abrdn Property Income Trust

Report & Accounts

for half year ended 30 June 2022

This document is important and requires your immediate attention.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant, or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all of your shares in abrdn Property Income Trust Limited, please forward this document as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee. ■

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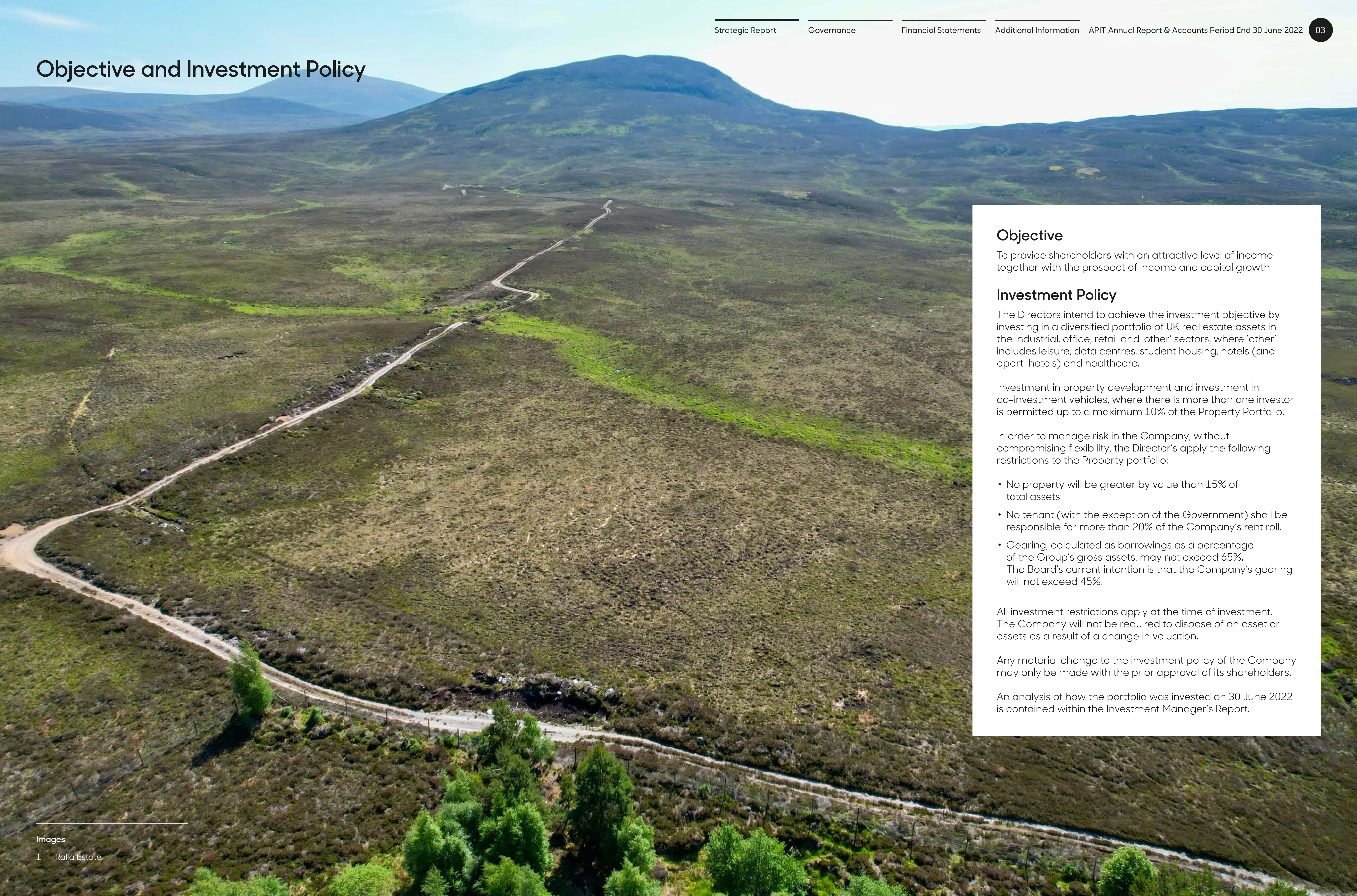
Objective and Investment Policy



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 Director's 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.

An analysis of how the portfolio was invested on 30 June 2022 is contained within the Investment Manager's Report.

Images

1. Ralia Estate

Financial Review

Half year to 30 June 2022

11.7%

NAV total return*

NAV total return of 11.7% (H1 2021: 10.2%)

-4.2%

Share price total return*

Share price total return of -4.2% (H1 2021: 20.2%)

Share buybacks

£ £16.9m

Share buybacks totalling £16.9m in 2021 and 2022 at significant discounts to NAV which added 0.7% to NAV per share.**

5.0% Dividend yield*

3.5% Dividend yield FTSE All-Share Index

3.6% Dividend yield FTSE All-Share REIT Index

Financial resources*

£ £39.0m

Financial resources of £39.0 million as at 30 June 2022 (2021: £80.0 million) available for investment in the form of the Company's revolving credit facility, net of cash and capital commitments.

Dividends paid*

p 2.0p

Dividends paid of 2.0p in the first half of the year to 30 June 2022 (H1 2021: 2.0p)

19.8%

Loan-to-Value

Low Loan-to-value of 19.8% (30 June 2021: 17.6%) at the period end.

* These Alternative Performance Measures ("APMs") are defined in the glossary on pages 48 and 49.
** Representing the total discount amount of the shares divided by the NAV at 30 June 2022.

Portfolio Review

Half year to 30 June 2022

Portfolio well positioned

56.3% Industrial

24.3% Office

12.0% Retail

7.4% Other

The portfolio sector exposure reflects thematic trends. The Company has retained a high weighting to industrial / logistics assets with a focus on mid box units that are affordable and meet tenant needs. The exposure to offices has been reduced to 24.3% as at 30 June (22.2% following sale of Kidlington in August) reflecting the changing outlook for offices in a post Covid world. The retail exposure is concentrated on affordable retail warehousing, with only a 12.0% exposure given the challenges the sector will face in a cost of living crisis. Other represents a Data centre, and two leisure investments (the larger of which is underpinned by residential conversion potential in North London).

97.0% Rent Collection

89.8% Occupancy Rate

Rent collection for 2022 of 97% of rent due (H1 2021: 96%).

Occupancy rate of 89.8% (2021: 91.7%) compared to the MSCI rate of90.4% (2021: 90.0%).

9.5%

Portfolio total return*

Portfolio total return of 9.5% (H1 2021: 7.9%) which compares favourably to the MSCI benchmark return of 9.1% and the Company has outperformed its benchmark over 1, 3, 5 and 10 years.

£ £1.85m

A total of 4 lease renewals and restructurings were undertaken, securing £483,954 pa in rent, and a total of 9 lettings securing £1,367,977 pa.

PV schemes

The Company has 6 operational PV schemes totalling 1.2 MWp and is actively engaged in 14 additional schemes that would add a further 4.6 MWp.

* These Alternative Performance Measures ("APMs") are defined in the glossary on pages 48 and 49.

Performance Summary

Earnings, Dividends & Costs	30 June 2022	30 June 2021
IFRS Earnings per share (p)	10.9	7.5
EPRA earnings per share (p) (excl capital items & swap movements)[1]	2.0	1.9
Dividends paid per ordinary share (p)	2.0	2.0
Dividend Cover (%)[2]	98.4	96.2
Dividend Yield (%)	5.0	4.9
FTSE All-Share Real Estate Investment Trusts Index Yield (%)	3.6	2.7
FTSE All-Share Index Yield (%)	3.5	2.8
Ongoing Charges[3]		
As a % of average net assets including direct property costs	2.1	2.1
As a % of average net assets excluding direct property costs	1.1	1.3

Capital Values & Gearing	30 June 2022	31 December 2021	Change %
Total assets (£million)	566.9	526.6	7.7
Net asset value per share (p)	110.7	101.0	9.6
Ordinary Share Price (p)	76.2	81.5	-6.5
Discount to NAV (%)	-31.2	-20.6	
Loan to Value (%)[4]	19.8	17.6	

Total Return	6 months % return	1 year % return	3 year % return	5 year % return
NAV	11.7	30.3	38.9	67.8
Share Price[5]	-4.2	14.3	-4.3	12.0
FTSE All-Share Real Estate Investment Trusts Index	-18.8	-5.2	4.9	9.2
FTSE All-Share Index	-4.6	1.6	7.4	17.8

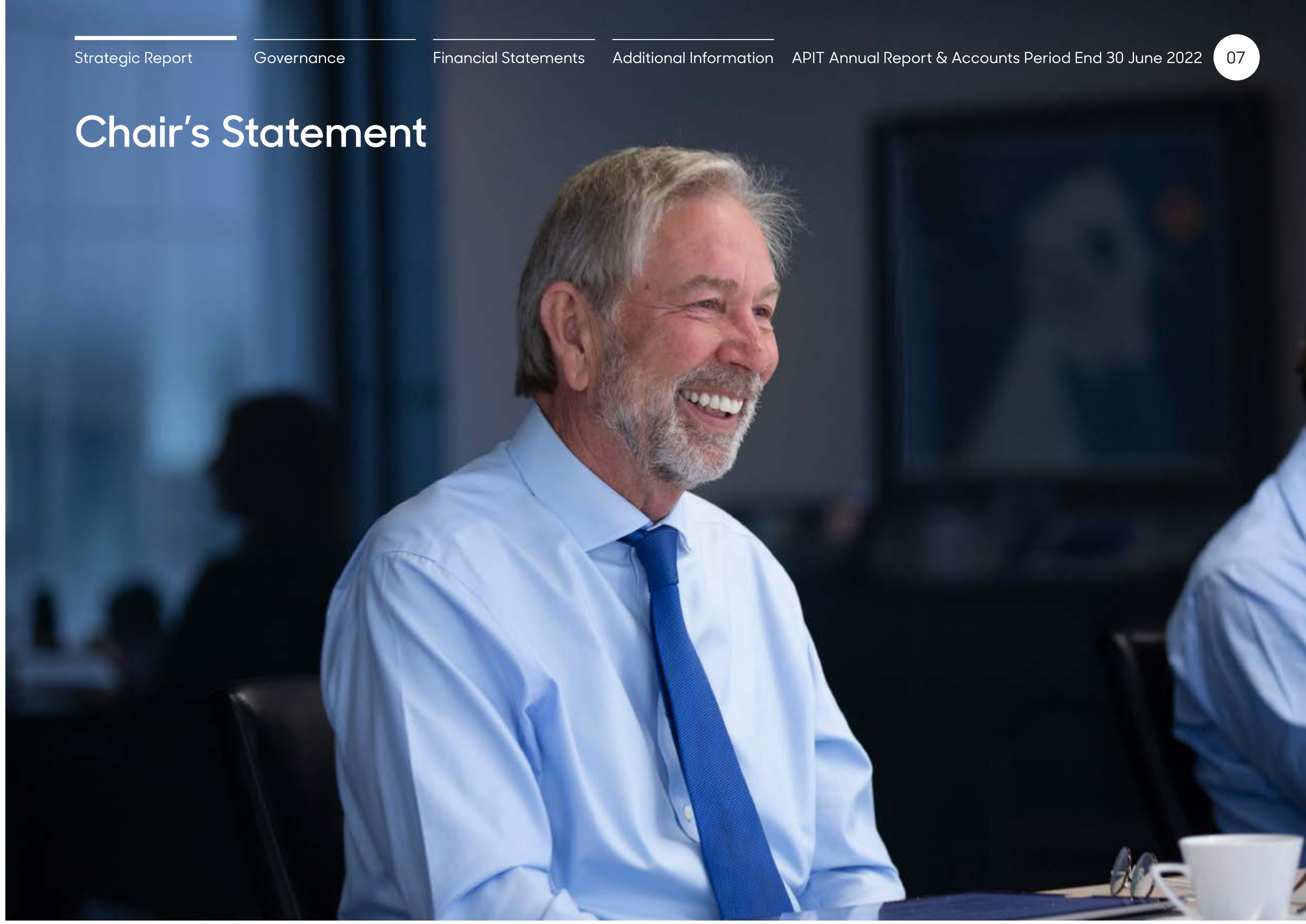
Property Returns & Statistics (%)	30 June 2022	30 June 2021
Property income return	2.1	2.3
MSCI benchmark income return	2.0	2.3
Property total return	9.5	7.9
MSCI benchmark total return	9.1	5.7
Void rate	10.6	12.2

1. Calculated as profit for the period before tax (excluding capital items & swap costs) divided by weighted average number of shares in issue in the period. EPRA stands for European Public Real Estate Association.
2. Based on annual dividend paid of 3.79p and the share price at 30 June 2022 of 76.2p.
3. Calculated as investment managers fees, auditor's fees, directors' fees and other administrative expenses divided by the average NAV for the year.
4. Calculated as bank borrowings less all cash (including cash held at managing agent) as a percentage of the open market value of the property portfolio as at 30 June 2022.
5. Assumes re-investment of dividends excluding transaction costs.

Sources: abrdn, MSCI

Alternative Performance Measures ("APMs") including NAV total return, share price total return, dividend cover, Loan to Value, dividend yield and portfolio total return are defined in the glossary on pages 48 and 49.

Chair's Statement



James Clifton-Brown

"The Company is strongly positioned to take advantage of the bifurcation within the real estate markets. The Company has a well structured portfolio, and has and will continue to have, significant financial resources to invest with conviction in the future, potentially taking advantage of any declines or dislocation in the UK commercial property market over the next 18 months.

Background

Whilst the COVID pandemic that dominated 2020 and 2021 continues to have some impact, focus has now turned to a cost of living crisis driven by high inflation. The war in Ukraine has had a significant global impact. Central Banks and Governments are trying to react to the conflicting pressures of high inflation, rising interest rates, a slowing economy and the escalating cost of living for many people around the world.

Inflation in the UK rose to 9.9% in August 2022 and the Bank of England (BoE) is currently forecasting it to peak at around 13% over the next few months. This, combined with the recent market reaction to the new Chancellor of the Exchequers 'mini-budget', represents a significant change in the benign economic conditions which have prevailed for many years.

There is an increased risk of a UK recession in late 2022 due to reduced real incomes and tightening monetary policy by the Bank of England. abrdn Research Institute ("aRI") is forecasting a peak-to-trough decline in the level of GDP of around 1.4%.

Chair's Statement

Continued

Real Estate Market

The first half of 2022 saw robust returns from real estate with the MSCI quarterly index showing a total return for the 6 months to June of 7.8% led by strong performance from industrial / logistics and retail warehousing. Investment transaction volumes were high, however, the majority of that was in the first quarter, and by the end of the first half there was a significant change in market sentiment especially for lower yielding assets, as debt costs and gilt yields rose significantly.

The first half of 2022 saw robust returns from real estate with the MSCI quarterly index showing a total return for the 6 months to June of 7.8% led by strong performance from industrial / logistics and retail warehousing. Investment transaction volumes were high, however, the majority of that was in the first quarter, and by the end of the first half there was a significant change in market sentiment especially for lower yielding assets, as debt costs and gilt yields rose significantly.

Occupational demand remained resilient for industrial property, as companies continued to adapt to changes in retail habits, as well as growing demand to strengthen supply chains given the last two years of disruptions. Supply levels of new property remained very constrained with limited new development, so further rental growth is expected even as the economy weakens. Office tenant demand remains focused on the best quality offices as companies seek to encourage workers back to the office, at least some of the time. Retail tenant demand remains muted, although it is stronger in the budget sector.

Portfolio and Corporate Performance

Over the six months to 30 June 2022, your Company's property portfolio produced a total return of 9.5% which is slightly ahead of the MSCI benchmark return of 9.1%. The Company's property portfolio has also outperformed the MSCI benchmark over 1, 3, 5 and 10 years.

This portfolio performance resulted in a NAV total return of 11.7% in the six-month period. The total return to shareholders in the period was -4.2% due to a widening of the discount of the share price to NAV per share. The discount at which the Company's shares traded to NAV stood at 31.2% on 30 June which reflects a negative view of the UK economy and the property market in particular. The Board continues to monitor the discount.

The Company bought back 5.6 million shares in the first six months of the year, at an average discount of 26%. The discount has since widened to more than 40%, along with many of our peer group.

Dividends

The Board continues to recognise one of the main reasons for shareholder investment in the Company is the attractive return from dividends. The dividend has remained stable at an annualised rate of 4p per share since December 2021. Future dividend levels will depend on a variety of factors including the level of voids within the portfolio, the future cost of debt and the extent to which capital can be used to smooth payments. Dividend cover for the six months to 30th June 2022 was 98.4%, comparable with the dividend cover for 2021 of 98.0%.

Financial Resources & Portfolio Activity

The Company has maintained a strong financial position throughout the first half of 2022, with unutilised financial resources of approximately £39m available for investment in the form of the company's revolving credit facility (RCF), net of existing cash and capital commitments. This includes the proceeds from the company's sale of Kidlington in July.

The Company had a loan-to-value (LTV) ratio of 19.8% at 30 June 2022 and all banking covenants are comfortably met on a quarterly basis. The existing RCF and term loan both expire in April 2023, and negotiations to put in place similar facilities are at a very advanced stage with signing due to take place imminently. The directors have given careful consideration to these circumstances and concluded that they do not give rise to a material uncertainty that might cast significant doubt on the Group's ability to continue as a going concern.

The Company completed on one purchase during the six months to 30 June 2022 – a car showroom let on a long lease and providing a yield of 6.5% on the £5m purchase price. Shortly after the reporting period the Company completed the sale of a single let office in Kidlington Oxford for £8.3m. On 27 September the Company exchanged contracts on an industrial asset in Rainham for £21.6m which was valued at £22.3m on 30th June 2022.

Company Name

At the Annual General Meeting on 15 June 2022, shareholders approved the change of the Company name to abrdn Property Income Trust from Standard Life Investments Property Income Trust. The Stock Exchange ticker changed to API on the same date.

Outlook

Whilst the UK commercial real estate market had positive performance in in the first half of the year, the Manager's market outlook for the next 12-18 months is for a correction. They expect a negative impact on pricing and capital values across all UK real estate sectors, driven by low economic growth, the increased cost of capital and a narrowing yield margin over other asset classes. The extent and duration of this price correction is unclear; however, the company has a portfolio that has focused on affordable assets that meet the needs of tenants, and we believe that will help mitigate against the initial yield shift being seen on prime low yielding assets currently.

The industrial sector continues to benefit from very tight supply levels. Whilst we expect industrial occupational demand to soften in response to the weakening economic environment, rental value growth should remain positive in response to tight supply levels.

There have been increased reports of positive letting activity in the office sector recently however overall office demand is expected to fall as a poorer economic outlook weighs on job growth across the market, placing additional pressure on occupational sentiment.

The retail sector is under further pressure as the cost of living crisis impacts heavily on consumer spending. ONS data suggests that consumers are starting to alter their spending habits in response to rising costs, a trend that is likely to persist for some time. The Company's retail exposure is focused on affordable out of town retail units which we believe will be a more resilient part of the sector.

29 September 2022
James Clifton-Brown

Images

1. 82-84 Eden Street, Kingston Upon Thames
2. The Kirkgate, Epsom
3. H1, H2 & G, Nexus Point, Birmingham

Investment Managers Report

For the half year ended 30 June 2022

The Company's portfolio has continued to perform well in the first half of 2022 with its experienced asset management team driving ESG initiatives to add value to the assets.

The first half of 2022 has been impacted by several geopolitical events. At the start of the year there was some positivity as the UK economy was more resilient to the potential shock of the Omicron Covid variant than had been first anticipated. This optimism was soon curtailed as the Russian invasion of Ukraine sent shockwaves through global markets, leading to ongoing supply chain disruption and rising prices.

UK Gross Domestic Product (GDP) actually grew by 0.7% in the first half of 2022 according to data from the ONS, however that growth was in Q1, and the Bank of England warned in September that the UK might already be in a recession. Rapidly increasing interest rates in the UK in response to higher inflation are likely to lead to recession in the UK, and this will probably be extended by recession in the US (and possible global recession) as other countries respond to inflationary pressure.

At its delayed September meeting the Bank of England hiked the Bank Rate by 50bps to 2.25% – to the surprise of the market which had factored in a 75bps rise until recently the abrdn Research Institute (aRI) expect two further 50bps increases in 2022 to take the Bank Rate to 3.25% at year end, with further increases in 2023 to a peak of 3.75% however with recent announcements with significant easing of fiscal policy the interest rate is likely to rise faster, higher, and remain elevated for longer.

Many commentators expected a short tightening cycle before inflationary pressures eased and the economy slowed with interest rates coming back down in 2024. Rates are now expected to remain elevated for longer, especially with UK fiscal policy easing under the new Prime Minister.

Investment Managers Report

For the half year ended 30 June 2022

Commercial Property

UK real estate carried some of its positive performance momentum from 2021 into the early part of 2022. This year, however, will likely be categorised as a year of two halves as some of the strong performance in the first half of the year is expected to be unwound by year end. With sentiment towards UK real estate weakening, investment volumes are also expected to slow during the remainder of 2022.

Over the first half of the year, performance remained very positive and, at an all property level, the UK real estate market delivered a total return of 7.8% . As expected, the industrial and logistics sector continued to drive the market and posted a total return of 13.1%, whilst the office sector once again provided the weakest performance at 2.8%. The retail sector recorded a strong first half with a total return of 7.7%, but much of this positive performance was attributable to the retail warehouse sector, which provided a robust total return of 14.1% according to the MSCI quarterly index.

Transaction volumes in the first half of 2022 also remained very robust and UK real estate recorded the strongest first half investment volumes since 2015 according to Real Capital Analytics (RCA). A total of £31.2 billion was transacted over this period. However, approximately two thirds of the activity occurred in the first quarter of 2022. Investment volumes were £10.2 billion in the second quarter of 2022, which was lower than the second quarter 10-year average of £13.5 billion. The slowdown in investment activity towards the end of the second quarter of 2022 can largely be attributed to a less accommodative monetary policy environment as the BoE tried to bring inflation back closer to its target rate of 2%. This has resulted in slowing economic growth expectations, rising bond yields, and an increased cost of capital for debt-backed real estate investors, which in turn has caused weaker sentiment towards UK real estate.

The industrial sector experienced a record year in 2021 in terms of both performance and transaction volumes and carried this momentum into the start of 2022. However, with the weakening economic environment and rising debt costs has meant a rapid repricing in the logistics sector. Amazon's announcement in April 2022 that it was to reduce its operational estate surprised the market, but we believe that occupational demand has proven more multi-faceted than being wholly reliant on one operator or sector. The sector continues to benefit from longer term thematic tailwinds and rental value growth should remain positive in response to tight supply levels, but returns are unlikely to match those seen in recent years. The narrowing spread between prime industrial / logistics assets and the risk-free rate will likely result in a pricing re-adjustment being realised ahead of secondary industrials.

Polarisation within the office sector has been gathering pace as both occupiers and investors continue to narrow their focus on best in class office assets, particularly in central London. There have been increased reports of positive letting activity in the office sector over the second quarter of 2022. But, according to CBRE, the central London vacancy rate remains elevated at 9%. Secondary accommodation accounts for just under 70% of all available accommodation. Overall office demand is expected to fall as a poorer economic outlook weighs on job growth across the market, placing additional pressure on occupational sentiment. Grade A 'future fit' office assets, in prime locations, are anticipated to be more resilient in a weakening environment, whilst the outlook for secondary assets is much more challenging.

The retail sector had a reasonably decent start to 2022 with continued easing of Covid restrictions, however a growing stream of bad news led to falling consumer confidence, and rapidly increasing prices meant a cost of living crisis soon impacted on the retail sector. Discount retails maintained more robust sales, but supply chain issues, labor shortages, and higher input prices have led to squeezed profit margins across all retailers.

Strong demographics and structural tailwinds are expected to continue to drive interest in the alternative sectors, particularly in healthcare, Build to Rent and student housing over the medium-to-long term. With the occupational pressures facing the office and retail markets, investor allocations to alternative sectors more generally is expected to grow. However, these sectors are not immune from the weakening macro environment and a focus on quality will be important to ensure performance remains resilient.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Investment Outlook

2022 will likely be categorised as a year of change as the strong performance in the first half of the year is unwound.

Real estate has benefited from low gilt yields in recent years, with an attractive yield margin attracting investors. With the rapid rise in gilt yields the attractive income margin that real estate offered has been eroded, and it is reasonable to expect a repricing in real estate as yields move out to reestablish an acceptable margin over the risk free rate.

Pricing in the lower yielding areas of the market, including the industrial and logistics sector, is expected to move first but, as the relative pricing between prime and secondary assets tightens, greater capital value declines are to be expected in the secondary end of the market. As a result, investors are anticipated to take a more risk off approach towards UK real estate in the second half of this year and polarisation of investor focus will deepen as investors target best in class assets which should provide more resilient returns in a weakening environment.

ESG considerations are expected to become even more integral to investor decision making and asset underwriting. This trend was expedited as a result of the Covid-19 pandemic, but with the current energy crisis and pathway to net-zero, the case for integrating ESG considerations across all UK real estate sectors has never been greater. A greater focus on ESG requirements for both acquisitions and developments is expected to gain further momentum. Initially this will lead to greater pricing impact on secondary offices.

Overall, we expect volumes to decline in the second half of 2022 and in 2023, before stabilising in 2024. The recovery in pricing will come as inflation, then interest rates fall and the yield on real estate again looks attractive.

Images

1. Glass Futures, St Helens

Investment Managers Report

For the half year ended 30 June 2022

Performance:

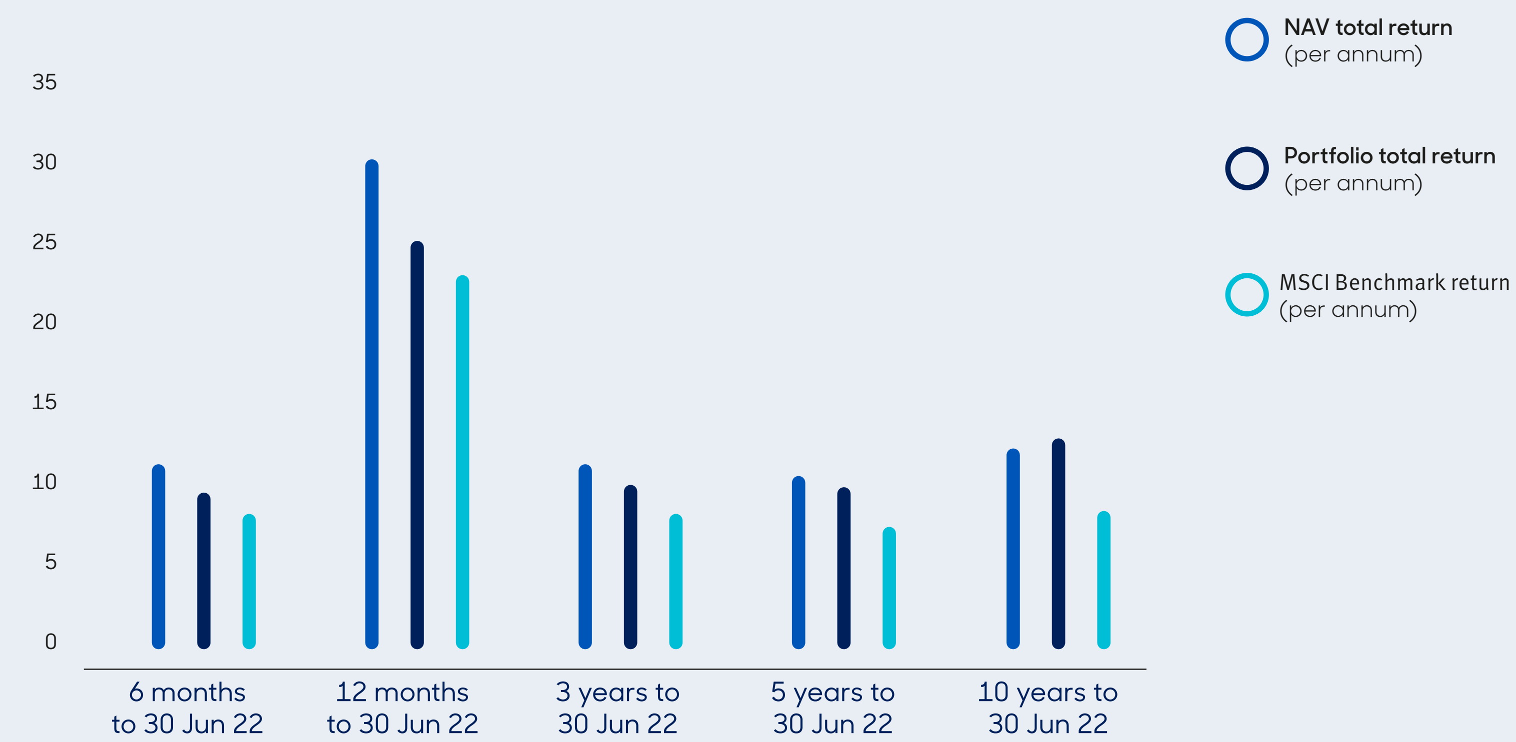
The Company utilises a range of measures when assessing its performance. The performance of the real estate assets in the portfolio compared to a benchmark is the first level of comparison as it provides a like for like measure of the portfolio against the UK market, as measured by the MSCI UK Monthly Index Funds quarterly Property Index ('the Benchmark'). The next level up is to look at the NAV total return, as that takes into account the impact of debt, and all the costs of running the Company. We also use the same MSCI Benchmark to measure that, but also compare the Company's NAV total return to the AIC Direct Property UK sector, which indicates how the Company has performed against its nearest competitors. The final performance measure taken into account is the share price total return over the period. This of course is the performance that the investor experiences, however it is also the one that the Investment Manager has least influence over.

Portfolio Level Performance

The portfolio has continued to perform well, and has delivered a total return above the benchmark over 6 months, 1, 3, 5, and 10 years. The main driver of that performance has been the early move to a high industrial / logistics weighting alongside a low exposure to retail. Over the last 12 months, however, the Company also benefited from an early purchase of a retail warehouse before that market saw a price recovery. A nimble and active approach to portfolio construction has always been an important part of how the portfolio is managed.

Portfolio Total Return

Source: MSCI, abrdn



NAV Performance

Debt has been accretive to performance (both in terms of capital growth and the revenue account) for several years as values have risen, although with an uncertain outlook over the last 3 years we have kept gearing relatively low. During the early part of 2022 we had planned to increase gearing towards 30% but the worsening economic outlook and change in market sentiment means we remain content with the existing level of borrowing. The table below shows how the Company's NAV total return compares to the AIC sector average, and also to the Investment Association open ended commercial property funds sector.

NAV Total Returns to 30 June 2022

Source: AIC, abrdn

	1 year %	3 years %	5 years %	10 years %
abrdn Property Income Trust Limited	30.3	38.9	67.8	224.3
AIC Property UK Commercial (weighted average)	19.6	29.3	39.7	63.5
Investment Association Open Ended Commercial Property Funds sector	12.4	11.6	20.8	63.9

Share Price Performance

The table below shows the Company's share price total return compared to its peer group and the FTSE All Share index. Generalist property funds (and API is no exception) have appeared to be out of favour since the onset of COVID and have traded at wide discounts, despite posting strong returns. The board is aware of the impact of such wide discounts to shareholders, and keeps the level of discount under review, and has undertaken share buybacks.

Share Price Total Returns to 30 June 2022

Source: AIC, abrdn

	1 year %	3 years %	5 years %	10 years %
abrdn Property Income Trust Limited	14.3	-4.3	12.0	115.3
FTSE All-Share Index	1.6	7.4	17.8	94.6
FTSE All-Share REIT Index	-5.2	4.9	9.2	94.8
AIC Property Direct – UK Sector (weighted Average)	10.5	14.6	15.2	34.3

Dividends

The Company is focused on providing shareholders with an attractive level of income through the payment of dividends. That focus however is not at the expense of total return, which remains an important consideration for the Board. As we enter a period of increased focus on ESG credentials the investment manager believes that higher yielding secondary assets are more likely to see prolonged capital value declines, and so the emphasis over the last three years has developed towards slightly lower yielding, but higher quality assets.

The dividend is paid quarterly, and during the first half has been at 1p per share per quarter. The future level of dividends will depend on growth in income received by the Company – so a reduction in vacancy levels through new leasing, and its pre let development becoming income producing are important factors, along with the cost of the renewed debt.

Portfolio Valuation

The investment portfolio is valued on a quarterly basis by Knight Frank LLP. As at 30 June 2022 the Company has 49 assets valued at £543.6m and cash of £8.3 million. This compares to 48 assets, £499.9m, and £13.8m cash on 31 December 2021.

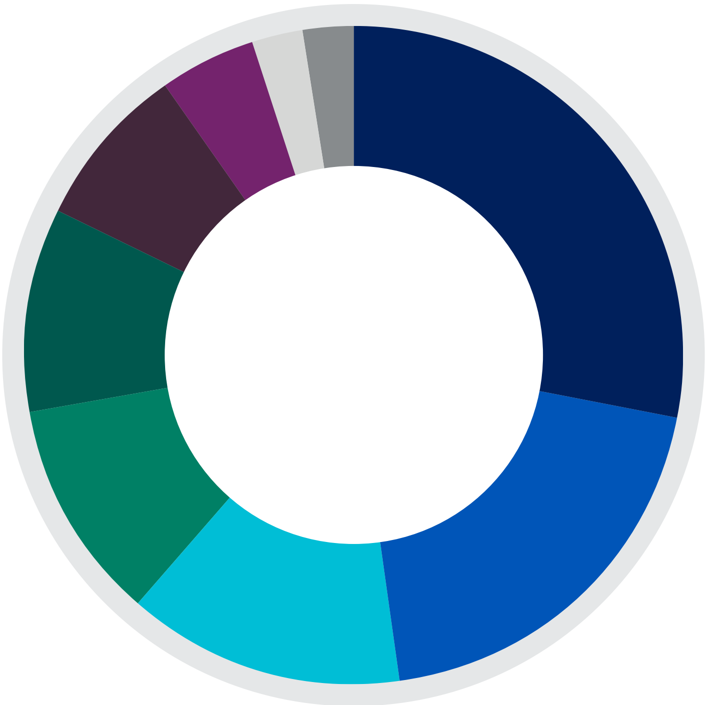
Investment Policy

The Company has a clear investment objective to provide shareholders with an attractive level of income together with the prospect of income and capital growth.

At the Company's AGM in June 2021 the investment policy was modernised to read: "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 Managers Report

For the half year ended 30 June 2022



Portfolio Allocation by Region

South East (28.2%)	
West Midlands (19.8%)	
East Midlands (13.5%)	
North West (10.8%)	
Scotland (10.2%)	
North East (8.0%)	
South West (4.7%)	
London West End (2.4%)	
London City (2.4%)	

Portfolio Strategy and Allocation

Three overriding themes have influenced our thinking for portfolio construction over the last two years; short – medium term impacts of economic challenges, thematic structural changes and Environmental, Social and Governance ('ESG') issues.

Significant changes have been made to the portfolio over the last two years, starting with an exit from multi let industrial estates. We felt the pricing had become very keen, and there was an increased risk to the occupational demand and tenant ability to pay rent from labour shortages and rising input prices. Instead, we invested in some logistics facilities that had greater scope for income growth, and a pre let industrial development which is currently being constructed. We have maintained a relatively high exposure to industrial / logistics, but altered the portfolio to protect future income and capital growth. It is a sector we continue to favour.

We have also reduced our exposure to offices, with a fifth office sale in two years completed in August. Hybrid working patterns and ESG drivers have started to have a significant impact on secondary office assets, and we have reviewed our portfolio to hold assets that are affordable, and provide tenants with high quality space with amenity offering. In most of our assets we offer fully fitted office suites, and have found higher demand for them than conventional office space where the tenant has to do the fitting out.

We wanted to increase our exposure to retail warehousing, with a focused approach to acquire assets let at low rents to budget and food led retailers. After initial success in acquiring a B&Q asset we had several similar investments under offer, but withdrew during due diigence as defects were found, or more recently, because the market had softened and we did not believe the purchase offered such good value to investors.

Although we utilise the research capability of abrdn to invest in sectors that we believe to have a greater potential to perform well, a key factor in the Company's portfolio structure is a bottom up asset by asset approach to ensure that the property meets occupier needs today, but are also well placed to meet them in the future. ESG has become an important factor in this, as increasingly tenants include it as part of their decision making process. We have made sure our office assets meet regulatory standards though to 2030, and during the first half we took the opportunity to refurbish two logistics assets at lease expiry. We have delayed the re-letting of the unit to accommodate upgrades to operational net zero (or net negative) carbon assets, with staff welfare and biodiversity included in the refurbishment brief. It may be another 10-15 years before we have the opportunity to intervene at these assets again, so it is vital to understand the portfolio and know when the best time is to upgrade and ensure the asset is future fit.

Environmental, Social and Governance (ESG)

ESG was covered very comprehensively in the annual report and accounts, which is available to download at www.abrdnpit.co.uk.

The Board recently created a Sustainability Committee to focus on ensuring that the Company's ESG objective is aligned to the Investment Managers activities. The objective is:

The Investment Manager will embed ESG principles in its investment process, with the intention of adopting ESG best practice wherever possible. This objective reflects the Board's belief that strong ESG credentials will lead to superior performance of the investment portfolio, and of the Company, over time.

As set out in the 2021 Report and Accounts the Company has set targets to fully decarbonise Scope 1 and 2 emissions by 2030 and to improve energy intensity by 50% over the same period. We are currently reviewing progress made in the 2021 calendar year against our 2019 baseline and will report on this in due course. This year's GRESB Assessment was submitted for the Company in July with final results due in October. As part of this exercise information was collected from tenants. Data coverage for energy consumption by floor area increased this year to 55% from 45% the previous year and we hope to further increase this through smart meter roll-out.

Land at Far Ralia: In September 2021 the Company acquired just over 1,440 hectares on unproductive open moorland in Scotland to undertake peatland restoration and reforestation of natural woodlands, with the aim of having a fixed cost carbon offset. Over the last 12 months we have been undertaking the required consultation and refining the planting plan, with an aim that we can start the planting of the circa 1.5m trees in spring 2023. We are working with Akre Trees, a specialist nursery that has been verified as a carbon negative tree nursery. Akre have been on site collecting seeds from which to grow saplings in their state of the art glasshouse.

Case Studies

Unit 4 Easter Park, Bolton

Unit 4 Easter Park in Bolton is a logistics unit managed by Sarah MacDougall, a senior asset manager for API. The unit was vacated earlier in 2022 by its previous tenant, Hermes, who were moving to a new larger unit.

Strong interest was received in the unit in its current condition from a national logistics occupier, we wanted to take advantage of the vacant property to intervene, and ensure the unit was upgraded to be future fit. Sarah engaged with a number of ESG consultants to produce a refurbishment spec that encompassed energy performance, worker welfare, and bio diversity.

The resulting refurbishment will provide an enhanced logistics unit with an EPC rating of A, and net zero operational carbon with an extended PV system to cover the whole roof, EV charging points, electric heating to ancillary areas, biodiversity initiatives (including mature tree planting, green roofed bike storage, wildflower planting and a bug habitat) and worker welfare including showers and locker rooms and an outside seating area.

Although the refurbishment has delayed a new lease of the unit the Company needed to take the opportunity to do the work as it could be another 10 -15 years before it could gain access again. Terms have been agreed for a new lease at a rent circa 25% above the original level, and on terms that reflect the high quality of the unit with an anticipated strong uplift in value.

This lease was signed in September with a national logistics company.

API building out PV scale

Current PV Systems	1,250 (kWp)
Pipeline Projects	11,724 (kWp)

API generates electricity equivalent to to boiling a kettle 19,608,282 times

Power produced	19,608,282
Pipeline potential	88,114,091

Investment Managers Report

For the half year ended 30 June 2022

Office portfolio EPC upgrade

Cameron Mackay is the senior asset manager responsible for the Company's office portfolio, and also holds a position as a senior ESG Lead in the wider real estate team. During the first half of the year.Cameron undertook a piece of work to ensure that all the office assets held by the Company had an up to date EPC rating of C or above, meaning that with proposed legislation they will meet minimum requirements through to 2030. At each asset a base understanding of the building performance is taken, with a 5 year planned maintenance schedule in place to understand the optimum time to replace and upgrade plant. This often ties in to tenant lease events. We have ensured that buildings have LED lighting, and modern chillers that are run as efficiently as possible, and where possible PV is installed on the roof.

At 101 Princess St, a listed office in Manchester, Cameron led a refurbishment of three floors that became vacant on lease expiries. The refurbishments completed late summer, and encompassed many aspects of ESG, providing energy efficient accommodation (all electric with no gas), LED lighting with daylight activated PRM Sensors, recycled materials used in furniture and fully fitted accommodation with Inifi fibre installed to deliver day 1 connectivity. The building has been assessed as EPC B and the third floor is now under offer at a rent of £22.50psf with previous rents in the building in the high teens.

PV program
Swift House, Rugby – Solar Installation

George Hale is a graduate in the abrdn asset management team and has taken a lead role in the role out of PV across the Company's assets. As part of the the Company's rollout of onsite renewables across the portfolio, the fund has successfully signed a deed of variation with Adexa Direct Limited to install a 240kWp solar PV system on the roof of the property. The system will provide green, on-site generated electricity directly to the tenant with the tenant agreeing to purchase the produced electricity at a pre-agreed price per kWh.

This is just one of a long pipeline of renewable energy projects which the fund is engaged in which will provide occupiers with energy security in an increasingly volatile energy market, whilst providing occupational savings and operational carbon benefits. Once the system is operational our forecasts predict the generation to offset c.107% of Adexa's existing annual electricity demand, making this another operationally net carbon negative property.

Rainhill Road, Washington — Refurbishment and Signing of Agreement for Lease

Mark Blyth, deputy fund manager of the portfolio, working with George Hale, has managed a complex project to refurbish and relet one of the Fund's largest assets in the Northeast. The 150,000 sqft industrial property in Washington Tyne and Wear is located 20 minutes' drive South of Newcastle-Upon-Tyne, and until recently was occupied by SNOP UK Ltd, who vacated the property following the expiry of their lease in May 2022 following their decision to move to new larger premises. The investment manager was keen to take the opportunity to improve the asset, both in specification and improving the ESG credentials, and prepared a refurbishment plan that would make the asset appeal more to logistics users. Given the quality of the location and strong tenant demand, the Company has signed an agreement for lease with a national logistics business to occupy the unit after the programme of enhancement works. These works utilize the low site cover of the unit, and include a full upgrade to the existing building fabric, a new yard running around the perimeter of the property, new doors along the southern elevation as well as the replacement of all office heating from gas to electric. Furthermore, the fund has opted to install it's largest PV installation to date, which will provide over 1MWp of electricity to the property. On occupation, we expect this property to be operationally net carbon negative with an EPC A rating and a new 15-year lease to a national operator at a rent 60% above the previous rental level.

Images

1. Swift House, Rugby

Asset Management

Over the first six months of 2022 eight new leases were completed securing a total annual rent of £776,477. In addition, an agreement for lease was signed on a logistics unit, where the lease will commence after a refurbishment producing a further £591,500pa. Four leases were renewed securing a further £483,954pa.

On 30 June the vacancy rate was 10.2% (9.7% December 2021) and this is above the target level of 5%. Reducing the vacancy in the portfolio remains a priority, although it can also represent an opportunity to increase rents, especially on logistics assets. The Company has exchanged contracts to lease one logistics unit and in September completed a new lease on another, both of which will see significant increases in rent from the previous levels. The majority of the Company's vacancy is in the office sector, and we are seeing a general increase in inspections following a very difficult year in 2021 for the office market.

Number of households powered by API PV

Power produced	574
Pipeline potential	2,578

Investment Managers Report

For the half year ended 30 June 2022

Sales

The sale of Endeavor House, Kidlington was completed after the reporting period – a single let office just outside Oxford. The sale price of £8.3m reflected a yield of 5.35% as the Company took advantage of keen demand for life sciences offices to exit an office it felt was not "future fit" and continue the theme of reducing office exposure.

At the end of September the Company exchanged contracts for the sale of its industrial asset in Rainham, SE England. The sale is due to complete in the first week of October for a price of £21.65m reflecting an initial yield of 2.84% and was the Company's lowest yielding asset.

Purchases

One purchase was completed during the first six months of 2022, a car show room in Stockton-on-Tees. The purchase was a sale and leaseback with the tenant, and provides a 25 year lease (15 years term certain) with indexation. The purchase price of £5m reflected a yield of 6.5%.

Several other investments were put under offer in the first half but during our due diligence we found aspects that were not acceptable to us. Although we were looking to increase exposure to new assets through increasing leverage the change in market outlook in recent weeks has meant we are more inclined to keep leverage at the lower end of our target, and any new investment will be reinvestment from sales.

1

2

Development

In December 2021 the Company completed an agreement to fund the development of a pre let industrial / R&D facility in St Helens. Construction is underway and progressing well, with completion expected in mid 2023. Once completed a new 15 year lease to the Council at £657,000 pa will commence, with the property to be used for research into new ways of making glass that uses less carbon.

The Company has an option over a speculative logistics development opportunity that it is monitoring. Planning permission is hopefully due shortly, however the Company will only proceed if the appraisal remains attractive given changes to build costs and market yields.

Debt

The Company has two debt facilities from RBS. The £110m term loan is fully drawn and is subject to an interest rate hedge. The £55m RCF was £6m drawn on 30 June giving a LTV ratio of 19.8% at that time. The Company has significant headroom on its debt covenants.

Both facilities expire in April 2023 and the Company is in advanced discussions to extend the facility, albeit at significantly greater cost.

3

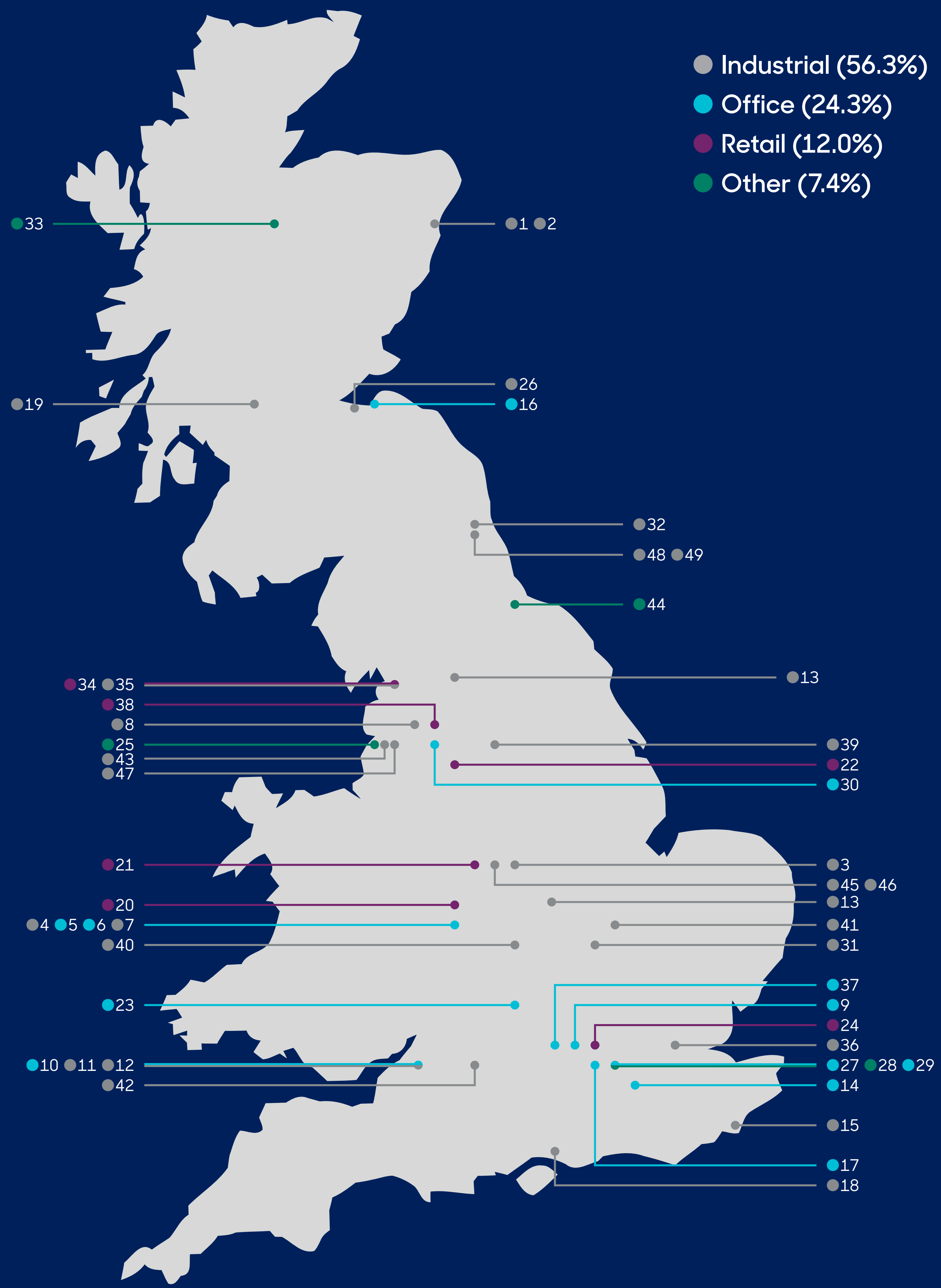
4

Images

1. 101 Princes Street, Manchester
2. Saplings from local seeds to be used for tree planting at Ralia Estate, Newtonmore
3. 54 Hagley Road, Birmingham
4. Flamingo Flowers, Sandy

Property Investments

as at 30 June 2021



KEY TO MAP

1. Badentoy North, Aberdeen
2. Ocean Trade Centre, Aberdeen
3. Unit 14 Interlink Park, Bardon
4. 21 Gavin Way, Birmingham
5. 54 Hagley Road, Birmingham
6. Atos Data Centre, Birmingham
7. H1, H2 & G, Nexus Point, Birmingham
8. Unit 4 Easter Park, Bolton
9. One Station Square, Bracknell
10. 31/32 Queen Square, Bristol
11. Kings Business Park, Bristol
12. Wincanton, Bristol
13. CEVA Logistics, Corby
14. Explorer 1 & 2, Crawley
15. Bastion Point, Dover
16. 160 Causewayside, Edinburgh
17. The Kirkgate, Epsom
18. Unit 2, Fareham
19. Speedy Hire Unit, Glasgow
20. Mucklow Hill, Halesowen
21. Victoria Shopping Park, Hednesford
22. Howard Town Retail Park, High Peak
23. Endeavor House, Kidlington
24. 82-84 Eden Street, Kingston Upon Thames
25. Grand National Retail Park, Liverpool
26. Units 1 & 2 Cullen Square, Livingston
27. 15 Basinghall Street, London
28. Hollywood Green, London
29. New Palace Place, London
30. 101 Princess Street, Manchester
31. Mount Farm, Milton Keynes
32. Unit 4 Monkton Business Park, Newcastle
33. Ralia Estate, Newtonmore
34. Olympian Way, Preston
35. Walton Summit Indust. Estate, Preston
36. Marsh Way, Rainham
37. The Pinnacle, Reading
38. The Point Retail Park, Rochdale
39. Symphony, Rotherham
40. Swift House, Rugby
41. Flamingo Flowers, Sandy
42. Timbmet, Shellingford
43. Glass Futures, St Helens
44. Motorpoint, Stockton-on-Tees
45. Tetron 141, Swadlincote
46. Tetron 93, Swadlincote
47. Opus 9 Industrial Estate, Warrington
48. Griffith Textile, Washington
49. Rainhill Road, Washington

Top 10 Tenants

1 B&Q Plc
Passing Rent: £1,560,000
5.8%

2 Public Sector
Passing Rent: £1,346,186
5.0%

3 The Symphony Group Plc
Passing Rent: £1,225,000
4.6%

4 Schlumberger Oilfield UK Plc
Passing Rent: £1,138,402
4.3%

5 CEVA Logistics Limited
Passing Rent: £840,000
3.1%

6 Jenkins Shipping Co Ltd
Passing Rent: £819,390
3.1%

7 Timbmet Limited
Passing Rent: £799,683
3.0%

8 Atos IT Services Limited
Passing Rent: £780,727
2.9%

9 Time Wholesale Services (UK) Ltd
Passing Rent: £656,056
2.4%

10 Hollywood Green
Passing Rent: £643,565
2.4%

Top 10 Properties

1 Mucklow Hill, Halesowen
£26m–£28m
Retail (5.2%)

2 Symphony
£26m–£28m
Industrial (5.3%)

3 54 Hagley Road, Birmingham
£26m–£28m
Office (5.2%)

4 Marsh Way, Rainham
£22m–£24m
Industrial (4.3%)

5 Timbmet, Shellingford
£18m–£20m
Industrial (3.8%)

6 Tetron 141, Swadlincote
£16m–18m
Industrial (3.4%)

7 Atos Data Centre, Birmingham
£16m–£18m
Other (3.4%)

8 Walton Summit Industrial Estate, Preston
£16m–£18m
Industrial (3.3%)

9 CEVA Logistics, Corby
£16m–£18m
Industrial (3.1%)

10 Hollywood Green, London
£14m–£16m
Other (3.1%)

Property Investments

as at 30 June 2021

#	Name	Location	Sub-sector	Market value	Tenure	Area sq ft	Occupancy %
1	Badentoy North	Aberdeen	Industrial	£14m–£16m	Freehold	67,843	100
2	Ocean Trade Centre	Aberdeen	Industrial	£10m–£12m	Freehold	103,120	81.3
3	Unit 14 Interlink Park	Bardon	Industrial	£4m–£6m	Freehold	32,747	100
4	21 Gavin Way	Birmingham	Industrial	£4m–£6m	Freehold	36,376	100
5	54 Hagley Road	Birmingham	Office	£26m–£28m	Leasehold	136,959	71.2
6	Atos Data Centre	Birmingham	Other	£16m–£18m	Freehold	40,146	100
7	Units H1, H2 & G, Nexus Point	Birmingham	Industrial	£6m–£8m	Freehold	46,495	100
8	Unit 4 Easter Park	Bolton	Industrial	£4m–£6m	Leasehold	35,534	0*
9	One Station Square	Bracknell	Office	£10m–£12m	Leasehold	42,429	56.9
10	31/32 Queen Square	Bristol	Office	£4m–£6m	Freehold	13,124	100
11	Kings Business Park	Bristol	Industrial	£8m–£10m	Freehold	58,538	100
12	Wincanton	Bristol	Industrial	£8m–£10m	Leasehold	38,330	100
13	CEVA Logistics	Corby	Industrial	£16m–£18m	Freehold	195,225	100
14	Explorer 1 & 2 & Mitre Court	Crawley	Office	£8m–£10m	Freehold	43,533	63.9
15	Bastion Point	Dover	Industrial	£12m–£14m	Freehold	84,376	100
16	160 Causewayside	Edinburgh	Office	£8m–£10m	Freehold	39,522	100
17	The Kirkgate	Epsom	Office	£8m–£10m	Freehold	26,109	100
18	Unit 2	Fareham	Industrial	£6m–£8m	Leasehold	38,217	100
19	Speedy Hire Unit	Glasgow	Industrial	£8m–£10m	Freehold	61,033	100
20	Mucklow Hill	Halesowen	Retail	£26m–£28m	Freehold	92,400	100
21	Victoria Shopping Park	Hednesford	Retail	£4m–£6m	Leasehold	37,096	100
22	Howard Town Retail Park	High Peak	Retail	£6m–£8m	Mixed	47,132	90.1
23	Endeavor House	Kidlington	Office	£6m–£8m	Freehold	23,414	100
24	82-84 Eden Street	Kingston Upon Thames	Retail	£8m–£10m	Freehold	24,234	100
25	Grand National Retail Park	Liverpool	Other	£4m–£6m	Freehold	38,223	100
26	Units 1 & 2 Cullen Square	Livingston	Industrial	£8m–£10m	Freehold	81,288	100
27	15 Basinghall Street	London	Office	£12m–£14m	Freehold	17,083	78.9
28	Hollywood Green	London	Other	£14m–£16m	Freehold	63,634	100
29	New Palace Place	London	Office	£12m–£14m	Leasehold	18,554	98.4
30	101 Princess Street	Manchester	Office	£8m–£10m	Freehold	41,096	49.6
31	Mount Farm	Milton Keynes	Industrial	£10m–£12m	Freehold	74,709	100
32	Unit 4 Monkton Business Park	Newcastle	Industrial	£4m–£6m	Freehold	33,021	100
33	Ralia Estate	Newtonmore	Other	£6m–£8m	Freehold	N/A**	N/A
34	Olympian Way	Preston	Retail	£4m–£6m	Leasehold	31,781	100
35	Walton Summit Indust. Estate	Preston	Industrial	£16m–£18m	Freehold	147,946	100
36	Marsh Way	Rainham	Industrial	£22m–£24m	Leasehold	82,090	100
37	The Pinnacle	Reading	Office	£14m–£16m	Freehold	39,379	76.1
38	The Point Retail Park	Rochdale	Retail	£6m–£8m	Freehold	42,224	100
39	Symphony	Rotherham	Industrial	£26m–£28m	Leasehold	364,974	100
40	Swift House	Rugby	Industrial	£10m–£12m	Leasehold	100,564	100
41	Flamingo Flowers Limited	Sandy	Industrial	£10m–£12m	Freehold	125,774	100
42	Timbmet	Shellingford	Industrial	£18m–£20m	Freehold	214,882	100
43	Glass Futures	St. Helens	Industrial	£2m–£4m	Freehold	101,087	100***
44	Motorpoint	Stockton-on-Tees	Other	£4m–£6m	Freehold	44,266	100
45	Tetron 141	Swadlincote	Industrial	£16m–£18m	Freehold	141,459	100
46	Tetron 93	Swadlincote	Industrial	£12m–£14m	Freehold	93,836	100
47	Opus 9 Industrial Estate	Warrington	Industrial	£8m–£10m	Freehold	53,279	100
48	Griffith Textile	Washington	Industrial	£8m–£10m	Freehold	96,689	100
49	Rainhill Road	Washington	Industrial	£8m–£10m	Freehold	149,676	0****
	Total property portfolio			£536m			

**: The land at Ralia Estate, Newtonmore covers an area of 1,447 hectares.
*** Agreement for lease signed for whole building subject to refurbishment.
**** Pre-let development.

Lease Expiry Profile

	Rent expiring	
0–5 years	£9,258,204	34.6%
6–10 years	£10,316,231	38.5%
11–15 years	£3,958,822	14.8%
16–20 years	£1,547,642	5.8%
21–25 years	£1,260,326	4.7%
25 > years	£442,506	1.6%

* Asset fully let as at 30 September 2022.

Principal Risks and Uncertainties

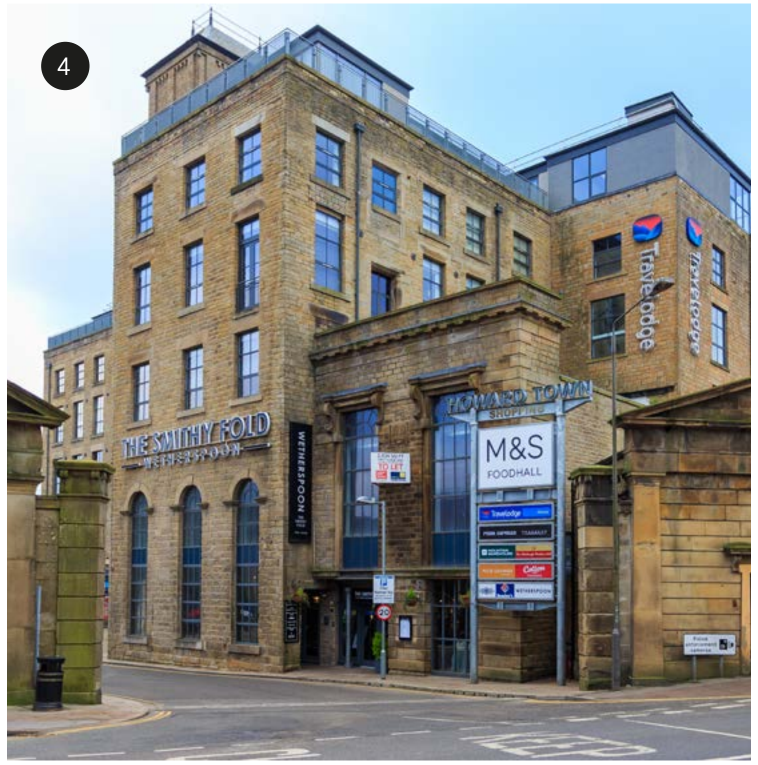
Images

1. Explorer 1, Crawley
2. Pinnacle, Reading
3. Persimmon House, Dartford
4. Howard Town, Glossop

The Company's assets consist of direct investments in UK commercial property. Its principal risks are therefore related to the commercial property market in general, but also the particular circumstances of the properties in which it is invested, and their tenants. The main risk to the Company currently is the likelihood of a UK recession, as a result of spiraling inflation which is continuing to have a negative impact on the economy. The Russia/Ukraine war, along with other geopolitical tensions are also affecting the current climate and the effects of the pandemic that resulted in a weakened supply chain and changes in working patters are also still being seen. The Board and Investment Manager seek to mitigate risks through a strong initial due diligence process, continual review of the portfolio and active asset management initiatives. All of the properties in the portfolio are insured, providing protection against risks to the properties and also protection in case of injury to third parties in relation to the properties.

The Board have carried out an assessment of the risk profile of the Company which concluded that the risks as at 30 June 2022, were not materially different from those detailed in the statutory accounts for the Company for the year ended 31 December 2021. Additional risks which have been considered by the Board are the impact of our debt renewal on dividend cover as a result of the recent spike in borrowing rates and the impact of the likelihood of the UK recession on void rates within our property portfolio.

Having reviewed the principal risks, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future, and therefore believes it appropriate to adopt the going concern basis in preparing the financial statements.



Principal Risks and Uncertainties

Images

1. 54 Hagley Road, Birmingham

Statement of Directors' Responsibilities Condensed

The Directors are responsible for preparing the Interim Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34; and
- The Interim Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules; and
- In accordance with 4.2.9R of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, it is confirmed that this publication has not been audited or reviewed by the Company's auditors.

The Interim Report, for the six months ended 30 June 2022, comprises an Interim Report in the form of the Chair's Statement, the Investment Manager's Report, the Directors' Responsibility Statement and Unaudited Consolidated Condensed Financial Statements. The Directors each confirm to the best of their knowledge that:

- the Unaudited Condensed Consolidated Financial Statements are prepared in accordance with IFRSs as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Interim Report 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 faced.

For and on behalf of the Directors of abrdn Property Income Trust Limited.

Approved by the Board on 29 September 2022

James Clifton-Brown
Chair

Financial Statements

Unaudited Condensed Consolidated Statement of Comprehensive Income

for the period ended 30 June 2022

	Notes	01 Jan 22 to 30 Jun 22 £	01 Jan 21 to 30 Jun 21 £	01 Jan 21 to 31 Dec 21 £
Rental income		13,566,429	14,236,719	26,485,585
Service Charge income		2,334,220	1,919,813	4,097,344
Valuation gain from investment properties	3	35,560,346	23,692,631	72,188,550
Valuation loss from land	5	(60,322)	–	(501,550)
Loss on disposal of investment properties	3	–	(1,373,427)	(634,368)
Investment management fees	2	(1,817,616)	(1,602,289)	(3,301,074)
Valuers fees		(54,405)	(37,078)	(77,457)
Auditor's fees		(55,770)	(74,300)	(111,540)
Directors' fees and subsistence		(126,489)	(105,962)	(221,742)
Service Charge expenditure		(2,334,220)	(1,919,813)	(4,097,344)
Impairment gain/(loss) on trade receivables		526,890	(1,278,339)	(406,475)
Other direct property expenses		(2,151,201)	(1,354,478)	(3,430,243)
Other administration expenses		(312,669)	(405,619)	(751,270)
Operating profit		45,075,193	31,697,858	89,238,416
Finance income		3,650	526	763
Finance costs		(1,766,457)	(1,746,493)	(3,506,359)
Profit for the period before taxation		43,312,386	29,951,891	85,732,820
Tax charge		–	–	–
Profit for the period, net of tax		43,312,386	29,951,891	85,732,820
Valuation surplus on cash flow hedge		1,515,008	1,289,811	3,167,218
Total other comprehensive gain		1,515,008	1,289,811	3,167,218
Total comprehensive gain for the period, net of tax		44,827,394	31,241,702	88,900,038
Earnings per share		(pence)	(pence)	(pence)
Basic and diluted earnings per share	6	10.9	7.5	21.6

All items included in the above Unaudited Consolidated Statement of Comprehensive Income derive from continuing operations.
The notes on pages 36 to 47 are an integral part of these Unaudited Consolidated Financial Statements.

Unaudited Condensed Consolidated Balance Sheet

for the period ended 30 June 2022

Assets	Notes	30 Jun 22 £	30 Jun 21 £	31 Dec 21 £
Non-current assets				
Investment properties	3	497,822,284	423,666,556	484,514,085
Lease incentives	3	9,903,316	7,335,331	8,802,294
Land	5	7,500,000	–	7,500,000
Rent deposits held on behalf of tenants		984,381	833,768	904,189
		516,209,981	431,835,655	501,720,568
Current assets				
Investment properties held for sale	3, 4	29,250,000	3,700,000	–
Trade and other receivables		12,211,707	6,222,513	11,024,100
Cash and Cash equivalents		8,281,368	33,750,589	13,818,008
Interest rate swap	10	946,972	–	–
		50,690,047	43,673,102	24,842,108
Total Assets		566,900,028	475,508,757	526,562,676
Liabilities				
Current liabilities				
Trade and other payables		15,952,009	11,414,647	13,618,457
Interest rate swap	10	–	1,354,600	546,526
Bank borrowings	11	115,816,328	–	–
		131,768,337	12,769,247	14,164,983
Non—current liabilities				
Bank borrowings	11	–	109,638,819	109,723,399
Interest rate swap	10	–	1,090,841	21,510
Obligations under finance leases		900,350	901,887	901,129
Rent deposits due to tenants		984,381	833,768	904,189
		1,884,731	112,465,315	111,550,227
Total liabilities		133,653,068	125,234,562	125,715,210
Net assets		433,246,960	350,274,195	400,847,466
Equity				
Capital and reserves attributable to Company's equity holders				
Share capital	8	228,383,857	228,383,857	228,383,857
Treasury share reserve	8	(10,480,869)	(5,991,417)	(5,991,417)
Retained earnings		8,394,995	7,038,582	8,521,081
Capital reserves		109,110,605	23,004,801	72,095,573
Other distributable reserves		97,838,372	97,838,372	97,838,372
Total equity		433,246,960	350,274,195	400,847,466
		(pence)	(pence)	(pence)
NAV per share		110.7	88.3	101.0

Unaudited Condensed Consolidated Statement of Changes in Equity

for the period ended 30 June 2022

	Notes	Share capital £	Treasury shares £	Retained earnings £	Capital reserves £	Other distributable reserves £	Total equity £
Opening balance 01 Jan 2022		228,383,857	(5,991,417)	8,521,081	72,095,573	97,838,372	400,847,466
Profit for the period		–	–	43,312,386	–	–	43,312,386
Other comprehensive income		–	–	–	1,515,008	–	1,515,008
Total comprehensive gain for the period		–	–	43,312,386	1,515,008	–	44,827,394
Share buybacks net of costs		–	(4,489,452)	–	–	–	(4,489,452)
Dividends paid	9	–	–	(7,938,448)	–	–	(7,938,448)
Valuation gain from investment properties	3	–	–	(35,560,346)	35,560,346	–	–
Valuation loss from land	5	–	–	60,322	(60,322)	–	–
Balance at 30 Jun 2022		228,383,857	(10,480,869)	8,394,995	109,110,605	97,838,372	433,246,960
Opening balance 01 Jan 2021		228,383,857	(1,450,787)	7,339,209	(604,214)	97,838,372	331,506,437
Profit for the period		–	–	29,951,891	–	–	29,951,891
Other comprehensive income		–	–	–	1,289,811	–	1,289,811
Total comprehensive gain for the period		–	–	29,951,891	1,289,811	–	31,241,702
Share buybacks net of costs		–	(4,540,630)	–	–	–	(4,540,630)
Dividends paid	9	–	–	(7,933,314)	–	–	(7,933,314)
Valuation gain from investment properties		–	–	(23,692,631)	23,692,631	–	–
Loss on disposal of investment properties	3	–	–	1,373,427	(1,373,427)	–	–
Balance at 30 Jun 2021		228,383,857	(5,991,417)	7,038,582	23,004,801	97,838,372	350,274,195
Opening balance 01 Jan 2021		228,383,857	(1,450,787)	7,339,209	(604,214)	97,838,372	331,506,437
Profit for the year		–	–	85,732,820	–	–	85,732,820
Other comprehensive income		–	–		3,167,218	–	3,167,218
Total comprehensive gain for the period		–	–	85,732,820	3,167,218	–	88,900,038
Share buybacks net of costs		–	(4,540,630)	–	–	–	(4,540,630)
Dividends paid	9	–	–	(15,018,379)	–	–	(15,018,379)
Other transfer between reserves		–	–	1,520,063	(1,520,063)	–	–
Valuation gain from investment properties		–	–	(72,188,550)	72,188,550	–	–
Valuation loss from land		–	–	501,550	(501,550)	–	–
Loss on disposal of investment properties	3	–	–	634,368	(634,368)	–	–
Balance at 31 Dec 2021		228,383,857	(5,991,417)	8,521,081	72,095,573	97,838,372	400,847,466

Unaudited Condensed Consolidated Cash Flow Statement

for the period ended 30 June 2022

	Notes	01 Jan 22 to 30 Jun 22 £	01 Jan 21 to 30 Jun 21 £	01 Jan 21 to 31 Dec 21 £
Cash flows from operating activities				
Profit for the period before taxation		43,312,386	29,951,891	85,732,820
Movement in lease incentives		(1,101,023)	(1,499,070)	(2,966,033)
Movement in trade and other receivables		(1,267,799)	4,602,539	(270,226)
Movement in trade and other payables		2,413,744	(1,704,263)	536,404
Finance costs		1,766,457	1,746,493	3,506,359
Finance income		(3,650)	(526)	(763)
Other transfer between reserves		–	–	1,520,063
Valuation gain from investment properties	3	(35,560,346)	(23,692,631)	(72,188,550)
Valuation loss from land	5	60,322	–	501,550
Loss on disposal of investment properties	3	–	1,373,427	634,368
Net cash inflow from operating activities		9,620,091	10,777,860	17,005,992
Cash flows from investing activities				
Interest received		3,650	526	763
Purchase of investment properties	3	(5,408,910)	–	(11,741,501)
Purchase of land	5	(60,322)	–	(8,001,550)
Capital expenditure on investment properties	3	(1,589,721)	(388,299)	(1,819,229)
Net proceeds from disposal of investment properties	3	–	28,101,573	31,840,632
Net cash (outflow)/inflow from investing activities		(7,055,303)	27,713,800	10,279,115
Cash flows from financing activities				
Shares bought back during the period		(4,489,452)	(4,540,630)	(4,540,630)
Bank borrowing		6,000,000	–	–
Interest paid on bank borrowing		(1,337,018)	(943,690)	(1,872,545)
Payments on interest rate swaps		(336,510)	(706,808)	(1,418,916)
Dividends paid to the Company's shareholders	9	(7,938,448)	(7,933,314)	(15,018,379)
Net cash outflow from financing activities		(8,101,428)	(14,124,442)	(22,850,470)
Net (decrease)/increase in cash and cash equivalents		(5,536,640)	24,367,218	4,434,637
Cash and cash equivalents at beginning of period		13,818,008	9,383,371	9,383,371
Cash and cash equivalents at end of period		8,281,368	33,750,589	13,818,008

Notes to the Condensed Unaudited Consolidated Financial Statements continued

for the period ended 30 June 2022

1. Accounting Policies

The Unaudited Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 'Interim Financial Reporting' and, except as described below, the accounting policies set out in the statutory accounts of the Group for the year ended 31 December 2021. The condensed Unaudited Consolidated Financial Statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended 31 December 2021, which were prepared under full IFRS requirements.

Going Concern

The directors assess the Group's ability to continue as a going concern by reviewing forecasts of cashflows and profitability in the context of the Group's borrowing facilities up to and beyond the going concern horizon of 12 months from the approval of these financial statements. The review includes assessing severe but plausible downside scenarios.

The directors note that the Group's existing borrowing facilities end on 27 April 2023 which is within 12 months from the date of approval of these financial statements. However, negotiations to put in place similar facilities that would result in no material cash outflows are at a very advanced stage with terms agreed and material approvals completed. The directors are satisfied, after careful consideration, that these circumstances do not give rise to a material uncertainty that might cast significant doubt on the Group's ability to continue as a going concern.

2. Related Party Disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Investment manager

abrdn Fund Managers Limited, as the Manager of the Group from 10 December 2018, received fees for their services as investment managers.

From 1 July 2019, under the terms of the IMA the Investment Manager is entitled to 0.70% of total assets up to £500 million; and 0.60% of total assets in excess of £500 million. The total fees charged for the period ended 30 June 2022 amounted to £1,817,616 (period ended 30 June 2021: £1,602,289). The total amount due and payable at the period end amounted to £1,817,616 (period ended 30 June 2021: £810,544).

3. Investment Properties

Country	UK	UK	UK	UK	
Class	Industrial	Office	Retail	Other	Total
	30 Jun 22	30 Jun 22	30 Jun 22	30 Jun 22	30 Jun 22
Market value as at 01 January 2022	273,565,250	126,275,000	56,525,000	36,050,000	492,415,250
Purchase of investment properties	–	–	–	5,408,910	5,408,910
Capital expenditure on investment properties	233,978	1,390,533	(34,790)	–	1,589,721
Valuation gain/(loss) from investment properties	29,521,172	(1,779,196)	5,558,650	2,259,720	35,560,346
Movement in lease incentives receivable	904,850	113,663	101,140	(18,630)	1,101,023
Market value at 30 June 2022	304,225,250	126,000,000	62,150,000	43,700,000	536,075,250
Investment properties recognised as held for sale	(22,250,000)	(7,000,000)	–	–	(29,250,000)
Market value net of held for sale at 30 June 2022	281,975,250	119,000,000	62,150,000	43,700,000	506,825,250
Right of use asset recognised on leasehold properties	–	900,350	–	–	900,350
Adjustment for lease incentives	(5,310,138)	(3,035,311)	(909,328)	(648,539)	(9,903,316)
Carrying value at 30 June 2022	276,665,112	116,865,039	61,240,672	43,051,461	497,822,284

The valuations of investment properties were performed by Knight Frank LLP, 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 models used by Knight Frank are in accordance with the Royal Institution of Chartered Surveyors ('RICS') requirements on disclosure for Regulated Purpose Valuations (RICS Valuation – Professional Standards January 2014 published by the Royal Institution of Chartered Surveyors) and are consistent with the principles in IFRS 13.

The market value provided by Knight Frank LLP at the period ended 30 June 2022 was £536,075,250 (30 June 2021: £443,800,000) however an adjustment has been made for lease incentives of £9,903,316 (30 June 2021: £7,335,331) that are already accounted for as an asset. In addition, as required under IFRS 16, a right of use asset of £900,350 (30 June 2021: £901,887) has been recognised in respect of the present value of future ground rents and an amount of £900,350 (30 June 2021: £901,887) has also been recognised as an obligation under finance leases in the balance sheet.

In the condensed unaudited consolidated cash flow statement, surplus from disposal of investment properties comprise:

	30 Jun 22	30 Jun 21	31 Dec 21
Opening market value of disposed investment properties	–	29,475,000	32,475,000
Loss on disposal of investment properties	–	(1,373,427)	(634,368)
Net proceeds from disposed investment properties	–	28,101,573	31,840,632

Valuation methodology

The fair values 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 period. At the Balance Sheet date the income capitalisation method is appropriate for valuing all investment properties.

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 as detailed in the annual accounts. The Committee reviews the quarterly property valuation reports produced by the valuers before they are submitted 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 UKLA 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.

Notes to the Condensed Unaudited Consolidated Financial Statements continued

for the period ended 30 June 2022

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.

Sector 2022	Fair Value 2022 £	Key Unobservable Input 2022	Range 2022	Weighted Average
Industrial	304,225,250	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq f	0.00% to 7.16% 3.51% to 22.25% 0.00% to 6.92% £4.25 to £10.15	4.05% 4.98% 4.74% £6.53
Office	126,000,000	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq f	3.60% to 6.35% 5.39% to 9.07% 5.22% to 8.02% £17.00 to £45.47	5.04% 7.35% 6.81% £26.46
Retail	62,150,000	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq f	3.63% to 7.70% 4.69% to 6.91% 4.90% to 8.16% £8.74 to £30.19	5.90% 5.29% 5.81% £15.17
Other	43,700,000	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq f	4.20% to 8.19% 4.32% to 8.00% 4.51% to 7.99% £6.50 to £20.00	5.23% 5.18% 5.27% £14.69
	536,075,250			

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.

Sector 2021	Fair Value 2021 £	Key Unobservable Input 2021	Range 2021	Weighted average
Industrial	273,565,250	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq f	0.00% to 7.49% 0.00% to 7.72% 0.00% to 7.00% £4.00 to £9.50	4.48% 5.11% 5.07% £6.19
Office	126,275,000	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq f	2.71% to 6.28% 5.25% to 9.23% 5.16% to 8.17% £17.00 to £46.09	4.77% 7.28% 6.84% £26.19
Retail	56,525,000	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq f	4.56% to 8.43% 5.25% to 7.48% 5.52% to 8.12% £8.74 to £29.32	6.18% 5.83% 6.40% £15.31
Other	36,050,000	· Initial Yield · Reversionary Yield · Equivalent Yield · Estimated rental value per sq f	4.57% to 8.10% 4.39% to 7.90% 4.62% to 7.90% £9.24 to £18.68	5.40% 5.22% 5.35% £15.09
	492,415,250			

Notes to the Condensed Unaudited Consolidated Financial Statements continued

for the period ended 30 June 2022

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

	30 Jun 22	31 Dec 21
ERV p.a.	33,102,441	31,542,350
Area sq ft	3,561,446	3,517,993
Average ERV per sq ft	£9.29	£8.97
Initial yield	4.6%	4.8%
Reversionary Yield	5.6%	5.8%

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of completed investment property. The Board believes these are reasonable sensitivities given historic movements in valuations.

	30 Jun 22	31 Dec 21
	£	£
Increase in equivalent yield of 50 bps	(48,699,732)	(41,659,430)
Decrease of 5% in ERV	(22,037,947)	(19,561,811)

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)

4. Investment Properties Held for Sale

As at 30 June 2022, the Group was actively seeking a buyer for Marsh Way, Rainham and Endeavor House, Kidlington. The Group exchanged contracts on the sale of Endeavour House on 26 July 2022 for a price of £8,033,000. On 27 September 2022 the Group exchanged contracts on the sale of Marsh Way, Rainham for a price of £21,650,000.

5. Land

Valuation Methodology

The Land is held at fair value.

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 3.

Reconciliation of carrying amount:

Opening balance 01 Jan 2022	6 months to 30 Jun 22	6 months to 30 Jun 21	Year to 31 Dec 21
Cost			
Balance at the beginning of the period	8,001,550	–	–
Additions	60,322	–	8,001,550
Balance at the end of the period	8,061,872	–	8,001,550
Accumulated depreciation and amortisation			
Balance at the beginning of the period	(501,550)	–	–
Valuation	(60,322)	–	(501,550)
Balance at the end of the period	(561,872)	–	(501,550)
Carrying amount at 30 Jun 2022	7,500,000	–	7,500,000

Notes to the Condensed Unaudited Consolidated Financial Statements continued

for the period ended 30 June 2022

6. Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the period net of tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The earnings per share for the period is set out in the table opposite.

	6 months to 30 Jun 22	6 months to 30 Jun 21	Year to 31 Dec 21
Profit for the period net of tax	43,312,386	29,951,891	85,732,820
Weighted average number of ordinary shares outstanding during the period	396,268,050	399,656,959	398,041,380
Earnings per ordinary share (p)	10.9	7.5	21.5
Profit for the year excluding capital items	7,812,362	7,632,687	14,680,188
EPRA earnings per share (p)	2.0	1.9	3.7

7. Investment in Subsidiary Undertakings

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.

The Group undertakings consist of the following 100% owned subsidiaries at the Balance Sheet date:

- 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 (formerly known as Standard Life Investments SLIPIT (General Partner) Limited), a company with limited liability incorporated in England. This Company is the GP for the Limited Partnership.
- abrdn (APIT Nominee) Limited (formerly known as Standard Life Investments SLIPIT (Nominee) Limited), a company with limited liability incorporated and domiciled in England.

On 20th May 2022, Hagley Road Limited, a subsidiary of the Company, was liquidated. This had no material effect on the Company.

8. 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 30 June 2022 there were 391,302,152 ordinary shares of 1p each in issue (30 June 2021: 396,922,396). 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 regards 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.

	30 Jun 22 £	30 Jun 21 £
Allotted, called up and fully paid	228,383,857	228,383,857

Treasury Shares

From May 2022, the Company undertook a share buyback programme at various levels of discount to the prevailing NAV. In the period to 30 June 2022 5,620,234 shares had been bought back (30 June 2021: 7,394,036) for £4,489,452 after costs (30 June 2021: £4,540,630) and are included in the treasury share reserve.

	30 Jun 22 £	30 Jun 21 £
Opening balance	5,991,417	1,450,787
Bought back during the year	4,489,452	4,540,630
Closing balance	10,480,869	5,991,417

The number of shares in issue on 30 June 2022 and 2021 are as follows:

	30 Jun 22 Number of shares	30 Jun 21 Number of shares
Opening balance	396,922,386	404,316,422
Issued during the year	–	–
Bought back during the year and put into treasury	(5,620,234)	(7,394,036)
Closing balance	391,302,152	396,922,386

Notes to the Condensed Unaudited Consolidated Financial Statements continued

for the period ended 30 June 2022

9. Dividends and Property Income Distribution Gross of Income Tax

	6 months to 30 Jun 22					12 months to 31 Dec 21				
	PID	Non-PID	Total	PID	Non-PID	PID	Non-PID	Total	PID	Non-PID
Dividends	pence	pence	pence	£	£	pence	pence	pence	£	£
Quarter to 31 December of prior year (paid in February)	0.7910	0.2090	1.0000	3,139,656	829,568	0.7140	–	0.7140	2,878,508	–
Top-up for prior year (paid in May)	–	–	–	–	–	0.3810	–	0.3810	1,512,274	–
Quarter to 31 March (paid in May)	1.0000	–	1.0000	3,969,224	–	0.8925	–	0.8925	3,542,532	–
Total dividends paid	1.7910	0.2090	2.0000	7,108,880	829,568	1.9875	–	1.9875	7,933,314	–
Quarter to 30 June (paid in August)	–	–	–	–	–	0.8925	–	0.8925	3,542,532	–
Quarter to 30 September (paid in November)	–	–	–	–	–	0.2519	0.6406	0.8925	999,848	2,542,685
Total dividends paid	1.7910	0.2090	2.0000	7,108,880	829,568	3.1319	0.6406	3.7725	12,475,694	2,542,685
Quarter to 30 June of current period (paid after period end)	1.0000	–	1.0000	3,913,022	–					
Quarter to 31 December of current year (paid after year end)	–	–	–	–	–	0.7910	0.2090	1.0000	3,139,656	829,568
Prior year dividends (per above)	(0.7910)	(0.2090)	(1.0000)	(3,139,656)	(829,568)	(0.7140)	–	(0.7140)	(2,878,508)	–
Total dividends for the period	2.0000	0.0000	2.0000	7,882,246	–	3.2089	0.8496	4.0585	12,736,842	3,372,253

A property income dividend of 1.00p per share was declared on 4 August 2022 in respect of the quarter to 30 June 2022 — a total payment of £3,913,022. This was paid on 26 August 2022.

10. Financial Instruments

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 an amortised cost.

	Carrying Amount		Fair Value	
	30 Jun 22	31 Dec 21	30 Jun 22	31 Dec 21
	£	£	£	£
Financial Assets				
Cash and cash equivalents	8,281,368	13,818,008	8,281,368	13,818,008
Trade and other receivables	12,211,707	11,024,100	12,211,707	11,024,100
Interest Rate Swap	946,972	–	946,972	–
Financial Liabilities				
Bank Borrowings	115,816,328	109,723,399	116,334,182	110,119,830
Interest Rate Swap	–	568,036	–	568,036
Trade and other payables	8,996,138	8,359,405	8,996,138	8,359,405

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.
- 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.
- The fair value of the interest rate swap contract is estimated by discounting expected future cash flows using current market interest rates and yield curves over the remaining term of the instrument.

Notes to the Condensed Unaudited Consolidated Financial Statements continued

for the period ended 30 June 2022

There were no transfers between the levels of fair value hierachy during the six months ended 30 June 2022.

Period ended 30 June 2022	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	–	12,211,707	–	12,211,707
Cash and cash equivalents	8,281,368	–	–	8,281,368
Rental deposits held on behalf of tenants	984,381	–	–	984,381
Right of use asset	–	900,350	–	900,350
Interet Rate Swap	–	946,972	–	946,972
	9,265,749	14,059,029	–	23,324,778
Financial liabilities				
Trade and other payables	–	8,996,138	–	8,996,138
Bank Borrowings	–	116,334,182	–	116,334,182
Obligations under finance leases	–	900,350	–	900,350
Rental deposits held on behalf of tenants	984,381	–	–	984,381
	984,381	126,230,670	–	127,215,051

Year ended 31 December 2021	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	–	11,024,100	–	11,024,100
Cash and cash equivalents	13,818,008	–	–	13,818,008
Rental deposits held on behalf of tenants	904,189	–	–	904,189
Right of use asset	–	901,129	–	901,129
	14,722,197	11,925,229	–	26,647,426
Financial liabilities				
Trade and other payables	–	6,554,087	–	6,554,087
Interet Rate Swap	–	568,036	–	568,036
Bank Borrowings	–	110,119,830	–	110,119,830
Obligations under finance leases	–	901,129	–	901,129
Rental deposits held on behalf of tenants	904,189	–	–	904,189
	904,189	118,143,082	–	119,047,271

Explanation of the fair value hierachy:

● **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.

11. Bank Borrowings

On 28 April 2016 the Group entered into an agreement to extend £145 million of its existing £155 million debt facility with Royal Bank of Scotland ("RBS"), now Royal Bank of Scotland International ("RBSI"). The debt facility consisted of a £110 million seven year term loan facility and a £35 million five year Revolving Credit Facility ("RCF") which was extended by two years in May 2018 with the margin on the RCF reset to LIBOR plus 1.45%. Interest was payable on the Term Loan at 3 month LIBOR plus 1.375% which equates to a fixed rate of 2.725% on the Term Loan.

In June 2019, the Group also entered into a new arrangement with RBSI to extend its RCF by £20 million. This facility had a margin of 1.60% above Libor. As at 30 June 2022 £6 million of the RCF was drawn (30 June 2021: £nil).

	30 Jun 22 £	30 Jun 21 £
Loan facility and drawn down outstanding balance	116,000,000	110,000,000
Opening carrying value	109,723,399	109,542,823
Borrowings during the period	6,000,000	–
Amortisation of arrangement costs	92,929	95,996
Closing carrying value	115,816,328	109,638,819

Under the terms of the loan facility 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.

The Board are currently in advanced discussions to extend the debt facility commencing 28 April 2023, albeit at a significantly higher rate.

12. Events After the Balance Sheet Date

Sales

The Group exchanged contracts on the sale of Endeavour House, Kidlington on 26 July 2022 for a price of £8,033,000.

The Group exchanged contracts on the sale of Marsh Way, Rainham on 27 September 2022 for a price of £21,625,000.

Dividend

On 26 August 2022 a dividend in respect of the quarter to 30 June 2022 of 1.0 pence per share was paid comprising a Property Income Distribution.

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	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 profit after tax (excluding capital items) to the dividends paid.

	2022	2021
Total comprehensive gain for the period	44,827,394	31,241,702
Add back:		
Valuation gain investment properties	(35,560,346)	(23,692,631)
Loss on disposal of investment properties	–	1,373,427
Valuation loss on land	60,322	–
Valuation surplus on cash flow hedge	(1,515,008)	(1,289,811)
Profit for dividend cover	7,812,362	7,632,687
Dividends paid in the period	7,938,448	7,933,314
Dividend cover	98.4%	96.2%

Dividend yield	Annual dividend expressed as a percentage of share price on any given day.
Earnings per share (EPS)	Profit for the period after tax 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. This is 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	Gross borrowings (excluding swap valuation) divided by total assets. The Articles of Association of the Company have a 65% gearing ratio limit.
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).
MSCI Benchmark	Quarterly version of MSCI Monthly Index Funds.
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.
Loan to Value	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.
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.

	30 Jun 22	30 Jun 21
Opening NAV	101.0	82.0
Closing NAV	110.7	88.3
Movement in NAV	9.7	6.3
% Movement in NAV	9.6%	7.7%
Impact of reinvested dividends	2.1%	2.5%
NAV total return	**11.7%**	**10.2%**

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.
Over-rented	The passing rent exceeds 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.
Rack-rented	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 received 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.
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.

	30 Jun 22	30 Jun 21
Opening share price	81.5	60.0
Closing share price	76.2	70.0
Movement in share price	(5.3)	10.0
% Movement in share price	(6.5)%	16.7%
Impact of reinvested dividends	2.3%	3.5%
Share price total return	**(4.2)%**	**(20.2%)**

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 (formerly Aberdeen Standard 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 alternative investment fund manager, 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 AIFMD are published in the Company's PIDD which can be found on its website: abrdnpit.co.uk

The periodic disclosures required to be made by abrdn Fund Managers Limited under the AIFMD are set out on 109 of the annual report.

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 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, end the call and contact our Customer Services Department using the details on page 106 of the annual report.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams at: fca.org.uk/consumers/scams

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income, for UK investors, is £2,000 for the 2022/23 tax year (2021/22 tax year - £2,000). Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company provides registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

How to Invest

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 retail clients, shares can be bought directly through the abrdn Investment Plan for Children, abrdn Investment Trust Share Plan or abrdn Investment Trust ISA.

abrdn Investment Plan for Children

abrdn operates an investment plan for Children (the "Children's Plan") which covers a number of investment companies under its management, including the Company. Anyone can invest in the Children's Plan (subject to the eligibility criteria as stated within the terms and conditions), including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry, where applicable. Selling costs are £10 + VAT, if applicable. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing abrdn in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

abrdn Investment Trust Share Plan

abrdn operates an Investment Trust Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT, if applicable. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing abrdn in writing at any time.

abrdn Investment Trust ISA

abrdn operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2022/23.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases, where applicable. Selling costs are £15 + VAT, if applicable. The annual ISA administration charge is £24 + VAT, if applicable, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the ISA prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the ISA, from the sale of investments held in the ISA. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

Investors can choose to transfer previous tax year investments to abrdn, which can be invested in the Company while retaining their ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Nominee Accounts and Voting Rights

All investments in the abrdn Investment Plan for Children, abrdn Investment Trust Share Plan or abrdn Investment Trust ISA are held in nominee accounts and investors are provided with the equivalent of full voting and other rights of share ownership.

How to Attend and Vote at Company Meetings

Investors who hold their shares in the Company via the Children's Plan, Share Plan or ISA and would like to attend and vote at Company meetings (including AGMs) will be sent for completion and return a Letter of Direction in connection with the relevant meeting.

Investors who hold their shares via another 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. Further details of how to attend and vote if you hold your shares via a platform or share plan provider are available at www.theaic.co.uk/shareholder-voting-consumer-platforms

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, Computershare Investor Services (Guernsey) Limited, on 0370 702 0003 or via email at: investorcentre.co.uk. Changes of address must be notified to the Registrar in writing.

If you have any general questions about your Company, the Manager or performance, or would like further information on the abrdn Investment Plan for Children, abrdn Investment Trust Share Plan or abrdn Investment Trust ISA or ISA Transfers, please contact the abrdn Customer Services Department by calling 0808 500 0040, send an email to inv.trusts@abrdn.com or writing to:

abrdn Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Keeping You Informed

Further information may be found on the Company's dedicated website: abrdnpit.co.uk. This provides access to information on the Company's share price performance, capital structure, London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports and the latest monthly factsheet on the Company issued by abrdn Fund Managers Limited. The Company's Ordinary share price appears under the heading 'Investment Companies' in the Financial Times. Alternatively, please call 0808 500 0040 (Freephone), send an email to inv.trusts@abrdn.com or write to abrdn.

Social media:

www.twitter.com/AberdeenTrusts
www.linkedin.com/company/abrdn-investment-trusts

Literature Request Service

For literature and application forms for the abrdn Investment Plan for Children, abrdn Investment Trust Share Plan or abrdn Investment Trust ISA or ISA transfer, please visit invtrusts.co.uk or call 0808 500 0040.

Terms and Conditions

Terms and conditions for abrdn managed savings products can also be found under the Literature section of our website at: invtrusts.co.uk.

Investor Information

Key Information Document ("KID")

The KID relating to the Company can be found on the Company's website.

Suitable for Retail/NMPI Status

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking exposure to UK commercial property, and who understand and are willing to accept the risks of exposure to this asset class. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that the securities issued by the Company can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments ("NMPIs") and intends to continue to do so for the foreseeable future. The Company's securities are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are securities issued by an investment trust.

Online Dealing

There are a number of online dealing platforms for private investors 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 & 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:

Tel: 0800 111 6768 or
at fca.org.uk/firms/financial-services-register
Email: consumerqueries@fca.org.uk

Effect of REIT status on payment of dividends

REITs do not pay UK corporation tax in respect of rental profits and chargeable gains relating to property rental business. However, REITs are required to distribute at least 90% of their qualifying income (broadly calculated using the UK tax rules) as a Property Income Distribution ("PID").

Certain categories of shareholder may be able to receive the PID element of their dividends gross, without deduction of withholding tax. Categories which may claim this exemption include: UK companies, charities, local authorities, UK pension schemes and managers of PEPs, ISAs and Child Trust Funds.

Further information and the forms for completion to apply for PIDs to be paid gross are available from the Registrar.

Where the Company pays an ordinary dividend, in addition to the PID, this will be treated in the same way as dividends from non-REIT companies.

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 trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, 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.

The information on pages 51 to 53 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 Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

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Environmental Statement
This Report is printed on Oxygen Offset, manufactured using 100% FSC® Recycled fibre sourced from de-inked post consumer waste. Oxygen Offset is a Carbon Balanced paper, 100% of the CO^2 produced in the manufacture of the paper has been offset using Carbon Footprint Ltd and it also carries the EU Eco Label.
The Printer and the manufacturing mill are both credited with ISO14001 Environmental Management Systems standard and both are FSC® certified.
The production of this Report has been Carbon Balanced through the printer who are a certified partner of ClimateCare.

Report & Accounts

for half year ended 30 June 2022

abrdn
Property
Income
Trust