment properties	7	(23,986,401)	(5,501,321)
Purchase of land	8	(1,533,683)	(60,322)
Capital expenditure on investment properties	7	(21,678,721)	(13,524,813)
Net proceeds from disposal of investment properties	7	6,120,910	41,142,847
Net cash (outflow)/inflow from investing activities		**(40,985,717)**	**22,083,934**
Cash flows from financing activities			
Shares bought back during the year	18	-	(12,409,459)
Borrowing on RCF	14	63,000,000	17,000,000
Repayment of RCF	14	(6,125,621)	(17,000,000)
Repayment of expired facility	14	(110,000,000)	-
New term facility	14	85,000,000	-
Bank borrowing arrangement costs	14	-	(804,297)
Interest paid on bank borrowing	5	(7,396,815)	(2,959,023)
Receipts on Interest rate SWAP		1,254,217	(473,425)
Receipts on Interest rate Cap	15c	365,674	-
Swap breakage costs	15b	-	(3,562,248)
Cap arrangement fees	15c	-	(2,507,177)
Finance lease interest	5	(49,289)	(24,468)
Dividends paid to the Company's shareholders	21	(15,248,759)	(15,610,827)
Net cash inflow/(outflow) from financing activities		**10,799,407**	**(38,350,924)**
Net (decrease)/increase in cash and cash equivalents in the year		**(9,217,215)**	**2,053,045**
Cash and cash equivalents at beginning of year	12	15,871,053	13,818,008
Cash and cash equivalents at end of year	**12**	**6,653,838**	**15,871,053**

The notes on pages 62 to 88 are an integral part of these Financial Consolidated Statements.

Notes to the Financial Statements

for the year ended 31 December 2023

1. General information

abrdn Property Income Trust Limited ("the Company") and its subsidiaries (together "the Group") carries on the business of property investment through a portfolio of freehold and leasehold investment properties located in the United Kingdom. The Company is a limited liability company incorporated in Guernsey, Channel Islands. The Company has its listing on the London Stock Exchange.

The address of the registered office is PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey.

These audited Consolidated Financial Statements were approved for issue by the Board of Directors on 29 April 2024.

2. Accounting policies

2.1 Basis of preparation

The audited Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and as issued by the International Accounting Standards Board ("IASB"), and all applicable requirements of The Companies (Guernsey) Law, 2008. The audited Consolidated Financial Statements of the Group have been prepared under the historical cost convention as modified by the measurement of investment property, land and derivative financial instruments at fair value. The Consolidated Financial Statements are presented in pounds sterling and all values are not rounded except when otherwise indicated.

Assessment of Going Concern

During the second half of 2023 the Board undertook a strategic review. This review was prompted by the Board's concerns, as well as those of some shareholders about the Group's size, the lack of liquidity in its shares, the persistent discount to NAV and an uncovered dividend. The outcome of this review, following interest from other listed REITs, was that the Board recommended to shareholders that they vote in favour of a proposed merger with Custodian Property Income REIT plc ("Custodian") for the reasons outlined in various announcements to shareholders during the first quarter of 2024.

At an EGM on 27 March approximately 60% of shareholders voted in favour of the proposed merger. However, the threshold for approval of the merger was 75% so the merger did not proceed. The Board explained to shareholders that if the proposed merger was rejected, it would take the necessary actions to put the Group into a managed and orderly wind-down, selling assets and returning funds to shareholders as such funds become available. The Board is now, therefore, taking steps to initiate this process and a circular to shareholders is expected to be issued on 14 May 2024 convening another EGM towards the end of May ("wind-down EGM") at which shareholders will be asked to vote in favour of a resolution to change the Group's investment policy. The resolution (the "Wind-Down Resolution"), which if passed will trigger the wind-down process, requires a simple majority in favour of 50%. The Board will unanimously recommend that shareholders vote in favour of this resolution.

The Board has sought the advice of the Investment Manager about the likely timing and outcome for a managed wind-down. The Investment Manager has estimated a period of approximately 24 months within a range of 18-30 months. The Board is satisfied that the Group will have no material difficulty in meeting its liabilities as they fall due during the wind-down process. In particular, the Board is satisfied that the requirements of the Group's lenders can be met.

The Company is listed on the London Stock Exchange and, with a 31 December year end, is required to file its Annual Report and Financial Statements by 30 April. Therefore, this report is being issued before the outcome of the shareholder vote at the "wind-down EGM" is known. If the resolution is passed, the Group will need to prepare future financial statements on a basis other than going concern (see below). However, there can be no certainty of outcome and it is possible that over 50% of shareholders will vote against the resolution. In that case, the Group will continue to operate as normal and will also continue to prepare its financial statements on the going concern basis.

At the EGM in March approximately 40% of shareholders voted against the proposed merger with Custodian (comprising 16% of all shareholders). The Board is aware that a proportion of these shareholders are actively seeking a wind-down of the Company and are therefore likely to vote in favour of the Wind-Down Resolution. In addition, the Board notes that many shareholders (particularly tracker funds and some retail shareholders) are likely to vote in accordance with the Board's recommendations and will therefore also vote in favour of a managed wind-down. On this basis the Board considers that it is highly probable that the Wind-Down Resolution will be passed. However, there can be no certainty because of the large proportion of shareholders on the register whose voting intentions cannot be ascertained and the large proportion of shareholders who did not vote at the EGM on 27 March. If the vote is not successful, then the Group would continue in its current form and would follow its current Investment Policy.

The Directors have considered the requirements in the IASB Conceptual Framework para 3.9 and in International Accounting Standards 1 ("IAS1") para 25 in relation to going concern. Given the considerations above, there is, therefore a material uncertainty related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. The Directors note that if shareholders vote in favour of a managed wind down the Group will have an intention to enter liquidation and will have no realistic alternative but to do so even if it is likely that the liquidation itself may not arise for over a year. In those circumstances the Group will not be able to use the going concern basis even though it will be able to meet its liabilities as they fall due over the wind-down period.

The Group is currently a going concern, able to meet its liabilities as they fall due over the going concern horizon of 12 months from the date of this report. It is also able to meet its liabilities as they fall due in the event that it enters into a managed wind-down process. The Board therefore considers that it is appropriate to prepare financial statement on the going concern basis disclosing the material uncertainty in relation to going concern arising from the shareholder vote at the wind-down EGM.

Changes in accounting policy and disclosure.
The following amendments to existing standards and interpretations were effective for the year, but were deemed not applicable to the Group:

‣ Amendments to IFRS 17 Insurance Contracts, Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, and Amendments to IAS 12 Income Taxes – International tax Reform.

The following amendments to existing standards and interpretations were effective for the year and have been adopted by the Company:

‣ Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

‣ Amendments to IAS 8 – Definition of Accounting Estimates.

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

New and revised IFRS Standards in issue but not yet effective
At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective. The Group will consider these amendments in due course to see if they will have any impact on the Group.

‣ Amendments to IAS 1 Presentation of Financial Statements — Classification of Liabilities as Current or Non-current
‣ Amendments to IAS 1 Presentation of Financial Statements — Non-current Liabilities with Covenants

The amendments change the requirements in IAS 1.

‣ Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures — Supplier Finance Arrangements

The amendments add a disclosure objective stating that an entity is required to disclose information about its supplier finance arrangements as part of its exposure to concentration of liquidity risk.

‣ Amendments to IFRS 16 — Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

2.2 Significant accounting judgements, estimates and assumptions
The preparation of the Group's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these assumptions and estimates particularly if a manged wind-down is voted for by shareholders, could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. The most significant estimates and judgements are set out below. There were no critical accounting judgements.

Fair value of investment properties
Investment properties are stated at fair value as at the Balance Sheet date. Gains or losses arising from changes in fair values are included in the Consolidated Statement of Comprehensive Income in the year in which they arise. The fair value of investment properties is determined by external real estate valuation experts using recognised valuation techniques. The fair values are determined having regard to any recent real estate transactions where available, with similar characteristics and locations to those of the Group's assets.

In most cases however, the determination of the fair value of investment properties requires the use of valuation models which use a number of judgements and assumptions. The only model used was the income capitalisation method. Under the income capitalisation method, a property's fair value is judged based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (discounted by the investor's rate of return). Under the income capitalisation method, over (above market rent) and under-rent situations are separately capitalised (discounted).

The sensitivity analysis in note 7 details the decrease in the valuation of investment properties if equivalent yield increases by 50 basis points or rental rates (ERV) decreases by 5%.

Fair value of financial instruments
When the fair value of financial assets and financial liabilities recorded in the Consolidated Balance Sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair value. The judgements include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

The valuation of interest rate swaps and caps used in the Balance Sheet is provided by The Royal Bank of Scotland. These values are validated by comparison to internally generated valuations prepared using the fair value principles outlined above. The sensitivity analysis in note 3 details the increase and decrease in the valuation of interest rate swaps and caps if market rate interest rates had been 100 basis points higher and 100 basis points lower.

2.3 Summary of material accounting policies

As described in note 2.1, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practical Statement 2) from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Directors have reviewed the accounting policies and are satisfied that the information previously disclosed as part of their 'significant' accounting policies fulfils the definitions of 'material' under the amended standards – as such there has been no change to the summary of accounting policies below in the current year.

A Basis of consolidation
The audited Consolidated Financial Statements comprise the financial statements of abrdn Property Income Trust Limited, and its material wholly owned subsidiary undertakings.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with subsidiaries and has the ability to affect those returns through its power over the subsidiary. Specifically, the Group controls a subsidiary if, and only if, it has:

- Power over the subsidiary (i.e. existing rights that give it the current ability to direct the relevant activities of the subsidiary)
- Exposure, or rights, to variable returns from its involvement with the subsidiary
- The ability to use its power over the subsidiary to affect its returns

The Group assesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

B Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Consolidated Financial Statements are presented in pound sterling, which is also the Company's functional currency.

C Revenue recognition
Revenue is recognised as follows;

i) Bank interest
Bank interest income is recognised on an accruals basis.

ii) Rental income
Rental income from operating leases is net of sales taxes and value added tax ("VAT") recognised on a straight-line basis over the lease term including lease agreements with stepped rent increases. The initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. The cost of any lease incentives provided are recognised over the lease term, on a straight-line basis as a reduction of rental income. The resulting asset is reflected as a receivable in the Consolidated Balance Sheet.

Contingent rents, being those payments that are not fixed at the inception of the lease, for example increases arising on rent reviews, are recorded as income in periods when they are earned. Rent reviews which remain outstanding at the year-end are recognised as income, based on estimates, when it is reasonable to assume that they will be received.

iii) Other income
The Group is classified as the principal in its contract with the managing agent. Service charges billed to tenants by the managing agent are therefore recognised gross.

iv) Grant Income
Government grants that relate to the Group's assets are accounted for as a reduction in the cost of the asset to which they relate. They are only recognised when there is both reasonable assurance that the Group will comply with all material conditions attached to the grant and that the grant will be received.

v) Property disposals
Where revenue is obtained by the sale of properties, it is recognised once the sale transaction has been completed, regardless of when contracts have been exchanged.

D Expenditure
All expenses are accounted for on an accruals basis. The investment management and administration fees, finance and all other revenue expenses are charged through the Consolidated Statement of Comprehensive Income as and when incurred. The Group also incurs capital expenditure which can result in movements in the capital value of the investment properties.

E Taxation
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in other comprehensive income or in equity is recognised in other comprehensive income and in equity respectively, and not in the income statement. Positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation, if any, are reviewed periodically and provisions are established where appropriate.

The Group recognises liabilities for current taxes based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which the determination is made.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an asset the Directors consider that the Group will recover the value of investment property through sale. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

F Investment property

Investment properties comprise completed property and property under construction or re-development that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met.

Investment properties are measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are stated at fair value. Fair value is based upon the market valuation of the properties as provided by the external valuers as described in note 2.2. Gains or losses arising from changes in the fair values are included in the Consolidated Statement of Comprehensive Income in the year in which they arise.

For the purposes of these financial statements, in order to avoid double counting, the assessed fair value is:

i) Reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.

ii) Increased by the carrying amount of any liability to the superior leaseholder or freeholder (for properties held by the Group under operating leases) that has been recognised in the Balance Sheet as a finance lease obligation.

Acquisitions of investment properties are considered to have taken place on exchange of contracts unless there are significant conditions attached. For conditional exchanges acquisitions are recognised when these conditions are satisfied. Investment properties are derecognised when they have been disposed of and no future economic benefit is expected from their disposal. Any gains or losses on the disposal of investment properties are recognised in the Consolidated Statement of Comprehensive Income in the year of retirement or disposal.

Gains or losses on the disposal of investment properties are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements.

G Investment properties held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value (except for investment property measured using fair value model).

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

H Land

The Group's land is capable of woodland creation and peatland restoration projects which would materially assist the Group's transition to Net Zero.

Land is initially measured at cost including transaction costs. Transaction costs include transfer taxes and professional fees for legal services. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Land is not depreciated but instead, subsequent to initial recognition, recognised at fair value based upon periodic valuations provided by the external valuers. Gains or losses arising from changes in the fair values are included in the Consolidated Statement of Comprehensive Income in the year in which they arise.

I Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account, and the amount of the expected credit loss is recognised in the Consolidated Statement of Comprehensive Income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the Consolidated Statement of Comprehensive Income.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

A provision for impairment of trade receivables is established where the Property Manager has indicated concerns over the recoverability of arrears based upon their individual assessment of all outstanding balances which incorporates forward looking information. Given this detailed approach, a collective assessment methodology applying a provision matrix to determine expected credit losses is not used.

The amount of the provision is recognised in the Consolidated Balance Sheet and any changes in provision recognised in the Statement of Comprehensive Income.

J Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and other short-term highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value.

K Borrowings and interest expense

All loans and borrowings are initially recognised at the fair value of the consideration received, less issue costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on settlement. Borrowing costs are recognised within finance costs in the Consolidated Statement of Comprehensive Income as incurred.

L Accounting for derivative financial instruments and hedging activities

Interest rate hedges are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The Group also documents its assessment both at hedge inception and on an ongoing basis of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income in the Consolidated Statement of Comprehensive Income. The gains or losses relating to the ineffective portion are recognised in operating profit in the Consolidated Statement of Comprehensive Income.

Amounts taken to equity are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expenses are recognised.

When a derivative is held as an economic hedge for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current consistent with the classification of the underlying item. A derivative instrument that is a designated and effective hedging instrument is classified consistent with the classification of the underlying hedged item.

M Service charge

IFRS15 requires the Group to determine whether it is a principal or an agent when goods or services are transferred to a customer. An entity is a principal if the entity controls the promised good or service before the entity transfers the goods or services to a customer. An entity is an agent if the entity's performance obligation is to arrange for the provision of goods and services by another party.

Any leases entered into between the Group and a tenant require the Group to provide ancillary services to the tenant such as maintenance works etc, therefore these service charge obligations belong to the Group. However, to meet this obligation the Group appoints a managing agent, Jones Lang Lasalle Inc "JLL" and directs it to fulfil the obligation on its behalf. The contract between the Group and the managing agent creates both a right to services and the ability to direct those services. This is a clear indication that the Group operates as a principal and the managing agent operates as an agent. Therefore, it is necessary to recognise the gross service charge revenue and expenditure billed to tenants as opposed to recognising the net amount.

N Other financial liabilities

Trade and other payables are recognised and carried at invoiced value as they are considered to have payment terms of 30 days or less and are not interest bearing. The balance of trade and other payables are considered to meet the definition of an accrual and have been expensed through the Income Statement or Balance Sheet depending on classification. VAT payable at the Balance Sheet date will be settled within 31 days of the Balance Sheet date with Her Majesty's Revenue and Customs ("HMRC") and deferred rental income is rent that has been billed to tenants but relates to the period after the Balance Sheet date. Rent deposits recognised in note 13 as current are those that are due within one year as a result of upcoming tenant expiries.

3. Financial Risk Management

The Group's principal financial liabilities are loans and borrowings. The main purpose of the Group's loans and borrowings is to finance the acquisition and development of the Group's property portfolio. The Group has rent and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Group is exposed to market risk (including interest rate risk and real estate risk), credit risk, liquidity risk and capital risk. The Group is not exposed to currency risk or price risk. The Group is engaged in a single segment of business, being property investment in one geographical area, the United Kingdom. Therefore the Group only engages in one form of currency being pound sterling.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Group that are affected by market risk are principally the interest rate swap (which ended 27 April 2023) and the interest rate cap (which commenced 27 April 2023).

i) Interest Rate risk

As described below the Group invests cash balances with RBS, Citibank and Barclays. These balances expose the Group to cash flow interest rate risk as the Group's income and operating cash flows will be affected by movements in the market rate of interest. There is considered to be no fair value interest rate risk in regard to these balances.

The bank borrowings as described in note 14 also expose the Group to cash flow interest rate risk. The Group's policy has historically been to manage its cash flow interest rate risk using interest rate derivatives (see note 15). The Group has floating rate borrowings of £141,874,379; £85,000,000 of these borrowings has been fixed via an interest rate cap.

The fair value of the interest rate swap is exposed to changes in the market interest rate as their fair value is calculated as the present value of the estimated future cash flows under the agreements. The accounting policy for recognising the fair value movements in the interest rate swaps is described in note 2.3 L.

The Group completed an extension of its debt facilities that were due to expire in April 2023 with new floating rate borrowings of £85,000,000 commencing on the same day as the existing facility ended. As discussed further in note 15, the Group initially sought to manage its cash flow interest rate risk using an interest rate swap. Due to subsequent changes in the interest rate environment, the Group took the decision to break the swap and replace this with an interest rate cap limiting the floating rate exposure to 3.959%.

Trade and other receivables and trade and other payables are interest free and have settlement dates within one year and therefore are not considered to present a fair value interest rate risk.

The tables below set out the carrying amount of the Company's financial instruments excluding the amortisation of borrowing costs as outlined in note 14.

As at 31 December 2023	Fixed rate £	Variable rate £	Interest rate £
Cash and cash equivalents	-	6,653,838	0.000%
Bank borrowings	85,000,000	56,874,379	5.459%

As at 31 December 2022	Fixed rate £	Variable rate £	Interest rate £
Cash and cash equivalents	-	15,871,053	0.000%
Bank borrowings	110,000,000	-	2.725%

At 31 December 2023, if market rate interest rates had been 100 basis points higher, which is deemed appropriate given historical movements in interest rates, with all other variables held constant, the profit for the year would have been £66,538 higher (2022: £158,711 higher) as a result of the higher interest income on cash and cash equivalents. Other Comprehensive Income and the Capital Reserve would have been £1,120,407 higher (2022: £1,753,510 higher) as a result of an increase in the fair value of the derivative designated as a cash flow hedge of floating rate borrowings.

At 31 December 2023, if market rate interest rates had been 100 basis points lower with all other variables held constant, the profit for the year would have been £66,538 lower (2022: £158,711 lower) as a result of the lower interest income on cash and cash equivalents. Other Comprehensive Income and the Capital Reserve would have been £781,333 lower (2022: £1,404,933 lower) as a result of a decrease in the fair value of the derivative designated as a cash flow hedge of floating rate borrowings.

ii) Real estate risk

The Group has identified the following risk associated with the real estate portfolio. The risks following, in particular b and c and also credit risk have remained high given the ongoing cost of living crisis and the resultant effect on tenants' ability to pay rent:

a) The cost of any development schemes may increase if there are delays in the planning process given the inflationary environment. The Group uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process.

b) major tenants may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property (see also credit risk below). To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

c) The exposure of the fair values of the portfolio to market and occupier fundamentals. The Group aims to manage such risks by taking an active approach to asset management (working with tenants to extend leases and minimise voids), capturing profit (selling when the property has delivered a return to the Group that the Group believes has been maximised and the proceeds can be reinvested into more attractive opportunities) and identifying new investments (generally at yields that are accretive to the revenue account and where the Group believes there will be greater investment demand in the medium term).

Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has entered into with the Group. In the event of default by an occupational tenant, the Group will suffer a rental income shortfall and incur additional related costs. The Investment Manager regularly reviews reports produced by Dun and Bradstreet and other sources, including the MSCI IRIS report, to be able to assess the credit worthiness of the Group's tenants and aims to ensure that there are no excessive concentrations of credit risk and that the impact of default by a tenant is minimised. In addition to this, the terms of the Group's bank borrowings require that the largest tenant accounts for less than 20% of the Group's total rental income, that the five largest tenants account for less than 50% of the Group's total rental income and that the ten largest tenants account for less than 75% of the Group's total rental income. The maximum credit risk from the tenant arrears of the Group at the financial year end was £3,741,772 (2022: £4,713,145) as detailed in note 11. The Investment Manager also has a detailed process to identify the expected credit loss from tenants who are behind with rental payments.

This involves a review of every tenant who owes money with the Investment Manager using their own knowledge and communications with the tenant to assess whether a provision should be made. This resulted in the provision for bad debts decreasing to £832,240 at the year-end (2022: £2,137,972) after write-offs.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty bank with a maximum exposure equal to the carrying value of these instruments. As at 31 December 2023 £316,737 (2022: £6,481,061) was placed on deposit with The Royal Bank of Scotland plc ("RBS"), £242,900 (2022: £786,166) was held with Citibank and £6,094,201 (2022: £8,603,826) was held with Barclays.

The credit risk associated with the cash deposits placed with RBS is mitigated by virtue of the Group having a right to off-set the balance deposited against the amount borrowed from RBS should RBS be unable to return the deposits for any reason. Citibank is rated A-2 Stable by Standard & Poor's and P-2 Stable by Moody's. RBS is rated A-1 Stable by Standard & Poor's and P-1 Stable by Moody's. Barclays Bank UK is rated A-1 Stable by Standard & Poor's and P-1 Stable by Moody's.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The investment properties in which the Group invests are not traded in an organised public market and may be illiquid. As a result, the Group may not be able to liquidate its investments in these properties quickly at an amount close to their fair value in order to meet its liquidity requirements.

The following table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

The disclosed amounts for interest-bearing loans and interest rate swaps in the below table are the estimated net undiscounted cash flows.

The Group's liquidity position is regularly monitored by management and is reviewed quarterly by the Board of Directors

Year ended 31 December 2023	**On demand**	**12 months**	**1 to 5 years**	**>5 years**	**Total**
	£	**£**	**£**	**£**	**£**
Interest-bearing loans	-	8,442,998	152,428,127	-	160,871,125
Trade and other payables	7,514,629	52,450	209,800	5,140,100	12,916,979
Rental deposits due to tenants	-	299,124	713,058	181,945	1,194,127
	7,514,629	**8,794,572**	**153,350,985**	**5,322,045**	**174,982,231**

Year ended 31 December 2022	**On demand**	**12 months**	**1 to 5 years**	**>5 years**	**Total**
	£	**£**	**£**	**£**	**£**
Interest-bearing loans	-	29,462,608	94,425,183	-	123,887,791
Trade and other payables	5,284,559	26,068	104,271	2,580,717	7,995,615
Rental deposits due to tenants	-	257,899	508,736	243,046	1,009,681
	5,284,559	**29,746,575**	**95,038,190**	**2,823,763**	**132,893,087**

Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back existing shares, increase or decrease borrowings or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by gross assets and has a limit of 65% set by the Articles of Association of the Company. Gross assets are calculated as non-current and current assets, as shown in the Consolidated Balance Sheet.

The gearing ratios at 31 December 2023 and at 31 December 2022 were as follows:

	2023	**2022**
	£	**£**
Total borrowings (excluding unamortised arrangement fees)	141,874,379	110,000,000
Gross assets	456,053,931	444,943,156
Gearing ratio (must not exceed 65%)	31.11%	24.72%

The Group also monitors the Loan-to-value ratio which is calculated as gross borrowings less cash divided by portfolio valuation. As at 31 December 2023 this was 30.7% (2022: 22.6%).

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements at amortised cost.

	Carrying amount		Fair Value	
	2023	2022	2023	2022
Financial Assets	£	£	£	£
Cash and cash equivalents	6,653,838	15,871,053	6,653,838	15,871,053
Trade and other receivables	6,101,152	7,457,083	6,101,152	7,457,083
Financial liabilities				
Bank borrowings	141,251,910	109,123,937	144,957,576	109,580,566
Trade and other payables	8,217,588	6,564,852	8,217,588	6,564,852

In addition to the above, the Group's financial instruments also include an Interest rate swap and Interest rate cap. These have not been included in the disclosure above as these are already held at fair value. The fair value of trade receivables and payables are materially equivalent to their amortised cost.

The fair value of the financial assets and liabilities are included at an estimate of the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair value:

- Cash and cash equivalents, trade and other receivables and trade and other payables are the same as fair value due to the short-term maturities of these instruments. Trade and other receivables/payables are measured in reference to contractual amounts due to/from the Group. These contractual amounts are directly observable.
- The fair value of the Right of use asset/Obligation under finance lease represents the ground rent liability associated with Leasehold properties. Their fair value is assessed with direct reference to the regular payments made under the ground rent and interest rates associated with the Group's debt financing.
- The fair value of bank borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities. The fair value approximates their carrying values gross of unamortised transaction costs. This is considered as being valued at level 2 of the fair value hierarchy and has not changed level since 31 December 2022.
- The fair value of rental deposit liabilities is the same as the current value as the monies owed are held in separate bank accounts.
- The fair values of the interest rate swap and cap contracts are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. This is considered as being valued at level 2 of the fair value hierarchy and has not changed level since 31 December 2022. The definition of the valuation techniques are explained in the significant accounting judgements, estimates and assumptions on pages 63 to 64.

The table below shows an analysis of the fair values of financial assets and liabilities recognised in the Balance Sheet by the level of the fair value hierarchy:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Year ended 31 December 2023	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	-	6,101,152	-	6,101,152
Cash and cash equivalents	6,653,838	-	-	6,653,838
Interest rate cap	-	1,408,781	-	1,408,781
Rental deposits held on behalf of tenants	895,003	-	-	895,003
Right of use asset	-	1,810,120	-	1,810,120
	7,548,841	**9,320,053**	**-**	**16,868,894**
Financial liabilities				
Trade and other payables	-	8,217,588	-	8,217,588
Bank borrowings	-	144,957,576	-	144,957,576
Obligation under finance leases	-	1,810,120	-	1,810,120
Rental deposits held on behalf of tenants	895,003	-	-	895,003
	895,003	**154,985,284**	**-**	**155,880,287**

Year ended 31 December 2022	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	-	7,457,083	-	7,457,083
Cash and cash equivalents	15,871,053	-	-	15,871,053
Interest rate swap	-	1,238,197	-	1,238,197
Interest rate cap	-	2,550,469	-	2,550,469
Rental deposits held on behalf of tenants	751,782	-	-	751,782
Right of use asset	-	899,572	-	899,572
	16,622,835	**12,145,321**	**-**	**28,768,156**
Financial liabilities				
Trade and other payables	-	6,564,852	-	6,564,852
Bank borrowings	-	109,580,566	-	109,580,566
Obligation under finance leases	-	899,572	-	899,572
Rental deposits held on behalf of tenants	751,782	-	-	751,782
	751,782	**117,044,990**	**-**	**117,796,772**

4. Administrative and Other Expenses

	Notes	2023 £	2022 £
Investment management fees		**2,632,225**	**3,480,963**
Other direct property expenses			
Vacant Costs (excluding void service charge) *		1,217,722	600,561
Repairs and maintenance		418,360	1,740,937
Letting fees		405,684	431,534
Other costs		366,695	237,813
Total Other direct property expenses		**2,408,461**	**3,010,845**
Net Impairment gain on trade receivables **		**(213,048)**	**(772,947)**
Fees associated with strategic review and aborted merger		**1,729,925**	**-**
Other administration expenses			
Directors' fees and subsistence	23	239,436	247,603
Valuer's fees		75,524	94,256
Auditor's fees		192,700	131,280
Marketing		222,893	226,782
Other administration costs		406,189	434,998
Total Other administration expenses		**1,136,742**	**1,134,919**
Total Administrative and other expenses		**7,694,305**	**6,853,780**

* Void Service charge costs for the year amounted to £1,470,241 (2022: £1,164,991). These have been reclassified as Service charge expenditure as noted below.
** In the prior year, impairment gains/(losses) on trade receivables (2022: gain of £852,062) were disclosed separately to amounts written-off in the period (2022: £79,115). The disclosure has been simplified in the current year – see Note 11 for further information on amounts written-off in the period.

	2023 £	2022 £
Total service charge billed to tenants	4,731,793	4,492,780
Service charge due from/(to) tenants	152,564	(80,959)
Service charge income	**4,884,357**	**4,411,821**
Total service charge expenditure incurred	4,884,357	4,411,821
Service charge incurred in respect of void units	1,470,241	1,164,991
Service charge expenditure	**6,354,598**	**5,576,812**

Investment management fees

From 1 July 2019, under the terms of the IMA the Investment Manager was entitled to investment management fees of 0.70% of total assets up to £500 million; and 0.60% of total assets in excess of £500 million. The Group agreed a 10bps reduction in the fee effective from 1 January 2023; 0.60% of total assets up to £500m, and 0.50% of total assets in excess of £500 million. The total fees charged for the year amounted to £2,632,225 (2022: £3,480,963). The amount due and payable at the year-end amounted to £1,312,401 excluding VAT (2022: £742,952 excluding VAT). In addition the Company paid the Investment Manager a sum of £184,750 excluding VAT (2022: £184,750 excluding VAT) to participate in the Managers marketing programme and Investment Trust share plan. On 12 October 2023, the Board served notice on the Investment Management Agreement. In the event that the Managed Wind-Down is approved by Shareholders, it is proposed that a new agreement (and fee structure) will be signed with the Investment Manager.

Administration, secretarial and registrar fees

On 19 December 2003 Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust") was appointed administrator, secretary and registrar to the Group. Northern Trust is entitled to an annual fee, payable quarterly in arrears, of £65,000. Northern Trust is also entitled to reimbursement of reasonable out of pocket expenses. Total fees and expenses charged for the year amounted to £70,325 (2022: £65,000). The amount due and payable at the year-end amounted to £32,500 (2022: £32,500).

Valuers fee

Knight Frank LLP ("the Valuers"), external international real estate consultants, was appointed as valuers in respect of the assets comprising the property portfolio. The total valuation fees charged for the year amounted to £75,524 (2022: £94,256). The total valuation fee comprises a base fee for the ongoing quarterly valuation, and a one-off fee on acquisition of an asset. The amount due and payable at the year-end amounted to £18,665 excluding VAT (2022: £17,687 excluding VAT).

The annual fee is equal to 0.017 percent of the aggregate value of property portfolio paid quarterly.

Auditor's fee

At the year-end date Deloitte LLP continued as independent auditor of the Group. The audit fees for the year amounted to £192,700 (2022: £131,280) and relate to audit services provided for the 2023 financial year. Deloitte LLP did not provide any non-audit services in the year (2022: nil).

Fees associated with strategic review and aborted merger

As described in more detail in note 2.1, the Board undertook a strategic review during the second half of 2023 after concerns over the Company's size, liquidity, persistent discount to NAV and dividend cover. The outcome of this review, following interest from other listed REITs, was that the Board recommended to shareholders that they vote in favour of a proposed merger with Custodian REIT. The costs associated with the initial Rule 2.7 announcement (including advisor, due diligence and valuation fees) were £2,041,248 of which £1,729,925 was accrued and unpaid at 31 December 2023 based on levels of work in progress (WIP). These fees do not include any costs associated with the subsequent approach from Urban Logistics or proposed managed and orderly wind-down following the EGM on 27 March 2024 (see note 26).

5. Finance income and costs

	2023 £	2022 £
Interest income on cash and cash equivalents	92,178	27,543
Finance income	**92,178**	**27,543**
Interest expense on bank borrowings	8,119,398	3,251,500
Non-utilisation charges on facilites	198,314	308,582
Receipt on interest rate swap	(911,184)	(116,700)
Receipt on interest rate caps	(578,933)	-
Amortisation of premium paid for interest rate cap	565,030	-
Amortisation of arrangement costs (see note 14)	253,594	204,835
Finance lease interest	49,289	24,468
Finance costs	**7,695,508**	**3,672,685**

Of the finance costs above, £1,959,463 of the interest expense on bank borrowings were accruals at 31 December 2023 and included in Trade and other payables.

6. Taxation
UK REIT Status
The Group migrated tax residence to the UK and elected to be treated as a UK REIT with effect from 1 January 2015. As a UK REIT, the income profits of the Group's UK property rental business are exempt from corporation tax as are any gains it makes from the disposal of its properties, provided they are not held for trading or sold within three years of completion of development. The Group is otherwise subject to UK corporation tax at the prevailing rate.

As the principal company of the REIT, the Company is required to distribute at least 90% of the income profits of the Group's UK property rental business. There are a number of other conditions that are also required to be met by the Company and the Group to maintain REIT tax status. These conditions were met in the period and the Board intends to conduct the Group's affairs such that these conditions continue to be met for the foreseeable future.

Accordingly, deferred tax is not recognised on temporary differences relating to the property rental business.

The Company and its Guernsey subsidiary have obtained exempt company status in Guernsey so that they are exempt from Guernsey taxation on income arising outside Guernsey and bank interest receivable in Guernsey.

A reconciliation between the tax charge and the product of accounting profit multiplied by the applicable tax rate for the year ended 31 December 2023 and 2022 is as follows:

	2023 £	2022 £
Loss before tax	**(8,267,901)**	**(51,053,487)**
Tax calculated at blended UK statutory corporation tax rate of 23.5% (2022: 19%)	(1,942,957)	(9,700,163)
UK REIT exemption on net income	(2,534,334)	(2,179,636)
Valuation loss in respect of Investment properties not subject to tax	4,477,291	11,879,799
Current income tax charge	**-**	**-**

* Calculated as a blended average of 23.5% being 3 months at the prevailing 19%, and 9 months at 25%.

7. Investment Properties

	UK Industrial 2023 £	UK Office 2023 £	UK Retail 2023 £	UK Other 2023 £	Total 2023 £
Market value at 1 January	227,525,000	88,450,000	53,550,000	39,150,000	408,675,000
Purchase of investment properties	4,367,140	-	19,619,261	-	23,986,401
Capital expenditure on investment properties	17,394,611	3,658,739	624,029	1,342	21,678,721
Opening market value of disposed investment properties	(6,400,000)	-	-	-	(6,400,000)
Valuation loss from investment properties	6,062,225	(19,490,769)	(1,360,741)	(3,200,246)	(17,989,531)
Movement in lease incentives	1,121,061	(42,970)	(42,549)	(51,096)	984,446
Market value at 31 December	**250,070,037**	**72,575,000**	**72,390,000**	**35,900,000**	**430,935,037**
Investment property recognised as held for sale	(19,750,000)	(15,350,000)	-	-	**(35,100,000)**
Market value net of held for sale at 31 December	**230,320,037**	**57,225,000**	**72,390,000**	**35,900,000**	**395,835,037**
Right of use asset recognised on leasehold properties	-	1,810,120	-	-	1,810,120
Adjustment for lease incentives	(5,957,199)	(1,943,609)	(846,233)	(559,362)	(9,306,403)
Carrying value at 31 December	**224,362,838**	**57,091,511**	**71,543,767**	**35,340,638**	**388,338,754**

The valuations were performed by Knight Frank LLP, acting in the capacity of a valuation adviser to the AIFM, accredited external valuers with recognised and relevant professional qualifications and recent experience of the location and category of the investment properties being valued. The valuation model in accordance with Royal Institute of Chartered Surveyors ('RICS') requirements on disclosure for Regulated Purpose Valuations has been applied (RICS Valuation - Global Standards, which incorporate the International Valuation Standards). These valuation models are consistent with the principles in IFRS 13. The market value provided by Knight Frank at the year-end was £430,935,037 (2022: £408,675,000) however an adjustment has been made for lease incentives of £9,248,902 (2022: £8,357,036) that are already accounted for as an asset. In addition, as required under IFRS 16, a right of use asset of £1,810,120 has been recognised in respect of the present value of future ground rents. As required under IFRS 16 an amount of £1,810,120 has also been recognised as an obligation under finance leases in the balance sheet. Valuation gains and losses from investment properties are recognised in the Consolidated Statement of Comprehensive Income for the period and are attributable to changes in unrealised gains or losses relating to investment properties held at the end of the reporting period.

	UK Industrial 2022 £	UK Office 2022 £	UK Retail 2022 £	UK Other 2022 £	Total 2022 £
Market value at 1 January	273,565,250	126,275,000	56,525,000	36,050,000	492,415,250
Purchase of investment properties	91,859	-	-	5,409,462	5,501,321
Capital expenditure on investment properties	9,375,227	4,117,846	31,740	-	13,524,813
Opening market value of disposed investment properties	(20,450,000)	(20,900,000)	-	-	(41,350,000)
Valuation gain from investment properties	(35,924,164)	(20,993,533)	(3,087,334)	(2,252,751)	(62,257,782)
Movement in lease incentives	866,828	(49,313)	80,594	(56,711)	841,398
Market value at 31 December	**227,525,000**	**88,450,000**	**53,550,000**	**39,150,000**	**408,675,000**
Right of use asset recognised on leasehold properties	-	899,572	-	-	899,572
Adjustment for lease incentives	(4,871,218)	(1,986,578)	(888,782)	(610,458)	(8,357,036)
Carrying value at 31 December	**222,653,782**	**87,362,994**	**52,661,218**	**38,539,542**	**401,217,536**

In the Cash Flow Statement, proceeds from disposal of investment properties comprise:

	2023 £	2022 £
Opening market value of disposed investment properties	6,400,000	41,350,000
Loss on disposal of investment properties	(279,090)	(207,153)
Net proceeds from disposal of investment properties	**6,120,910**	**41,142,847**

Valuation Methodology

The fair value of completed investment properties are determined using the income capitalisation method.

The income capitalisation method is based on capitalising the net income stream at an appropriate yield. In establishing the net income stream the valuers have reflected the current rent (the gross rent) payable to lease expiry, at which point the valuer has assumed that each unit will be re-let at their opinion of ERV. The valuers have made allowances for voids where appropriate, as well as deducting non recoverable costs where applicable. The appropriate yield is selected on the basis of the location of the building, its quality, tenant credit quality and lease terms amongst other factors.

No properties have changed valuation technique during the year. At the Balance Sheet date the income capitalisation method is appropriate for valuing all assets.

The Company appoints suitable valuers (such appointment is reviewed on a periodic basis) to undertake a valuation of all the direct real estate investments on a quarterly basis. The valuation is undertaken in accordance with the then current RICS guidelines and requirements as mentioned earlier.

The Investment Manager meets with the valuers on a quarterly basis to ensure the valuers are aware of all relevant information for the valuation and any change in the investment over the quarter. The Investment Manager then reviews and discusses the draft valuations with the valuers to ensure correct factual assumptions are made.

The management group that determines the Company's valuation policies and procedures for property valuations is the Property Valuation Committee. The Committee reviews the quarterly property valuation reports produced by the valuers (or such other person as may from time to time provide such property valuation services to the Company) before its submission to the Board, focusing in particular on:

- significant adjustments from the previous property valuation report;
- reviewing the individual valuations of each property;
- compliance with applicable standards and guidelines including those issued by RICS and the FCA Listing Rules;
- reviewing the findings and any recommendations or statements made by the valuer;
- considering any further matters relating to the valuation of the properties.

The Chair of the Committee makes a brief report of the findings and recommendations of the Committee to the Board after each Committee meeting. The minutes of the Committee meetings are circulated to the Board. The Chair submits an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.
The table below outlines the valuation techniques and inputs used to derive Level 3 fair values for each class of investment properties. The table includes:

- The fair value measurements at the end of the reporting period.
- The level of the fair value hierarchy (e.g. Level 3) within which the fair value measurements are categorised in their entirety.
- A description of the valuation techniques applied.
- Fair value measurements, quantitative information about the significant unobservable inputs used in the fair value measurement.
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building.

As noted above, all investment properties listed in the table below are categorised Level 3 and all are valued using the Income Capitalisation method.

Country & Class 2023	UK Industrial Level 3	UK Office Level 3	UK Retail Level 3	UK Other Level 3
Fair Value 2023 £	250,070,037	72,575,000	72,390,000	35,900,000
Key Unobservable Input 2023	Initial Yield Reversionary yield Equivalent Yield Estimated rental value per sq ft	Initial Yield Reversionary yield Equivalent Yield Estimated rental value per sq ft	Initial Yield Reversionary yield Equivalent Yield Estimated rental value per sq ft	Initial Yield Reversionary yield Equivalent Yield Estimated rental value per sq ft
Range (weighted average) 2023	0.00% to 8.97% (4.80%) 4.74% to 8.79% (6.55%) 5.28% to 8.30% (6.46%) £4.75 to £10.25 (£7.04)	4.56% to 10.51% (7.57%) 7.34% to 12.20% (10.33%) 7.04% to 9.98% (8.89%) £15.79 to £45.94 (£27.08)	6.03% to 9.12% (6.91%) 5.52% to 7.99% (6.22%) 5.76% to 9.91% (7.02%) £0.00 to £30.61 (£11.35)	5.40% to 9.30% (6.53%) 5.81% to 9.40% (6.52%) 5.58% to 9.21% (6.67%) £6.50 to £20.00 (£14.49)

Country & Class 2022	UK Industrial Level 3	UK Office Level 3	UK Retail Level 3	UK Other Level 3
Fair Value 2022 £	227,525,000	88,450,000	53,550,000	39,150,000
Key Unobservable Input 2022	Initial Yield Reversionary yield Equivalent Yield Estimated rental value per sq ft	Initial Yield Reversionary yield Equivalent Yield Estimated rental value per sq ft	Initial Yield Reversionary yield Equivalent Yield Estimated rental value per sq ft	Initial Yield Reversionary yield Equivalent Yield Estimated rental value per sq ft
Range (weighted average) 2022	0.00% to 8.78% (5.20%) 5.00% to 8.68% (6.35%) 5.00% to 8.23% (6.26%) £4.50 to £9.00 (£6.38)	5.10% to 7.90% (6.11%) 6.25% to 10.45% (8.76%) 6.15% to 9.25% (8.02%) £17.01 to £45.47 (£26.78)	4.39% to 8.33% (6.75%) 5.49% to 7.99% (6.16%) 5.76% to 9.67% (6.79%) £8.74 to £30.61 (£15.37)	5.01% to 9.13% (5.98%) 4.79% to 9.40% (5.85%) 5.01% to 9.07% (5.87%) £6.00 to £20.00 (£14.71)

Descriptions and definitions
The table above includes the following descriptions and definitions relating to valuation techniques and key observable inputs made in determining the fair values.

Estimated rental value (ERV)
The rent at which space could be let in the market conditions prevailing at the date of valuation.

Equivalent yield
The equivalent yield is defined as the internal rate of return of the cash flow from the property, assuming a rise or fall to ERV at the next review or lease termination, but with no further rental change.

Initial yield
Initial yield is the annualised rents of a property expressed as a percentage of the property value.

Reversionary yield
Reversionary yield is the anticipated yield to which the initial yield will rise (or fall) once the rent reaches the ERV.

The table below shows the ERV per annum, area per square foot, average ERV per square foot, initial yield and reversionary yield as at the Balance Sheet date.

	2023	2022
ERV p.a.	£34,189,042	£31,048,945
Area sq.ft.	3,503,840	3,416,291
Average ERV per sq.ft.	£9.76	£9.09
Initial yield	5.8%	5.7%
Reversionary yield	7.1%	7.1%

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of completed investment property.

	2023 £	2022 £
Increase in equivalent yield of 50 bps	(31,373,168)	(31,086,535)
Decrease in rental rates of 5% (ERV)	(15,910,176)	(15,879,151)

Below is a list of how the interrelationships in the sensitivity analysis above can be explained.

In both cases outlined in the sensitivity table the estimated Fair Value would increase (decrease) if:

- The ERV is higher (lower)
- Void periods were shorter (longer)
- The occupancy rate was higher (lower)
- Rent free periods were shorter (longer)
- The capitalisation rates were lower (higher)

8. Land

	2023 £	2022 £
Cost		
Balance at the beginning of the year	8,061,872	8,001,550
Additions	2,154,160	60,322
Government Grant Income receivable	(620,477)	-
Balance at the end of the year	**9,595,555**	**8,061,872**
Accumulated depreciation and amortisation		
Balance at the beginning of the year	(561,872)	(501,550)
Valuation loss from land	(783,683)	(60,322)
Balance at the end of the year	**(1,345,555)**	**(561,872)**
Carrying amount as at 31 December	**8,250,000**	**7,500,000**

Valuation methodology

The Land is held at fair value and is categorised Level 3.

The Group appoints suitable valuers (such appointment is reviewed on a periodic basis) to undertake a valuation of the land on a quarterly basis. The valuation is undertaken in accordance with the current RICS guidelines by Knight Frank LLP whose credentials are set out in note 7.

Additions represent costs associated with the reforestation and peatland restoration at Far Ralia. Grants are receivable from the Scottish Government for such costs. The conditions of the grant are deemed to be complied with on initial completion of work on the associated Work Areas identified under the Grant agreement. As at 31 December 2023, no grant income has yet been received however £620,477 has been recognised in accordance with the Group's policy for grant recognition (see Note 2.3 C iv).

9. Investment Properties Held for Sale

As at 31 December 2023, the Group was actively seeking a buyer for several assets including its industrial assets Opus 9 in Warrington, Unit 5 Monkton Business Park in Hebburn and Kings Business Park in Bristol. In addition, the Group was actively seeking a buyer of its office asset 15 Basinghall Street in London, and 101 Princess Street in Manchester. As noted further in note 26, the Group exchanged contracts and completed on several of these.

As at 31 December 2022, the Group was not actively seeking a buyer for any of the Investment Properties.

10. Investments in Limited Partnership and Subsidiaries

The Company owns 100 per cent of the issued ordinary share capital of abrdn Property Holdings Limited (formerly known as Standard Life Investments Property Holdings Limited), a company with limited liability incorporated and domiciled in Guernsey, Channel Islands, whose principal business is property investment.

In 2015 the Group acquired 100% of the units in Standard Life Investments SLIPIT Unit Trust, (formerly Aviva Investors UK Real Estate Recovery II Unit Trust) a Jersey Property Unit Trust. The acquisition included the entire issued share capital of a General Partner which held, through a Limited Partnership, a portfolio of 22 UK real estate assets. The transaction completed on 23 December 2015 and the Group has treated the acquisition as a Business Combination in accordance with IFRS 3.

- abrdn Property Holdings Limited (formerly known as Standard Life Investments Property Holdings Limited), a property investment company with limited liability incorporated in Guernsey, Channel Islands.
- abrdn (APIT) Limited Partnership (formerly known as Standard Life Investments (SLIPIT) Limited Partnership), a property investment limited partnership established in England.
- abrdn APIT (General Partner) Limited, a company with limited liability incorporated in England, whose principal business is property investment.
- abrdn (APIT Nominee) Limited, a company with limited liability incorporated and domiciled in England, whose principal business is property investment.

11. Trade and other receivables

	2023 £	2022 £
Trade receivables	4,574,012	6,851,117
Less: provision for impairment of trade receivables	(832,240)	(2,137,972)
Trade receivables (net)	**3,741,772**	**4,713,145**
Rental deposits held on behalf of tenants	299,124	257,899
Accrued Grant Income (see Note 8)	620,477	-
Other receivables	1,439,779	2,486,039
Total trade and other receivables	**6,101,152**	**7,457,083**

Reconciliation for changes in the provision for impairment of trade receivables:

	2023 £	2022 £
Opening balance	(2,137,972)	(2,990,034)
Credit for the year	213,048	772,947
Reversal for amounts written-off	1,092,684	79,115
Closing balance	**(832,240)**	**(2,137,972)**

The estimated fair values of receivables are the discounted amount of the estimated future cash flows expected to be received and approximate their carrying amounts.

The trade receivables above relate to rental income receivable from tenants of the investment properties. When a new lease is agreed with a tenant the Investment Manager performs various money laundering checks and makes a financial assessment to determine the tenant's ability to fulfil its obligations under the lease agreement for the foreseeable future. The majority of tenants are invoiced for rental income quarterly in advance and are issued with invoices at least 21 days before the relevant quarter starts. Invoices become due on the first day of the quarter and are considered past due if payment is not received by this date. Other receivables are considered past due when the given terms of credit expire.

Amounts are considered impaired when it becomes unlikely that the full value of a receivable will be recovered. Movement in the balance considered to be impaired has been included in other direct property costs in the Consolidated Statement of Comprehensive Income. As at 31 December 2023, trade receivables of £832,240 (2022: £2,137,972) were considered impaired and provided for.

The ageing of these receivables is as follows:

	2023 £	2022 £
0 to 3 months	(37,274)	(8,203)
3 to 6 months	(81,350)	(251,682)
Over 6 months	(713,616)	(1,878,087)
	(832,240)	**(2,137,972)**

If the provision for impairment of trade receivables increased by £1 million then the Company's earnings and net asset value would decrease by £1 million. If it decreased by £1 million then the Company's earnings and net asset value would increase by £1 million.

As of 31 December 2023, trade receivables of £500,470 (2022: £3,099,355) were less than 3 months past due but considered not impaired.

12. Cash and cash equivalents

	2023 £	2022 £
Cash held at bank	6,337,101	9,389,992
Cash held on deposit with RBS	316,737	6,481,061
	6,653,838	**15,871,053**

Cash held at banks earns interest at floating rates based on daily bank deposit rates. Deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the applicable short-term deposit rates.

13. Trade and other payables

	2023 £	2022 £
Trade and other payables	7,023,461	4,655,599
VAT payable	656,894	628,960
Deferred rental income	6,038,976	5,337,852
Rental deposits due to tenants	299,124	257,899
	14,018,455	**10,880,310**

Trade and other payables are recognised at amortised cost. Trade payables are non-interest bearing and normally settled on 30-day terms.

14. Bank borrowings

	2023 £	2022 £
Loan facility (including Rolling Credit Facility)	**165,000,000**	**165,000,000**
Drawn down outstanding balance	**141,874,379**	**110,000,000**

On 12 October 2022 the Group entered into an agreement to extend its existing £165 million debt facility with Royal Bank of Scotland International ("RBSI"). The previous facility (which expired on 27 April 2023) consisted of a £110 million term loan payable at 1.375% plus SONIA and two Revolving Credit Facilities ("RCF") of £35 million payable at 1.45% plus SONIA and £20 million payable at 1.60% plus SONIA. The amended and restated agreement is for a three-year term loan of £85 million and a single RCF of £80 million; both payable at 1.5% plus SONIA. As at 31 December 2023 £56.9m of the RCF was drawn (2022: £nil).

	2023 £	2022 £
Opening carrying value of expired facility as at 1 January	**109,928,234**	**109,723,399**
Borrowings during the period on expired RCF	25,000,000	17,000,000
Repayment of expired RCF	(25,000,000	(17,000,000)
Repayment of expired facility	(110,000,000)	-
Amortisation arrangement costs	71,766	204,835
Closing carrying value of expired facility	**-**	**109,928,234**
Opening carrying value of new facility as at 1 January	**(804,297)**	**-**
Borrowings during the period on new RCF	63,000,000	-
Repayment of new RCF	(6,125,621)	-
New term loan facility	85,000,000	-
Arrangement costs of new facility	-	(804,297)
Amortisation arrangement costs	181,828	-
Closing carrying value	**141,251,910**	**(804,297)**
Opening carrying value of facilities combined as at 1 January	**109,123,937**	**109,723,399**
Closing carrying value of facilities combined	**141,251,910**	**109,123,937**

	2023 £	2022 £
Amortisation of arrangement costs (expired facility)	71,766	204,835
Amortisation of arrangement costs (new facility)	181,828	-
See Note 5	**253,594**	**204,835**

Under the terms of the loan facilities there are certain events which would entitle RBSI to terminate the loan facility and demand repayment of all sums due. Included in these events of default is the financial undertaking relating to the LTV percentage. The loan agreement notes that the LTV percentage is calculated as the loan amount less the amount of any sterling cash deposited within the security of RBSI divided by the gross secured property value, and that this percentage should not exceed 60% for the period to and including 27 April 2021 and should not exceed 55% after 27 April 2021 to maturity. There have been no changes to the covenant requirements as a result of the extension to the facility noted above.

Analysis of movement in net debt	Cash and cash equivalents £	Interest-bearing loans £	2023 Net debt £	Cash and cash equivalents £	Interest-bearing loans £	2022 Net debt £
Opening balance	**15,871,053**	**(109,123,937)**	**(93,252,884)**	**13,818,008**	**(109,723,399)**	**(95,905,391)**
Cash movement	(9,217,215)	(31,874,379)	(41,091,594)	2,053,045	804,297	2,857,342
Amortisation of arrangement costs	-	(253,594)	(253,594)	-	(204,835)	(204,835)
Closing balance	**6,653,838**	**(141,251,910)**	**(134,598,072)**	**15,871,053**	**(109,123,937)**	**(93,252,884)**

All loan covenants were met during the year ended December 2023.

	2023 £	2022 £
Loan amount	141,874,379	110,000,000
Cash	(6,653,838)	(15,871,053)
	135,220,541	94,128,947
Investment property valuation	439,185,037	416,175,000
LTV percentage	**30.8%**	**22.6%**

Other loan covenants that the Group is obliged to meet include the following:

- that the net rental income is not less than 150% of the finance costs for any three month period
- that the largest single asset accounts for less than 15% of the Gross Secured Asset Value
- that the largest ten assets accounts for less than 75% of the Gross Secured Asset Value
- that sector weightings are restricted to 55%, 45% and 75% for the Office, Retail and Industrial sectors respectively..
- that the largest tenant accounts for less than 20% of the Company's annual net rental income
- that the five largest tenants account for less than 50% of the Company's annual net rental income
- that the ten largest tenants account for less than 75% of the Company's annual net rental income

During the year, the Group complied with its obligations and loan covenants under its loan agreement.

The loan facility is secured by fixed and floating charges over the assets of the Company and its wholly owned subsidiaries, abrdn Property Holdings Limited and abrdn (APIT) Limited Partnership. The switch to the Sterling Overnight Index Average (SONIA) benchmark took effect from the first interest payment date (20 January 2022) following cessation of LIBOR (1 January 2022).

15. Interest rate Swap and Cap

In order to mitigate any interest rate risk linked to their debt facilities, the Group's policy has been to manage its cash flow using hedging instruments. The following hedging instruments were effective during the year:

15a Historic Interest Rate Swap

The Group had previously taken out an interest rate swap of a notional amount of £110,000,000 with RBS as part of a refinancing exercise in April 2016. The interest rate swap effective date was 28 April 2016 and had a maturity date of 27 April 2023. Under the swap the Company agreed to receive a floating interest rate linked to SONIA and pay a fixed interest rate of 1.35%.

	2023 £	2022 £
Opening fair value of interest rate swaps at 1 January	1,238,197	(568,036)
Reclassification of interest accrual	(335,663)	(247,093)
Valuation (loss)/gain on interest rate swap	(902,534)	1,470,570
Reclassified to Profit & Loss	-	582,756
Closing fair value of interest rate swap at 31 December	**-**	**1,238,197**

The spilt of the interest rate swap is listed below:

	2023 £	2022 £
Current assets/(liabilities)	-	1,238,197
Non-current assets/(liabilities)	-	-
Interest rate swap with a start date of 28 April 2016 maturing on 27 April 2023	**-**	**1,238,197**

15b Terminated Interest Rate Swap

As disclosed in note 14, on 12 October 2022 the Group announced that it had completed an extension of its debt facilities which included an interest rate swap of a notional amount of £85,000,000 (due to commence 27 April 2023). At the time, there was heightened volatility and swap rates were high, exacerbated by political uncertainty, and the all-in cost of the term loan amounted to 6.97%. In light of the change in interest rate environment subsequent to its completion, the Group decided to break the swap at a cost of £3,562,248 on 12 December 2022.

15c Interest Rate Cap

Simultaneously to the breaking of the £85,000,000 swap, the Group agreed an interest rate cap against a notional amount of £85,000,000 (due to commence 27 April 2023) with a cap level (SONIA) set at 3.959%. The cost of purchasing this cap was £2,507,177 and expires in April 2026 at the same time as the loan facility.

	2023 £	2022 £
Opening fair value of interest rate cap at 1 January	**2,550,469**	**-**
Cost of interest rate cap	-	2,507,177
Net Change in fair value	(1,141,688)	43,292
Closing fair value of interest rate cap at 31 December	**1,408,781**	**2,550,469**

The change in fair value of the interest rate cap comprises fair value changes and interest received, paid and accrued.

	2023		
	Cost of hedging £	Cash flow hedge £	Total £
Opening fair value	**1,779,151**	**771,318**	**2,550,469**
Valuation (loss)/gain	(1,153,875)	377,860	(776,015)
Interest received	-	(365,673)	(365,673)
Net Change in fair value	(1,153,875)	12,187	(1,141,688)
Closing fair value of interest rate cap at 31 December	**625,276**	**783,505**	**1,408,781**
Less Closing Interest Accrual *	-	(213,260)	(213,260)
Adjusted fair value of interest rate cap at 31 December	**625,276**	**570,245**	**1,195,521**
Opening Adjusted fair value of interest rate cap at 1 January	1,779,151	771,318	2,550,469
Valuation (loss)/gain recognised on Adjusted Valuation	**(1,153,875)**	**(201,073)**	**(1,354,948)**
Net Change in fair value (as above)	(1,153,875)	12,187	(1,141,688)
Less Closing Interest Accrual (as above) *	-	(213,260)	(213,260)
Valuation (loss)/gain recognised on Adjusted Valuation	**(1,153,875)**	**(201,073)**	**(1,354,948)**

Interest Rate Cap Reserves Reconciliation	Cost of hedging reserve	2023 Cash flow hedge reserve	Total
	£	£	£
Opening Reserve	**(728,026)**	**771,318**	**43,292**
Valuation (loss)/gain recognised on Adjusted Valuation	(1,153,875)	(201,073)	(1,354,948)
Amortisation of Premium (See Note 5)	565,030	-	565,030
Valuation loss as recognised in Other Comprehensive Income	**(588,945)**	**(201,073)**	**(789,918)**
Closing Reserve	**(1,316,871)**	**570,245**	**(746,626)**

* As the valuation of the interest rate cap includes a valuation attributable to the unsettled interest (due to 21st January) a separate accrual has not been recorded in the balance sheet. Instead, this represents a recycling of the change in Other Comprehensive Income for the Cash flow hedge to Finance Cost.

	Cost of hedging	2022 Cash flow hedge	Total
	£	£	£
Opening Value	**-**	**-**	**-**
Cost of Interest rate cap	2,507,177	-	2,507,177
Valuation (loss)/gain	(728,026)	771,318	43,292
Net Change in fair value	(728,026)	771,318	43,292
Closing fair value of interest rate cap at 31 December	**1,779,151**	**771,318**	**2,550,469**
Less Closing Interest Accrual *	-	-	-
Adjusted fair value of interest rate cap at 31 December	**1,779,151**	**771,318**	**2,550,469**
Opening Adjusted fair value of interest rate cap at 1 January	-	-	-
Valuation (loss)/gain recognised on Adjusted Valuation	**(728,026)**	**771,318**	**43,292**

Interest Rate Cap Reserves Reconciliation	Cost of hedging reserve	2022 Cash flow hedge reserve	Total
	£	£	£
Opening Reserve	**-**	**-**	**-**
Valuation (loss)/gain recognised on Adjusted Valuation	(728,026)	771,318	43,292
Amortisation of Premium (See Note 5)	-	-	-
Valuation gain as recognised in Other Comprehensive Income	**(728,026)**	**771,318**	**43,292**
Closing Reserve	**(728,026)**	**771,318**	**43,292**

The Interest associated with the cap recognised as an offset against Finance Cost is summarised below:

	2023	2022
	£	£
Interest received	365,673	-
Closing Interest Accrual	213,260	-
Receipt on interest rate caps (see Note 5)	**578,933**	**-**

The spilt of the interest rate cap is listed below:

	2023	2022
	£	£
Current assets/(liabilities)	849,110	339,462
Non-current assets/(liabilities)	559,671	2,211,007
Interest rate cap with a start date of 27 April 2023 maturing on 26 April 2026	**1,408,781**	**2,550,459**

16. Obligations under Finance Leases

	Minimum lease payments 2023 £	Interest 2023 £	Present value of minimum lease payments 2023 £
Less than one year	52,450	(49,202)	3,248
Between two and five years	209,800	(195,892)	13,908
More than five years	5,140,100	(3,347,135)	1,792,965
Total	**5,402,350**	**(3,592,229)**	**1,810,121**

	Minimum lease payments 2022 £	Interest 2022 £	Present value of minimum lease payments 2022 £
Less than one year	26,068	(24,468)	1,600
Between two and five years	104,271	(97,426)	6,845
More than five years	2,580,717	(1,689,590)	891,127
Total	**2,711,056**	**(1,811,484)**	**899,572**

The above table shows the present value of future lease payments in relation to the ground lease payable at Hagley Road, Birmingham as required under IFRS 16. A corresponding asset has been recognised and is part of Investment properties as shown in note 7.

17. Lease analysis

The Group has granted leases on its property portfolio. This property portfolio as at 31 December 2023 had an average lease expiry of 6 years and 4 months. Leases include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2023 £	2022 £
Within one year	27,137,392	24,457,032
Between one and two years	22,839,051	21,677,762
Between two and three years	19,036,836	16,236,484
Between three and four years	14,949,198	12,375,936
Between four and five years	12,718,074	8,695,218
More than 5 years	78,172,826	45,075,463
Total	**174,853,377**	**128,517,895**

The largest single tenant at the year-end accounts for 5.7% (2022: 6.0%) of the current annual passing rent.

18. Share capital

Under the Company's Articles of Incorporation, the Company may issue an unlimited number of ordinary shares of 1 pence each, subject to issuance limits set at the AGM each year. As at 31 December 2023 there were 381,218,977 ordinary shares of 1p each in issue (2022: 381,218,977). All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of ordinary shares in the Company, no special rights with regard to control attached to the ordinary shares, no agreements between holders of ordinary shares regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid.

Allotted, called up and fully paid:	2023 £	2022 £
Opening balance	228,383,857	228,383,857
Shares issued	-	-
Closing balance	**228,383,857**	**228,383857**

Treasury Shares

In 2022, the Company undertook a share buyback programme at various levels of discount to the prevailing NAV. In the period to 31 December 2023 no shares had been bought back (2022: 15,703,409) at a cost of £nil (2022: £12,409,459) and are included in the Treasury share reserve.

	2023 £	2022 £
Opening balance	18,400,876	5,991,417
Bought back during the year	-	12,409,459
Closing balance	**18,400,876**	**18,400,876**

The number of shares in issue as at 31 December 2023/2022 are as follows

	2023 Number of shares	2022 Number of shares
Opening balance	381,218,977	396,922,386
Bought back during the year and put into Treasury	-	(15,703,409)
Closing balance	**381,218,977**	**381,218,977**

19. Reserves

The detailed movement of the below reserves for the years to 31 December 2023 and 31 December 2022 can be found in the Consolidated Statement of Changes in Equity on page 60.

Retained earnings

This is a distributable reserve and represents the cumulative revenue earnings of the Group less dividends paid to the Company's shareholders.

Capital reserves

This reserve represents realised gains and losses on disposed investment properties and unrealised valuation gains and losses on investment properties and cash flow hedges since the Company's launch.

Other distributable reserves

This reserve represents the share premium raised on launch of the Company which was subsequently converted to a distributable reserve by special resolution dated 4 December 2003.

20. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year net of tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The earnings per share for the year is set out in the table below. In addition one of the key metrics the Board considers is dividend cover.

This is calculated by dividing the net revenue earnings in the year (surplus for the year net of tax excluding all capital items and the swaps breakage costs) divided by the dividends payable in relation to the financial year. For 2023 this equated to a figure of 81% (2022: 97%). See the Alternative Performance Measures on pages 89 to 90.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2023 £	2022 £
Loss for the year net of tax	(8,267,901)	(51,053,487)
	2023	**2022**
Weighted average number of ordinary shares outstanding during the year	381,218,977	389,565,276
Loss per ordinary share (pence)	**(2.17)**	**(13.11)**
Profit for the year excluding capital items (£)	**10,824,203**	**11,471,770**
EPRA earnings per share (pence)	**2.83**	**2.94**

21. Dividends and Property Income Distributions Gross of Income Tax

Dividends 2023	PID pence	Non-PID pence	Total Pence	PID £	Non-PID £
Quarter to 31 December of prior year (paid in February)	-	1.0000	1.0000	-	3,812,190
Quarter to 31 March (paid in May)	1.0000	-	1.0000	3,812,190	-
Quarter to 30 June (paid in August)	1.0000	-	1.0000	3,812,190	-
Quarter to 30 September (paid in November)	-	1.0000	1.0000	-	3,812,190
Total dividends paid	**2.0000**	**2.0000**	**4.0000**	**7,624,380**	**7,624,380**
Quarter to 31 December of current year (paid after year end)	0.3980	0.6020	1.0000	1,517,252	2,294,938
Prior year dividends (per above)	-	(1.0000)	(1.0000)	-	(3,812,190)
Total dividends paid for the year	**2.3980**	**1.6020**	**4.0000**	**9,141,632**	**6,107,128**

On 23 February 2024 a dividend in respect of the quarter to 31 December 2023 of 1.0 pence per share was paid split as 0.398p Property Income Distribution, and 0.602p Non-Property Income Distribution.

Dividends 2022	PID pence	Non-PID pence	Total Pence	PID £	Non-PID £
Quarter to 31 December of prior year (paid in February)	0.7910	0.2090	1.0000	3,139,656	829,568
Quarter to 31 March (paid in May)	1.0000	-	1.0000	3,969,224	-
Quarter to 30 June (paid in August)	1.0000	-	1.0000	3,860,190	-
Quarter to 30 September (paid in November)	0.1806	0.8194	1.0000	688,481	3,123,708
Total dividends paid	**2.9716**	**1.0284**	**4.0000**	**11,657,551**	**3,953,276**
Quarter to 31 December of current year (paid after year end)	-	1.0000	1.0000	-	3,812,190
Prior year dividends (per above)	(0.7910)	(0.2090)	(1.0000)	(3,139,656)	(829,568)
Total dividends paid for the year	**2.1806**	**1.8194**	**4.0000**	**8,517,895**	**6,935,898**

22. Reconciliation of Audited Consolidated NAV to Unaudited Published NAV
The NAV attributable to ordinary shares is published quarterly and is based on the most recent valuation of the investment properties.

	2023	2022
Number of ordinary shares at the reporting date	381,218,977	381,218,977
	2023 £	**2023 £**
Total equity per audited consolidated financial statements	298,078,443	323,287,555
NAV per share (p)	**78.2**	**84.8**
Published NAV per share (p)	**78.4**	**84.8**

The variance between the unaudited published NAV and audited consolidated NAV of 0.2p per share represents the recognition of fees associated with the strategic review and proposed merger, the identification of a backdated rent review post publication but agreed prior to year-end, and the recognition of accrued grant income not yet received.

23. Related Party Disclosures

Directors' remuneration
The Directors of the Company are deemed as key management personnel and received fees for their services. Total fees for the year were £239,436 (2022: £247,603) none of which remained payable at the year-end (2022: nil).

abrdn Fund Managers Limited, as the Manager of the Group from 10 December 2018, (formerly Aberdeen Standard Fund Managers Limited), received fees for their services as investment managers. Further details are provided in note 4.

	2023 £	2022 £
Huw Evans	-	17,124
Mike Balfour	41,500	41,500
Mike Bane	37,000	34,059
James Clifton-Brown	50,000	50,000
Jill May	37,000	37,000
Sarah Slater	37,000	37,000
Employers' national insurance contributions	23,735	22,885
	226,235	239,568
Directors' expenses	13,201	8,035
	239,436	247,603

24. Segmental Information
The Board has considered the requirements of IFRS 8 'operating segments'. The Board is of the view that the Group is engaged in a single segment of business, being property investment and in one geographical area, the United Kingdom.

25. Commitments and Contingent Liabilities
The Group had contracted capital commitments as at 31 December 2023 of £2.4 million (31 December 2022: £17.3m). The commitment is the remaining Capital spend on the industrial developments in St Helens and Knowsley, in addition to large scale project at Washington.

As discussed further in note 4 and note 26 below, following the shareholder vote on the 27 March 2024 the Board is taking steps to put the Company into a managed and orderly wind-down to be voted upon by shareholders at an upcoming wind-down EGM. If shareholders vote for a change in Investment Policy, corporate advisors will be entitled to receive £2,129,993. As discussed more fully in note 2.1, the outcome of this vote is not wholly within the Group's control and there is no certainty of the outcome due to the large proportion of shareholders on the register whose voting intentions cannot be ascertained and the large proportion of shareholders who did not vote at the EGM on 27 March

26. Events after the balance sheet date

Merger with Custodian

On 19 January 2024, the boards of abrdn Property Income Trust Limited (API) and Custodian Property Income REIT plc (Custodian) announced that they had reached agreement on the terms and conditions of a recommended all-share merger pursuant to which CREI would acquire the entire issued and to be issued share capital of API. It was intended that the Merger will be implemented by means of a Court sanctioned scheme of arrangement under Part VIII of the Companies Law. Shareholder votes were scheduled for the 27th (CREI) and 28th (API) February 2024.

On 20 February 2024, Urban Logistics REIT plc (Urban) announced that they were considering a possible offer for API and were ultimately given a deadline of 5pm on 20 March 2024 to clarify their intentions. As a result, API's Shareholder Meetings were adjourned to the 27 March 2024.

On 27 March 2024 approximately 60% of shareholders who cast a vote voted in favour of the proposed merger. However, the threshold for approval of the merger was 75% so the merger did not proceed. The Board explained to shareholders that if the proposed merger was rejected, it would take the necessary actions to put the Company into a managed and orderly wind-down, selling assets and returning funds to shareholders as such funds become available. The Board is now, therefore, taking steps to initiate this process and a circular to shareholders will be issued convening another meeting during May at which shareholders will be asked to vote in favour of a resolution to change the Company's investment policy as further explained in note 2.1.

As discussed further in note 4, fees associated with the initial Rule 2.7 announcement (including advisor, due diligence and valuation fees) were £2,014,248 of which £1,729,925 was accrued as at 31 December 2023 based on levels of WIP. Fees associated with the approach from Urban (including due diligence) were £298,300, while fees associated with proposed wind-down are £87,500.

Dividends

On 23 February 2024 a dividend in respect of the quarter to 31 December 2023 of 1.0 pence per share was paid split as 0.398p Property Income Distribution, and 0.602p Non-Property Income Distribution.

Sales

On 7 March 2024, the Company completed on the sale of its industrial asset Opus 9, Warrington for a headline price of £6.75m. Further to this, the Company completed on the sale of its office asset 15 Basinghall Street in London for a headline price of £9.8m on 22 March 2024, and its Industrial assets Unit 5 Monkton Business Park in Hebburn (8 April 2024) and Kings Business Park in Bristol (15 April 2024) for headline prices of £5.3m and £7.9m respectively.

Alternative Performance Measures (unaudited)

The Company uses the following Alternative Performance Measures (APMs). APM do not have a standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities.

Further details can be found in the Glossary on pages 101 to 102.

Dividend Cover	**31 December 2023 £**	**31 December 2022 £**
Earnings per IFRS Income Statement	(9,960,353)	(49,539,625)
Add back:		
Unrealised losses on investment properties	17,989,531	62,257,782
Realised losses on investment properties	279,090	207,153
Unrealised loss on land	783,683	60,322
Gains on cash flow hedge	1,692,452	(1,513,862)
Profit for dividend cover	10,784,403	11,471,770
Dividends paid in the year	15,248,759	15,610,827
Dividend cover	**71%**	**73%**
Add back non-recurring items:		
Fees associated with strategic review and aborted merger	1,729,925	-
Loss on termination of interest rate swaps	-	3,562,248
Adjusted Profit for dividend cover	12,514,328	15,034,018
Dividend cover	**82%**	**97%**

NAV Total Return	**31 December 2023 £**	**31 December 2022 £**
Opening NAV	84.8	101.0
Closing NAV	78.2	84.8
Movement in NAV	(6.6)	(16.2)
% Movement in NAV	(7.8%)	(16.0%)
Impact of reinvested dividends	4.8%	3.2%
NAV total return	**(3.0%)**	**(12.8%)**

Share Price Total Return	**31 December 2023 £**	**31 December 2022 £**
Opening share price	62.4	81.5
Closing share price	53.0	62.4
Movement in share price	(9.4)	(19.1)
% Movement in share price	(15.1%)	(23.4%)
Impact of reinvested dividends	6.9%	4.4%
Share price total return	**(8.2%)**	**(19.0%)**

Gearing	**31 December 2023 £**	**31 December 2022 £**
Loan amount	**141,874,379**	**110,000,000**
Total Assets	456,053,931	444,943,156
Less Derivative Swap	-	(1,238,197)
Less Derivative Cap	(1,408,781)	(2,550,469)
	454,645,150	**441,154,490**
Gearing Ratio	**31.2%**	**24.9%**

Loan to Value	**31 December 2023** **£**	**31 December 2022** **£**
Loan amount	141,874,379	110,000,000
Cash	(6,653,838)	(15,871,053)
	135,220,541	94,128,947
Portfolio valuation (including Land)	439,185,037	416,175,000
LTV percentage	**30.8%**	**22.6%**

Ongoing Charges	**31 December 2023** **£**	**31 December 2022** **£**
Average NAV	**313,684,524**	**396,947,575**
Investment management fees	2,632,225	3,480,963
Other administration expenses	2,866,667	1,134,919
Other direct property expenses	2,408,461	3,010,845
Less: Fees associated with strategic review and aborted merger	(1,729,925)	-
Service charge billed to the Group in respect of void units	1,470,241	1,164,991
Finance lease interest	49,289	24,468
Total ongoing charges	**7,696,958**	**8,816,186**
As a % of average NAV	2.5%	2.2%
Total ongoing charges (as above)	**7,696,958**	**8,816,186**
Less: Other direct property expenses	(2,408,461)	(3,010,845)
Less: Finance lease interest	(75,524)	(94,256)
Less: Valuation Fees	(49,289)	(24,468)
Less: Service charge billed to the Group in respect of void units	(1,470,241)	(1,164,991)
Total ongoing charges less direct property expenses	**3,693,443**	**4,521,626**
As a % of average NAV	1.2%	1.1%

EPRA Performance Measures (unaudited)

In October 2019, EPRA issued new best practice recommendations (BPR) for financial guidelines on its definitions of NAV measures: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV). The rationale behind each of these measures is set out below the table. abrdn consider EPRA Net Tangible Assets (NTA) to be the most relevant NAV measure for the Group and report this as our primary non-IFRS NAV measure.

	31 December 2023 £	31 December 2022 £
EPRA earnings	10,784,403	11,471,770
EPRA earnings per share (pence per share)	2.83	2.94
EPRA Net Tangible Assets ("NTA")	296,669,662	319,498,889
EPRA NTA per share	77.8	83.8
EPRA Net Reinstatement Value ("NRV")	325,973,245	347,288,789
EPRA NRV per share	85.5	91.1
EPRA Net Disposable Value ("NDV")	294,372,777	322,830,926
EPRA NDV per share	77.2	84.7
EPRA Net Initial Yield	5.2%	5.0%
EPRA topped-up Net Initial Yield	5.7%	5.3%
EPRA Vacancy Rate	9.8%	9.8%
EPRA Cost Ratios - including direct vacancy costs	33.4%	30.1%
EPRA Cost Ratios - excluding direct vacancy costs	23.7%	23.5%

A. EPRA Earnings	31 December 2023 £	31 December 2022 £
Earnings per IFRS Income statement	(8,267,901)	(51,053,487)
Adjustments to calculate EPRA Earnings, exclude:		
Net changes in value of investment properties	17,989,531	62,257,782
Loss on disposal of Investment properties	279,090	207,153
Net change in value of land	783,683	60,322
EPRA Earnings	10,784,403	11,471,770
Weighted average number of shares	381,218,977	389,565,276
EPRA Earnings per share (pence per share)	2.83	2.94

Rationale: EPRA Net Tangible Assets

The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

B. EPRA Net Tangible Assets	31 December 2023 £	31 December 2022 £
IFRS NAV	298,078,443	323,287,555
Fair value of financial instrument (assets)/liabilities	(1,408,781)	(3,788,666)
EPRA NTA	296,669,662	319,498,889
Basic number of shares	381,218,977	381,218,977
EPRA NTA per share	77.8	83.8

C. EPRA Net Reinstatement Value	31 December 2023 £	31 December 2022 £
EPRA NTA	296,669,662	319,498,889
Real Estate Transfer Tax and other acquisition costs	29,303,583	27,789,900
EPRA NRV	325,973,245	347,288,789
EPRA NRV per share	85.5	91.1

Rationale: EPRA Net Disposal Value

Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, the EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net.

D. EPRA Net Disposal Value	31 December 2023 £	31 December 2022 £
IFRS NAV	298,078,443	323,287,555
Fair value of debt	(3,705,666)	(456,629)
	294,372,777	**322,830,926**
EPRA NDV per share	77.2	84.7
Fair value of debt per financial statements	144,957,576	109,580,566
Carrying value	141,251,910	109,123,937
Fair value of debt adjustment	3,705,666	456,629

E. EPRA Net Initial Yield and "topped up" NIY disclosure Completed property portfolio	31 December 2023 £	31 December 2022 £
Investment property - wholly owned	430,935,037	408,675,000
Allowance for estimated purchasers' costs	29,303,583	27,789,900
Gross up completed property valuation	**460,238,620**	**436,464,900**
Annualised cash passing rental income	27,341,419	25,501,414
Property outgoings	(3,522,307)	(3,768,770)
Annualised net rents	**23,819,111**	**21,732,644**
Add: notional rent expiration of rent-free periods or other lease incentives	2,607,320	1,550,927
Topped-up net annualised rent	**26,426,431**	**23,283,571**
EPRA NIY	5.2%	5.0%
EPRA "topped-up" NIY	5.7%	5.3%

F. EPRA COST RATIOS	31 December 2023 £	31 December 2022 £
Administrative / property operating expense line per IFRS income statement	9,213,835	8,043,241
EPRA Costs (including direct vacancy costs)	9,213,835	8,043,241
Direct vacancy costs	(2,687,963)	(1,765,552)
EPRA Costs (excluding direct vacancy costs)	6,525,872	6,277,689
Gross Rental income less ground rent costs	27,552,279	26,697,931
EPRA Cost Ratio (including direct vacancy costs)	33.4%	30.1%
EPRA Cost Ratio (excluding direct vacancy costs)	23.7%	23.5%

G. Like-for-like rental growth reporting	Rental growth (£) 2023	Portfolio value by sector (£) 2023	Rental growth (£) 2022	Portfolio value by sector (£) 2022
Sector:				
Industrial	1,460,220	240,770,037	1,127,510	227,525,000
Offices	33,564	72,575,000	128,893	88,450,000
Retail	-	54,100,000	22,300	53,550,000
Other	53,313	35,900,000	83,400	34,600,000
Total portfolio value	**1,547,097**	**403,345,037**	**1,362,103**	**404,125,000**

H. Property-related CapEx	31 December 2023 £	31 December 2022 £
Acquisitions	23,986,401	5,501,321
Development	10,339,684	8,501,944
Investment properties:		
Incremental lettable space	-	-
No incremental lettable space	11,339,037	5,022,869
Tenant incentives	444,348	(162,619)
Other material non-allocated types of expenditure	-	-
Total capital expenditure incurred	**46,109,470**	**18,863,515**

I. LTV	31 December 2023 £	31 December 2022 £
Borrowings from Financial Institutions	141,251,910	109,123,937
Exclude		
Cash and Cash equivalents	6,653,838	15,871,053
Net Debt (a)	**134,598,072**	**93,252,884**
Investment properties at fair value	423,438,754	391,115,008
Financial assets (Land)	8,250,000	7,500,000
Exclude IFRS16 adjustment	(1,810,120)	(899,572)
Properties under development	-	10,050,000
Net Receivables	2,797,881	8,722,475
Net Assets (b)	**432,676,515**	**416,540,440**
LTV (a/b)	**31.1%**	**22.4%**

ESG Performance

Sustainability Performance

This section details the Company's sustainability performance using the EPRA Sustainability Best Practice Recommendations Guidelines (sBPR). It also meets the requirements for Streamlined Energy and Carbon Reporting (SECR) under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. In addition, carbon metrics in line with the Taskforce for Climate-Related Financial Disclosures (TCFD) are included in this section.

Explanatory notes on methodology

Reporting Period

Sustainability data in this report covers the calendar years of 2022 and 2023.

Organisational boundary and data coverage

For the purposes of sustainability reporting, we have included single-let assets within the organisational boundary even though operational control is limited and we have limited coverage of consumption data from tenant-managed utility supplies. It was judged that these should be included to enable the reporting of landlord consumption associated with any void units at these assets. The coverage numbers in the tables below therefore appear low due to the inclusion of all of the Company's assets in the totals. Where there is no data coverage for a sector (for example, water consumption for Industrial distribution warehouses where there was no landlord consumption during the period), the sector is excluded from the table but the number of assets in the sector is included in the total possible coverage number.

The like-for-like portfolio is determined on the basis of assets that were held for two full reporting years and were not subject to major refurbishment or development during that time.

The data in the below sBPR disclosures has not been estimated, due to the excellent coverage of data from landlord procured utilities. All data disclosed in the tables below is 'actual' data (primarily from utility invoices).

Note that the Company does not employ any staff and does not have its own premises; these corporate aspects fall within the scope of the Investment Manager.

Emissions Calculation

Emissions are calculated in line with the GHG Protocol using UK Government location-based conversion factors. Scope 1 emissions include emissions from gas consumption and f-gas (refrigerant) losses where applicable. Scope 2 emissions are those from landlord consumption of purchased electricity. Scope 3 emissions are those from electricity sub-metered to tenants and from the transmission and distribution of electricity. We collect data from tenants where they purchase their own energy, but this exercise is undertaken later in the year to align with GRESB reporting. As such, tenant-procured energy is not included in this section.

Normalisation

Net lettable area (NLA) is used as the denominator for all intensities reported in this section. This is the most appropriate choice for the Company's portfolio as it is the most widely available metric. It enables year-on-year comparisons within the portfolio to be made.

Renewable Energy

Several industrial assets in the portfolio have solar PV installed which is demised to the tenant. Further details on this can be found in the main body of the report on page 16. There is currently no landlord self-generated renewable electricity across the portfolio although we are at the feasibility with several large landlord-led schemes.

In the reporting period, all landlord-procured electricity was from 100% renewable sources. Gas consumed was not from renewable sources.

Auditing and assurance

Our utilities data which feeds into our sustainability reporting is validated by our Utilities Bureau Consultant. The ESG data (including energy, GHGs, water and waste data) in this disclosure has also been subject to limited assurance by an external third-party consultant, in accordance with the International Standard on Assurance Engagements (UK) 3000 (ISEA3000). There was no landlord District Heating/ Cooling consumption over the reporting period .

A copy of the assurance statement can be found on **www.abrdnpit.co.uk/en~gb/literature**

Materiality

We have undertaken a review of materiality against each of the EPRA sBPR indicators. The table below indicates the outcome of the review.

Code	Performance-measure	Review outcome
Environmental		
Elec-Abs	Total electricity consumption	Material
Elec-LfL	Like-for-like total electricity consumption	Material
DH&C-Abs	Total district heating & cooling consumption	Not material – none of the Trust's assets are connected to district energy supplies
DH&C-LfL	Like-for-like total district heating & cooling consumption	
Fuels-Abs	Total fuel consumption	Material
Fuels-LfL	Like-for-like total fuel consumption	Material
Energy-Int	Building energy intensity	Material
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	Material
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	Material
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	Material
Water-Abs	Total water consumption	Material
Water-LfL	Like-for-like total water consumption	Material
Water-Int	Building water intensity	Material
Waste-Abs	Total weight of waste by disposal route	Material
Waste-LfL	Like-for-like total weight of waste by disposal route	Material
Cert-Tot	Type and number of sustainably certified assets	Material

Social		
Diversity-Emp	Employee gender diversity	Not material – the Trust does not have any employees
Diversity-Pay	Gender pay ratio	
Emp-Training	Employee training and development	
Emp-Dev	Employee performance appraisals	
Emp-Turnover	New hires and turnover	
H&S-Emp	Employee health and safety	
H&S-Asset	Asset health and safety assessments	Material
H&S-Comp	Asset health and safety compliance	Material
Comty-Eng	Community engagement, impact assessments and development programs	Material

Governance		
Gov-Board	Composition of the highest governance body	Material – see main body of report (page 38-42 for content related to Governance)
Gov-Selec	Process for nominating and selecting the highest governance body	
Gov-CoI	Process for managing conflicts of interest	

Environmental Indicators

In the tables below, the following shorthand notation has been used:

Sector	Sector Shorthand
Industrial, Business Parks	IBP
Industrial, Distribution Warehouse	IDW
Offices	O
Leisure	L
Retail, High Street	RHS
Retail, Warehouses	RW

Life-for-like energy consumption

Landlord electricity consumption across like-for-like assets decreased by 2% year-on-year. This overall decrease was primarily driven by decreases in landlord consumption at Office and Leisure assets; albeit offset partially by increases in consumption at Retail Warehouse assets. Landlord gas consumption across like-for-like assets increased by 20%, due to the increased consumption at Offices. Sub-metered electricity consumption (i.e. tenant electricity consumption at assets where landlord-procured electricity is sub-metered to tenants) increased by 89% overall. This is due to increased tenant consumption at 101 Princess Street and 160 Causewayside.

		Landlord Electricity (kWh)			Occupier Electricity (i.e. sub-metered to occupiers) (kWh)			Total landlord-obtained Electricity (kWh)		
Indicator References		Elec-LfL			Elec-LfL			Elec-LfL		
Sector	Coverage (assets)	2022	2023	% Change	2022	2023	% Change	2022	2023	% Change
IBP	2 of 5	10,875	6,411	-41%	No sub-metered consumption		N/A	10,875	6,411	-41%
IDW	1 of 20	No landlord consumption	113,731	N/A	No sub-metered consumption		N/A	No landlord-obtained consumption	113,731	N/A
O	6 of 11	3,882,409	3,711,953	-4%	1,784,770	3,378,391	89%	5,667,179	7,090,344	25%
L	2 of 2	53,231	39,896	-25%	No sub-metered consumption		N/A	53,231	39,896	-25%
RW	2 of 6	19,402	21,312	10%	No sub-metered consumption		N/A	19,402	21,312	10%
Totals	**13 of 47**	**3,965,917**	**3,893,303**	**-2%**	**1,784,770**	**3,378,391**	**89%**	**5,750,687**	**7,271,695**	**26%**

		Landlord-obtained Gas (kWh)			Energy Intensity (kWh/ m2)		
Indicator References		Fuels-LfL			Energy-Int		
Sector	Coverage (assets)	2022	2023	% Change	2022	2023	% Change
IBP	2 of 5	No Landlord consumption		N/A	1	0	-41%
IDW	1 of 20	777	23	N/A	0.1	8.1	N/A
O	6 of 11	2,677,516	3,210,908	20%	250	308	23%
L	2 of 2	No Landlord consumption		N/A	6	4	-25%
RW	2 of 6	No Landlord consumption		N/A	2	3	10%
Totals	**13 of 47**	**3,965,917**	**3,893,303**	**20%**	**106**	**132**	**24%**

Note: Asset-types for which there is no landlord procurement of energy have been excluded from the tables above, but are included in the total possible coverage number. All figures in these tables have been subject to limited assurance by a third-party consultant against ISAE3000.

Life-for-like greenhouse gas emissions

Overall emissions intensity increased by 32% year of year. Like-for-like Scope 1 emissions increased by 24% year on year, driven by increased gas consumption at office assets in 2023. Since there were no reported losses of F-gases from refrigerant plant in 2022 or 2023, this has not affected the emissions year on year. The like-for-like electricity consumption figures above translate into a 5% increase in Scope 2 emissions and an 86% increase in Scope 3 emissions; primarily driven by increased energy consumed in the office assets mentioned above.

		Scope 1 Emissions (tCO_2)			Scope 2 Emissions (tCO_2)		
Indicator reference		No relevant EPRA indicator					
Sector	Coverage (assets)	2022	2023	% Change	2022	2023	% Change
IBP	2 of 5	No landlord consumption		N/A	2.1	1.3	-37%
IDW	1 of 20	0.14	0.004	-97%	No landlord consumption	23.6	N/A
O	6 of 11	475	587	24%	751	769	2%
L	2 of 2	No landlord consumption		N/A	10	8.3	-20%
RW	2 of 6	No landlord consumption		N/A	3.8	4.4	18%
Totals	**13 of 47**	**475**	**587**	**24%**	**767**	**806**	**5%**

		Scope 3 Emissions (tCO2)			Emissions Intensity - Scopes 1, 2 & 3 (kgCO2/m2)		
Indicator reference		No relevant EPRA indicator					
Sector	Coverage (assets)	2022	2023	% Change	2022	2023	% Change
IBP	2 of 5	0.19	0.11	-40%	0.2	0.1	-37%
IDW	1 of 20	No electricity T&D emissions due to no landlord consumption	2.0	N/A	0.01	1.8	17944%
O	6 of 11	445	827	86%	50	65	31%
L	2 of 2	0.94	0.71	-24%	1.2	0.9	-20%
RW	2 of 6	0.34	0.4	11%	0.5	0.6	17%
Totals	**13 of 47**	**447**	**830**	**86%**	**21**	**28**	**32%**

Note: Asset-types for which there is no landlord procurement of energy have been excluded from the tables above, but are included in the total possible coverage number. All figures in this table have been subject to limited assurance by a third-party consultant against ISAE3000.

Absolute Energy Consumption

Absolute landlord electricity and gas consumption decreased by 3% and 22% in 2022, respectively. As noted above, the scale of this reduction is primarily driven by decreased energy consumption at Retail Warehouse and Office assets. The variation from like-for-like consumption is due to the effect of acquisitions, disposals and development/refurbishment activity during 2022 and 2023. In the reporting period, all landlord-procured electricity was from 100% renewable sources. Natural gas consumed was not from renewable sources.

			Landlord Electricity (kWh)			Occupier Electricity (i.e. sub-metered to occupiers) (kWh)			Total landlord-obtained Electricity (kWh)		
Indicator references			Elec-Abs			Elec-Abs			Elec-Abs		
Sector	Coverage 2022 (assets)	Coverage 2023 (assets)	2022	2023	% Change	2022	2023	% Change	2022	2023	% Change
IBP	2 of 3	2 of 5	10,875	6,411	-41%	No sub-metered consumption		N/A	10,875	6,411	-41%
IDW	1 of 23	2 of 20	No landlord consumption	117,708	N/A	No sub-metered consumption		N/A	No landlord-obtained consumption	117,708	N/A
O	11 of 11	7 of 8	4,433,930	3,711,953	-16%	2,105,012	3,378,391	60%	6,538,941	7,090,344	8%
L	2 of 2	2 of 2	53,231	39,896	-25%	No sub-metered consumption		N/A	53,231	39,896	-25%
RHS	N/A	1 of 1	No landlord consumption	265	N/A	No sub-metered consumption		N/A	No landlord-obtained consumption	265	N/A
RW	2 of 6	2 of 6	19,402	21,312	10%	No sub-metered consumption		N/A	19,402	21,312	10%
Totals	**18 of 56**	**16 of 47**	**4,517,437**	**3,897,545**	**-14%**	**2,105,012**	**3,378,391**	**60%**	**6,622,449**	**7,275,937**	**10%**

			Landlord-obtained Gas (kWh)			Energy Intensity (kWh/ m2)		
Indicator references			Fuels-Abs			Energy-Int		
Sector	Coverage 2022 (assets)	Coverage 2023 (assets)	2022	2023	% Change	2022	2023	% Change
IBP	2 of 3	2 of 5	No landlord consumption		N/A	0.72	0.43	-41%
IDW	1 of 23	2 of 20	777	23	-97%	0.06	4.3	N/A
O	11 of 11	7 of 8	2,677,516	3,210,908	20%	225	263	17%
L	2 of 2	2 of 2	No landlord consumption		N/A	6	4	-25%
RHS	N/A	1 of 1	No landlord consumption		N/A	N/A	0.12	N/A
RW	2 of 6	2 of 6	No landlord consumption		N/A	2	3	10%
Totals	**18 of 56**	**16 of 47**	**2,678,293**	**3,210,931**	**20%**	**107**	**104**	**-3%**

Note: Asset-types for which there is no landlord procurement of energy have been excluded from the tables above, but are included in the total possible coverage number. All figures in this table have been subject to limited assurance by a third-party consultant against ISAE3000.

Absolute greenhouse gas emissions

Absolute Scope 1 emissions increased by 20% in 2023. Note there were no emissions associated with refrigerant losses (F-gas) in 2022 or 2023. Total Scope 2 emissions reduced by 8% and Scope 3 emissions increased by 58% year-on-year.

			Scope 1 Emissions (tCO2)			Scope 2 Emissions (tCO2)		
Indicator reference			GHG-Dir-Abs			GHG-Indir-Abs		
Sector	Coverage 2022 (assets)	Coverage 2023 (assets)	2022	2023	% Change	2022	2023	% Change
IBP	2 of 3	2 of 5	No Landlord consumption		N/A	2.1	1.3	-37%
IDW	1 of 23	2 of 20	0.14	0.004	-97%	No Landlord consumption	24	N/A
O	11 of 11	7 of 8	489	587	20%	857	769	-10%
L	2 of 2	2 of 2	No Landlord consumption		N/A	10	8.3	-20%
RHS	N/A	1 of 1	No Landlord consumption		N/A	No Landlord consumption	0.05	N/A
RW	2 of 6	2 of 6	No Landlord consumption		N/A	3.8	4.4	18%
Totals	**18 of 56**	**16 of 47**	**489**	**587**	**20%**	**874**	**807**	**-8%**

			Scope 3 Emissions (tCO2)			Emissions Intensity - Scopes 1, 2 & 3 (kgCO2/m2)		
Indicator reference			GHG-Indir-Abs			GHG-Int		
Sector	Coverage 2022 (assets)	Coverage 2023 (assets)	2022	2023	% Change	2022	2023	% Change
IBP	2 of 3	2 of 5	0.19	0.11	-40%	0.2	0.1	-37%
IDW	1 of 23	2 of 20	No electricity T&D emissions due to no landlord consumption	2.1	N/A	0.01	1.0	9519%
O	11 of 11	7 of 8	523	827	58%	46	56	22%
L	2 of 2	2 of 2	0.9	0.71	-24%	1.2	0.95	-20%
RHS	N/A	1 of 1	No electricity T&D emissions due to no landlord consumption	0.005	N/A	N/A	0.03	N/A
RW	2 of 6	2 of 6	0.34	0.38	11%	0.5	0.61	17%
Totals	**18 of 56**	**16 of 47**	**524**	**830**	**58%**	**22**	**22**	**2%**

Note: Asset-types for which there is no landlord procurement of energy have been excluded from the table above, but are included in the total possible coverage number. All figures in this table have been subject to limited assurance by a third-party consultant against ISAE3000.

For the purposes of Streamlined Energy and Carbon Reporting (SECR), total Scope 1 and 2 emissions are also summarised in the following table. Total Landlord Energy Consumption (kWh) used to calculate Scope 1 and 2 emissions is also outlined in the table below, and a breakdown of energy type is included in the Absolute Energy Consumption table above. Note that the Total Scope 1 and 2 Emissions reported below include emissions associated with refrigerant losses as well as energy consumption, for the years where there were reported refrigerant losses (no losses during 2022 and 2023). Please note that data has been included back to 2019, which has been chosen as the baseline year for reporting (primarily given that it was not influenced by energy/carbon reductions associated with COVID-19 restrictions). Percentage change has been provided on a 2023 vs 2022 basis, and 2023 vs 2019 basis. Emissions intensity has increased over time due to the inclusion of landlord consumption associated with vacant units. It is important to include this data, given it forms part of the Company's Scope 1 and 2 emissions, but, when included in intensity calculations it has the effect of skewing the outcome at the portfolio level.

SECR table - GHGs

Data Type (all figures absolute)	2019 (EPRA)	2020 (EPRA	2021 (EPRA)	2022 (EPRA)	2023 (EPRA)	% Change 2023 vs 2021	% Change 2023 vs 2019
Total Scope 1/2 GHG Emissions (tCO2e)	1,496	1,384	1,264	1,013	1,394	38%	-7%
Emissions Intensity (kgCO2e/m2 NLA) - Scopes 1&2	16.0	12.2	15.6	11.1	13.8	24%	-14%
Total Landlord Energy Consumption (kWh)	6,401,310	6,211,751	6,055,022	5,201,407	7,108,476	37%	11%

Taskforce for Climate Related Financial Disclosures (TCFD)

In support of our clients' own TCFD obligations, core TCFD metrics for the Fund for the 2023 period are disclosed in the below table.

2023	
Total Scope 1 Emissions	587
Total Scope 2 Emissions	807
Total Scope 1 + 2 Emissions	1,394
Total floor area (m²) - with associated Scope 1 & 2 emissions	100,909
Total GAV (£million) - with associated Scope 1 & 2 emissions	141
Scope 1 and 2 GHG Intensity (tCO2e/m2)	0.014
Scope 1 and 2 GHG Intensity (tCO2e/£M)	9.9

Life-for-Like and Absolute Water Consumption

Water consumption increased by 100% across like-for-like assets and across the whole portfolio, respectively. The increase was driven by a large increase in water consumption in The Pinnacle (office asset). Note that data coverage is lower for water than for energy as it is uncommon to have landlord meters at assets with no internal common parts or shared services.

Absolute Water Consumption (m3)

Indicator reference	Water-Abs; Water-Int						
Sector	**Coverage 2022 (assets)**	**Coverage 2023 (assets)**	**2022 (m³)**	**2022 (litres/m²)**	**2023 (m³)**	**2023 (litres/m²)**	**% Change**
IBP	M/A	N/A	No landlord water consumption		24	3	N/A
IDW	N/A	N/A	No landlord water consumption		No landlord water consumption		N/A
O	9 of 15	7 of 11	13,756	371	25,704	769	87%
L	1 of 2	1 of 2	46	8	77	13	67%
RHS	N/A	N/A	No landlord water consumption		No landlord water consumption		N/A
RW	N/A	N/A	No landlord water consumption		38	9	N/A
Totals	**10 of 56**	**8 of 47**	**13,801**	**321**	**25,843**	**485**	**87%**

LfL Water Consumption (m3)

Indicator reference	Water-LfL; Water-Int					
Sector	**Coverage (assets)**	**2022 (m³)**	**2022 (litres/m²)**	**2023 (m³)**	**2023 (litres/m²)**	**% Change**
IBP	N/A	No landlord water consumption		No landlord water consumption		N/A
IDW	N/A	No landlord water consumption		No landlord water consumption		N/A
O	7 of 11	12,872	385	25,704	769	100%
L	1 of 2	46	8	77	13	67%
RHS	N/A	No landlord water consumption		No landlord water consumption		N/A
RW	N/A	No landlord water consumption		No landlord water consumption		N/A
Totals	**8 of 41**	**12,918**	**329**	**25,781**	**656**	**100%**

Note: Asset-types for which there is no landlord procurement of energy have been excluded from the table above, but are included in the total possible coverage number. All figures in this table have been subject to limited assurance by a third-party consultant against ISAE3000.

Life-for-Like and Absolute waste generation and treatment

Our waste management consultant undertakes regular waste audits and works closely with our Property Manager to implement interventions to improve segregation of materials and ultimately increase recycling rates.

In total across the eight like-for-like assets at which we manage waste, 554 tonnes of non-hazardous waste was generated in 2023 with approximately 44% recycled and 56% recovered via energy from waste. A very small volume of non-recyclable waste (200kg) was sent to landfill (less than 0.1% of the total waste generated). Note that like-for-like and absolute waste generation figures are both presented in the table below.

Waste-Abs

Indicator Reference		Total Waste (tonnes)		Waste to Landfill (Tonnes)		Waste Recovered (Tonnes)		Waste Recycled (Tonnes)	
Sector	**Coverage (assets)**	**2022**	**2023**	**203**		**2023**		**2023**	
O	6 of 11	149	145	0.1%	0.2	65%	94	36%	52
RHS	1 of 1	28	29	0.0%	0	77%	22	23%	7
L	1 of 2	299	381	0.0%	0	51%	195	49%	185
Total	**8 of 47**	**476**	**554**	**0.0%**	**0.2**	**56%**	**311**	**44%**	**244**

Waste-LfL

Indicator Reference		Total Waste (tonnes)		Waste to Landfill (Tonnes)		Waste Recovered (Tonnes)		Waste Recycled (Tonnes)	
Sector	Coverage (assets)	2022	2023	203		2023		2023	
O	6 of 11	124	145	0.1%	0.2	64%	93	35%	51
RHS	1 of 1	28	29	0%	0	77%	22	23%	7
L	1 of 2	299	381	0%	0	51%	195	49%	185
Total	**8 of 47**	**451**	**554**	**0%**	**0.2**	**56%**	**310**	**44%**	**243**

Note: Asset-types for which there is no landlord procurement of energy have been excluded from the table above, but are included in the total possible coverage number. All figures in this table have been subject to limited assurance by a third-party consultant against ISAE3000.

Sustainability certifications

Three assets in the portfolio have BREEAM ratings; 54 Hagley Road in Birmingham (BREEAM Rating: Very Good),The Pinnacle in Reading (BREEAM Rating: Excellent) and Glass Futures in St Helens (BREEAM Rating: Very Good). Additionally, the contractual agreement for the industrial development in Knowsley contains an obligation on the developer to achieve a minimum "Excellent" BREEAM rating. The assessment for Knowsley will be carried out later this year. These assets account for 11.5% of the Company's assets by gross asset value.

Energy Performance Certificate (EPC) ratings for assets in England owned by the Company are shown below. This includes several draft F/G ratings for which a plan is in place to make improvements.

	% Estimated Rental Value (ERV)		
EPC Rating	Dec-23	Dec-22	Dec-21
A+	3%	0%	0%
A	9%	4%	2%
B	37%	26%	21%
C	36%	42%	33%
D	7%	20%	35%
E	7%	7%	8%
F	0%	0%	0%
G	1%	1%	1%

Social Indicators

Health & Safety

Excluding the open moorland at Far Ralia, every asset in the portfolio was subject to a health and safety inspection during the reporting year, with no incidents of non-compliance with regulations identified .

Community Engagement

Our community engagement activities are focused around community and charity engagement activities arranged by our property manager particularly at multi-let offices.

Glossary

AIC	Association of Investment Companies. The trade body representing closed-ended investment companies.
Annual rental income	Cash rents passing at the Balance Sheet date.
Average debt maturity	The weighted average amount of time until the maturity of the Group's debt facilities.
Break option	A break option (alternatively called a 'break clause' or 'option to determine') is a clause in a lease which provides the landlord or tenant with a right to terminate the lease before its contractual expiry date, if certain criteria are met.
Contracted rent	The contracted gross rent receivable which becomes payable after all the occupied incentives in the letting have expired.
Covenant strength	This refers to the quality of a tenant's financial status and its ability to perform the covenants in a Lease.
Dividend cover	The ratio of the company's net surplus after tax (excluding capital items) to the dividends paid. Detailed calculation provided on page 89.
Dividend yield	Annual dividend expressed as a percentage of share price on any given day.
Earnings per share (EPS)	Surplus for the period attributable to shareholders divided by the weighted average number of shares in issue during the period.
EPRA European Public Real Estate Association	The industry body representing listed companies in the real estate sector.
ERV	The estimated rental value of a property, provided by the property valuers.
Fair value	Fair value is defined by IFRS 13 as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'.
Fair value movement	Fair value movement is the accounting adjustment to change the book value of an asset or liability to its market value, and subsequent changes in market value.
Financial resources	Uncommitted cash balances plus undrawn element of revolving credit facility.
Gearing ratio	Calculated as gross borrowings (excluding derivative valuation) divided by total assets (less derivative valuations). The Articles of Association of the Company have a 65% gearing ratio limit (see page 89 for calculation).
Group	abrdn Property Income Trust Limited and its subsidiaries.
IFRS	International Financial Reporting Standards.
Index linked	The practice of linking the review of a tenant's payments under a lease to a published index, most commonly the Retail Price Index (RPI) but also the Consumer Price Index (CPI).
Loan-to-value	Calculated as net borrowings (gross borrowings less cash excluding swap valuation) divided by portfolio value. Swap valuations at fair value are not considered relevant in gearing calculations (see page 90 for calculation).
MSCI	An independent organisation supplying an expansive range of regional and global indexes, research, performance modelling, data metrics and risk analytics across direct property, listed and unlisted vehicles, joint ventures, separate accounts and debt.
MSCI Benchmark	Benchmark which includes data relevant to all properties held by funds included in the MSCI UK Quarterly Property Index.
NAV	Net Asset Value is the equity attributable to shareholders calculated under IFRS.
NAV total return	The return to shareholders, expressed as a percentage of opening NAV, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in NAV. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs. Detailed calculation provided on page 89.
Net initial yield (NIY)	The net initial yield of a property is the initial net income at the date of purchase, expressed as a percentage of the gross purchase price including the costs of purchase.
Ongoing Charges	A measure, expressed as a percentage of the average NAV for a period, of the regular, recurring costs of running an investment company, calculated in line with AIC ongoing charge methodology. Such recurring costs include the investment managers fees, auditor's fees, director's fees and other such costs. Detailed calculation provided on page 90.
Over-rented	Space where the passing rent is above the ERV.
Passing rent	The rent payable at a particular point in time.
Portfolio fair value	The market value of the Group's property portfolio, which is based on the external valuation provided by Knight Frank LLP.

Portfolio total return (including Portfolio capital return and Portfolio income return)	Combining the Portfolio Capital Return (the change in property value after taking account of property sales, purchases and capital expenditure in the period) and Portfolio Income Return (net property income after deducting direct property expenditure), assuming portfolio income is re-invested.
Portfolio yield	Passing rent as a percentage of gross property value.
Premium/Discount to NAV	The difference between the share price and NAV per share, expressed as a percentage of NAV. Premium representing a higher share price compared to NAV per share, discount the opposite.
Property Income Distribution	UK REITs are required to distribute a minimum of 90% of the income from their qualifying property rental business. This distribution is known as a Property Income Distribution ("PID"). PIDs are taxable as UK property income in the hands of tax-paying shareholders.
Rack-rented	Space where the passing rent is the same as the ERV.
REIT	A Real Estate Investment Trust (REIT) is a single company REIT or a group REIT that owns and manages property on behalf of shareholders. In the UK, a company or group of companies can apply for 'UK-REIT' status, which exempts the company from corporation tax on profits and gains from their UK qualifying property rental businesses.
Rent Collection	The percentage of rents paid compared to the rents invoiced over a specified period.
Rent free	A period within a lease (usually from the lease start date on new leases) where the tenant does not pay any rent.
Reversionary yield	Estimated rental value as a percentage of the gross property value.
Revolving Credit Facility ("RCF")	A bank loan facility from which funds can be withdrawn, repaid and redrawn again any number of times until the facility expires. As at the date of this report, the Company had a RCF facility of £80 million.
RICS	The Royal Institution of Chartered Surveyors, the global professional body promoting and enforcing the highest international standards in the valuation, management and development of land, real estate, construction, and infrastructure.
Share price	The value of each of the company's shares at a point in time as quoted on the Main Market of the London Stock Exchange.
Share price total return	The return to shareholders, expressed as a percentage of opening share price, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in share price. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs. Detailed calculation provided on page 89.
Void rate	The quantum of ERV relating to properties which are unlet and generating no rental income. Stated as a percentage of total portfolio ERV.

Investor Information

Alternative Investment Fund Managers Directive ("AIFMD") and Pre-Investment Disclosure Document ("PIDD")

The Company has appointed abrdn Fund Managers Limited as its alternative investment fund manager and Citibank UK Limited as its depositary under the AIFMD.

The AIFMD requires abrdn Fund Managers Limited, as the Company's AIFM, to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under the AIFMD are published in the Company's PIDD which can be found on its website: www.abrdnpit.co.uk. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 104.

Investor Warning: Be alert to share fraud and boiler room scams

abrdn has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for abrdn or for third party firms. abrdn has also been notified of emails claiming that certain investment companies under our management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from you is required to release the supposed payment for your shares. These callers/senders do not work for abrdn and any third party making such offers/claims has no link with abrdn.

abrdn does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information and end the call.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams at:
fca.org.uk/consumers/scams

Shareholder Enquiries

For queries regarding shareholdings, lost certificates, dividend payments, registered details and related matters, shareholders holding their shares directly in the Company are advised to contact the Registrar (see details on page 105).

Changes of address must be notified to the Registrar in writing.

Any general queries about the Company should be directed to the Company Secretary in writing (see Contact Addresses) or by email to: property.income@abrdn.com

Closure of the abrdn Investment Trust Savings Plans (the "Plans")

In June 2023, abrdn notified investors in the abrdn Investment Trust ISA, Share Plan and Investment Plan for Children that these plans would be closing in December 2023. All investors with a holding or cash balance at that time transferred to interactive investor ("ii"). ii communicated with investors in November to set up account security to ensure that investors could continue to access their holdings via ii following the closure of the Plans.

Please contact ii for any ongoing support with your account on 0345 646 1366, or +44 113 346 2309 if you are calling from outside the UK. Lines are open 8.00am to 5.00pm Monday to Friday. Alternatively, you can access the ii website at: www.ii.co.uk/abrdn-welcome

How to Invest in the Company

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for private investors, there are a number of online dealing platforms that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms.

Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management and Financial Advice Association at: pimfa.co.uk

Financial Advisers

To find an adviser who recommends on investment trusts, visit: unbiased.co.uk

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority at: fca.org.uk/firms/financial-services-register

How to Attend and Vote at Company Meetings

Investors who hold their shares through a platform or share plan provider (for example Hargreaves Lansdown, Interactive Investor or AJ Bell) and would like to attend and vote at Company meetings (including AGMs) should contact their platform or share plan provider directly to make arrangements.

Investors who hold their shares through platforms and have their shares held through platform nominees, may not necessarily receive notification of general meetings and are advised to keep themselves informed of Company business by referring to the Company's website. Where voting is required, and the Board encourages shareholders to vote at all general meetings of the Company, shareholders with their holdings in nominees will need to instruct the nominee to vote on their behalf and should do so in good time before the meetings.

Keeping You Informed

Information about the Company can be found on its website: www.abrdnpit.co.uk, including share price and performance data as well as London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager. Investors can receive updates via email by registering on the home page of the Company's website.

The Company's Ordinary share price appears under the heading 'Investment Companies' in the Financial Times. Details are also available at: invtrusts.co.uk

X (formerly Twitter):

@abrdnTrusts

LinkedIn:

abrdn Investment Trusts

Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found on the Company's website.

Retail Distribution

On 1 January 2014, the FCA introduced rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes (non-mainstream investment products). UK REITs are excluded from these restrictions therefore, the FCA's restrictions on retail distribution do not apply.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested. As with all equity investments, the value of investment trust shares purchased will immediately be reduced by the difference between the buying and selling prices of the shares, known as the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

AIFMD Disclosures (unaudited)

The Company has appointed abrdn Fund Managers Limited as its alternative investment fund manager with Citibank UK Limited, as its depositary under AIFMD. The AIFM and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which can be found on the Company's website www.abrdnpit.co.uk. There have been no material changes to the disclosures contained within the PIDD since its last publication in June 2022.

The periodic disclosures as required under the AIFMD to investors are made below:

Information on the investment strategy, geographic and sector investment focus and principal exposures are included in the Strategic Report.

None of the Company's assets are subject to special arrangements arising from their illiquid nature.

The Strategic Report, note 3 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected. There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by ASFML.

All authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from abrdn Fund Managers Limited on request (see contact details on page 105) and the remuneration disclosures in respect of the AIFM's reporting period for the period ended 31 December 2023 are available on the Company's website.

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for
the Company:

	Gross Method	Committed Method
Maximum level of leverage	400%	250%
Actual level at 31 December 2023	179%	150.6%

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which ASFML may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information on pages 103 to 104 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by abrdn Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority

Directors and Company Information

Directors
James Clifton-Brown
Mike Balfour
Jill May
Sarah Slater
Mike Bane

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Registered Number
41352

Administrator & Secretary
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Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

Registrar
Computershare Investor Services (Guernsey) Limited
Le Truchot
St Peter Port
Guernsey GY1 1WD

Investment Manager
abrdn Fund Managers Limited
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Independent Auditors
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Depositary
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Canada Square, Canary Warf
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Property Valuers
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55 Baker Street
London W1U 8AN

Solicitors
Dickson Minto W.S.
16 Charlotte Square
Edinburgh EH2 4DF

Addleshaw Goddard
Milton Gate
60 Chiswell Street
London EC1Y 4AG

Walkers (Guernsey) LLP
Helvetia Court
St Peter Port
Guernsey GY1 1AR

Broker
Winterflood Securities Limited
The Atrium Building
Cannon Building
25 Dowgate Hill
London EC4R 2GA

Principal Bankers
The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

Annual General Meeting

Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of abrdn Property Income Trust Limited ('the Company') will be held at the offices of abrdn, 18 Bishops Square, London E1 6EG on 13 August 2024, at 2.00pm, for the following purposes:

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1	To receive and approve the Annual Report and Consolidated Financial Statements of the Company for the year ended 31 December 2023.
2	To receive and approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 31 December 2023.
3	To approve the Company's dividend policy to continue to pay a minimum of four quarterly interim dividends per year.
4	To re-appoint Deloitte LLP as Auditor of the Company until the conclusion of the next Annual General Meeting.
5	To authorise the Board of Directors to determine the Auditor's Remuneration.
6	To re-elect Mike Bane as a Director of the Company.
7	To re-elect Mike Balfour as a Director of the Company.
8	To re-elect James Clifton-Brown as a Director of the Company.
9	To re-elect Jill May as a Director of the Company.
10	To re-elect Sarah Slater as a Director of the Company.

To consider and, if thought fit, pass the following resolutions as special resolutions:

11 To authorise the Company, in accordance with The Companies (Guernsey) Law, 2008, as amended to make market acquisitions of its own shares of 1 pence each (either for retention as treasury shares for future resale or transfer or cancellation) provided that;

a. the maximum number of ordinary shares hereby authorised to be purchased shall be 14.99 percent of the issued ordinary shares on the date on which this resolution is passed;

b. the minimum price which may be paid for an ordinary share shall be 1 pence;

c. the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be the higher of (i) 105 percent of the average of the middle market quotations (as derived from the Daily Official List) for the ordinary shares for the five business days immediately preceding the date of acquisition and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out; and

d. unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, prior to such expiry, enter into a contract to acquire ordinary shares under such authority and may make an acquisition of ordinary shares pursuant to any such contract.

12 That the Directors of the Company be and they are hereby generally empowered, to allot ordinary shares in the Company or grant rights to subscribe for, or to convert securities into, ordinary shares in the Company ("equity securities") for cash, including by way of a sale of ordinary shares held by the Company as treasury shares, as if any pre-emption rights in relation to the issue of shares as set out in the listing rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000, as amended, did not apply to any such allotment of equity securities, provided that this power:

a. expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

b. shall be limited to the allotment of equity securities up to an aggregate nominal value of £381,219 being approximately 10 percent of the nominal value of the issued share capital of the Company, as at 25 April 2024.

By Order of the Board
For and on behalf of Northern Trust International Fund Administration Services (Guernsey) Limited

Secretary
29 April 2024

Annual General Meeting

Notes to the notice of Annual General Meeting

1. A form of proxy is enclosed with this notice. A Shareholder entitled to attend, speak and vote is entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the Meeting. A proxy need not be a Shareholder of the Company. If you wish to appoint a person other than the Chair of the Meeting, please insert the name of your chosen proxy holder in the space provided on the enclosed form of proxy.

2. In the case of joint holders such persons shall not have the right to vote individually in respect of an ordinary share but shall elect one person to represent them and vote in person or by proxy in their name. In default of such an election, the vote of the person first named in the register of members of the Company tendering a vote will be accepted to the exclusion of the votes of the other joint holders.

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different ordinary shares. You may not appoint more than one proxy to exercise rights attached to any one ordinary share. To appoint more than one proxy you may photocopy the enclosed form of proxy. Please indicate the proxy holder's name and the number of ordinary shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of ordinary shares held by you). Please also indicate if the proxy instruction is one of multiple instructions given by you. All hard copy forms of proxy must be signed and should be returned together in the same envelope.

4. The form of proxy should be completed and sent, together with the power of attorney or authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach Computershare Investor Services (Guernsey) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 2.00pm on 9 August 2024.

5. Completing and returning a form of proxy will not prevent a member from attending the Meeting in person. If you have appointed a proxy and attend the Meeting in person your proxy appointment will remain valid and you may not vote at the Meeting unless you have provided a hard copy notice to revoke the proxy to Computershare Investor Services (Guernsey) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 6.00pm on 9 August 2024.

6. To have the right to attend, speak and vote at the Meeting (and also for the purposes of calculating how many votes a member may cast on a poll) a member must first have his or her name entered on the register of members not later than 6.00pm on 9 August 2024. Changes to entries in the register after that time shall be disregarded in determining the rights of any member to attend, speak and vote at such Meeting.

7. The Directors' letters of appointment will be available for inspection for fifteen minutes prior to the Meeting and during the Meeting itself.

8. By attending the Meeting a holder of ordinary shares expressly agrees they are requesting and willing to receive any communications made at the Meeting.

9. If you submit more than one valid form of proxy, the form of proxy received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which form of proxy was last validly received, none of them shall be treated as valid in respect of the same.

10. A quorum consisting of one or more Shareholders present in person, or by proxy, and holding five percent or more of the voting rights is required for the Meeting. If, within half an hour after the time appointed for the Meeting, a quorum is not present the Meeting shall be adjourned for seven days at the same time and place or to such other day and at such other time and place as the Board may determine and no notice of adjournment need be given at any such adjourned meeting. Those Shareholders present in person or by proxy shall constitute the quorum at any such adjourned meeting.

11. The resolutions to be proposed at the Meeting will be proposed as ordinary and special resolutions which, to be passed, must receive the support of a majority (in the case of the ordinary resolutions) and not less than seventy five percent (in the case of the special resolutions) of the total number of votes cast for, or against, the ordinary and special resolutions

12. As at 25 April 2024, the latest practicable date prior to publication of this document, the Company's issued share capital comprised 381,218,977 Ordinary shares of 1p excluding shares were held in treasury. Accordingly, the total number of voting rights in the Company at 25 April 2024 was 381,218,977 shares.

13. Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chair as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.