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FOR IMMEDIATE RELEASE

19 January 2024

RECOMMENDED ALL-SHARE MERGER

OF

ABRDN PROPERTY INCOME TRUST LIMITED

with

CUSTODIAN PROPERTY INCOME REIT PLC

to be implemented by means of a Court-sanctioned scheme of arrangement under Part VIII of the Companies (Guernsey) Law, 2008 (as amended)

Summary and highlights

The boards of Custodian Property Income REIT plc ("**CREI**") and abrdn Property Income Trust Limited ("**API**") are pleased to announce that they have reached agreement on the terms and conditions of a recommended all-share merger pursuant to which CREI will acquire the entire issued and to be issued share capital of API (the "**Merger**"). It is intended that the Merger will be implemented by means of a Court-sanctioned scheme of arrangement under Part VIII of the Companies Law (the "**Scheme**").

Under the terms of the Merger, Scheme Shareholders will receive:

for each Scheme Share, 0.78 New CREI Shares

(the "Exchange Ratio")

The Exchange Ratio is based on the Rolled-Forward Unaudited EPRA Net Tangible Asset value ("**NTA**") of each of CREI and API as at 31 December 2023, subject to certain adjustments to reflect post balance sheet asset disposals, the fair value of each company's debt and derivatives, the relative levels of dividend cover between the two companies and the costs expected to be incurred by each party in connection with the Merger. Following completion of the Merger, existing CREI Shareholders will hold approximately 59.7 per cent. and API Shareholders approximately 40.3 per cent. respectively in the CREI Group as enlarged by the API Group (the "**Combined Group**").

Applying the Exchange Ratio to the Closing Price per CREI Share of 79.6 pence on 18 January 2024 (the "**Latest Practicable Date**") values each API Share at 62.1 pence and the entire issued

and to be issued share capital of API at approximately £237 million, and represents a premium of approximately:

- 29.4 per cent. to the Closing Price of 48.0 pence per API Share on the Latest Practicable Date;
- 23.0 per cent. to the 1-month volume-weighted average price of 50.5 pence per API Share on the Latest Practicable Date; and
- 26.5 per cent. to the 3-month volume-weighted average price of 49.1 pence per API Share on the Latest Practicable Date.

The boards of CREI and API will retain their current dividend policies for the period to the Effective Date. CREI and API have agreed that API Shareholders will be entitled to receive and retain a quarterly final dividend of up to 1.0 penny per API Share in respect of the quarter ended 31 December 2023 (the "**API Q4 Dividend**") and that CREI Shareholders will be entitled to receive and retain a quarterly interim dividend of up to 1.375 pence per CREI Share in respect of the quarter ended 31 December 2023 (the "**CREI Q3 Dividend**"). The API Q4 Dividend and the CREI Q3 Dividend will each be declared on, and paid by reference to, a date falling prior to the Effective Date, consistent with their respective past practices as to timing and amount of such dividends. Payment of each of the API Q4 Dividend and the CREI Q3 Dividend is expected to occur in late February 2024. Further announcements will be made by the boards of CREI and API in due course.

With effect from completion of the Merger, Custodian Capital will provide investment management, administrative and advisory services to the Combined Group pursuant to the terms of the Amended and Restated Investment Management Agreement. It has been agreed between CREI and Custodian Capital that Custodian Capital will waive its management fee in relation to the net asset value ("**NAV**") attributable to API for the first nine months following completion of the Merger. There will also be a reduction in the management fees payable by CREI to Custodian Capital for a period of two years following completion of the Merger (the "**Transition Period**"), at the end of which the Management Engagement Committee of CREI intends to conduct its regular review of the terms of Custodian Capital's appointment to ensure that the terms comply with market and industry practice and remain in the best interests of shareholders. In recognition of the waiver and reduction in fees, the CREI Board has agreed to an extension to the term of Custodian Capital's appointment pursuant to the terms of the Amended and Restated Investment Management Agreement until the conclusion of the Transition Period, at which point the contract will revert to being terminable on 12 months' written notice.

API's existing investment management agreement (which includes provisions for an orderly handover) will be terminated.

Following completion of the Merger, it is expected that the CREI Board will comprise eight directors, with the addition of two of the existing API Directors, Jill May and Sarah Slater. Following the integration of the API portfolio, the CREI Board expects to conduct a review of its succession plan, assessing its composition and size to ensure an appropriate combination of skills, experience, diversity and knowledge, pursuant to which the Board intends to become fully independent.

It is intended that the Merger will be implemented by means of a Court-sanctioned scheme of arrangement under Part VIII of the Companies Law.

API will issue a circular (the "**Scheme Document**") which will include full details of the Scheme, together with notices of the API Court Meeting and the API General Meeting and the expected timetable, and will specify the action to be taken by Scheme Shareholders. It is expected that the Scheme Document, together with the Forms of Proxy, will be published as soon as practicable and in any event within 28 days of the date of this Announcement (or such later date as may be agreed by CREI and API with the consent of the Panel).

CREI is required to produce a circular and a prospectus (the "**Combined Circular and Prospectus**") in connection with the Merger (i) to convene a general meeting of CREI

Shareholders at which shareholders' approval of an ordinary resolution seeking authority to issue the New CREI Shares will be sought and (ii) to facilitate the admission to trading and listing of the New CREI Shares. It is expected that the Combined Circular and Prospectus will be a single document published at or around the same time as the Scheme Document is published and posted to API Shareholders.

Background to, and reasons for, the Merger

CREI and API share an income-focused investment strategy with an emphasis on regional, below-institutional sized assets that are well-positioned to capture the rental growth and yield advantage available in order to generate higher income returns and capital growth for shareholders.

The CREI Board and the API Board believe that the Merger would bring together two complementary portfolios to create a differentiated REIT with enhanced diversification and share liquidity and a fully covered and sustainable dividend for the Combined Group's shareholders.

The boards of CREI and API believe there is a compelling strategic and financial rationale for the Merger. In particular, shareholders in the Combined Group are expected to benefit from:

- A substantially larger portfolio with approximately 200 assets and a combined property value in excess of £1.0 billion as at 31 December 2023;
- An enhanced portfolio diversification by asset, geography and tenant with broad-based regional exposure, with 50% of the Combined Group's income derived from the top 54 tenants and 90% of the Combined Group's income derived from the top 204 tenants, an average lot size of approximately £5.1 million and similar tenant covenant profiles as at 31 December 2023;
- A continuation of CREI's focus on below-institutional sized assets which delivers greater diversification, with no single tenant accounting for more than 2% of the Combined Group's rent roll, and supports the performance of the portfolio in a variety of market conditions. This focus enables CREI to find mispriced assets and make counter-cyclical investments in order to secure future rental and capital growth;
- A suitable balance between the main commercial property sectors, in keeping with each of CREI's and API's existing policies, including significant exposure to the industrial sector (representing 44% of the Combined Group's ERV as at 31 December 2023) which continues to benefit from low vacancy levels, limited new supply, strong occupier demand and, hence, rental growth;
- Meaningful reversionary potential with the combined ERV of £84.3 million exceeding the combined passing rent of £68.1 million by 24% at 31 December 2023;
- A shared commitment to sustainability underpinning the shared asset management strategy with 81% of the combined portfolio holding an EPC rating of C or above;
- Material cost savings, comprising:
 - £1.0 million of recurring annual cost savings realised principally from a reduction in management fees due to CREI's tiered fee structure and the removal of duplicated corporate expenses and other potential operational efficiencies; and
 - £2.1 million of additional non-recurring cost savings during the Transition Period as a result of a reduction in management fees payable to Custodian Capital;

- A stronger and more resilient balance sheet enhancing the Combined Group's ability to grow and to address future refinancing events, with the expected retention of CREI's and API's existing debt facilities implying a pro forma LTV of approximately 30.2 per cent., a weighted average cost of debt of 5.0 per cent. and a weighted average debt maturity of 3.8 years for the Combined Group as at 31 December 2023. The aggregate debt portfolio of £225 million of fixed rate debt expiring between 2025 - 2032 and the £125 million of revolving credit facilities will allow for the ongoing financing of the Combined Group in the long and short term;
- Continued commitment to paying a fully covered dividend, in line with CREI's existing policy and practice since IPO, which is expected to result in an uplift in annual dividends payable to API Shareholders, with an objective of growing the dividend on a sustainable basis;
- Creation of an enlarged REIT with an enhanced market profile, broader appeal to investors, greater share liquidity, and the scale to support a larger weighting in key indices with potential for inclusion in the FTSE 250 Index in due course;
- Diversification of the shareholder register of the Combined Group with a broad mix of private and institutional investors, while enabling mutual shareholders to consolidate their holdings across the two companies; and
- Continued focus on corporate governance, with the CREI Board benefiting from the added expertise of certain API Directors and the transition to a fully independent board following the integration of the two companies.

The Combined Group's pro forma sector weighting by ERV as at 31 December 2023 is shown below:

	Weighting by ERV (as at 31 December 2023)		
Sector	CREI	API	Combined Group
Industrial	41%	48%	44%
Office	16%	25%	20%
Retail warehousing	22%	11%	18%
Other(*)	13%	12%	12%
High street retail	8%	4%	6%

(*) 'Other' sectors include: (i) in respect of the CREI portfolio, pubs and restaurants, gyms, drive-throughs, motor trade, leisure and trade counter; and (ii) in respect of the API portfolio, leisure, data centres, student housing, hotels (and apart-hotels) and healthcare.

The Combined Group's pro forma weighting by tenant quality as at 31 December 2023 is shown below:

	Weighting by ERV (as at 31 December 2023)		
Experian risk rating	CREI	API	Combined Group

Government	2%	9%	5%
Very low risk	57%	51%	54%
Low risk	8%	14%	10%
Below average risk	13%	10%	12%
Above average risk	8%	5%	7%
High risk	2%	1%	2%
Other	11%	9%	10%

Background to, and reasons for, the API Directors' recommendation

API has consistently sought to meet shareholders' objectives by investing in good quality assets that have the potential to provide an above market level of total return as well as an attractive level of income that has scope to grow. API has achieved this through successful capital rotation and active asset management resulting in an attractive portfolio, with industrial assets constituting 48% of the portfolio by ERV as at 31 December 2023.

Over the last 18 months, however, API along with other diversified investment trusts has had to contend with the significant challenges facing the real estate sector as a whole, with rising inflation leading to a substantial increase in interest rates to levels not seen since before the Global Financial Crisis. This in turn has impacted investor sentiment, real estate capital values, transaction volumes and equity market liquidity, notwithstanding operational robustness in many sub-sectors of the market, including those to which API has significant exposure.

In API's case, these challenges have been compounded by the relatively small scale of the company and in particular the need to refinance its debt facility (consisting of a term loan and revolving credit facility) in late 2022, ahead of the previous maturity date in April 2023, at a time when politically induced gilt market volatility was at its height. API currently pays an annualised dividend of 4 pence per share which is not covered by EPRA earnings, with cover of approximately 80% for the last reported quarter ended 30 September 2023. In recognition of these challenges, and the impact on API's share price and discount to EPRA NTA per share, the Board elected to undertake a comprehensive review of API's strategic options in Q3 2023 with the objective of potentially delivering an uplift in value for API Shareholders, as well as increased share liquidity and an enhanced and fully covered dividend for API Shareholders.

Having assessed a wide range of potential strategic options in detail, the API Board believes that there is a strong strategic and financial rationale for a combination with CREI, noting in particular:

- That based on the Closing Price per CREI Share, the exchange ratio represents a premium of approximately 29.4% to API's Closing Price, 23.0% to API's 1-month volume-weighted average price and 26.5% to API's 3-month volume-weighted average price as at the Latest Practicable Date;
- API Shareholders are expected to experience an annualised uplift in dividends of 7.3% (based on the Exchange Ratio and CREI's target dividend of 5.5 pence per share) with the dividend being fully covered;
- CREI's and API's shared income-focused approach to investing in diversified UK commercial property, the complementary nature of their two portfolios, similar sectoral weightings and sustainability credentials;
- The enhanced capital structure of the Combined Group and its superior ability to address future refinancing events as a consequence;

- The opportunity for API Shareholders to remain invested, with ongoing exposure to API's attractive portfolio and its growth prospects through holding shares in the Combined Group;
- The superior valuation at which the CREI Shares have historically traded relative to API's, with an average discount to EPRA NTA per share of approximately 11% over the last year, compared to approximately 37% for API, and approximately 10% over the last 3 years compared to approximately 29% for API;
- The anticipated increase in share liquidity by virtue of the Combined Group's enhanced scale, potential index weightings and broader appeal to investors;
- The strong track record of Custodian Capital, as demonstrated by CREI's total shareholder returns over time relative to peers; and
- The commitment of the CREI Board to strong corporate governance, including through the appointment of two API Directors to the CREI Board and the transition to a fully independent board following the integration of the two companies.

In summary, the API Board is firmly of the view that a combination with CREI represents an attractive opportunity for API Shareholders to benefit from a significant premium to the current share price and enhanced share liquidity and dividend income through continued investment in a differentiated REIT of improved scale.

Recommendations

The API Directors, who have been so advised by Lazard & Co., Limited ("**Lazard**") as to the financial terms of the Merger, consider the terms of the Merger to be fair and reasonable. In providing its advice to the API Directors, Lazard has taken into account the commercial assessments of the API Directors. Lazard is providing independent financial advice to the API Directors for the purposes of Rule 3 of the Takeover Code.

Accordingly, the API Directors intend to recommend unanimously that Scheme Shareholders vote in favour of the Scheme at the API Court Meeting (or, in the event that the Merger is implemented by way of a Takeover Offer, to accept or procure the acceptance of the Takeover Offer) and that API Shareholders vote in favour of the API Resolution to be proposed at the API General Meeting, as the API Directors have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate, 295,092 API Shares, representing approximately 0.08 per cent. of the issued ordinary share capital of API on the Latest Practicable Date.

In order to allot and issue the New CREI Shares, CREI will be required to seek the approval of CREI Shareholders of the CREI Resolution at the CREI General Meeting. The Merger is accordingly conditional on the approval of the CREI Shareholders of the CREI Resolution at the CREI General Meeting.

The CREI Directors consider the Merger to be in the best interests of CREI Shareholders as a whole and intend unanimously to recommend that CREI Shareholders vote in favour of the CREI Resolution to be proposed at the CREI General Meeting, as those CREI Directors, together with certain of Ian Mattioli's close relatives and related trusts, who hold CREI Shares have irrevocably undertaken to do in respect of their own holdings of, in aggregate, 6,204,817 CREI Shares, representing approximately 1.41 per cent. of the issued ordinary share capital of CREI on the Latest Practicable Date.

Letter of intent

In addition to the irrevocable undertakings referred to above received from the API Directors, CREI has received a letter of intent to vote in favour of the resolutions relating to the Merger at the API Meetings (or in the event that the Merger is implemented by a Takeover Offer, to accept such

Takeover Offer) from Brooks Macdonald Asset Management in respect of 11,376,425 API Shares, representing approximately 2.98 per cent. of the issued ordinary share capital of API on the Latest Practicable Date.

In total, CREI has therefore received irrevocable undertakings and a letter of intent, including those irrevocable undertakings from all API Directors, in respect of, in aggregate, 11,671,517 API Shares, representing approximately 3.06 per cent. of the issued ordinary share capital of API on the Latest Practicable Date.

Further details of these irrevocable undertakings and letter of intent are set out in Appendix 3 to this Announcement.

Information on CREI

CREI, established in 2014, is a UK real estate investment trust which seeks to deliver an enhanced income return by investing in a diversified portfolio of smaller, regional, Core/Core-plus properties let to predominantly institutional grade tenants across the UK. CREI seeks to provide investors with an attractive level of income and the potential for capital growth from a portfolio with strong environmental credentials, becoming the REIT of choice for private and institutional investors seeking high and stable dividends from well-diversified UK real estate. In line with CREI's published growth strategy, its investment policy has been amended to specify that CREI is committed to seeking further growth, which may involve strategic property portfolio acquisitions and corporate consolidation, such transactions potentially including public and private companies, holding companies and special purpose vehicles.

CREI's portfolio was valued at £602 million as at 31 December 2023 with an EPRA Topped-Up Net Initial Yield of 6.2%, a reversionary yield of 7.8%, a 41% weighting by ERV to industrial assets and Rolled-Forward Unaudited EPRA NTA of £413 million or 93.7 pence per CREI Share. As at the Latest Practicable Date, CREI had a market capitalisation of £351 million. CREI is externally managed by Custodian Capital, a property management and investment business which is regulated by the FCA.

A fundamental element of CREI's strategy is to target smaller sized properties, principally characterised by properties with individual values of less than £10 million at acquisition, to capture the yield advantage available relative to larger sized properties. In the period from 2010 - 2023, data sourced from PropertyData⁽¹⁾ shows that there is a transaction yield advantage of approximately 150 basis points between properties with individual values below £10 million versus properties with individual values above £10 million, compared to a yield advantage of approximately 60 basis points between 2000 - 2010. The CREI Board believes that this implied increase in yield differential since 2010 is not entirely reflective of a rise in risk associated with smaller properties but also due to a change in the supply and demand dynamics in the market. The CREI Board believes these dynamics are principally because of an increase in strategies that pursue larger sized properties, which has resulted in a reduction in the associated yields, which has coincided with those same investors reducing their exposure to smaller sized properties and thus increasing the supply of such assets and associated yields.

Custodian Capital is a wholly-owned subsidiary of Mattioli Woods plc ("**Mattioli Woods**"), the specialist wealth management and employee benefits business, with in excess of £15 billion of assets under management, administration or advice. CREI entered the UK REIT regime on 27 March 2014. As a consequence of CREI continuing to be a UK REIT and meeting the relevant conditions, it should not be subject to UK corporation tax on the profits (income and capital gains) derived from its investment property portfolio and while CREI remains within the UK REIT regime, the disposal of any properties currently held by it and used within its property rental business should continue to be tax exempt.

(1) Average transaction yields between Q1 2010 - Q1 2023 as per PropertyData.

Information on API

API, established in 2003, is a UK real estate investment trust investing in a diversified portfolio of UK commercial properties in the industrial, office, retail and "other" sectors with the objective of providing shareholders with an attractive level of income together with the prospect of income and capital growth.

API's portfolio was valued at £439 million as at 31 December 2023 with an EPRA Topped-Up Net Initial Yield of 5.4%, a reversionary yield of 7.3%, a 48% weighting by ERV to industrial assets and Rolled-Forward Unaudited EPRA NTA of £299 million or 78.5 pence per API share. As at the Latest Practicable Date, API had a market capitalisation of £183 million.

Timetable and Conditions

It is intended that the Merger will be implemented by way of a Court-sanctioned scheme of arrangement under Part VIII of the Companies Law. Subject to the Panel's consent, CREI reserves the right to implement the Merger by way of a Takeover Offer.

The terms of the Merger and resolutions concerning related matters will be put to the Scheme Shareholders at the API Court Meeting, to the API Shareholders at the API General Meeting and to the CREI Shareholders at the CREI General Meeting. The Merger is conditional upon the resolutions to be put to the Scheme Shareholders at the API Court Meeting and the API Shareholders at the API General Meeting and the CREI Resolution being passed by the requisite majorities. In order to become Effective, the Scheme must be approved by a majority in number of Scheme Shareholders present and voting (and entitled to vote) at the API Court Meeting, whether in person or by proxy, representing at least 75 per cent. of the voting rights of such Scheme Shareholders. In addition, at the API General Meeting, the API Resolution to authorise the API Board to implement the Scheme and to amend the Articles must be passed by API Shareholders representing at least 75 per cent. of the votes validly cast on the resolution, whether in person or by proxy. The API General Meeting will be held immediately after the API Court Meeting. At the CREI General Meeting the CREI Resolution requires the approval of a simple majority of votes cast, in person or by proxy, in order to be passed. The CREI General Meeting will be held simultaneously with the API Meetings.

The Merger will be made in accordance with the Takeover Code and on the terms and subject to the Conditions which are set out in Appendix 1 to this Announcement and on the further terms and conditions that will be set out in the Scheme Document.

It is expected that the Scheme Document containing further information about the Merger and notices of the API Meetings, together with the Forms of Proxy, and the Combined Circular and Prospectus containing further information on CREI and the Combined Group and notice of the CREI General Meeting will be published within 28 days of the date of this Announcement (or such later date as may be agreed by CREI and API with the consent of the Panel). It is currently expected that the Scheme will become Effective in early April 2024.

Comments on the Merger

Commenting on the Merger, David MacLellan, Chairman of CREI said:

"The Board is pleased to announce the merger of CREI and API which it firmly believes will benefit both our existing and new shareholders. This transaction creates a well-positioned REIT of significant scale, giving the Combined Group's shareholders the opportunity to participate in the returns from the complementary API and CREI portfolios, with a fully covered and sustainable dividend and a focus on ESG.

In the current interest rate environment, security and resilience of cash flows, scale and liquidity, supported by a clear and compelling strategic direction are the defining characteristics of a successful REIT. The challenges the wider listed property sector has faced over the last 18 months highlight the merits of CREI's differentiated approach and operational robustness, which contribute to CREI's strong rating relative to its peers. The income and income growth characteristics of the

API portfolio should enable the merged entity to optimise earnings and maintain CREI's progressive dividend policy.

Shareholders in the Combined Group will benefit from material cost savings and efficiencies along with benefitting from significant future growth opportunities to enhance shareholder returns".

Commenting on the Merger, James Clifton-Brown, Chair of API said:

"API has always sought to focus on delivering attractive, income-driven returns for shareholders. Over the years, API's manager, abrdn Fund Managers, has assembled an attractive portfolio on the company's behalf, with a weighting to more favoured areas of the market, a diversified tenant base and a focus on ESG. The board of API would like to thank the management team for the important role they have played in assembling and managing the portfolio.

The Merger will enable API Shareholders to retain exposure to the portfolio and its growth prospects at a significant premium to API's share price, with the prospect of superior share liquidity and an enhanced and fully covered dividend. The API Board believes that, with increased scale and an enhanced capital structure, the Combined Group will be well positioned for the future. The API Board is therefore pleased to recommend the Merger to API Shareholders."

This summary should be read in conjunction with, and is subject to, the full text of this Announcement and its Appendices. The Merger will be subject to the Conditions and further terms set out in Appendix 1 and to the full terms and conditions which will be set out in the Scheme Document. Appendix 2 to this Announcement contains the sources of information and bases of calculation of certain information contained in this Announcement. Summary details of the irrevocable undertakings and letter of intent received by CREI are set out in Appendix 3. Property valuation reports for CREI and API (each as at 31 December 2023) are set out in Appendix 4 pursuant to Rule 29 of the Takeover Code. Certain terms used in this summary and this Announcement are defined in Appendix 6.

A pre-recorded video briefing in relation to the Merger, presented by Richard Shepherd-Cross of Custodian Capital, is available on CREI's website at www.custodianreit.com.

Enquiries

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Stephenson Harwood LLP is acting as English legal adviser to CREI in connection with the Merger.

Addleshaw Goddard LLP is acting as English legal adviser to API in connection with the Merger.

Important notices

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Further information

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CREI will prepare the Combined Circular and Prospectus, containing information on the New CREI Shares and the Combined Group. CREI and API urge API Shareholders to read the Scheme Document and the Combined Circular and Prospectus carefully when they become available because they will contain important information in relation to the Merger, the New CREI Shares and the Combined Group.

The statements contained in this Announcement are made as at the date of this Announcement, unless some other time is specified in relation to them, and the release of this Announcement shall not give rise to any implication that there has been no change in the facts set out in this Announcement since such date. This Announcement does not constitute a prospectus or prospectus equivalent document.

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Neither the GFSC nor the States of Guernsey take any responsibility for the financial soundness of API or for the correctness of any of the statements made or opinions expressed with regard to it.

Overseas Shareholders

This Announcement has been prepared for the purpose of complying with Guernsey law, English law, the Takeover Code, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and the Listing Rules and information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom or Guernsey. Nothing in this Announcement should be relied on for any other purpose.

The release, publication or distribution of this Announcement in or into certain jurisdictions other than the United Kingdom or Guernsey may be restricted by the laws and/or regulations of those jurisdictions and therefore persons into whose possession this Announcement comes who are subject to the laws and/or regulations of any jurisdiction other than the United Kingdom or Guernsey should inform themselves about and observe any such applicable laws and/or regulations in their jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom or Guernsey to vote their Scheme Shares or API Shares (as applicable) with respect to the Scheme at the API Court Meeting or the API Resolution at the API General Meeting, or to appoint another person as proxy to vote at the API Court Meeting or the API General Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located. Further details in relation to Overseas Shareholders will be contained in the Scheme Document. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Merger disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by CREI or required by the Takeover Code, and permitted by applicable law and regulation, the Merger will not be made available, in whole or in part, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Merger by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this Announcement and any formal documentation relating to the Merger are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Merger. If the Merger is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other

electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Forward-looking statements

This Announcement (including information incorporated by reference into this Announcement), oral statements made regarding the Merger, and other information published by CREI and API contain statements about CREI, API and/or the Combined Group that are or may be deemed to be "forward-looking statements". All statements other than statements of historical facts included in this Announcement, may be forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of CREI and API about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

The forward-looking statements contained in this Announcement include statements relating to the expected effects of the Merger on CREI and API, the expected timing and scope of the Merger and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; and (ii) business and management strategies and the expansion and growth of CREI's or API's or the Combined Group's operations and potential synergies resulting from the Merger.

Although CREI and API believe that the expectations reflected in such forward-looking statements are reasonable, neither CREI nor API can give assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to: the ability to complete the Merger; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms; changes in the global political, economic, business and competitive environments and in market and regulatory forces; changes in future exchange and interest rates; changes in tax rates; future business combinations or disposals; changes in general economic and business conditions; changes in the behaviour of other market participants; the anticipated benefits from the Merger not being realised as a result of changes in general economic and market conditions in the countries in which CREI and API operate; weak, volatile or illiquid capital and/or credit markets; changes in the degree of competition in the geographic and business areas in which CREI and API operate; and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors.

Neither CREI nor API, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur. Given the risks and uncertainties, you are cautioned not to place any reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither CREI nor API is under any obligation, and each of CREI and API expressly disclaim any intention or

obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Quantified Financial Benefits Statement

Statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither the Quantified Financial Benefits Statement nor any other statement in this Announcement should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following the Effective Date, or in any subsequent period, would necessarily match or be greater than or be less than those of CREI or API for the relevant preceding financial period or any other period. For the purposes of Rule 28 of the Takeover Code, the Quantified Financial Benefits Statement contained in this Announcement is the responsibility of CREI and the CREI Directors.

No profit forecasts or estimates

No statement in this Announcement is intended as a profit forecast or profit estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for CREI or API for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for CREI or API.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Publication on a website

In accordance with Rule 26.1 of the Takeover Code, a copy of this Announcement will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on CREI's website at www.custodianreit.com and API's website at www.abrdnpit.co.uk by no later than 12 noon (London time) on the first Business Day following the date of this Announcement.

For the avoidance of doubt, neither the contents of these websites nor the contents of any websites accessible from any hyperlinks is incorporated into or forms part of this Announcement.

Requesting hard copy documents

*In accordance with Rule 30.3 of the Takeover Code, API Shareholders may request a hard copy of this Announcement (and any information incorporated by reference in this Announcement), free of charge, by contacting Northern Trust International Fund Administration Services (Guernsey) Limited ("**Northern Trust**") during business hours on 01481 745001 (from within the United Kingdom) and +44 (0) 1481 745001 (from outside the United Kingdom) or by submitting a request in writing to The Company Secretary, at team_api@ntrs.com. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines will be open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.*

For persons who receive a copy of this Announcement in electronic form or via a website notification, a hard copy of this Announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Merger should be in hard copy form.

Scheme Process

In accordance with Section 5 of Appendix 7 of the Takeover Code, API will announce through a Regulatory Information Service key events in the Scheme process including the outcomes of the API Meetings and the Sanction Hearing.

Unless otherwise consented to by the Court and the Panel, any modification or revision to the Scheme will be made no later than the date which is 14 days prior to the API Meetings (or any later date to which such meetings are adjourned). In accordance with Section 11 of Appendix 7 of the Takeover Code, if the Scheme lapses or is withdrawn all documents of title and other documents lodged will be returned as soon as practicable and in any event within 14 days of such lapsing or withdrawal.

Information relating to API Shareholders

Please be aware that addresses, electronic addresses and certain other information provided by API Shareholders, persons with information rights and other relevant persons for the receipt of communications from API may be provided to CREI during the Offer Period as required under

Section 4 of Appendix 4 to the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

Rule 2.9 of the Takeover Code

For the purposes of Rule 2.9 of the Takeover Code, CREI confirms that, as at the close of business on the Latest Practicable Date, it had in issue 440,850,398 ordinary shares of one penny which carry voting rights of one vote per share and are admitted to trading on the London Stock Exchange with ISIN GB00BJFLT45.

For the purposes of Rule 2.9 of the Takeover Code, API confirms that, as at the close of business on the Latest Practicable Date (being the last Business Day before the date of this Announcement), it had in issue 381,218,977 ordinary shares of one penny each (excluding any shares held as treasury shares) which carry voting rights of one vote per share and are admitted to trading on the London Stock Exchange with ISIN GB0033875286.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION

THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS, PROSPECTUS EQUIVALENT DOCUMENT OR SCHEME DOCUMENT AND INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO THE MERGER OR NEW CREI SHARES EXCEPT ON THE BASIS OF INFORMATION IN THE SCHEME DOCUMENT AND THE COMBINED CIRCULAR AND PROSPECTUS WHICH ARE PROPOSED TO BE PUBLISHED IN DUE COURSE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

19 January 2024

RECOMMENDED ALL-SHARE MERGER

OF

ABRDN PROPERTY INCOME TRUST LIMITED

with

CUSTODIAN PROPERTY INCOME REIT PLC

to be implemented by means of a Court-sanctioned scheme of arrangement under Part VIII of the Companies (Guernsey) Law, 2008 (as amended)

1. SUMMARY AND HIGHLIGHTS

The boards of CREI and API are pleased to announce that they have reached agreement on the terms and conditions of a recommended all-share merger pursuant to which CREI will acquire the entire issued and to be issued share capital of API (the "**Merger**"). It is intended that the Merger will be implemented by means of a Court-sanctioned scheme of arrangement under Part VIII of the Companies Law (the "**Scheme**").

Under the terms of the Merger, which will be subject to the Conditions and further terms set out in Appendix 1 to this Announcement and to the full terms and conditions which will be set out in the Scheme Document, Scheme Shareholders will be entitled to receive:

for each Scheme Share, 0.78 New CREI Shares

The Exchange Ratio is based on the Rolled-Forward Unaudited EPRA NTA of each of CREI and API as at 31 December 2023, subject to certain adjustments to reflect post balance sheet asset disposals, the fair value of each company's debt and derivatives, the relative levels of dividend cover between the two companies and the costs expected to be incurred by each party in connection with the Merger. Following completion of the Merger, existing CREI Shareholders will hold approximately 59.7 per cent. and API Shareholders approximately 40.3 per cent. respectively in the Combined Group.

Applying the Exchange Ratio to the Closing Price per CREI Share of 79.6 pence as at the Latest Practicable Date values each API Share at 62.1 pence and the entire issued and to be issued share capital of API at approximately £237 million, and represents a premium of approximately:

- 29.4 per cent. to the Closing Price of 48.0 pence per API Share on the Latest Practicable Date;
- 23.0 per cent. to the 1-month volume-weighted average price of 50.5 pence per API Share on the Latest Practicable Date; and
- 26.5 per cent. to the 3-month volume-weighted average price of 49.1 pence per API Share on the Latest Practicable Date.

Appendix 4 to this Announcement contains reports from independent property valuers for CREI's and API's property assets, each as at 31 December 2023, pursuant to the requirements of Rule 29 of the Takeover Code. These property valuation reports will, subject to the requirements of the Takeover Code, be reproduced in the Combined Circular and Prospectus and the Scheme Document, which are expected to be published as soon as reasonably practicable and in any event within 28 days of this Announcement (or such later date as may be agreed by CREI and API with the consent of the Panel). Each of Knight Frank and Savills has given and not withdrawn its consent to the publication of its valuation report in this Announcement in the form and context in which it is included.

It is expected that the Scheme Document will be published as soon as practicable and, in any event, within 28 days of this Announcement, unless CREI and API otherwise agree, and the Panel consents, to a later date. It is expected that the API Court Meeting and the API General Meeting will be held in February 2024 and that, subject to the satisfaction of the Conditions and the further terms set out in Appendix 1 to this Announcement and to be set out in full in the Scheme Document, the Scheme is expected to become Effective in early April 2024.

2. BACKGROUND TO, AND REASONS FOR, THE MERGER

CREI and API share an income-focused investment strategy with an emphasis on regional, below-institutional sized assets that are well-positioned to capture the rental growth and yield advantage available in order to generate higher income returns and capital growth for shareholders.

The CREI Board and the API Board believe that the Merger would bring together two complementary portfolios to create a differentiated REIT with enhanced diversification and share liquidity and a fully covered and sustainable dividend for the Combined Group's shareholders.

The boards of CREI and API believe there is a compelling strategic and financial rationale for the Merger. In particular, shareholders in the Combined Group are expected to benefit from:

- A substantially larger portfolio with approximately 200 assets and a combined property value in excess of £1.0 billion as at 31 December 2023;
- An enhanced portfolio diversification by asset, geography and tenant with broad-based regional exposure, with 50% of the Combined Group's income derived from the top 54 tenants and 90% of the Combined Group's income derived from the top 204 tenants, an average lot size of approximately £5.1 million and similar tenant covenant profiles as at 31 December 2023;
- A continuation of CREI's focus on below-institutional sized assets which delivers greater diversification, with no single tenant accounting for more than 2% of the Combined Group's rent roll, and supports the performance of the portfolio in a variety of market conditions. This focus enables CREI to find mispriced assets and make counter-cyclical investments in order to secure future rental and capital growth;
- A suitable balance between the main commercial property sectors, in keeping with each of CREI's and API's existing policies, including significant exposure to the industrial sector (representing 44% of the Combined Group's ERV as at 31 December 2023) which continues to benefit from low vacancy levels, limited new

supply, strong occupier demand, and hence rental growth;

- Meaningful reversionary potential with the combined ERV of £84.3 million exceeding the combined passing rent of £68.1 million by 24% at 31 December 2023;
- A shared commitment to sustainability underpinning the shared asset management strategy with 81% of the combined portfolio holding an EPC rating of C or above;
- Material cost savings, comprising:
 - £1.0 million of recurring annual cost savings realised principally from a reduction in management fees due to CREI's tiered fee structure and the removal of duplicated corporate expenses and other potential operational efficiencies; and
 - £2.1 million of additional non-recurring cost savings during the Transition Period as a result of a reduction in management fees payable to Custodian Capital;
- A stronger and more resilient balance sheet enhancing the Combined Group's ability to grow and to address future refinancing events, with the expected retention of CREI's and API's existing debt facilities implying a pro forma LTV of approximately 30.2 per cent., a weighted average cost of debt of 5.0 per cent. and a weighted average debt maturity of 3.8 years for the Combined Group as at 31 December 2023. The aggregate debt portfolio of £225 million of fixed rate debt expiring between 2025 - 2032 and the £125 million of revolving credit facilities will allow for the ongoing financing of the Combined Group in the long and short term;
- Continued commitment to paying a fully covered dividend, in line with CREI's existing policy and practice since IPO, which is expected to result in an uplift in annual dividends payable to API Shareholders, with an objective of growing the dividend on a sustainable basis;
- Creation of an enlarged REIT with an enhanced market profile, a broader appeal to investors, greater share liquidity, and the scale to support a larger weighting in key indices with potential for inclusion in the FTSE 250 Index in due course;
- Diversification of the shareholder register of the Combined Group with a broad mix of private and institutional investors, while enabling mutual shareholders to consolidate their holdings across the two companies; and
- Continued focus on corporate governance, with the CREI Board benefiting from the added expertise of certain API Directors and the transition to a fully independent board following the integration of the two companies.

The Combined Group's pro forma sector weighting by ERV as at 31 December 2023 is shown below:

	Weighting by ERV (as at 31 December 2023)		
Sector	CREI	API	Combined Group
Industrial	41%	48%	44%
Office	16%	25%	20%
Retail warehousing	22%	11%	18%
Other(*)	13%	12%	12%
High street retail	8%	4%	6%

(*) 'Other' sectors include: (i) in respect of the CREI portfolio, pubs and restaurants, gyms, drive-throughs, motor trade, leisure and trade counter; and (ii) in respect of the API portfolio, leisure, data centres, student housing, hotels (and apart-hotels) and healthcare.

The Combined Group's pro forma weighting by tenant quality as at 31 December 2023 is shown below:

	Weighting by ERV (as at 31 December 2023)		
Experian risk rating	CREI	API	Combined Group
Government	2%	9%	5%
Very low risk	57%	51%	54%
Low risk	8%	14%	10%
Below average risk	13%	10%	12%
Above average risk	8%	5%	7%
High risk	2%	1%	2%
Other	11%	9%	10%

3. QUANTIFIED FINANCIAL BENEFITS STATEMENT

The CREI Directors, having reviewed and analysed the potential cost savings of the Combined Group, as well as taking into account factors they can influence, believe the Combined Group can deliver shareholder value through the expected realisation of approximately:

- £1.0 million of pre-tax recurring run-rate cost synergies by the end of the first year following the Effective Date (the "**Recurring Cost Synergies**"); and
- £2.1 million of additional non-recurring pre-tax cost synergies during the Transition Period (the "**Transition Period Cost Synergies**").

The Recurring Cost Synergies are expected to be realised principally from:

- Management fees: unification of investment management under Custodian Capital, delivering an estimated £0.5 million of annualised run-rate cost synergies derived from lower management and administrative fees charged on the API investment properties (the "**Management Fee Savings**"); and
- Corporate and administrative: rationalisation of duplicated listing, administration and operational expenses delivering at least an estimated £0.5 million of annualised run rate cost synergies.

The additional Transition Period Cost Synergies are expected to be realised principally from:

- Amended management fee tiers: reduction in the management fees payable by CREI to Custodian Capital for the Transition Period delivering an estimated £0.3 million of annualised run rate cost synergies (£0.6 million total estimated cost synergies) through the consolidation of the first two fee tiers into one fee tier, such that the consolidated fee tier will be calculated as a fee of 0.75 per cent. in respect of the NAV of the Combined Group which is less than or equal to £500 million (rather than a fee of 0.90 per cent. in respect of NAV up to £200 million and 0.75 per cent. up to £500 million) (the "**Amended Management Fee Tier Savings**"); and
- Partial management fee waiver: Custodian Capital has agreed to waive its management fee in relation to the NAV attributable to the API portfolio for the first nine months following completion of the Merger (the "**Partial Management Fee Waiver Savings**") delivering an estimated £1.5 million of cost synergies in the first year following the Effective Date.

In order to achieve the Management Fee Savings, the Amended Management Fee Tier Savings and the Partial Management Fee Waiver Savings, it is estimated that API will incur one-off costs of between £1.5 million and £2.0 million in connection with the termination of the API Investment Management Agreement. These costs will be incurred within the first year following the Effective Date and have been reflected as a cost to API within the Exchange Ratio. The CREI Directors expect that any costs incurred in the realisation of the other cost synergies will be immaterial.

Other potential adverse effects of the Merger have been considered and were determined by the CREI Directors to be immaterial for the analysis.

The identified cost savings will accrue as a direct result of the Merger and would not be achieved on a standalone basis.

These statements relating to identified cost savings and estimated savings relate to future actions or circumstances which by their nature involve risks, uncertainties and contingencies. As a consequence, the identified synergies and estimated savings referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out in Appendix 5 to this Announcement.

4. BOARD RECOMMENDATIONS

The API Directors, who have been so advised by Lazard as to the financial terms of the Merger, consider the terms of the Merger to be fair and reasonable. In providing its advice to the API Directors, Lazard has taken into account the commercial assessments of the API Directors. Lazard is providing independent financial advice to the API Directors for the purposes of Rule 3 of the Takeover Code.

Accordingly, the API Directors intend to recommend unanimously that Scheme Shareholders vote in favour of the Scheme at the API Court Meeting (or, in the event that the Merger is implemented by a Takeover Offer, to accept such Takeover Offer) and that API Shareholders vote in favour of the API Resolution to be proposed at the API General Meeting as the API Directors have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate, 295,092 API Shares, representing approximately 0.08 per cent. of the issued ordinary share capital of API on the Latest Practicable Date.

In order to allot and issue the New CREI Shares, CREI will be required to seek the approval of CREI Shareholders of the CREI Resolution at the CREI General Meeting. The Merger is accordingly conditional on the approval of the CREI Shareholders of the CREI Resolution at the CREI General Meeting.

The CREI Directors consider the Merger to be in the best interests of CREI Shareholders as a whole and intend unanimously to recommend that CREI Shareholders vote in favour of the CREI Resolution to be proposed at the CREI General Meeting, as those CREI Directors, together with certain of Ian Mattioli's close relatives and related trusts, who hold CREI Shares have irrevocably undertaken to do in respect of their own holdings of, in aggregate, 6,204,817 CREI Shares, representing approximately 1.41 per cent. of the issued ordinary share capital of CREI on the Latest Practicable Date.

5. BACKGROUND TO, AND REASONS FOR, THE API DIRECTORS' RECOMMENDATION

API has consistently sought to meet shareholders' objectives by investing in good quality assets that have the potential to provide an above market level of total return as well as an attractive level of income that has scope to grow. API has achieved this through successful capital rotation and active asset management resulting in an attractive portfolio, with industrial assets constituting 48% of the portfolio by ERV as at 31 December 2023.

Over the last 18 months, however, API along with other diversified investment trusts has had to contend with the significant challenges facing the real estate sector as a whole, with rising inflation leading to a substantial increase in interest rates to levels not seen since before the Global Financial Crisis. This in turn has impacted investor sentiment, real estate capital values, transaction volumes and equity market liquidity, notwithstanding operational robustness in many sub-sectors of the market, including those to which API has significant exposure.

In API's case, these challenges have been compounded by the relatively small scale of the company and in particular the need to refinance its debt facility (consisting of a term loan and revolving credit facility) in late 2022, ahead of the previous maturity date in April 2023, at a time when politically induced gilt market volatility was at its height. API currently pays an annualised dividend of 4 pence per share which is not covered by EPRA earnings, with cover of approximately 80% for the last reported quarter ended 30 September 2023. In recognition of these challenges, and the impact on API's share price and discount to EPRA NTA per share, the API Board elected to undertake a comprehensive review of API's strategic options in Q3 2023 with the objective of potentially delivering an uplift in value for API Shareholders, as well as increased share liquidity and an enhanced and fully covered dividend for API Shareholders.

Having assessed a wide range of potential strategic options in detail, the API Board believes that there is a strong strategic and financial rationale for a combination with CREI, noting in particular:

- That based on the Closing Price per CREI Share, the exchange ratio represents a premium of approximately 29.4% to API's Closing Price, 23.0% to API's 1-month volume-weighted average price and 26.5% to API's 3-month volume-weighted average price as at the Latest Practicable Date;
- API Shareholders are expected to experience an annualised uplift in dividends of 7.3% (based on the Exchange Ratio and CREI's target dividend of 5.5 pence per share) with the dividend being fully covered;

- CREI's and API's shared income-focused approach to investing in diversified UK commercial property, the complementary nature of their two portfolios, similar sectoral weightings and sustainability credentials;
- The enhanced capital structure of the Combined Group and its superior ability to address future refinancing events as a consequence;
- The opportunity for API Shareholders to remain invested, with ongoing exposure to API's attractive portfolio and its growth prospects through holding shares in the Combined Group;
- The superior valuation at which CREI's shares have historically traded relative to API's, with an average discount to EPRA NTA per share of approximately 11% over the last year, compared to approximately 37% for API, and approximately 10% over the last 3 years compared to approximately 29% for API;
- The anticipated increase in share liquidity by virtue of the Combined Group's enhanced scale, potential index weightings and broader appeal to investors;
- The strong track record of Custodian Capital, as demonstrated by CREI's total shareholder returns over time relative to peers; and
- The commitment of the CREI Board to strong corporate governance, including through the appointment of two API Directors and the transition to a fully independent board following the integration of the two companies.

In summary, the API Board is firmly of the view that a combination with CREI represents an attractive opportunity for API Shareholders to benefit from a significant premium and enhanced share liquidity and dividend income through continued investment in a differentiated REIT of improved scale.

Accordingly, following careful consideration, the API Directors unanimously intend to recommend the Merger to API Shareholders.

6. BACKGROUND TO, AND REASONS FOR, THE CREI DIRECTORS' RECOMMENDATION

The CREI Board believes there is a compelling strategic and financial rationale for the Merger. The CREI Board views API's portfolio as complementary to the CREI portfolio based on API's similar property strategy and CREI's current sector and geographical weightings. The Merger will result in a substantially larger portfolio generating the scale to support a larger weighting in key indices and broaden appeal to investors.

CREI and API have both pursued an income-focused investment strategy, exploiting the mispricing of good secondary and smaller lot size properties to drive higher income returns, without adding property specific or concentration risk. The combined portfolio resulting from the Merger will support the strategies sought by shareholders on both registers in a larger, more liquid, and broadly diversified portfolio.

The Merger is expected to result in material cost savings, including a reduction in management fees (resulting in lower ongoing charges as a percentage of NTA), the removal of duplicated corporate expenses and other potential operational efficiencies, which together with CREI's progressive dividend policy, is expected to improve total shareholder returns. This transaction will further enhance the ability of the Combined Group to grow and address future refinancing events with a stronger and more resilient balance sheet.

Consequently, the CREI Board believes that the Merger is of benefit to the existing CREI Shareholders as it will grow and diversify the CREI portfolio while reducing key costs as a proportion of net asset value and driving total shareholder returns.

Accordingly, following careful consideration, the CREI Directors unanimously intend to recommend that CREI Shareholders vote in favour of the CREI Resolution at the CREI General Meeting.

7. IRREVOCABLE UNDERTAKINGS AND LETTER OF INTENT

CREI has received irrevocable undertakings from each of the API Directors who are interested in API Shares to vote in favour of the Scheme at the Court Meeting and vote in favour of the API Resolution at the API General Meeting (or, in the event that the Merger is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer), in respect of, in aggregate 295,092 API Shares representing approximately 0.08 per cent. of the issued share capital of API as at the Latest Practicable Date.

CREI has also received a letter of intent to vote in favour of the Scheme at the Court Meeting and in favour of the API Resolution at the API General Meeting (or, in the event that the Merger is implemented by way of Takeover Offer, to accept or procure acceptance of the Takeover Offer), from Brooks Macdonald Asset Management in respect of 11,376,425 API Shares representing approximately 2.98 per cent. of the issued share capital of API as at the Latest Practicable Date.

In total, therefore, CREI has received irrevocable undertakings and a letter of intent, including those irrevocable undertakings from all API Directors, in respect of 11,671,517 API Shares in aggregate, representing approximately 3.06 per cent. of the issued ordinary share capital of API as at the Latest Practicable Date.

In connection with the CREI General Meeting, those CREI Directors, together with certain of Ian Mattioli's close relatives and related trusts, that hold CREI Shares have irrevocably undertaken to vote in favour of the CREI Resolution at the CREI General Meeting in respect of 6,204,817 CREI Shares in aggregate, representing approximately 1.41 per cent. of the issued ordinary share capital of CREI as at the Latest Practicable Date.

Further details of these irrevocable undertakings and letters of intent are set out in Appendix 3 to this Announcement.

8. INFORMATION ON CREI

CREI, established in 2014, is a UK real estate investment trust with a portfolio comprising high quality properties predominantly let to institutional grade tenants throughout the UK, principally characterised by properties with individual values of less than £10 million at acquisition. CREI seeks to provide investors with an attractive level of income and the potential for capital growth from a portfolio with strong environmental credentials, striving to be the REIT of choice for private and institutional investors seeking high and stable dividends from well diversified UK real estate. In line with CREI's published growth strategy, its investment policy has been amended to specify that CREI is committed to seeking further growth, which may involve strategic property portfolio acquisitions and corporate consolidation, such transactions potentially including public and private companies, holding companies and special purpose vehicles.

CREI's portfolio was valued at £602 million as at 31 December 2023 with an EPRA Topped-Up Net Initial Yield of 6.2%, a reversionary yield of 7.8%, a 41% weighting by ERV to industrial assets and Rolled-Forward Unaudited EPRA NTA of £413 million or 93.7 pence per CREI share. As at the Latest Practicable Date, CREI had a market capitalisation of £351 million. CREI is externally managed by Custodian Capital, a property management and investment business which is regulated by the FCA.

A fundamental element of CREI's strategy is to target smaller sized properties, principally characterised by properties with individual values of less than £10 million at acquisition, to capture the yield advantage available relative to larger sized properties. In the period from 2010 - 2023, data sourced from PropertyData⁽²⁾ shows that there is a transaction yield advantage of approximately 150 basis points between properties with individual values below £10 million versus properties with individual values above £10 million, compared to a yield advantage of approximately 60 basis points between 2000 - 2010. The CREI Board believes that this implied increase in yield differential since 2010 is not entirely reflective of a rise in risk associated with

smaller properties but also due to a change in the supply and demand dynamics in the market. The CREI Board believes these dynamics are principally because of an increase in strategies that pursue larger sized properties, which has resulted in a reduction in the associated yields, which has coincided with those same investors reducing their exposure to smaller sized properties and thus increasing the supply of such assets and associated yields.

Custodian Capital is a wholly-owned subsidiary of Mattioli Woods, the specialist wealth management and employee benefits business, with in excess of £15 billion of assets under management, administration or advice. CREI entered the UK REIT regime on 27 March 2014. As a consequence of CREI continuing to be a REIT and meeting the relevant conditions, it should not be subject to UK corporation tax on the profits (income and capital gains) derived from its investment in its property portfolio and while CREI remains within the UK REIT regime, the disposal of any properties currently held by it and used within its property rental business should continue to be tax exempt.

(2) Average transaction yields between Q1 2010 – Q1 2023 as per PropertyData.

9. INFORMATION ON API

API, established in 2003, is a UK real estate investment trust investing in a diversified portfolio of UK commercial properties in the industrial, office, retail and "other" sectors with the objective of providing shareholders with an attractive level of income together with the prospect of income and capital growth.

API's portfolio was valued at £439 million as at 31 December 2023 with an EPRA Topped-Up Net Initial Yield of 5.4%, a reversionary yield of 7.3%, a 48% weighting by ERV to industrial assets and Rolled-Forward Unaudited EPRA NTA of £299 million or 78.5 pence per API share. As at the Latest Practicable Date, API had a market capitalisation of £183 million.

10. INTENTIONS FOR THE COMBINED GROUP

Property strategy

With effect from completion of the Merger, Custodian Capital will provide investment management, administrative and advisory services to the Combined Group. Custodian Capital expects to continue each company's ongoing programme of asset disposals, subject to prevailing sector specific market conditions at the time of such disposals, to fund ongoing capital expenditure programmes and reduce the quantum of variable rate debt in the Combined Group. Ongoing capital expenditure is essential to the rental performance of the portfolio of the Combined Group and will be prioritised over new acquisitions, in part to meet target environmental commitments.

Board composition and governance arrangements

Following completion of the Merger, it is expected that Jill May and Sarah Slater will join the CREI Board as non-executive directors. The CREI Board believes that these appointments will deliver an appropriately balanced board, with the complementary experience and skills necessary to drive the Combined Group forward following the Merger and to provide good continuity for API Shareholders. Post-Merger, the CREI Board will therefore comprise: David MacLellan, Elizabeth McMeikan, Hazel Adam, Malcolm Cooper, Chris Ireland, Ian Mattioli MBE, Jill May and Sarah Slater.

Following the integration of the API portfolio, the CREI Board expects to conduct a review of its succession plan, assessing its composition and size to ensure an appropriate combination of skills, experience, diversity and knowledge.

As part of that review, Ian Mattioli MBE has informed the CREI Board of his intention to retire as a director of CREI at the annual general meeting prior to the conclusion of the Transition Period, which will result in a fully independent board. The CREI Board values Ian Mattioli MBE as a founding director of CREI and a representative of individual private clients of Custodian Capital's parent company, Mattioli Woods (the "**MW Clients**"). The MW Clients currently represent approximately

65 per cent. of the CREI shareholder register by value⁽³⁾ and Ian's intention reflects the fact that this proportion is expected to reduce substantially as a consequence of the Merger. The CREI Board has high regard for Ian's insight and expertise, and it is expected that he will continue to serve a valuable role for CREI in his capacity as chair of Custodian Capital, Chief Executive Officer of Mattioli Woods and an ongoing representative of MW Clients, including attendance at board meetings as part of the senior management team of Custodian Capital. Ian Mattioli MBE and his family own 6.1 million CREI Shares (representing approximately 1.4 per cent. of the CREI shareholder register by value as at the Latest Practicable Date) and intend to remain long-term shareholders of the Combined Group.

CREI intends to delist API and to surrender API's registration as an authorised closed-ended collective investment scheme regulated by the GFSC following the Effective Date. Consequently, API will not require listed company governance structures and accordingly, it is intended that the API Directors will cease to be directors of API and its subsidiaries (as applicable) with effect from completion of the Merger.

As CREI intends to cancel API's admission to trading on the London Stock Exchange following completion of the Merger, certain functions which exist in relation to API's status as a publicly traded company will no longer be required or will be reduced in size, reflecting the new structure within the Combined Group.

(3) Based on shareholder registers as at 31 December 2023, shares held by Mattioli Woods on behalf of discretionary managed portfolios operated on behalf of its clients represented 3.5 per cent. and 6.4 per cent. of the CREI and API shareholder registers by value, respectively.

Management and employees

The API Group does not have any employees and therefore does not operate any pension scheme, nor does it have any arrangements in place for any employee involvement in its capital. API has no place of business that will be affected by the Merger, fixed assets (other than its property portfolio), research and development function or headquarters. CREI has no intention to change these features of the API Group, or to introduce any management incentivisation arrangements for the Combined Group following completion of the Merger. It is expected that API's existing investment management agreement (which includes provisions for an orderly handover) will be terminated.

Management arrangements and fees for the Combined Group

With effect from completion of the Merger, it has been agreed between CREI and Custodian Capital that:

- Custodian Capital will waive its management fee in relation to the NAV attributable to API for the first nine months following completion of the Merger;
- there will be a reduction in the management fees payable by CREI to Custodian Capital for the duration of the Transition Period. This will be implemented through the consolidation of the first two fee tiers into one fee tier, such that the consolidated fee tier will be calculated as a fee of 0.75 per cent. in respect of the NAV of the Combined Group which is less than or equal to £500 million (rather than a fee of 0.90 per cent. in respect of NAV up to £200 million and 0.75 per cent. up to £500 million);
- in recognition of the waiver and reduction of fees, the CREI Board has agreed to an extension of the term of Custodian Capital's appointment as investment manager which will continue from the Effective Date with either party able to serve 12 months' written notice to terminate the management arrangements for the Combined Group, save that such notice may not be served prior to the conclusion of the Transition Period; and
- in connection with Custodian Capital's additional work on the Merger, CREI shall pay Custodian Capital a one-off project fee of £350,000 (exclusive of VAT), which shall reduce to £75,000 (exclusive of VAT) if the Merger does not become Effective.

These changes are documented in the Amended and Restated Investment Management Agreement, the terms of which shall take effect from the Effective Date.

The CREI Board believes that the terms of the Amended and Restated Investment Management Agreement will promote management stability and ensure that Custodian Capital is appropriately incentivised to continue to invest in its capabilities for the benefit of the Combined Group.

The entry by CREI into the Amended and Restated Investment Management Agreement falls within Listing Rule 11.1.10R (smaller related party transactions) and therefore CREI Shareholders are not required to approve these amendments.

At the end of the Transition Period, the CREI Management Engagement Committee intends to conduct its regular review of the terms of Custodian Capital's appointment to ensure that the terms comply with market and industry practice and remain in the best interests of the shareholders of the Combined Group.

Listing and registered office

Following the Effective Date, CREI will remain listed on the Premium segment of the Official List and admitted to trading on the Main Market. The registered office of CREI will remain in Leicester.

REIT status

Both the CREI Group and the API Group fall within the UK REIT regime and benefit from the tax efficiencies provided by that regime. The Combined Group is expected to fall within the UK REIT regime and the relevant tax measures will continue to apply to the Combined Group.

Trading facilities

It is intended that dealings in, and registration of transfers of, API Shares (other than the registration of the transfer of the Scheme Shares to CREI pursuant to the Scheme) will be suspended shortly before the Effective Date at a time to be set out in the Scheme Document. It is further intended that applications will be made to the London Stock Exchange to cancel trading in the API Shares on the Main Market, and to the Financial Conduct Authority to cancel the listing of the API Shares on the Official List, in each case with effect from or shortly following the Effective Date. Further details about the de-listing and cancellation of trading of the API Shares can be found in paragraph 14 of this Announcement.

No statements in this paragraph 10 are "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

11. OFFER RELATED ARRANGEMENTS

Confidentiality Agreement

On 10 July 2023, API and CREI entered into a confidentiality agreement in relation to the Merger (the "**Confidentiality Agreement**"), pursuant to which, amongst other things, CREI and API gave certain mutual undertakings to: (a) subject to certain exceptions, keep information relating to each other and the Merger confidential and not to disclose it to third parties; and (b) use such confidential information only in the consideration and evaluation of CREI's and API's respective businesses in relation to a possible acquisition of the entire issued and to be issued share capital of API, or of all or a material part of the assets or undertaking of API, or any transaction having substantially equivalent effect to the same (the "**Purpose**"). These confidentiality obligations will remain in force until the earlier of 24 months from 10 July 2023 and completion of any transaction within the meaning of the Purpose, which would include the Merger. In the Confidentiality Agreement, CREI and API also give customary standstill undertakings in relation to each of themselves and their concert parties, all of which cease to apply upon the release of this Announcement.

12. DIVIDENDS

Expected timetable for the Merger

The boards of CREI and API will retain their current dividend policies for the period to the Effective Date.

CREI and API have agreed that:

- API Shareholders will be entitled to receive and retain a quarterly final dividend of up to 1.0 penny per API Share in respect of the quarter ended 31 December 2023 (the "**API Q4 Dividend**"); and
- CREI Shareholders will be entitled to receive and retain a quarterly interim dividend of up to 1.375 pence per CREI Share in respect of the quarter ended 31 December 2023 (the "**CREI Q3 Dividend**").

The API Q4 Dividend and the CREI Q3 Dividend will each be declared on, and paid by reference to, a date falling prior to the Effective Date, consistent with their respective past practices as to timing and amount of such dividends. Payment of the API Q4 Dividend and the CREI Q3 Dividend is expected to occur in late February 2024. Further announcements will be made by the boards of CREI and API in due course.

It is currently expected that the Merger will become Effective in early April 2024. The New CREI Shares will be issued credited as fully paid-up and will rank pari passu in all respects with the CREI Shares in issue at the time the New CREI Shares are issued, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date on or after the Effective Date. Accordingly, based on the expected timetable for the Merger to become Effective, Scheme Shareholders, assuming the Scheme Shareholder has retained their New CREI Shares, would receive the quarterly final dividend to be declared by CREI in respect of the quarter ended 31 March 2024 (the "**CREI Q4 Dividend**").

Delay to the expected timetable for the Merger

If, however, the timetable for the Merger is delayed such that the Merger will become Effective after the expected date (but prior to the Long Stop Date), CREI and API have agreed that API Shareholders will be entitled to receive and retain any quarterly interim dividend declared by API in respect of the quarter ended 31 March 2024 (the "**API Q1 Dividend**") and CREI Shareholders will be entitled to receive and retain any CREI Q4 Dividend declared by CREI, in each case, to be declared consistent with their respective past practices as to timing and amount of such dividends.

Amendments to the Exchange Ratio

The Exchange Ratio will be adjusted:

- (a) in the event that either CREI or API announces, declares, makes or pays any one or more dividends or other distributions prior to the Merger becoming Effective that is or are, in aggregate, in excess of: (i) 1.375 pence per CREI Share in respect of the CREI Q3 Dividend and, if the ex-dividend date falls prior to the Merger becoming Effective, 1.375 pence per CREI Share in respect of the CREI Q4 Dividend; or (ii) 1.0 penny per API Share in respect of the API Q4 Dividend and, if the ex-dividend date falls prior to the Merger becoming Effective, 1.0 penny per API Share in respect of the API Q1 Dividend (the amount of such excess in each case being the "**Excess**"), in which event the adjustment to the Exchange Ratio shall be to take account of the Excess; and/or
- (b) in the event that (i) the API Q1 Dividend is not covered by the income earned in the relevant quarter (the "**API Q1 Uncovered Dividend Portion**"), or (ii) the CREI Q4 Dividend is not covered by the income earned in the relevant quarter (the

"**CREI Q4 Uncovered Dividend Portion**"), in which event the adjustment to the Exchange Ratio shall be to take account of the API Q1 Uncovered Dividend Portion and/or the CREI Q4 Uncovered Dividend Portion; and/or

- (c) if, at the time of completion of the Merger, either CREI or API has announced, declared, made or paid the CREI Q4 Dividend or the API Q1 Dividend, respectively, but the other has not announced, declared, made or paid its corresponding dividend (a "**Dividend Discrepancy**"), in which case the adjustment to the Exchange Ratio shall be to take account of the Dividend Discrepancy.

In the event that any adjustment to the Exchange Ratio is required pursuant to (a), (b) and/or (c) above, such adjustment will be made by reference to the relevant Rolled-Forward Unaudited EPRA NTA(s) as at 31 December 2023. Any adjustment to the Exchange Ratio shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme or the Merger. To the extent that a dividend or distribution has been declared but not paid prior to the Effective Date, and such dividend or distribution is cancelled, then the Exchange Ratio shall not be subject to change in accordance with this paragraph.

Following completion of the Merger, the Combined Group intends to focus on maintaining CREI's dividend yield and dividend cover going forward. On the basis of market conditions as at the date of this Announcement, CREI is targeting a dividend per share of at least 5.5 pence per CREI Share for the year ending 31 March 2024, and CREI's aim is to grow its dividend on a sustainable basis as earnings grow through capturing the available rental growth in the combined portfolio's reversionary potential.

The dividends referred to above are not intended as a profit forecast or estimate for CREI or API for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per CREI Share or per API Share for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per CREI Share or per API Share.

13. SCHEME PROCESS

It is intended that the Merger will be effected by means of a Court-sanctioned scheme of arrangement between API and the Scheme Shareholders under Part VIII of the Companies Law, further details of which are contained in this Announcement and full details of which will be set out in the Scheme Document to be published by API in due course. The procedure involves, among other things, an application by API to the Court to sanction the Scheme, in consideration for which Scheme Shareholders who are on the register of members at the Scheme Record Time will receive the New CREI Shares on the basis of the Exchange Ratio as set out in paragraph 1 above. The purpose of the Scheme is to provide for CREI to become the holder of the entire issued ordinary share capital of API.

The New CREI Shares will be issued in registered form, credited as fully paid, and will be capable of being held in both certificated and uncertificated form. They will rank *pari passu* in all respects with the existing CREI Shares, including the rights to receive all dividends and other distributions (if any) declared, paid or made by CREI by reference to a record date falling after the Effective Date.

Fractions of New CREI Shares will not be allotted or issued pursuant to the Scheme and entitlements of Scheme Shareholders will be rounded down to the nearest whole number of New CREI Shares. All fractional entitlements to New CREI Shares will be aggregated and sold in the market as soon as practicable after the Effective Date. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be distributed by CREI in due proportions to Scheme Shareholders who would otherwise have been entitled to such fractions, save that individual entitlements to amounts of less than £5 will be retained for the benefit of the Combined Group.

The Merger will be subject to the Conditions and the further terms referred to in Appendix 1 to

this Announcement and the full terms and conditions to be set out in the Scheme Document, and will only become Effective if, among other things, the following events occur on or before 11:59 p.m. (London time) on the Long Stop Date (or such later date as CREI and API may, with the consent of the Panel, agree and, if required, the Court may allow):

- approval of the Scheme by a majority in number of the Scheme Shareholders who are present and voting (and entitled to vote), either in person or by proxy, at the API Court Meeting or at any adjournment thereof and who represent not less than 75 per cent. of the voting rights of such Scheme Shareholders;
- the API Resolution is passed at the API General Meeting or at any adjournment thereof by the requisite majority of votes validly cast on the API Resolution, whether in person or by proxy;
- the CREI Resolution is passed at the CREI General Meeting or at any adjournment thereof by the requisite majority;
- the FCA having acknowledged to CREI or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New CREI Shares to the Official List with a Premium segment listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions having been satisfied;
- the London Stock Exchange having acknowledged to CREI or its agent (and such acknowledgement not having been withdrawn) that the New CREI Shares will be admitted to trading on the Main Market;
- following the API Meetings, the Scheme is sanctioned by the Court (without modification, or with modification on terms agreed by CREI and API); and
- the Scheme becoming Effective by no later than 11.59 p.m. on the Long Stop Date.

The Scheme will become Effective at the time and date to be stated in the Scheme Court Order. Upon the Scheme becoming Effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the API Meetings (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of API Shares will cease to be valid and entitlements to API Shares held within the CREST system will be cancelled.

The API Resolution to be proposed at the API General Meeting will, amongst other matters, provide that the Articles be amended to incorporate provisions requiring any API Shares issued after the Scheme Record Time (other than to CREI and/or its nominees) to be automatically transferred to CREI on the same terms as the Merger (other than terms as to timings and formalities). The provisions of the Articles (as amended) will avoid any person (other than CREI and its nominees) holding API Shares after the Effective Date.

The Scheme will lapse and the Merger will not take place if:

- either the API Court Meeting or the API General Meeting are not held on or before the 22nd day after the expected date of such API Meetings, to be set out in the Scheme Document in due course (or such later date as may be agreed between CREI and API with the consent of the Panel (and that the Court may allow if required));
- the Sanction Hearing is not held on or before the 22nd day after the expected date of the Sanction Hearing, to be set out in the Scheme Document in due course (or such later date as may be agreed between CREI and API with the consent of the Panel (and that the Court may allow if required));

- the Scheme does not become Effective on or before 11:59 p.m. (London time) on the Long Stop Date,

provided, however, that the deadlines for the timing of the API Court Meeting, the API General Meeting and the Sanction Hearing, to be set out in the Scheme Document in due course, may be waived by CREI, and the Long Stop Date may be extended by agreement in writing between CREI and API (with the Panel's consent and as the Court may allow, if such consent and/or approval is/are required). If any of the dates and/or times in the Scheme Document change, the revised dates and/or times will be notified to API Shareholders by announcement through a Regulatory Information Service, with such announcement being made available on API's website at www.abrdnpit.co.uk.

The Scheme Document will include full details of the Scheme, together with notices of the API Court Meeting and the API General Meeting and the expected timetable, and will specify the action to be taken by Scheme Shareholders. It is expected that the Scheme Document, together with the Forms of Proxy, will be published as soon as practicable and in any event within 28 days of the date of this Announcement (or such later date as may be agreed by CREI and API with the consent of the Panel).

Subject, amongst other things, to the satisfaction or waiver of the Conditions, it is expected that the Scheme will become Effective in early April 2024. The Scheme will be governed by Guernsey law and will be subject to the jurisdiction of the Court. The Scheme will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.

CREI has reserved the right to elect, subject to the consent of the Panel, for the Merger to be implemented by way of a Takeover Offer. In this event, the Takeover Offer will be implemented on the same terms, so far as applicable, as those which would apply to the Scheme. If CREI does elect to implement the Merger by way of a Takeover Offer, and if sufficient acceptances of such Takeover Offer are received and/or sufficient API Shares are otherwise acquired, it is the intention of CREI to apply the provisions of Part XVIII of the Companies Law to acquire compulsorily any outstanding API Shares to which such Merger relates.

14. DELISTING OF API SHARES

Prior to the Scheme becoming Effective, it is intended that API will make an application to the FCA for the cancellation of the listing of API Shares on the Official List, and to the London Stock Exchange to cancel the admission to trading of the API Shares on the Main Market, in each case to take effect from or shortly after the Effective Date.

It is expected that the last day of dealings in API Shares on the Main Market will be the Business Day immediately prior to the Sanction Hearing and no transfers will be registered after 6.00 p.m. (London time) on that date.

Following the Scheme becoming Effective. CREI (and/or its nominee(s)) will acquire the Scheme Shares fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them including the right to receive and retain all dividends and distributions (if any) declared after the Effective Date.

15. ADMISSION OF, AND COMMENCEMENT OF DEALINGS IN, THE NEW CREI SHARES

Applications will be made to the FCA and to the London Stock Exchange, respectively, for the New CREI Shares to be issued in consideration for the Merger to be admitted to the premium listing segment of the Official list and to be admitted to trading on the Main Market.

It is expected that Admission will become effective and that unconditional dealings in the New CREI Shares will commence on the London Stock Exchange, at 8.00 a.m. (London time) on the first Business Day following the date on which the Scheme becomes Effective.

Details of how API Shareholders can hold, access and trade in CREI Shares will be set out in the Scheme Document. API Shareholders resident in the United Kingdom will be able to hold their CREI Shares through any of the ways currently available to CREI Shareholders, including through an intermediary of their own choice should they wish to do so.

16. CREI SHAREHOLDER APPROVAL

The Merger will be conditional on, among other things, the CREI Resolution being passed by the requisite majority of CREI Shareholders at the CREI General Meeting.

CREI is required to publish a prospectus in connection with the admission of the New CREI Shares. Accordingly, CREI will prepare the Combined Circular and Prospectus which will contain a notice convening the CREI General Meeting and information relating to, amongst other things, the Combined Group and the New CREI Shares.

It is expected that the Combined Circular and Prospectus will be published and posted to CREI Shareholders at the same time as the Scheme Document is posted to API Shareholders. The Combined Circular and Prospectus will be made available by CREI on its website at www.custodianreit.com and by API on its website at www.abrdnpit.co.uk. API and CREI urge API Shareholders to read the Scheme Document and the Combined Circular and Prospectus carefully as each will contain important information relating to the Merger. API Shareholders are also advised to read the Combined Circular and Prospectus, as it will contain important information relating to the New CREI Shares. Any vote, decision in respect of or other response to the Merger (or the Scheme, if applicable) should only be made on the basis of the information contained in the Scheme Document and the Combined Circular and Prospectus.

17. DISCLOSURE OF INTERESTS

Except for the irrevocable undertakings referred to in paragraph 7 above and save as otherwise disclosed in this Announcement, as at the close of business on the Latest Practicable Date, neither CREI nor any of the CREI Directors, nor, so far as CREI is aware, any person acting in concert (within the meaning of the Takeover Code) with CREI:

- has any interest in, or right to subscribe for, any relevant securities of API; nor
- has any short position in API Shares, including any short position under a derivative, any agreement to sell, any delivery obligation or right to require another person to purchase or take delivery of relevant securities of API; nor
- has borrowed or lent any relevant securities of API or entered into any financial collateral arrangements relating to relevant securities of API; nor
- is party to any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Takeover Code in relation to relevant securities of API.

An "interest in" securities for these purposes arises, in summary, when a person has long economic exposure, whether absolute or conditional, to changes in the price of securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person will be treated as having an 'interest' by virtue of the ownership, voting rights or control of securities, or by virtue of any agreement to purchase, option in respect of, or derivative referenced to securities.

In the interests of secrecy prior to this Announcement, it has not been practicable for CREI to make enquiries of all of its concert parties in advance of the release of this Announcement. Therefore, if CREI becomes aware, following the making of such enquiries, that any of CREI's concert parties have any additional interests in relevant securities of API, all relevant details in respect of API's concert parties will be included CREI's Opening Position Disclosure in accordance with the Takeover Code.

18. CONSENTS

Each of Deutsche Numis, Lazard and Winterflood has given and not withdrawn their consent to the publication of this Announcement with the inclusion herein of the references to their names in the form and context in which they appear.

RSM UK Corporate Finance LLP has given and not withdrawn its consent to the inclusion in this Announcement of its report on the Custodian Quantified Financial Benefits Statement, with the inclusion herein to the references to its name and, where applicable, report in the form and context in which it is included.

Each of Knight Frank and Savills has given and not withdrawn its consent to the publication of its valuation report(s) in this Announcement with the inclusion herein to the references to its name and, where applicable, report in the form and context in which it is included.

19. DOCUMENTS PUBLISHED ON A WEBSITE

In accordance with Rule 26.2 of the Takeover Code, copies of the following documents will, to the extent not already published there, by no later than 12.00 noon on the Business Day following the date of this Announcement, be published on CREI's website at www.custodianreit.com and API's website at www.abrdnpit.co.uk during the Offer Period:

- this Announcement;
- the irrevocable undertakings and a letter of intent referred to in paragraph 7 above and summarised in Appendix 3 to this Announcement;
- the Confidentiality Agreement referred to in paragraph 11 above;
- the consent letters from each of Deutsche Numis, Lazard, Winterflood, Knight Frank and Savills referred to in paragraph 18 above;
- the Knight Frank valuation report in respect of certain properties comprising the CREI portfolio as set out in Part A of Appendix 4 of this Announcement;
- the Savills valuation report in respect of certain properties comprising the CREI portfolio as set out in Part B of Appendix 4 of this Announcement; and
- the Knight Frank valuation report in respect of the API portfolio as set out in Part C of Appendix 4 of this Announcement.

The contents of CREI's website and API's website, and any website accessible from hyperlinks, are not incorporated into and do not form part of this Announcement.

20. GENERAL

Appendix 2 to this Announcement contains bases and sources of certain information contained in this Announcement. Details of irrevocable undertakings and the letter of intent received are set out in Appendix 3. Property valuation reports for CREI and API (each as at 31 December 2023) pursuant to Rule 29 of the Takeover Code are set out in Appendix 4. Certain terms used in this Announcement are defined in Appendix 6.

In the event that the assets within either CREI's or API's property portfolios were to be sold at the valuations contained in the valuation reports set out in Appendix 4 to this Announcement, any gains realised on such disposals may be subject to taxation in the UK and/or (in the case of API) Guernsey.

Generally, disposals by a UK REIT of assets located in the UK held for the purpose of a property rental business should be exempt from UK corporation tax, however there are specific rules which

can result in assets held as part of the property rental business being subject to tax on disposal, for example when a property is materially developed and sold within three years of completion of that development. In connection with the Merger it is not contemplated that the aforementioned liability to taxation will crystallise.

For the purposes of Rule 29.5 of the Takeover Code, the CREI Board confirms that each of Knight Frank and Savills has confirmed to it that an updated valuation of CREI's property portfolio as at the date of this Announcement would not be materially different from the valuation given by each of Knight Frank and Savills as at 31 December 2023 and contained in Knight Frank's and Savills' valuation reports respectively, set out in Appendix 4 to this Announcement.

For the purposes of Rule 29.5 of the Takeover Code, the API Board confirms that Knight Frank has confirmed to it that an updated valuation of API's property portfolio as at the date of this Announcement would not be materially different from the valuation given by Knight Frank as at 31 December 2023 and contained in Knight Frank's valuation report set out in Appendix 4 to this Announcement.

For the purposes of Rule 28 of the Takeover Code, the Quantified Financial Benefits Statement is the responsibility of CREI and the CREI Directors. Appendix 5 to this Announcement sets out the Quantified Financial Benefits Statement relating to cost savings and synergies arising out of the Merger and provides underlying information and bases of belief. Appendix 5 also includes reports from CREI's reporting accountant, RSM UK Corporate Finance LLP, and its financial adviser Deutsche Numis in connection with the Quantified Financial Benefits Statement, as required pursuant to Rule 28.1(a) of the Takeover Code, and provides underlying information and bases for the accountant's and advisers' respective reports.

This Announcement does not constitute an offer for sale of any securities or an invitation to purchase or subscribe for any securities. API Shareholders are advised to read carefully the Scheme Document and related Forms of Proxy once they have been dispatched.

A pre-recorded video briefing in relation to the Merger, presented by Richard Shepherd-Cross of Custodian Capital, is available on CREI's website at www.custodianreit.com.

Enquiries

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Stephenson Harwood LLP is acting as English legal adviser to CREI in connection with the Merger.

Addleshaw Goddard LLP is acting as English legal adviser to API in connection with the Merger.

Important notices

*Numis Securities Limited (which is trading for these purposes as Deutsche Numis) ("**Deutsche Numis**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for CREI and for no one else in connection with the Merger and/or any other matter referred to in this Announcement and will neither regard any other person as its client nor be responsible to anyone other than CREI for providing the protections afforded to its clients or for providing advice in connection with the Merger, the contents of this Announcement, or any other matters referred to in this Announcement. Neither Deutsche Numis nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Deutsche Numis in connection with this Announcement, any statement or other matter or arrangement referred to herein or otherwise.*

*Lazard & Co., Limited ("**Lazard**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to API and no one else in connection with the matters set out in this Announcement and will not be responsible to anyone other than API for providing the protections afforded to clients of Lazard nor for providing advice in relation to the matters set out in this Announcement. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with this Announcement, any statement contained herein or otherwise.*

*Winterflood Securities Limited ("**Winterflood**"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for API and no-one else in connection with the matters set out in this Announcement and will not be responsible to anyone other than API for providing the protections afforded to customers of Winterflood or for providing advice in relation to the matters set out in this Announcement. Neither Winterflood nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Winterflood in connection with this Announcement, any statement contained herein or otherwise.*

Further information

This Announcement is for information purposes only and is not intended to and does not constitute, or form part of an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Merger or otherwise, nor shall there be any sale, issuance or transfer of securities of API in any jurisdiction in contravention of applicable law. The Merger will be made solely pursuant to the terms of the Scheme Document (or, if the Merger is implemented by way of a Takeover Offer, the Offer Document), which will contain the full terms and conditions of the Merger, including details of how API Shareholders may vote in respect of the Merger. Any vote, approval, decision in respect of, or other response to, the Merger should be made only on the basis of the information contained in the Scheme Document and the Combined Circular and Prospectus (or any other document by which the Merger is made by way of a Takeover Offer).

CREI will prepare the Combined Circular and Prospectus, containing information on the New CREI Shares and the Combined Group. CREI and API urge API Shareholders to read the Scheme Document and the Combined Circular and Prospectus carefully when they become available because they will contain important information in relation to the Merger, the New CREI Shares and the Combined Group.

The statements contained in this Announcement are made as at the date of this Announcement, unless some other time is specified in relation to them, and the release of this Announcement shall not give rise to any implication that there has been no change in the facts set out in this Announcement since such date. This Announcement does not constitute a prospectus or prospectus equivalent document.

No person should construe the contents of this Announcement as legal, financial or tax advice. If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or from an independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom, or another appropriately authorised independent financial adviser, if you are in a territory outside the United Kingdom.

Neither the GFSC nor the States of Guernsey take any responsibility for the financial soundness of API or for the correctness of any of the statements made or opinions expressed with regard to it.

Overseas Shareholders

This Announcement has been prepared for the purpose of complying with Guernsey law, English law, the Takeover Code, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and the Listing Rules and information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom or Guernsey. Nothing in this Announcement should be relied on for any other purpose.

The release, publication or distribution of this Announcement in or into certain jurisdictions other than the United Kingdom or Guernsey may be restricted by the laws and/or regulations of those jurisdictions and therefore persons into whose possession this Announcement comes who are subject to the laws and/or regulations of any jurisdiction other than the United Kingdom or Guernsey should inform themselves about and observe any such applicable laws and/or regulations in their jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom or Guernsey to vote their Scheme Shares or API Shares (as applicable) with respect to the Scheme at the API Court Meeting or the API Resolution at the API General Meeting, or to appoint another person as proxy to vote at the API Court Meeting or the API General Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located. Further details in relation to Overseas Shareholders will be contained in the Scheme Document. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Merger disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by CREI or required by the Takeover Code, and permitted by applicable law and regulation, the Merger will not be made available, in whole or in part, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Merger by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this Announcement and any formal documentation relating to the Merger are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Merger. If the Merger is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other

electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Forward-looking statements

This Announcement (including information incorporated by reference into this Announcement), oral statements made regarding the Merger, and other information published by CREI and API contain statements about CREI, API and/or the Combined Group that are or may be deemed to be "forward-looking statements". All statements other than statements of historical facts included in this Announcement, may be forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of CREI and API about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

The forward-looking statements contained in this Announcement include statements relating to the expected effects of the Merger on CREI and API, the expected timing and scope of the Merger and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; and (ii) business and management strategies and the expansion and growth of CREI's or API's or the Combined Group's operations and potential synergies resulting from the Merger.

Although CREI and API believe that the expectations reflected in such forward-looking statements are reasonable, neither CREI nor API can give assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to: the ability to complete the Merger; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms; changes in the global political, economic, business and competitive environments and in market and regulatory forces; changes in future exchange and interest rates; changes in tax rates; future business combinations or disposals; changes in general economic and business conditions; changes in the behaviour of other market participants; the anticipated benefits from the Merger not being realised as a result of changes in general economic and market conditions in the countries in which CREI and API operate; weak, volatile or illiquid capital and/or credit markets; changes in the degree of competition in the geographic and business areas in which CREI and API operate; and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors.

Neither CREI nor API, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur. Given the risks and uncertainties, you are cautioned not to place any reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither CREI nor API is under any obligation, and each of CREI and API expressly disclaim any intention or

obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Quantified Financial Benefits Statement

Statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither the Quantified Financial Benefits Statement nor any other statement in this Announcement should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following the Effective Date, or in any subsequent period, would necessarily match or be greater than or be less than those of CREI or API for the relevant preceding financial period or any other period. For the purposes of Rule 28 of the Takeover Code, the Quantified Financial Benefits Statement contained in this Announcement is the responsibility of CREI and the CREI Directors.

No profit forecasts or estimates

No statement in this Announcement is intended as a profit forecast or profit estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for CREI or API for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for CREI or API.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Publication on a website

In accordance with Rule 26.1 of the Takeover Code, a copy of this Announcement will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on CREI's website at www.custodianreit.com and API's website at www.abrdnpit.co.uk by no later than 12 noon (London time) on the first Business Day following the date of this Announcement.

For the avoidance of doubt, neither the contents of these websites nor the contents of any websites accessible from any hyperlinks is incorporated into or forms part of this Announcement.

Requesting hard copy documents

In accordance with Rule 30.3 of the Takeover Code, API Shareholders may request a hard copy of this Announcement (and any information incorporated by reference in this Announcement), free of charge, by contacting Northern Trust during business hours on 01481 745001 (from within the United Kingdom) and +44 (0) 1481 745001 (from outside the United Kingdom) or by submitting a request in writing to The Company Secretary, at team_api@ntrs.com. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines will be open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

For persons who receive a copy of this Announcement in electronic form or via a website notification, a hard copy of this Announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Merger should be in hard copy form.

Scheme Process

In accordance with Section 5 of Appendix 7 of the Takeover Code, API will announce through a Regulatory Information Service key events in the Scheme process including the outcomes of the API Meetings and the Sanction Hearing.

Unless otherwise consented to by the Court and the Panel, any modification or revision to the Scheme will be made no later than the date which is 14 days prior to the API Meetings (or any later date to which such meetings are adjourned). In accordance with Section 11 of Appendix 7 of the Takeover Code, if the Scheme lapses or is withdrawn all documents of title and other documents lodged will be returned as soon as practicable and in any event within 14 days of such lapsing or withdrawal.

Information relating to API Shareholders

Please be aware that addresses, electronic addresses and certain other information provided by API Shareholders, persons with information rights and other relevant persons for the receipt of communications from API may be provided to CREI during the Offer Period as required under Section 4 of Appendix 4 to the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

Rule 2.9 of the Takeover Code

For the purposes of Rule 2.9 of the Takeover Code, CREI confirms that, as at the close of business on the Latest Practicable Date, it had in issue 440,850,398 ordinary shares of one penny which carry voting rights of one vote per share and are admitted to trading on the London Stock Exchange with ISIN GB00BJFLT45.

For the purposes of Rule 2.9 of the Takeover Code, API confirms that, as at the close of business on the Latest Practicable Date, it had in issue 381,218,977 ordinary shares of one penny each (excluding any shares held in treasury) which carry voting rights of one vote per share and are admitted to trading on the London Stock Exchange with ISIN GB0033875286.

Appendix 1
CONDITIONS TO AND CERTAIN FURTHER TERMS OF THE MERGER

Part A

Conditions to the Scheme and Merger

1. The Merger will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Takeover Code, by no later than 11:59 p.m. (London time) on the Long Stop Date or such later date as CREI and API may, with the consent of the Panel, agree and (if required) the Court may allow.

Conditions of the Scheme

2. The Scheme will be conditional upon:

(a)

- (i) its approval by a majority in number representing 75 per cent. or more of the voting rights of those Scheme Shareholders (or the relevant class or classes thereof) who are on the register of members of API at the Voting Record Time, and who are present and vote, whether in person or by proxy, at the API Court Meeting and at any separate class meeting which may be required by the Court, or, in each case, at any adjournment of any such meeting; and
- (ii) such API Court Meeting and any separate class meeting which may be required by the Court or any adjournment of any such meeting being held on or before the 22nd day after the expected date of the API Court Meeting to be set out in the Scheme Document (or such later date (if any) as may be agreed between CREI and API with the consent of the Panel and (if required) that the Court may allow);

(b)

- (i) the API Resolution being duly passed by the requisite majority or majorities of API Shareholders at the API General Meeting (or any adjournment thereof); and
- (ii) the API General Meeting, or any adjournment of that meeting, being held on or before the 22nd day after the expected date of the API General Meeting to be set out in the Scheme Document (or such later date (if any) as may be agreed between CREI and API with the consent of the Panel and (if required) that the Court may allow); and

(c)

- (i) the sanction of the Scheme by the Court (with or without modification, but subject to any such modification being on terms acceptable to CREI and API); and
- (ii) the Sanction Hearing being held on or before the 22nd day after the expected date of the Sanction Hearing to be set out either in (X) the Scheme Document (or such later date (if any) as may be agreed between CREI and API with the consent of the Panel and, if required, that the Court may allow); or (Y) in the event that such expected date remains unknown at the time of publication of the Scheme Document and the Scheme Document identifies any date as indicative only, in any update announcement issued through a Regulatory Information Service pursuant to paragraph 6(a) of Appendix 7 of the Takeover Code (or such later date

(if any) as may be agreed between CREI and API, with the consent of the Panel and (if required) that the Court may allow);

General Conditions

3. In addition, subject to: (i) the terms of Part B of this Appendix 1; and (ii) the requirements of the Panel, CREI and API have agreed that the Merger will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived prior to the Scheme being sanctioned by the Court:
- (a) the CREI Resolution being duly passed by the requisite majority at the CREI General Meeting (or at any adjournment thereof) provided that the CREI General Meeting may not be adjourned beyond the 22nd day after the expected date of the CREI General Meeting to be set out in the Combined Circular and Prospectus in due course (or such later date (if any) as may be agreed between CREI and API, with the consent of the Panel);
 - (b) the FCA having acknowledged to CREI or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New CREI Shares to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("**Listing Conditions**")) that admission will become effective as soon as a dealing notice has been issued by the FCA and any Listing Conditions having been satisfied;
 - (c) the London Stock Exchange having acknowledged to CREI or its agent (and such acknowledgement not having been withdrawn) that the New CREI Shares will be admitted to trading on the Main Market;
 - (d) all material notifications, filings and/or applications which are deemed necessary by CREI and API having been made, all necessary waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any relevant jurisdiction having been complied with, in each case in connection with the Merger or the acquisition or proposed acquisition by any member of the Wider CREI Group of any shares or other securities in, or control of, any member of the Wider API Group;
 - (e) all Authorisations which are deemed necessary by CREI and API in any relevant jurisdiction for or in respect of the Merger (or its implementation) or the acquisition, or proposed acquisition, of any shares or other securities (or the equivalent) in, or control of, API or any other member of the Wider API Group by CREI or any member of the Wider CREI Group, having been obtained, in terms and in a form reasonably satisfactory to CREI and API from all appropriate Third Parties or from any persons or bodies with whom any member of the Wider CREI Group or any other member of the Wider API Group has entered into contractual arrangements, and all such Authorisations, together with all Authorisations deemed necessary by CREI and API for any member of the Wider CREI Group and any member of the Wider API Group to carry on its business, remaining in full force and effect and all filings necessary for such purpose having been made, and there being no notice or other intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same;

General regulatory

- (f) all Authorisations which are necessary in any relevant jurisdiction for or in respect of the Merger (or its implementation) or the acquisition, or proposed acquisition,

of any shares or other securities (or the equivalent) in, or control of, API or any other member of the Wider API Group by CREI or any member of the Wider CREI Group, having been obtained, in terms and in a form reasonably satisfactory to CREI and API from all appropriate Third Parties or from any persons or bodies with whom any member of the Wider CREI Group or any member of the Wider API Group has entered into contractual arrangements, and all such Authorisations, together with all Authorisations necessary for any member of the Wider CREI Group and Wider API Group to carry on its business, remaining in full force and effect and all filings necessary for such purpose having been made, and there being no notice or other intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same that, in any case to an extent which is or would be material in the context of the Wider API Group and/or the Wider CREI Group taken as a whole or in the context of the Merger:

- (i) require, prevent or materially delay any divestiture, or alter the terms envisaged for any proposed divestiture, by any member of the Wider CREI Group or any member of the Wider API Group of all or any part of their respective businesses, assets or property, or impose any limitation on the ability of all or any of them to conduct their respective businesses (or any part thereof) or to own, control or manage any of their respective assets or properties (or any part thereof);
- (ii) require, prevent or materially delay any divestiture, or alter the terms envisaged for any proposed divestiture, by any member of the Wider CREI Group, of any shares or other securities (or the equivalent) in API or any member of the Wider API Group;
- (iii) impose any limitation on, or result in a material delay in, the ability of any member of the Wider CREI Group, directly or indirectly, to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in any member of the Wider API Group or the Wider CREI Group or on the ability of any member of the Wider API Group or any member of the Wider CREI Group, directly or indirectly, to hold or to exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any such member;
- (iv) make the Merger, its implementation or the acquisition or proposed acquisition of any shares or other securities (or the equivalent) in, or control or management of API or any member of the Wider API Group by CREI or any member of the Wider CREI Group void, unenforceable and/or illegal under the laws of any jurisdiction, or otherwise, directly or indirectly, prevent or prohibit, restrain, restrict, delay or otherwise interfere with the implementation of the same, or impose additional adverse conditions or obligations with respect to, or otherwise challenge, impede, interfere with the Merger (or its implementation) or such acquisition, or require material amendment to the terms of the Merger or the acquisition of any shares or other securities (or the equivalent) in, or control or management of, API by any member of the Wider CREI Group;
- (v) require (save as envisaged in the implementation of the Merger) any member of the Wider CREI Group or any member of the API Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in, or any interest in any of the assets owned by, any member of the Wider CREI Group or any member of the API Group owned by any Third Party, or to sell or offer to sell any shares or other securities (or their equivalent) or any interest in any of the assets owned by any member of the Wider CREI Group or the Wider API Group;
- (vi) limit the ability of any member of the Wider CREI Group or the Wider API Group to conduct, integrate or co-ordinate its business, or any part of it, with all or any part of the businesses of any other members of the Wider CREI Group and/or the Wider API Group;

- (vii) result in any member of the Wider CREI Group or any member of the Wider API Group ceasing to be able to carry on business under any name under which it presently carries on business; or
- (viii) otherwise materially adversely affect any or all of the business, assets, profits or prospects of any member of the Wider CREI Group or of any member of the Wider API Group,
- (ix) and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any relevant jurisdiction in respect of the Merger or the acquisition of any API Shares or otherwise intervene having expired, lapsed or been terminated (as the case may be);

Certain matters arising as a result of any arrangement, agreement etc.

- (g) save as Disclosed, there being no provision of any agreement, arrangement, lease, licence, permit, franchise or other instrument to which any member of the Wider API Group or the Wider CREI Group is a party, or by or to which any such member, or any of its assets, is or are or may be bound, entitled or subject to, or any event or circumstance, which, in each case as a consequence of the Merger (or its implementation) or the proposed acquisition by CREI or any member of the Wider CREI Group, or otherwise of any shares or other securities (or the equivalent) in, or control or management of, API or any member of the Wider API Group, would or might reasonably be expected to result in any of the following, in any case to an extent which is or would be material in the context of the Wider API Group and/or the Wider CREI Group taken as a whole or in the context of the Merger:
 - (i) any monies borrowed by, or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider API Group or the Wider CREI Group, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited, or being capable of becoming or being withdrawn or inhibited;
 - (ii) any asset or interest of any member of the Wider API Group or the Wider CREI Group, or any asset the use of which is enjoyed by any member of the Wider API Group or the Wider CREI Group, being or falling to be disposed of or charged or ceasing to be available to any member of the Wider API Group or the Wider CREI Group, or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider API Group or the Wider CREI Group, otherwise than in the ordinary course of business;
 - (iii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interest of any member of the Wider API Group or the Wider CREI Group, or any such mortgage, charge, encumbrance or other security interest (wherever and whenever created, arising or having arisen) bring enforced or becoming enforceable;
 - (iv) any arrangement, agreement, lease, licence, permit, franchise or other instrument, or the rights, liabilities, obligations or interests of any member of the Wider API Group or the Wider CREI Group, thereunder, being, terminated, adversely modified or adversely affected or any adverse action being taken or arising thereunder or any onerous obligation or liability arising thereunder;

- (v) the rights, liabilities, obligations or interests of any member of the Wider API Group or the Wider CREI Group, in, or the business of any such member with, any person, firm, company or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected other than as directed, requested and/or required by CREI or API (as applicable);
- (vi) the value of, or the financial or trading position or profits of, any member of the Wider API Group or the Wider CREI Group, being prejudiced or adversely affected; or
- (vii) the creation or acceleration of any liability (actual or contingent) by any member of the Wider API Group or the Wider CREI Group, other than trade creditors or other liabilities incurred in the ordinary course of business or in connection with the Merger.

Certain events occurring since 31 December 2022

- (h) save as Disclosed, no member of the Wider API Group having since 31 December 2022:
 - (i) issued or agreed to issue, or authorised or proposed or announced its intention to authorise or propose the issue of, additional shares of any class, or securities (or the equivalent) or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities (or the equivalent) or convertible securities, or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of API Shares out of treasury, except, where relevant, as between API and wholly-owned subsidiaries of API or between the wholly-owned subsidiaries of API;
 - (ii) recommended, declared, paid or made, or proposed to recommend, declare, pay or make, any bonus, dividend or other distribution (whether payable in cash or otherwise) other than the Permitted Dividends or any dividends or other distributions (whether payable in cash or otherwise) lawfully paid or made by any wholly-owned subsidiary of API to API or any of their respective wholly-owned subsidiaries;
 - (iii) except for transactions between API and its respective wholly-owned subsidiaries, or between such wholly-owned subsidiaries of API, implemented, effected, authorised or proposed, or announced its intention to implement, effect, authorise or propose, any acquisition of any body corporate, partnership or business, merger, demerger, reconstruction, amalgamation, scheme, commitment or offer or disposal of assets or shares or loan capital (or the equivalent thereof);
 - (iv) undertaken:
 - (A) a conversion under Part V of the Companies Law;
 - (B) an amalgamation under Part VI of the Companies Law;
 - (C) a migration under Part VII of the Companies Law; or
 - (D) an arrangement or reconstruction (other than the Scheme) under Part VIII of the Companies Law;
 - (v) except for transactions between API and its respective wholly-owned subsidiaries, or between such wholly-owned subsidiaries of API, acquired or disposed of or transferred, mortgaged, charged or created any security interest over any material asset (including shares in any undertaking and trade investments) or any right, title or interest in any asset, or authorised, proposed or announced any intention to do the same;

- (vi) except for transactions between API and its respective wholly-owned subsidiaries, or between such wholly-owned subsidiaries of API, issued, authorised or proposed or announced an intention to authorise or propose the issue of, or made any change in or to the terms of, any debentures or other trade credit incurred in the ordinary course of business, or become subject to any contingent liability or incurred or increased any indebtedness or other liability (actual or contingent), which is material in the context of the Wider API Group taken as a whole;
- (vii) entered into, varied, authorised, proposed, or announced an intention to enter into or vary, any contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, unusual or onerous nature or magnitude, or which is or which involves or could involve an obligation of a nature or magnitude which is or could reasonably be expected to be restrictive on the business of any member of the Wider API Group which, taken together with any other such transaction, arrangement, agreement, contract or commitment, is material in the context of the Wider API Group taken as a whole;
- (viii) entered into, or materially varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, service agreement, commitment or arrangement with any director of any member of the Wider API Group;
- (ix) purchased, redeemed or repaid, or announced any proposal to purchase, redeem or repay, any of its own shares or other securities (or the equivalent) or reduced or made any other change to any part of its share capital;
- (x) except in the ordinary course of business, waived, settled, abandoned or compromised any claim which is material in the context of the Wider API Group taken as a whole;
- (xi) made any material alteration to its memorandum or articles of incorporation or other incorporation documents, in each case other than in connection with the implementation of the Merger;
- (xii) terminated or varied the terms of any agreement or arrangement between any member of the Wider API Group and any other person in a manner which would, or might reasonably be expected to, have a material adverse effect on the financial position or prospects of the Wider API Group taken as a whole other than as directed, required and/or requested by CREI;
- (xiii) put in place any pension schemes for its directors or their dependants, or made or agreed or consented to any change to:
 - (A) the terms of the trust deeds and rules constituting the pension scheme(s) (if any) established by any member of the Wider API Group for its directors or their dependants;
 - (B) the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder;
 - (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
 - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued, made, agreed or consented to;
- (xiv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped

or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;

- (xv) taken or proposed any steps or corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
- (xvi) entered into, implemented or authorised the entry into, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities;
- (xvii) entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition 3(h); or
- (xviii) taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of API Shareholders at a general meeting of API in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

No adverse change

- (i) save as Disclosed since 31 December 2022:
 - (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects or operational performance of the Wider API Group or Wider CREI Group taken as a whole, in each case to an extent which is or could be material in the context of the Wider API Group and/or the Wider CREI Group taken as a whole;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of, any member of the Wider API Group or Wider CREI Group or to which any member of the Wider API Group or Wider CREI Group is or may become a party (whether as a plaintiff, defendant or otherwise) having been instituted, announced, implemented or threatened in writing by or against or remaining outstanding in respect of any member of the Wider API Group or Wider CREI Group which in any such case is or might reasonably be expected to have a material adverse effect on the Wider API Group or Wider CREI Group taken as a whole;
 - (iii) no contingent or other liability of any member of the Wider API Group or Wider CREI Group having arisen or become apparent to any member of the Wider CREI Group or Wider API Group, or increased, which is reasonably likely to affect adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider API Group or Wider CREI Group, which in any case is material in the context of the Wider API Group and/or the Wider CREI Group taken as a whole;
 - (iv) no member of the Wider API Group or Wider CREI Group having conducted its business in breach of any applicable laws and regulations and which in any case is material in the context of the Wider API Group and/or the Wider CREI Group taken as a whole; and
 - (v) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or

modification of any licence or permit held by any member of the Wider API Group or Wider CREI Group which is necessary for the proper carrying on of its business and which in any case is material in the context of the Wider API Group and/or the Wider CREI Group taken as a whole;

No discovery of certain matters

- (j) save as Disclosed, CREI or API not having discovered that (in each case to an extent which is or could be material in the context of the Wider API Group and/or Wider CREI Group taken as a whole or material in the context of the Merger):
 - (i) any financial, business or other information concerning the Wider API Group or Wider CREI Group publicly announced before the date of this Announcement or disclosed, whether publicly or otherwise, at any time to any member of the Wider CREI Group or Wider API Group by or on behalf of any member of the Wider API Group or Wider CREI Group is materially misleading, contains any material misrepresentation of fact, or omits to state a fact necessary to make any information contained therein not misleading;
 - (ii) any member of the Wider API Group or Wider CREI Group is subject to any liability (contingent or otherwise), other than in the ordinary course of business;
 - (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider API Group or Wider CREI Group;
 - (iv) any past or present member of the Wider API Group or Wider CREI Group has failed to comply with any applicable legislation or regulations or common law of any jurisdiction or any notice, order or requirement of any Third Party or any Authorisations relating to the use, treatment, handling, storage, carriage, disposal, spillage, release, discharge, leak or emission of any waste or hazardous or harmful substance or any substance likely to impair the environment (including property) or harm human health or animal health or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would be likely to give rise to any material liability including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider API Group; or
 - (v) there is or has been a disposal, discharge, spillage, accumulation, release, leak, emission or the migration, production, supply, treatment, storage, transport or use of any waste or hazardous or harmful substance or any substance likely to impair the environment (including any property) or harm human or animal health which (whether or not giving rise to non-compliance with any law or regulation), would be likely to give rise to any material liability (whether actual or contingent) on the part of any member of the Wider API Group or Wider CREI Group;
 - (vi) there is or is reasonably likely to be any obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property or controlled waters, currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider API Group (or on its behalf) or the Wider CREI Group (or on its behalf), or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto;

Anti-corruption and sanctions

- (k) CREI and API not having discovered:
 - (i) any:
 - (A) past or present member, director or officer of the Wider API Group or Wider CREI Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, the Prevention of Corruption (Bailiwick of Guernsey) Law 2003 or any other applicable anti-corruption or anti-bribery legislation, rule or regulation applicable to the Wider API Group or the Wider CREI Group or any other law, rule or regulation concerning improper payments or kickbacks; or
 - (B) person that performs or has performed services for or on behalf of the Wider API Group or the Wider CREI Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, the Prevention of Corruption (Bailiwick of Guernsey) Law 2003 or any other applicable anti-corruption or anti-bribery legislation, rule or regulation applicable to the Wider API Group or any other law, rule or regulation concerning improper payments or kickbacks;
 - (ii) any asset of any member of the Wider API Group or Wider CREI Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition) or proceeds of crime under any other applicable law, rule or regulation concerning money laundering or proceeds of crime or any member of the Wider API Group or Wider CREI Group is found to have engaged in activities constituting money laundering;
 - (iii) any past or present member, director or officer of the Wider API Group or Wider CREI Group, or any other person for whom any such person may be liable or responsible, is or has engaged in any conduct or business which would violate any economic sanctions or dealt with, made any investments in, made any funds or assets available to or received any funds or assets from: (a) any government, entity or individual in respect of which US, UK or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by applicable US, UK or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HM Treasury & Customs in the United Kingdom; or (b) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the UK or the European Union or any of their respective member states;
 - (iv) any past or present member, director or officer of the Wider API Group or Wider CREI Group, or any other person for whom any such person may be liable or responsible:
 - (A) has engaged in conduct which would violate any relevant anti-terrorism laws, rules, or regulations, including but not limited to the U.S. Anti-Terrorism Act;
 - (B) has engaged in conduct which would violate any relevant anti-boycott law, rule or regulation or any applicable export controls, including but not limited to the Export Administration Regulations

administered and enforced by the U.S. Department of Commerce or the International Traffic in Arms Regulations administered and enforced by the U.S. Department of State;

- (C) has engaged in conduct which would violate any relevant laws, rules or regulations concerning human rights, including but not limited to any law, rule or regulation concerning false imprisonment, torture or other cruel and unusual punishment or child labour;
- (D) is debarred or otherwise rendered ineligible to bid for or to perform contracts for or with any government, governmental instrumentality or international organisation or found to have violated any applicable law, rule or regulation concerning government contracting or public procurement; or
- (v) any member of the Wider API Group or Wider CREI Group has or is engaged in any transaction which would cause CREI or any member of the Wider CREI Group (including the Wider API Group) to be in breach of any applicable law or regulation upon its acquisition of API, including but not limited to the economic sanctions of the United States Office of Foreign Assets Control or HM Treasury & Customs in the UK, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the UK the European Union or any of its member states.

Part B

Certain further terms of the Merger

1. Conditions 2(a), 2(b) and 3(a) to 3(k) (inclusive) of Part A of this Appendix 1 must each be fulfilled or (if capable of waiver) waived, no later than 11:59 p.m. (London time) on the date immediately preceding the date of the Sanction Hearing (or such later date as CREI, API and the Panel and, if required, the Court may allow), failing which the Merger will lapse, or if the Merger is implemented by way of Takeover Offer, no later than as permitted by the Panel.
2. To the extent permitted by law and subject to the requirements of the Panel in accordance with the Takeover Code, each of CREI and API reserves the right, in its sole discretion, to waive in whole or in part all or any of the Conditions set out in part A above, and to proceed with the Sanction Hearing prior to the fulfilment, satisfaction or waiver of any of the Conditions, except Conditions 1, 2(a)(i), 2(b)(i) and 2(c)(i), which cannot be waived. If any of Conditions 2(a)(ii), 2(b)(ii) or 2(c)(ii) is not satisfied by the relevant deadline specified in the relevant Condition, CREI will make an announcement by 8.00 a.m. (London time) on the Business Day following such deadline confirming whether it has invoked the relevant Condition, waived the relevant deadlines or agreed with API to extend the relevant deadline.
3. The Merger will lapse if the Scheme does not become Effective by no later than 11.59 p.m. (London time) on the Long Stop Date.
4. If CREI is required by the Panel to make a Takeover Offer for API Shares under the provisions of Rule 9 of the Takeover Code, CREI may make such alterations to any of the above Conditions and terms of the Merger as are necessary in order to comply with the provisions of that Rule.
5. Each of CREI and API shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied, or to treat as fulfilled any of the Conditions by a date earlier than the latest date specified for the fulfilment or waiver thereof, notwithstanding that the other Conditions may, at such earlier date, have been waived or fulfilled and

that there are, at such earlier date, no circumstances indicating that any of such Conditions may not be capable of satisfaction or fulfilment.

6. The API Shares will be acquired under the Scheme, fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights now or hereafter attaching or accruing to them, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, on or after the date of this Announcement, save for the Permitted Dividends.
7. The Exchange Ratio will be adjusted:
 - 7.1. in the event that either CREI or API announces, declares, makes or pays any one or more dividends or other distributions prior to the Merger becoming Effective that is or are, in aggregate, in excess of: (i) 1.375 pence per CREI Share in respect of the CREI Q3 Dividend and, if the ex dividend date falls prior to the Merger becoming Effective, 1.375 pence per CREI Share in respect of the CREI Q4 Dividend; or (ii) 1.0 penny per API Share in respect of the API Q4 Dividend and, if the ex-dividend date falls prior to the Merger becoming Effective, 1.0 penny per API Share in respect of the API Q1 Dividend (the amount of such excess in each case being the "**Excess**"), in which event the adjustment to the Exchange Ratio shall be to take account of the Excess; and/or
 - 7.2. in the event that (i) the API Q1 Dividend is not covered by the income earned in the relevant quarter (the "**API Q1 Uncovered Dividend Portion**"), or (ii) the CREI Q4 Dividend is not covered by the income earned in the relevant quarter (the "**CREI Q4 Uncovered Dividend Portion**"), in which event the adjustment to the Exchange Ratio shall be to take account of the API Q1 Uncovered Dividend Portion and/or the CREI Q4 Uncovered Dividend Portion; and/or
 - 7.3. if, at the time of completion of the Merger, either CREI or API has announced, declared, made or paid the CREI Q4 Dividend or the API Q1 Dividend, respectively, but the other has not announced, declared, made or paid its corresponding dividend (a "**Dividend Discrepancy**"), in which case the adjustment to the Exchange Ratio shall be to take account of the Dividend Discrepancy.

In the event that any adjustment to the Exchange Ratio is required pursuant to paragraph 7.1, 7.2 and/or 7.3 of this Part B above, such adjustment will be made by reference to the relevant Rolled-Forward Unaudited EPRA NTA(s) as at 31 December 2023. Any adjustment to the Exchange Ratio referred to in this paragraph 7 shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme or the Merger. To the extent that a dividend or distribution has been declared but not paid prior to the Effective Date, and such dividend or distribution is cancelled, then the Exchange Ratio shall not be subject to change in accordance with this paragraph.

8. Under Rule 13.5(a) of the Takeover Code, CREI may only invoke a Condition so as to cause the Merger not to proceed, to lapse or to be withdrawn with the consent of the Panel. The Panel will normally only give its consent if the circumstances which give rise to the right to invoke the Condition are of material significance to CREI in the context of the Merger. This will be judged by reference to the facts of each case at the time that the relevant circumstances arise. The Conditions set out in Conditions 1 and 2 of Part A above (and any Takeover Offer Acceptance Condition (as defined below) adopted on the basis specified in paragraphs 4 or 10 of this Part B) are not subject to this provision of the Takeover Code. Any Condition that is subject to Rule 13.5(a) may be waived by CREI.
9. Under Rule 13.6 of the Takeover Code, API may not invoke, or permit CREI to invoke a Condition unless the circumstances which give rise to the right to invoke the Condition

are of material significance to the shareholders of API in the context of the Merger This will be judged by reference to the facts of each case at the time that the relevant circumstances arise. The Conditions set out in Conditions 1 and 2 of Part A above (and any Takeover Offer Acceptance Condition (as defined below) adopted on the basis specified in paragraphs 4 or 10 of this Part B) are not subject to this provision of the Takeover Code. Any Condition that is subject to Rule 13.6 may be waived by API.

10. CREI reserves the right to elect to implement the Merger by way of a Takeover Offer as an alternative to the Scheme (subject to the Panel's consent (where necessary)). In such event, the Merger will be implemented on the same terms and conditions (subject to appropriate amendments including (without limitation) the inclusion of an acceptance condition set at 90 per cent. of the API Shares to which the Takeover Offer relates (or such lower percentage (being more than 50 per cent.) of the issued share capital of API as CREI may, subject to the rules of the Takeover Code and with the consent of the Panel, decide) as those which would apply to the Scheme (each a "**Takeover Offer Acceptance Condition**"). Further, if sufficient acceptances of the Takeover Offer are received and/or sufficient API Shares are otherwise acquired, it is the intention of CREI to apply the provisions of Part XVIII of the Companies Law to compulsorily acquire any outstanding API Shares to which such Takeover Offer relates.
11. The availability of the Merger to API Shareholders who are not resident in the United Kingdom or Guernsey may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the United Kingdom or Guernsey should inform themselves about and observe any applicable legal or regulatory requirements of their jurisdictions. Further information in relation to overseas shareholders will be contained in the Scheme Document.
12. The Merger is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any Restricted Jurisdiction where to do so would violate the laws of that jurisdiction.
13. The Merger and the Scheme will be governed by the laws of Guernsey and be subject to the jurisdiction of the Court and to the conditions and further terms set out in this Appendix 1 and the full terms and conditions to be set out in the Scheme Document. The Merger will also be subject to the applicable requirements of the Companies Law, the Court (as a result of API being incorporated in Guernsey), the GFSC, the FCA, the London Stock Exchange and the Takeover Code.
14. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

Appendix 2 SOURCES OF INFORMATION AND BASES OF CALCULATIONS

Unless otherwise stated, the following constitute the sources of information and bases of calculations in this Announcement:

1. Property portfolio and valuation information relating to CREI is from the valuation reports as at 31 December 2023 produced by Knight Frank and Savills as set out in Appendix 4 to this Announcement.
2. Property portfolio and valuation information relating to API is from the valuation report as at 31 December 2023 produced by Knight Frank as set out in Appendix 4 to this Announcement.
3. Financial information relating to CREI has been extracted or derived (without adjustment) from the unaudited management accounts for CREI as at 30 September 2023 and CREI's RNS announcement on 31 October 2023 "*Second quarter trading update shows rental growth supporting fully covered dividends and stable values*".
4. Financial information relating to API has been extracted or derived (without adjustment) from the unaudited management accounts for API as at 30 September 2023 and API's RNS announcement on 7 November 2023 "*Unaudited Net Asset Value as at 30 September 2023*".
5. All Closing Prices for the API Shares and the CREI Shares are derived from the Daily Official List as at 18 January 2024 (being the Latest Practicable Date).
6. All volume-weighted average prices are derived from data provided by Bloomberg for the relevant time periods.
7. API's issued share capital consists of 381,218,977 API Shares as at the Latest Practicable Date, with no outstanding options or rights to convertible securities.
8. CREI's issued share capital consists of 440,850,398 CREI Shares as at the Latest Practicable Date, with no outstanding options or rights to convertible securities.
9. The average discount to EPRA NTA per share is based on the daily Closing Price and the EPRA NTA per share (or EPRA NAV per share, prior to the introduction of EPRA NTA) as at the last quarterly balance sheet date on any given day.
10. CREI's Rolled-Forward Unaudited EPRA NTA as at 31 December 2023 has been calculated as follows:

£'000 unless stated	EPRA NTA as at 30 September 2023	Adjustment for Disposals⁽²⁾	Adjustment for 31 December 2023 Valuation⁽³⁾	Rolled-Forward Unaudited EPRA NTA as at 31 December 2023
Property value ⁽¹⁾	609,150	(550)	(6,830)	601,770
Cash	6,697	-	-	6,697
Bank loans	(183,689)	529	(3,047)	(186,207)
Other net liabilities	(9,378)	-	-	(9,378)
EPRA NTA⁽⁴⁾	422,780	(21)	(9,877)	412,882
Total diluted shares ('000)	440,850			440,850
EPRA NTA per share (pence)	95.9			93.7

Notes:

(1) Investment property value represents the market value as per Knight Frank / Savills valuation of the CREI portfolio.

(2) Represents proceeds from the disposal of CREI's interest in Chesham (announced by CREI on 13 November 2023).

(3) 31 December 2023 revaluation adjustment for the market valuation of investment properties as per Knight Frank / Savills valuation, adjusted for estimated capital expenditure of £3 million.

(4) The CREI Directors confirm that the aggregate of other movements in EPRA NTA between 30 September 2023 and 31 December 2023 is not material.

11. API's Rolled-Forward Unaudited EPRA NTA as at 31 December 2023 has been calculated as follows:

£'000 unless stated	EPRA NTA as at 30 September 2023	Adjustment for Disposals⁽⁴⁾	Adjustment for 31 December 2023 Valuation⁽⁵⁾	Rolled-Forward Unaudited EPRA NTA as at 31 December 2023
Property value ⁽¹⁾	449,629	(6,550)	(3,894)	439,185
Cash	5,742	-	-	5,742
Bank loans	(139,310)	6,126	(7,272)	(140,456)
Other net liabilities ⁽²⁾	(5,301)	-	-	(5,301)
EPRA NTA⁽³⁾	310,760	(424)	(11,166)	299,170
Total diluted shares ('000)	381,219			381,219
EPRA NTA per share (pence)	81.5			78.5

Notes:

(1) Consists of investment property, land and lease incentives as per the Knight Frank valuation of the API portfolio.

(2) Consists of other assets / (liabilities) and the EPRA adjustment (which removes the fair value of derivatives).

(3) The API Directors confirm that the aggregate of other movements in EPRA NTA between 30 September 2023 and 31 December 2023 is not material.

(4) Represents the change in property value and net proceeds associated with the disposal of the Cullen Square asset (announced by API on 20 December 2023).

(5) 31 December 2023 revaluation adjustment for the market valuation of investment properties as per Knight Frank valuation of the API portfolio, adjusted for estimated capital expenditure of £7 million.

Appendix 3
DETAILS OF IRREVOCABLE UNDERTAKINGS AND LETTER OF INTENT

Part 1: Irrevocable undertakings and letter of intent in respect of API Shares

API Directors' Irrevocable Undertakings

The following API Directors who hold API Shares have given irrevocable undertakings to vote in favour of the Scheme at the API Court Meeting and the API Resolution at the API General Meeting in respect of their own beneficial holdings of API Shares (or those API Shares over which they have control):

Name	Total number of API Shares	Percentage of API Shares in issue on the Latest Practicable Date (%)
API Directors		
Jill May	128,592	0.03
Michael Balfour	125,000	0.03
James Clifton-Brown	21,500	0.01
Sarah Slater	20,000	0.01

Notes:

1. *The percentages in the table above have been rounded up to two decimal places.*

The undertakings provided by the API Directors will cease to be binding if:

- the Scheme Document or, if the Merger is implemented by way of a Takeover Offer, the Offer Document (as applicable) has not been posted to API Shareholders within 28 days of the issue of this Announcement (or within such longer period as CREI and API, with the consent of the Panel, may agree);
- in the event that the Merger proceeds by way of a Scheme, any resolution to be proposed at the API Court Meeting and the API General Meeting is not approved by the requisite majority of API Shareholders;
- CREI announces, with the consent of the Panel and before the Scheme Document or Offer Document (as applicable) is published, that it does not intend to proceed with the Merger;
- the Scheme, or Takeover Offer (as applicable) has not become Effective, or become or been declared unconditional in all respects (as the case may be), on or before the Long Stop Date (or such later time or date as agreed between API and CREI with the approval of the Court and/or the Panel, if required);
- the Scheme or Offer, as applicable, lapses or is withdrawn in accordance with its terms; or

- any competing offer for the entire issued and to be issued share capital of API becomes or is declared unconditional (if implemented by way of a takeover offer) or, if proceeding by way of a scheme of arrangement, becomes effective in accordance with its terms; or
- any event occurs or becomes known to CREI or Deutsche Numis before despatch of the Scheme Document or the Offer Document (as the case may be) as a result of which the Panel requires or agrees that CREI need not proceed with the Merger.

API Shareholder Letter of Intent

Name	Total number of API Shares	Percentage of API Shares in issue on the Latest Practicable Date (%)
Brooks Macdonald Asset Management	11,376,425	2.98

Part 2: Irrevocable undertakings in respect of CREI Shares

The following CREI Directors, together with certain of Ian Mattioli's close relatives and related trusts, who hold CREI Shares have given irrevocable undertakings to vote in favour of the CREI Resolution at the CREI General Meeting in respect of their own beneficial holdings of CREI Shares (or those CREI Shares over which they have control):

Name	Total number of CREI Shares	Percentage of CREI Shares in issue on the Latest Practicable Date (%)
Elizabeth McMeikan	20,400	0.00
Chris Ireland	50,345	0.01
Malcolm Cooper	45,000	0.01
Hazel Adam	19,566	0.00
Ian Mattioli MBE	1,370,552	0.31
MW Trustees Limited	1,715,339	0.39
Clare Mattioli	837,554	0.19
Laura Mattioli	1,493,457	0.34
Alexandra Dariani	652,604	0.15

Notes:

- 1. The CREI Shares referred to in the table above are held via nominees. In each case, the CREI Shareholder has undertaken to vote himself/herself, or to procure the exercise of the votes attaching to his/her CREI Shares, in favour of the CREI Resolution.*
- 2. MW Trustees Limited is a trustee for certain family trusts in respect of which Ian Mattioli MBE and members of his family are beneficiaries.*
- 3. The irrevocable undertakings provided by Ian Mattioli MBE and Clare Mattioli both include 100,000 CREI Shares held by the Ian and Clare Mattioli Charitable Trust. However, for the purposes of disclosure in this Announcement these 100,000 CREI Shares have been counted as part of Ian Mattioli MBE's irrevocable undertaking only.*
- 4. The percentages in the table above have been rounded up to two decimal places.*

These undertakings will cease to be binding if:

- the Merger terminates, lapses or is withdrawn in accordance with its terms; or

- the Scheme has not become effective, or the Takeover Offer has not been declared unconditional in all respects (as the case may be), in accordance with the requirements of the Takeover Code by 6.00 p.m. on the Long Stop Date or such later time or date as agreed between API and CREI with the approval of the Court and/or the Panel, if required.

**Appendix 4
VALUATION REPORTS**

Part A | Knight Frank Valuation Report in respect of CREI

Valuation Report.

Custodian Portfolio

Prepared for Custodian Property Income REIT plc.
Valuation date: 31 December 2023

Important Notice to all readers of this report

Unless you are the Client named within this report, or have been explicitly identified by us as a party to whom we owe a duty of care and who is entitled to rely on this report, Knight Frank LLP does not owe or assume any duty of care to you in respect of the contents of this report and you are not entitled to rely upon it.

Custodian Property Income REIT plc.

1 New Walk Place
Leicester
Leicestershire
LE1 6RU

(the "Client", "you", "your")

Numis Securities Limited

45 Gresham Street
London
EC2V 7BF

(each an "Addressee" and together the "Addressees")

**abrdn Property Income
Trust Limited**

PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 3QL
("API")

Lazard & Co., Limited

50 Stratton Street
London
W1J 8LL

Date of issue: 19 January 2024

Our Ref: I: 1140121

Dear Sirs

**Valuation Report in respect of the properties of Custodian Property Income REIT Plc
as at 31 December 2023 for inclusion in a Rule 2.7 Announcement, Scheme Document
and Combined Prospectus and Circular ("Valuation Report")**

Further to your instructions, we are pleased to provide our Valuation Report in respect of the properties ("Properties") set out in Appendix 1 (List of Properties) below in connection with the Client's all-share offer for the entire issued and to be issued share capital of API (the "Acquisition"). If you have any queries regarding this Valuation Report, please let us know as soon as possible.

Signed for and on behalf of Knight Frank LLP**Kevin Morris** MRICS

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Partner, Valuation & Advisory
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Your partners in property

Knight Frank LLP is a limited liability partnership registered in England and Wales with registered number OC305934. Our registered office is at 55 Baker Street, London W1U 8AN. We use the term 'partner' to refer to a member of Knight Frank LLP, or an employee or consultant. A list of members' names of Knight Frank LLP may be inspected at our registered office.

Regulated by RICS

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Appendices

Appendix 1 List of Properties

1. About this report

Engagement of Knight Frank LLP

- 1.1 This Valuation Report sets out our valuation, as at 31 December 2023 ("valuation date"), of the Properties ("Valuation"). This Valuation Report has been prepared in accordance with our Terms of Engagement letter dated 15 January 2024 addressed to the Addressees, and our General Terms of Business for Valuation Services (together the "Agreement").

Client

- 1.2 We have been instructed to prepare this Valuation Report by Custodian Property Income REIT plc.. However as set out above, this Valuation Report has also been addressed to abrdn Property Income Trust Limited, Lazard & Co., Limited and Numis Securities Limited.

Valuation standards

- 1.3 The Valuation has been undertaken in accordance with and complies with: (a) the current editions of RICS Valuation – Global Standards, which incorporate the International Valuation Standards, and the RICS UK National Supplement. References to the "Red Book" refer to either or both of these documents, as applicable; (b) Rule 29 of the City Code on Takeovers and Mergers (the "Code") as issued by the UK Panel on Takeovers and Mergers; (c) paragraphs 128-130 of the Financial Conduct Authority ("FCA") Primary Market Technical Note 619.1 (the "FCA Technical Note"); and (d) Rules 5.4.5 and 5.4.6 of the UK Prospectus Regulation Rules published by the FCA and item 2.7 of Annex 4 to the UK Prospectus Regulation Rules.
- 1.4 The Properties have been valued by a valuer who is qualified for the purposes of the Valuation in accordance with Rule 29 of the Code. For the purposes of this Valuation Report, "UK Prospectus Regulation Rules" shall mean the prospectus regulation rules made by the FCA for the purposes of part 6 of the Financial Services and Markets Act 2000.

Status and experience of valuer

Valuer and expertise

- 1.5 The valuers, on behalf of Knight Frank LLP, with the responsibility for this Valuation Report are Indi Sidhu MRICS ("Lead Valuer") and Kevin Morris MRICS, RICS Registered Valuers. Parts of the Valuation have been undertaken by additional valuers as listed on our file.
- 1.6 We confirm that the Lead Valuer and any additional valuers who value the Properties meet the requirements of the Red Book and Rule 29.3(a)(iii) of the Code in having sufficient current knowledge of the particular market and the skills and understanding to undertake the Valuation and prepare this Valuation Report competently and, are appropriately qualified for the purposes of the Valuation as required by Rule 29.3(a)(ii) of the Code, and are independent of the parties to the offer as required by Rule 29.3(a)(i) of the Code.
- 1.7 We confirm that we are not aware of any reason why we would not satisfy the requirements of Rule 29.3(a)(i) of the Code.

Conflicts of Interest: Declaration and Disclosures

- 1.8 For the purposes of Directive 2011/61/EU and/or any implementing legislation, laws or regulations thereof (including, but not limited to, the Alternative Investment Fund Manager's Regulations

2013) (“AIFMD”) we act as the Client's valuation advisers but are not acting as “External Valuer” (as defined therein). Our role is limited to providing property valuation services in accordance with the Red Book under the terms of the Agreement; we shall not perform the valuation function referred to in Article 19 of AIFMD for the Client, and, we are not responsible for making the final determination of the value of the Properties nor for the calculation of the Net Asset Value of the Client.

- 1.9 We confirm that the valuer and additional valuers meet the requirements of the Red Book, having sufficient current knowledge of the particular market and the skills and understanding to undertake the Valuation competently.
- 1.10 We confirm that we have no material interest in the Client and we have acted as an External Valuer for the purpose of valuing the Properties pursuant to the terms of our letter of engagement dated 15 January 2024;
- 1.11 This Valuation Report has been vetted as part of Knight Frank LLP’s quality assurance procedures.
- 1.12 We recognise and support the RICS Rules of Conduct and have procedures for identifying conflicts of interest.

Independence

- 1.13 As set out in paragraph 1.8, Knight Frank LLP currently values the Properties, for financial reporting purposes, on behalf of the Client. The total fees for this assignment, earned by Knight Frank LLP (or other companies forming part of the same group of companies within the UK) from the Client (or other companies within the UK) is less than 5.0% of the total UK revenues. It is not anticipated that there will be a material increase in the proportion of the fees payable, or likely to be payable, by the Client.

Use of this Valuation

Purpose of valuation

- 1.14 The Valuation and this Valuation Report are each provided solely for the purpose of:
 - (A) inclusion in an announcement proposed to be made by the Client and API pursuant to Rule 2.7 of the Code in connection Acquisition (the “**Rule 2.7 Announcement**”);
 - (B) inclusion in a scheme circular to be published by API in connection with the Acquisition (the “**Scheme Document**”);
 - (C) inclusion in a combined prospectus and circular to be published by the Client in connection with the Acquisition and the issue and allotment of new shares in the capital of the Client pursuant to the terms of the Acquisition (the “**Combined Prospectus and Circular**”);
 - (D) inclusion and/or reference to it in any other announcements, documents and/or supplementary documents required to be released by the Client and/or API pursuant to the Code and which directly relate to the Acquisition (each a “**Code Document**”); and
 - (E) publication on the Client's website and API's website in accordance with the requirements of the Code and the UK Prospectus Regulation Rules,(together, the “**Purpose**”).

Reliance

- 1.15 This Valuation Report has been prepared for the Addressees only. Notwithstanding the General Terms, we acknowledge that this Valuation Report will also be used for the Purpose set out above.
- 1.16 Save for: (a) the Addressees; and (b) any responsibility arising under the Code and/or the UK Prospectus Regulation Rules to any person as and to the extent there provided, in accordance with Clauses 3 & 4 of the General Terms and to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with the UK Prospectus Regulation Rules and Rule 29 of the Code.

Disclosure & publication

- 1.17 As stated in the Agreement, this Valuation Report is confidential to the Addressees and must not be disclosed to any person other than for the Purpose without our express written consent. Other than for the Purpose, neither the whole, nor any part of this Valuation Report nor any reference thereto may be included in any prospectus, listing particulars, published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.
- 1.18 Notwithstanding paragraph 1.17 above, this Valuation Report may be disclosed as set out below:

Subject to the terms and conditions (but disregarding for these purposes clauses 4.3 to 4.6 (inclusive) of the General Terms) of the Agreement and our approval of the form and context thereof, we hereby confirm that we will authorise and consent to the disclosure of this Valuation Report:

- i. as may be required by any applicable court of competent jurisdiction or other competent judicial or governmental body or any applicable law or regulation or pursuant to government action, regulatory requirement or request;
- ii. to each Addressee's affiliates and each Addressee's affiliates' respective directors, officers, employees, agents, professional advisers, insurers, auditors and bankers that need to see the Valuation in connection with the Purpose including Custodian Capital Limited in its capacity as the Fund Manager;
- iii. in the case of each of Numis Securities Limited and Lazard & Co., Limited, in seeking to establish a defence or otherwise in connection with any actual or threatened legal or regulatory proceedings or investigation relating to the matters set out in this Letter or claims that may be brought against them arising from their roles as sponsor and/or financial advisers to the Client and/or API;
- iv. in investor presentations and other investor education materials prepared in connection with the Acquisition, and in any private discussions with Investors or other third parties in connection with the Acquisition; and
- v. for the Purpose.

- 1.19 It is a condition of such disclosure that each party in receipt of this Valuation Report that is not an Addressee agrees and acknowledges that this Valuation Report cannot be relied upon by them, and we do not accept any responsibility, duty of care or liability to them, whether in contract, tort (including negligence), misrepresentation or otherwise in respect of the Valuation and the information it contains. For the avoidance of doubt, nothing in the preceding sentence shall affect our responsibility, for the purposes of Rule 5.3.2R(2)(f) of the UK Prospectus Regulation Rules, for the information contained in this Valuation Report.
- 1.20 This Valuation Report complies with Rule 29 of the Code and we understand that the publication or reproduction by the Client and/or API of this Valuation Report and/or the information contained

herein as required by Rules 26 and 29 of the Code is necessary, including in the Rule 2.7 Announcement, the Scheme Document and any Code Document.

- 1.21 For the purpose of the Code, we accept responsibility for the information within this Valuation Report and have ensured that the information contained in this Valuation Report is, to the best of our knowledge (having taken all reasonable care to ensure that such is the case), in accordance with the facts and contains no omission likely to affect its import.
- 1.22 We confirm that this Valuation Report complies with Rules 5.4.5G and 5.4.6G of the UK Prospectus Regulation Rules and paragraphs 128 to 130 of the FCA Technical Note.
- 1.23 We confirm that the information contained in the Combined Prospectus and Circular or any supplementary prospectus and/or circular (as the case may be) which is extracted from this Valuation Report is accurate, balanced and complete and is not misleading or inconsistent with this Valuation Report as prepared by us and has been properly extracted, derived or computed from this Valuation Report.
- 1.24 The Addressees agree and acknowledge that we shall have no liability for any error, omission or inaccuracy in this Valuation Report to the extent resulting from our reliance on information provided by or on behalf of the Addressees unless otherwise stated. Notwithstanding the above, we highlight the restricted nature of this instruction, in accordance with the Red Book; as a result the reliance that can be placed on the Valuation is limited.

Verification

- 1.25 We recommend that before any financial transaction is entered into based upon the Valuation, you obtain verification of any third-party information contained within this Valuation Report and the validity of the assumptions we have adopted.
- 1.26 We would advise you that whilst we have valued the Properties reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this Valuation, you should satisfy yourselves as to the current insurance cover and the risks that may be involved should an uninsured loss occur.

Limitations on liability

- 1.27 Knight Frank LLP's total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited in accordance with the terms of the Agreement. Knight Frank LLP accepts no liability for any indirect or consequential loss or for loss of profits.
- 1.28 We confirm that we hold adequate and appropriate PII cover for this instruction.
- 1.29 No claim arising out of or in connection with this Valuation may be brought against any member, employee, partner or consultant of Knight Frank LLP. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank LLP.
- 1.30 Nothing in this Valuation shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Scope of work

Information to be relied upon

- 1.31 We will rely on the information previously provided to us by you, or by third parties in respect of the 30 September 2023 valuation and will assume it to be correct for the purposes of the Valuation unless you inform us otherwise, subject only to any valuation that we have agreed to undertake.
- 1.32 Where we express an opinion in respect of (or which depends upon) legal issues, any such opinion must be verified by your legal advisors before any Valuation can be relied upon.
- 1.33 We are instructed to rely on floor areas and tenancy information provided by the Client. We have not read lease agreements nor verify accordance between tenancy schedule and lease terms.
- 1.34 Knight Frank LLP cannot be held liable as regards the legal description of the Properties, its use, non-compliance with statutory requirements, technological and natural risks, the areas taken into account, the existence of concealed defects, presence of asbestos, adverse ground condition, presence of soil contamination, presence of insects, noxious animals or plants, rot, or deleterious materials, etc. This Valuation Report comments on the above on the basis of Technical or Environmental reports, if provided.

Inspections

- 1.35 In our ongoing role as External Valuers, we are instructed to carry out an external and internal inspection of the Properties, and the Valuation has been prepared in accordance with our previous inspections of the Properties. Our internal inspections of all the Properties have been undertaken within the last twelve months.

Information Provided

- 1.36 In this Valuation Report we have been provided with information by the Client, its advisors and other third parties. We have relied upon this information as being materially correct in all aspects.
- 1.37 In the absence of any documents or information provided, we have had to rely solely upon our own enquiries as outlined in this Valuation Report.
- 1.38 We have assumed there to be good and marketable titles to the properties. We have made oral enquiries where appropriate and have taken account, insofar as we are aware, of unusual outgoing, planning proposals and onerous restrictions or local authority intentions which affect the properties. However, this information has been provided to us on the basis that it should not be relied upon.
- 1.39 We have been supplied with details of tenure and tenancies and have valued on the basis that there are no undisclosed matters which would affect our valuation.
- 1.40 We have not undertaken any building surveys or environmental audits and are therefore unable to report that the Properties are free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of materials now suspect. No tests were carried out on any of the technical services. However, we have reflected any apparent wants of repair in our opinion of value as appropriate.
- 1.41 We have made oral enquiries where appropriate and have taken account, insofar as we are aware, of unusual outgoing, planning proposals and onerous restrictions or local authority intentions which affect the Properties.
- 1.42 We have assumed, except where we have been informed to the contrary, that there are no adverse ground or soil conditions or environmental contaminations which would affect the present

or future use of the Properties and that the load bearing qualities of the site of each property are sufficient to support the buildings constructed or to be constructed thereon.

1.43 The Properties have been valued individually, not as part of a portfolio.

2. Valuation

Methodology

2.1 The Valuation has been undertaken using appropriate valuation methodology and our professional judgement.

Comparative method

2.2 In undertaking the Valuation, we have made our assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject properties. With the benefit of such transactions we have then applied these to the properties, taking into account size, location, aspect and other material factors.

Investment method

2.3 The Valuation has been carried out using the comparative and investment methods. In undertaking the Valuation, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the subject properties. With the benefit of such transactions we have then applied these to the Properties, taking into account size, location, terms, covenant and other material factors.

Valuation bases

2.4 The basis of value for the Valuation as required by the Code is Market Value and therefore these valuations have been prepared on a Market Value basis.

Market Value

2.5 Market Value is defined within RICS Valuation – Global Standards as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Portfolios

2.6 In a valuation of a property portfolio, we have valued the individual properties separately and we have assumed that the individual properties have been marketed in an orderly way.

Market Value

Market Value

2.7 We are of the opinion that the aggregate Market Value of the freehold, feuhold, ownership and leasehold properties, as at the valuation date is:

£319,830,000 (Three Hundred and Nineteen Million, Eight Hundred and Thirty Thousand Pounds)

2.8 The tenure of the Properties held by the Client as at 31 December 2023 comprises the following:

	No. of Properties	Market Value
Freehold	64	£275,500,000

Leasehold	14	£44,330,000
Total	78	£319,830,000

Our opinions of value are summarised in the table below:

	Valuation 31 December 2023 £'000	Weighting by value 31 December 2023 %
Industrial	£162,500	50.81%
RW	£82,375	25.76%
Other	£30,940	9.67%
Office	£30,875	9.65%
High Street	£13,140	4.11%
Total	£319,830	100%

Location	Valuation 31 December 2023 £'000	Weighting by value 31 December 2023 %
West Midlands	£54,065	16.90%
North West	£62,125	19.42%
South East	£31,200	9.76%
East Midlands	£54,825	17.14%
South West	£46,265	14.47%
North East	£23,425	7.32%
Scotland	£41,100	12.85%
Eastern	£3,575	1.12%
Wales	£3,250	1.02%
Total	£319,830	100%

Source: Knight Frank

- 2.9 For the purposes of Rule 29.5 of the Code, we confirm that in our opinion the current valuation of the Properties as at the date of this Valuation Report would not be materially different from the valuation of the Properties as at the valuation date.
- 2.10 However we bring to your attention the potential material change in the portfolio in so far as Osprey House, Pegasus Business Park, Castle Donnington DE74 2UZ is currently under offer and is likely to be sold early in calendar year 2024. This property is therefore included within this Valuation Report but could soon be removed from the portfolio.
- 2.11 We are not aware, as a result of our role as an External Valuer of the Properties of any matter which would materially affect the Market Value of the Properties which is not disclosed in this Valuation Report (subject to the assumptions set out in this Valuation Report) and we are not aware of any matter in relation to this Valuation Report that we believe should be and has not yet been brought to the attention of the Addressees.
- 2.12 For the purposes of paragraph 130(vi) of the FCA Technical Note, we are required to explain any differences between the valuation figure in this Valuation Report and the equivalent figure reported in the Client's latest published annual or consolidated accounts. The Company's properties were valued as at 31 March 2023 for the annual report valuation of the Company. The difference between the 31 March 2023 valuation and this Valuation is attributed to changes in the market value of the Properties and the acquisition and disposal of assets between that date and the date of this report.

Responsibility

- 2.13 For the purposes of the Code, we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure this is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with and is prepared in accordance with, and on the basis of, the Code. We authorise its contents for the purposes of Rule 29 of the Code.
- 2.14 We accept responsibility (including for the purpose of Rule 5.3.2R(2)(f) of the UK Prospectus Regulation Rules) for the information contained in this Valuation Report and to the best of our knowledge, the information contained in this Valuation Report is in accordance with the facts and the Valuation Report makes no omission likely to affect its import.

Consent

- 2.15 Knight Frank LLP has given and has not withdrawn its consent to the inclusion of this Valuation Report in the Rule 2.7 Announcement, the Scheme Document and in the Combined Prospectus and Circular that is to be reviewed and approved by the FCA, and to the publication and reproduction of this Valuation Report in accordance with the Purpose.

We consent to the inclusion of the Valuation and this Valuation Report and any extracts or references thereto in the Combined Prospectus and Circular or any supplementary prospectus and/or circular (as the case may be) and the reference to our name in the form and context in which they are included in the Combined Prospectus and Circular or any supplementary prospectus and/or circular (as the case may be) (subject to us first approving the form and context in which our Valuation Report will appear).

Appendix 1 List of Properties

Tenure	Property Address	Property reference	Date of Inspection
Feuhold	Menzies – Aberdeen, 6 Abbotswell Road West Tullos Ind Estate, Aberdeen, AB12 3AB	R00-173	15/02/2023
Freehold	Unit 2, Snipe Retail Park, Ash, Ashton-under-Lyne	R00-150	02/02/2023
Freehold	Southam Road, Banbury, OX16 2R	R00-115	14/03/2023
Freehold	Part of Plot S, Stratton Bus Park, Biggleswade	R00-051	25/04/2023
Long Lease	Unit 10, Albert Reach, Bristol, Bristol	R00-091	12/04/2023
Freehold	Unit 1, Centrum 100, Burton, D, Burton	R00-137	01/02/2023
Freehold	Unit A, Wellington Road Retail Park, Burton	R00-155	17/11/2023
Freehold	55 Westburn Drive, Cambuslang	R00-087	28/02/2023
Freehold	90 Queen Street, Cardiff	R00-154	21/07/2023
Freehold	Unit 1 St Nicholas Gate Retail, Carlisle	R00-159	14/02/2023
Long Lease	Osprey House, Pegasus Business Park, Castle Donnington, DE74 2UZ	R00-120	21/02/2023
Freehold	Unit 1, Willowbridge Way, Wakefield, Castleford	R00-049	02/02/2023
Long Lease	Wienerberger House, Royal Bus, Cheadle	R00-121	28/02/2023
Long Lease	Container Components, Holmewood Industrial Park, Chesterfield	R00-206	23/11/2022
Freehold	Orchard Business Park, Coventry	R00-032	10/01/2023
Freehold	Homebase, Holt Road, Cromer	R00-198	23/11/2022

Tenure	Property Address	Property reference	Date of Inspection
Freehold	Unit 7, Badby Park, Daventry	R00-136	28/07/2023
Freehold	DFS Droitwich, Roman Way Retail Park, Droitwich, WR9 9AY	R00-204	19/01/2023
Feuhold	47B George St, Edinburgh, EH2	R00-007	16/11/2022
Freehold	Opus Aspect, Chester Road, Erdington	R00-047	09/02/2023
Long Lease	2 Campsie Drive, Glasgow Airport, Glasgow	R00-100	01/11/2022
Freehold	Unit 1 & 2, Eastern Avenue, Gloucester	R00-142	13/02/2023
Ownership	Thornbridge Distribution Centre, Grangemouth	R00-200	14/02/2023
Freehold	GF Yellow Wing GW House Grove Park, Leicester, LE19 1SY	R00-035	28/01/2023
Freehold	Market Street, Guildford, GU1 4LB	R00-109	09/02/2023
Freehold	1 Livingstone Boulevard, Hamilton, G72 0BP	R00-052	01/02/2023
Long Lease	Harrison Court Hilton Industrial Est, Hilton, DE65 5UR	R00-182	25/04/2023
Freehold	Telford Way, Kettering, NN16 8UN	R00-093	19/01/2023
Freehold	Penrhyn Court, Knowsley	R00-184	19/01/2023
Freehold	The Old Knutsford Library, Brook Street, Knutsford, WA16 8BN	R00-004	21/02/2023
Freehold	Units A and B, National Court, Leeds, LS10 1PS	R00-084	17/11/2023
Freehold	489 Aylestone Road, Leicester	R00-061	07/06/2023
Freehold	Stephenson Road, Lincoln, LN6 3QU	R00-101	07/06/2023
Freehold	Total Fitness, Whisby Road, Lincoln, LN6 3TA	R00-163	09/02/2023

Tenure	Property Address	Property reference	Date of Inspection
Feuhold	East Avenue, Linwood	R00-175	19/01/2023
Long Lease	Units 1 – 4, The Beat, Liverpool	R00-138	19/01/2023
Freehold	2 Todd Square, Houstoun Estate Livingston	R00-153	02/12/2022
Freehold	VW Loughborough	R00-172	02/02/2023
Long Lease	Unit 4, The Furrows, The Furrows Merlin Park Trafford Park Manchester, M32 0SZ	R00-041	18/01/2023
Freehold	60 Fountain Street, Manchester, M2 2FE	R00-186	28/04/2023
Freehold	DFS Measham, Tamworth Road, Measham, DE12 7DU	R00-205	09/02/2023
Feuhold	5 Brittain Way, Motherwell	R00-207	19/01/2023
Feuhold	Menzies, 1 Claylands Road, Newbridge – Edinburgh	R00-174	21/02/2023
Freehold	Unit D1, Loscoe Close, Normanton, WF6 1TW	R00-094	05/09/2023
Freehold	Starbucks, The Portal Queens Drive, Nottingham, NG2 1AL	R00-181	16/01/2023
Freehold	1 Dunsil Road, Moorgreen Industrial Park Newthorpe, Nottingham, NG16 3TN	R00-199	17/11/2023
Freehold	Springfield Road Retail Park, Hucknall Lane, Bulwell, Nottingham	R00-202	23/11/2022
Freehold	DX Parcel Depot, Harrington Way, Nuneaton	R00-053	10/02/2023
Freehold	Willow Court Minns Business Park, Oxford	R00-183	25/10/2023
Freehold	Unit A, Coypool Road, Plymouth	R00-145	24/10/2022
Freehold	AGO, Harbour Road, Portishead, Bristol, BS20 7AJ	R00-039	24/10/2022
Freehold	Phase II, Mustad Way Portishead	R00-079	25/10/2022

Tenure	Property Address	Property reference	Date of Inspection
Freehold	226-238 Commercial Road, Portsmouth	R00-110	17/11/2022
Freehold	Alto House, Ravensbank Drive, Redditch	R00-072	25/10/2022
Freehold	Parkwood Health & Fitness, Salisbury	R00-151	02/02/2023
Freehold	Synergy Health, Sheffield Parkway, Sheffield, S9 4WU	R00-020	02/02/2023
Freehold	Parkway 1 Business Centre, Sheffield	R00-126	02/02/2023
Freehold	Foundry House, Sheffield	R00-168	10/11/2022
Freehold	28 & 29A Pride Hill, Shrewsbury	R00-062	02/12/2022
Long Lease	Audi Shrewsbury	R00-166	02/12/2022
Long Lease	TJ Vickers Shrewsbury	R00-164	31/01/2023
Freehold	Westbury House, 701-705 Warwick Rd, Solihull	R00-082	31/01/2023
Long Lease	19-23 Palmerston Road, South Sea, Portsmouth	R00-065	25/10/2022
Freehold	Unit E, DHL, Estuary Commerce Park, Speke, L24 8RF	R00-054	19/01/2023
Freehold	County Road Retail Park, Swindon	R00-123	11/10/2022
Freehold	302 Relay Park, Tamworth	R00-118	23/11/2022
Freehold	Sainsbury's, Anthony Road, Torpoint, PL11 2JW	R00-078	25/10/2023
Long Lease	Unit 1 & 5, Abbey Sands, Torquay, TQ2 5FB	R00-103	25/10/2022
Freehold	Unit 1, Leacroft Road, Warrington, WA3 6PJ	R00-112	10/02/2023
Freehold	1 Chesford Grange, Warrington, WA1 4RQ	R00-070	10/02/2023

Tenure	Property Address	Property reference	Date of Inspection
Long Lease	The Dome Roundabout, NW Avenue, Watford	R00-027	01/02/2023
Freehold	Hawthorns Business Park, Halford Lane, West Bromwich, B66 1BB	R00-124	17/11/2022
Freehold	26 Kings Hill Avenue, Kings Hill, West Malling, ME19 4AE	R00-113	28/01/2023
Freehold	Unit 1 Jubilee Close Retail Park, Weymouth	R00-171	11/10/2023
Freehold	127-128 High Street, Winchester, SO23 9AX	R00-201	23/11/2023
Freehold	Unit One, Road One, Winsford, CW7 2RL	R00-122	24/01/2023
Freehold	Menzies Distribution Centre, George Cayley, Clifton, York	R00-187	21/02/2023
Freehold	Units 1&2, Clifton Moor Retail Park, York	R00-203	21/02/2023

Part B | Savills Valuation Report in respect of CREI

Project Utah

Report and Valuation

19 January 2024

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1. Valuation Report

1.1	Addressees	<p>Custodian Property Income REIT plc ("Custodian REIT") 1 New Walk Place Leicester LE1 6RU</p> <p>Numis Securities Limited ("Deutsche Numis") 45 Gresham Street London EC2V 7BF</p> <p>abrdn Property Income Trust Limited ("API") PO Box 255 Trafalgar Court, Les Banques St Peter Port Guernsey</p> <p>Lazard & Co Limited ("Lazard") 50 Stratton Street London W1J 8LL</p> <p>FAO: Alex Nix</p>
1.2	Project Name	<p>Project Utah</p>
1.3	Instructions and Purpose of Valuation	<p>In accordance with our instructions received from Custodian Property Income REIT plc ("Custodian REIT") and our terms of engagement dated 15 January 2024 with Custodian REIT, we have undertaken valuations (the "Valuations") of the freehold and leasehold interests in the properties described in Schedule 2 (the "Properties" and each being a "Property") (together, the "Portfolio") in connection with a recommended all-share offer by Custodian REIT for API (the "Transaction"). Custodian REIT has expressly instructed us not to disclose certain information which is considered commercially sensitive, namely the individual values of the properties.</p> <p>This report (the "Report") has been prepared in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2022 together with the UK National Supplement effective 14 January 2019, together the "Red Book". The Report has been prepared in accordance with and complies with: (a) the requirements of Rule 29 of the City Code on Takeovers and Mergers (the "Code"); (b) Rules 5.4.5G and 5.4.6G of the prospectus regulation rules made by the Financial Conduct Authority ("FCA") for the purposes of Part 6 of the Financial Services and Markets Act 2000 (the "Prospectus Regulation Rules"); and (c) paragraphs 128-130 of the FCA Primary Market Technical Note 619.1 (the "FCA Technical Note"). We understand that this Report is required for: (i) inclusion in an announcement proposed to be made by Custodian REIT and API pursuant to Rule 2.7 of the Code in connection the "Transaction (the "Announcement");(ii) inclusion in a scheme circular to be published by API in connection with the Transaction (the "Scheme Document"); (iii) inclusion in a combined prospectus and circular to be published by Custodian REIT in connection with the Transaction and the issue and</p>

allotment of new shares in the capital of Custodian REIT pursuant to the terms of the Transaction (the "Combined Prospectus and Circular"); (iv) inclusion and/or reference to it in any other announcements, documents and/or supplementary documents required to be released by Custodian REIT and/or API pursuant to the Code and which directly relate to the Transaction (each a "Code Document"); and (v) publication on Custodian REIT's website and API's website in accordance with the requirements of the Code and the Prospectus Regulation Rules

1.4 Terms of Reference

The Portfolio comprises 80 Properties, fifteen of which are held on a leasehold basis, whilst the remainder are held on a freehold / heritable basis. The Properties are all held for investment purposes and are located throughout the UK. The properties have been inspected within the last 12 months. All the Properties are identified on the attached schedule at **Section 2** of this Report.

Custodian REIT has provided us with floor areas for the Properties, which we understand were calculated in accordance with the current RICS Property Measurement and upon which we have relied. We have not remeasured the office properties in the portfolio in accordance with International Property Measurement Standard (IPMS) 3 – Offices and therefore our Valuations are based on Net Internal Areas as defined in the RICS Property Measurement. We have been provided with legal documents for the Properties and tenancy schedules provided by Custodian REIT. In addition to this, we have received updates from Custodian REIT specialist advisors. We confirm that we have considered sustainability features relevant to the Properties and the implications these could have on our Valuations.

1.5 Conflicts of Interest

In accordance with the RICS professional statement on Conflicts of Interest (1st Edition, March 2017), we are not aware of any conflict of interest preventing us from providing you with an independent valuation of the properties in accordance with the RICS Red Book. We confirm that we undertake valuations of the Properties on behalf of Custodian REIT for accounts purposes on a quarterly basis, the last of which was as at 30 September 2023. We confirm we are acting as an "external valuer" as defined in the RICS Red Book.

1.6 Date of Valuation and Changes to Value since the Valuation Date

Our opinions of value are as at Valuation Date (the "Valuation Date"). The importance of the Valuation Date must be stressed as property values can change over a relatively short period. We note the following between the Valuation Date and the date of this Report:

- 1 Pride Place, Pride Park, Derby sold on 5 January 2024.
- Milton Keynes – Massmould, Bradbourne Drive, Milton Keynes is under offer and expected to complete in January 2024.

These properties have been included in this Report. However, we note that the Pride Park, Derby property has now been removed from the portfolio and the Milton Keynes – Massmould property could soon be removed from the portfolio.

For the purposes of Rule 29.5 of the Code, and with the exception of the sale of the two above properties, we confirm that there is no material difference between the values of the remaining properties stated in this Report and the values that would be stated were the Valuation Date the date of this Report. Nor do we believe that market conditions have changed sufficiently to materially alter the Valuations reported as at

the Valuation Date. As a result, we confirm for the purpose of Rule 29.5 of the Code and paragraph 130(iv) of the FCA Technical Note that an updated valuation as at the date of this Report would not be materially different from the Valuations as at the Valuation Date.

1.7 Valuer Details

These Valuations have been prepared by a number of valuers under the supervision of Tom Priest MRICS and James Daffern MRICS (the "Lead Valuers"), both of whom are RICS Registered Valuers. We confirm that the Lead Valuers are appropriately qualified for the purposes of the Valuation as required by Rule 29.3(a)(ii) of the Code, meet the requirements of the Red Book and Rule 29.3(a)(iii) of the Code in having sufficient current knowledge of the relevant markets and the necessary skills and understanding to undertake the Valuations competently in accordance with Rule 29 of the Code and Rules 5.4.5G and 5.4.6G of the Prospectus Regulation Rules. We confirm that the Lead Valuers are independent of the parties to the Transaction as required by Rule 29.3(a)(i) of the Code, and confirm that we are not aware of any reason why we would not satisfy the requirements of Rule 29.3(a)(i) of the Code.

We are required by RICS regulations to disclose the following:

- Tom Priest MRICS and James Daffern MRICS commenced supervision of the Valuation of this Portfolio in June 2021, when Savills (UK) Limited was instructed to provide quarterly valuations;
- In the financial year ending 31 December 2023, the total fees earned from the Addressees, and connected parties, was less than 5% of Savills (UK) Limited's turnover.

1.8 Basis of Valuation

Our Valuations have been prepared on the basis of Market Value, the definition of which is as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Our Valuations have been arrived at predominantly by reference to market evidence for comparable property. We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property, nor have we allowed for any adjustment to any of the properties' income streams to take into account any tax liabilities that may arise. Our Valuations are exclusive of VAT (if applicable). We have excluded from our Valuations any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupiers.

No allowance has been made for rights, obligations or liabilities arising in relation to fixed plant and machinery, and it has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant EEC legislation, insofar that the latter is applicable.

We have made no variation from standard assumptions.

1.9 Market Conditions

The UK economy continues to grapple with inflationary pressures amid sluggish economic growth. In the first quarter of 2023, the UK witnessed a modest expansion, leading the IMF to upgrade their forecasts and dismiss the possibility of a recession this year. To combat inflation, the Bank of England has been consistently raising interest rates, reaching a high of 5.25% in August 2023. However, the potential for further increases cannot be ruled out. As a result, borrowing costs have increased, surpassing prime yields.

The commercial real estate market felt the impact of these developments and experienced a sharp correction in prices. Many sales have been withdrawn as vendors' price expectations were not met, while buyers have adopted an opportunistic pricing approach. Real estate lenders are exercising caution when it comes to financing new lending opportunities, except for the most exceptional assets and sponsors.

Consequently, transactional volumes and liquidity have significantly declined, leading to a scarcity of comparable evidence to inform the valuation process. Market sentiment has gained increased importance in making informed assessments, given the limited availability of data. Notably, a divided market is emerging, differentiating "best in class" properties from those facing challenges due to locational factors and the overall quality of the real estate. Stakeholders in the market, including occupiers, investors, and lenders, are attaching heightened significance to environmental, social, and governance (ESG) considerations and the associated costs, in their decision making.

While there is still liquidity in the market, ongoing geopolitical uncertainties, economic challenges, and the cost and accessibility of debt finance are expected to further impact pricing in certain sectors. As a result, the potential for future value erosion cannot be discounted, particularly for properties outside prime markets where more significant declines are anticipated.

It is therefore important to recognise that our valuations have been prepared against the backdrop outlined above. Moreover, investor behaviour can change quickly during such periods of heightened volatility. As such, the conclusions set out in this report are only valid at the valuation date and we would recommend that the value of the properties are kept under regular review. For the avoidance of doubt, our valuations are not reported as being subject to 'material valuation uncertainty' as defined in the RICS Valuation – Global Standards.

1.10 Market Value

We are of the opinion that the aggregate Market Value of the Properties in the Portfolio, as at 31 December 2023, is:

TOTAL	£281,940,000
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(TWO HUNDRED AND EIGHTY ONE MILLION NINE HUNDRED AND FORTY THOUSAND POUNDS)

The total valuation figure reported is the aggregate total of the individual Properties and not necessarily a figure that could be achieved if the Portfolio was sold as a single holding. Our Valuations include standard purchaser's costs but do not include costs of realisation.

For the purposes of paragraph 130(vi) of the FCA Technical Note, we are required to comment on any differences between the valuation figure in this Report and the valuation figures reported in Custodian REIT's latest published annual or consolidated accounts.

For the purposes of paragraph 130(vi) of the FCA Technical Note, we are required to comment on any differences between the valuation figure in this Report and the valuation figures reported in Custodian REIT's latest published annual or consolidated accounts. The Company's properties were valued as at 31 March 2023 for the annual report valuation of the Company. The difference between the 31 March 2023 valuation and this Valuation is attributed to changes in the market value of the Properties and the disposal of assets between that date and the date of this Report.

The Market Value of the Properties split by property type (based on Custodian REIT categorisations) is as follows:

	Valuation 31 December 2023 (£m)	Valuation 31 December 2023 (%)
Retail	£25,540,000	9.06%
Retail Warehouse	£43,775,000	15.53%
Offices	£34,925,000	12.39%
Industrial	£143,325,000	50.84%
Other	£34,375,000	12.19%
Total	£281,940,000	100%

The Market Value of the Properties split by region (based on Custodian REIT categorisations) is as follows:

	Valuation 31 December 2023 (£m)	Valuation 31 December 2023 (%)
East Anglia	£16,130,000	5.72%
East Midlands	£35,900,000	12.73%
North East	£31,950,000	11.33%
North West	£41,640,000	14.77%
Scotland	£35,470,000	12.58%
South East	£47,750,000	16.94%
South West	£16,850,000	5.98%
Wales	£1,850,000	0.66%
West Midlands	£54,400,000	19.29%
Total	£281,940,000	100%

The tenure of the Properties held by Custodian REIT as at the Valuation Date comprises the following:

	No. of Properties	Market Value
Freehold	65	£243,565,000
Leasehold	15	£38,375,000
Total	80	281,940,000

1.11 Confidentiality

In accordance with the recommendations of the RICS, this Report is provided solely for the purpose stated in this Report. It is confidential to and for the use only of the parties to whom it is addressed, and no responsibility is accepted to any third party for the whole nor any part of its contents. Any such parties rely upon this Report at their own risk. Save as referred to in this Report neither the whole nor any part of this Report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

Notwithstanding the above, we understand that the Report is for inclusion in the Announcement, Scheme Document and the Combined Prospectus and Circular and any further documents or announcements to be published by Custodian REIT and/or API in accordance with the Transaction. We consent to the publication and reproduction of the Report as required (including in the Announcement, the Scheme Document and the Combined Prospectus and Circular) subject to the provisions of our Terms of Engagement.

1.12 Portfolio Valuation General Assumptions and Conditions

All valuation advice has been carried out on the basis of the *General Assumptions and Conditions* set out in Section 3.

1.13 Reliance

This Report is addressed to and capable of being relied upon by:

- Custodian REIT
- Deutsche Numis
- API
- Lazard

(together, the **Addressees**) provided that, in relying on this Report, each of the Addressees acknowledges and agrees that our liability under or in connection with this report to any one, or more, or all of the Addressees and any other party who becomes entitled to rely on the report is limited to £20,000,000 (Twenty Million Pounds) in the aggregate (the "Aggregate Limit"). Further and without prejudice to the above, our maximum liability with respect to any single property contained in this report shall be limited to an amount equal to 20% (twenty percent) of the reported Value of that property (the "Per Property Limit"). For the avoidance of doubt, the Per Property Limit is not in addition to the Aggregate Limit, rather, where claims relate to multiple properties, the Per Property Limit for each Property will apply until the Aggregate Limit is reached, above which we will have no further liability.

Notwithstanding the above, we acknowledge that this Report will also be for the use of the shareholders of Custodian REIT and API for the specific Purpose set out in this Valuation.

This Report is subject to the terms and conditions set out in our Terms of Engagement dated 15 January 2024.

1.14 Responsibility

For the purposes of the Code, we are responsible for this Report and accept responsibility for the information contained in this Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Report is in accordance with the facts and contains no omissions likely to affect its import. This Report complies with, and is prepared in accordance with, and on the basis of, the Code. We authorise its contents for the purpose of Rule 29 of the Code. We understand that the publication or reproduction by Custodian REIT and/or API of this Report and/or the information contained herein as required by Rules 26 and 29 of the Code is necessary, including in the Announcement, the Scheme Document and any other announcements, documents and/or supplementary documents required to be released by Custodian REIT and/or API pursuant to the Code and which directly relate to the Transaction.

We accept responsibility (including for the purpose of Rule 5.3.2R(2)(f) of the UK Prospectus Regulation Rules) for the information contained in this Report and to the best of our knowledge, the information contained in this Report is in accordance with the facts and this Report makes no omission likely to affect its import.

We confirm that we are not aware, as a result of our role as an External Valuer of the Properties of any matter which would affect the Market Value of the properties which is not disclosed in this Report (subject to any assumptions set out in this Report) in order to make this Report materially accurate and not misleading and we are not aware of any matter in relation to this Report that we believe should be and has not yet been brought to the attention of the Addressees of this Report.

1.15 Signatories

Tom Priest MRICS
RICS Registered Valuer
Director

James Daffern MRICS
RICS Registered Valuer
Director

For and on behalf of Savills Advisory Services Limited, a subsidiary of Savills Plc

Regulated by RICS
Registered in England No. 06215875
Registered Office: 33 Margaret Street, London, W1G 0JD

1.16 Date of Report

19 January 2024

2. Schedule of Properties

Report and Valuation

Property Address



Known as	Description	Tenure	Date of inspection
Pride Park	1 Pride Place, Pride Park, Derby, DE24 8QR	Freehold	24/05/2023
Bardon	Units E/F, Bardon, Coalville, LE67 1FL	Freehold	01/06/2023
Avonmouth	Unit M3, RD Park, BS11 0QL - Ref:1100-CU197	Freehold	24/05/2023
Sheffield	Unit 2 Sheffield, 3 Europa Drive, S9 1XT	Long Leasehold	04/08/2023
Triangle Retail Park	Triangle Retail Park (HUT 341), Lubbesthorpe	Long Leasehold	09/06/2023
Crewe	Counterpoint, Crewe, CW1 6EH	Freehold	10/02/2023
Oldbury	Brades Road, Oldbury	Freehold	04/06/2023
Ermine Business Park	Lancaster Way, Ermine Business Park, PE29 6XU	Freehold	16/10/2023
Jewellery Quarter	37/38 Frederick St, Jewellery Quarter, B1 3HH	Long Leasehold	04/06/2023
Portsmouth	109 Commercial Road, Portsmouth, PO	Freehold	20/10/2023
Redhill	105-107 Brighton Road, Redhill, RH1 6PS	Freehold	13/05/2023
Glasgow	98 Argyle Street, Glasgow, G2 9BQ	Freehold	31/05/2023
Bath	GF Bath, Bluecoat House, Bath, BA1 1EY	Long Leasehold	02/08/2023
Speke - PSL	PSL, Unit C Estuary Commerce Park, L24 8RF	Long Leasehold	26/05/2023
Castleford - MKM	Castleford - MKM	Freehold	01/06/2023
Colchester	2 Long Wyre Street, Colchester	Freehold	27/06/2023
Southampton	54 Above Bar Street, Southampton	Long Leasehold	07/02/2023
High Wycombe	46/50a High Street, Frogmoor, High Wycombe	Freehold	24/10/2023
Milton Keynes	Staples Unit, Milton Keynes, MK9 1AN	Freehold	28/02/2023
Doncaster	3 Carriage Way, White Rose Way, DN4 5NT	Freehold	01/06/2023
Gillingham	Beechings Way, Gillingham, ME8 6PS	Long Leasehold	22/06/2023
Leeds - Cardinal House	9 Manor Road, Leeds, LS11 9AH	Freehold	01/06/2023
Leeds - David Street	40 David Street, Leeds, LS11 5QJ	Freehold	01/06/2023
Milton Keynes - Massmould	Bradbourne Drive, Milton Keynes, MK7 8AT	Freehold	28/02/2023
Salford - Zeus	Zeus Building, Unit 4, Salford, M27 8UJ	Freehold	10/02/2023
Grantham	Discovery Retail Park, London Road	Freehold	19/05/2023
Plymouth	Unit 2, Langage Science Park, PL7 5BQ	Freehold	30/07/2023
Glasgow - West George St	250 West George St, Lower Ground Floor	Freehold	31/05/2023
Normanton	Unit B, Centre 31, Foxbridge Way, WF6 1TN	Freehold	01/06/2023
Ashby	Unit 16, Ashby Park, LE65 1JF	Freehold	09/06/2023
Warwick - Tournament Fields	Warwick - Tournament Fields	Freehold	01/06/2023
Chester - Eastgate	6 Eastgate Row South, CH1 1LF	Freehold	11/11/2023
Farnborough	21/21A Invincible Road, Farnborough, GU14 7QU	Long Leasehold	01/11/2023
St Albans	37 Market Place, St Albans, AL3 5DL	Freehold	29/03/2023
Taunton	61 East Street, Taunton, TA1 3LX	Freehold	28/09/2023

Report and Valuation

Property Address



Cannock	Kingswood Lakeside, Cannock, WS11 8LD	Freehold	04/06/2023
Birmingham - Lancaster House	Lancaster House, Birmingham	Freehold	05/07/2023
Stevenage	Cromer House, Caxton Way, Stevenage, SG1 2DF	Freehold	29/03/2023
Crewe - Phoenix Leisure Park	Phoenix Leisure Park, Crewe, CW1 3AJ	Freehold	29/05/2023
Colchester	High Street/Trinity Square, Colchester	Freehold	27/06/2023
Redditch - Ravensbank Business Park	Ravens Eight, Redditch, B98 9EX	Freehold	01/06/2023
Winnersh	Unit 2, Gazelle Close, Reading, RG41 5HH	Freehold	01/04/2023
Perth	Unit 1, St Catherines Leisure Park, PH1 5XA	Freehold	25/05/2023
Chester	4 Eastgate Row	Freehold	11/11/2023
Warrington - Life Tech	Unit 4 Kingsland Grange, Warrington, WA1 4KW	Freehold	05/06/2023
Irlam, Manchester	Irlam Wharf Road, Irlam, M44 5PN	Freehold	26/05/2023
Atherstone	Units 18-39 Holly Lane Ind Est CV9 2QX	Long Leasehold	09/06/2023
Kettering - Venture Business Park	Unit 2200, Kettering Venture Park, NN15 6XR	Freehold	09/06/2023
Leighton Buzzard	Vimy Road, LU7 1ER	Freehold	16/10/2023
Bedford - Telford Way	Window Ware Unit, Telford Way, MK42 0PQ	Freehold	03/06/2023
Stoke	George Eastham Avenue, Stoke	Freehold	03/05/2023
Shrewsbury	Pride Hill, Shrewsbury, SY1 1DN	Freehold	29/06/2023
Chester Ernest/Lakeland	10 Eastgate Street	Freehold	11/11/2023
York	Units 5 & 6 Centurion Park, YO30 4WW	Freehold	28/03/2023
Langley Mill	Warburtons Unit, Access 26, Langley Mill	Freehold	24/05/2023
Eurocentral	Plot L, Woodrow, Eurocentral, ML1 4YG	Freehold	31/05/2023
Sheldon	Unit A, Wells Green Retail Park, B26 3JA	Freehold	09/06/2023
Plymouth - Transit Way	Unit A, Transit Way, Plymouth	Freehold	30/07/2023
Maypole	Druids Lane, Maypole	Freehold	01/06/2023
Worcester	55&56 High St&4/5 St Swithin's St -0257-CU264	Freehold	18/11/2023
Leicester - Matalan	Beaumont Way, Beaumont Leys, Leicester	Long Leasehold	09/06/2023
Team Valley	401 Princesway, Team Valley Trading Estate	Long Leasehold	11/05/2023
Bellshill	4 Rosehall Road, Bellshill Industrial Estate	Freehold	31/05/2023
Hilton - Derby	1 Lowman Way, Hilton, Derby, DE65 5LJ	Freehold	03/06/2023
Stratford	Ground Floor, The Grove, Stratford, E15 1EL	Long Leasehold	18/11/2023
Evesham	Unit 1, Evesham Shopping Centre, Worcester Rd	Freehold	02/06/2023
Ipswich - Menzies	Bluestem Road, Ransomes Europark, IP3 9RR	Freehold	22/02/2023
Norwich - Menzies	Memorial Way, Broadlands Business Park	Freehold	22/02/2023
Swansea - Menzies	Mill Stream Way, Central Business Park	Long Leasehold	04/07/2023
Weybridge - Menzies	Units 1-3 Campbell Centre, Avro Way	Freehold	30/09/2023
Dundee - Menzies	Lockheed Close, Preston Farm Industrial Estate	Freehold	25/05/2023

Report and Valuation

Property Address



Mayflower House	Mayflower House, Team Valley Trading Estate, Gateshead	Long Leasehold	11/05/2023
Duloch Park	Duloch Park, Dumfermline, KY11 4QX	Freehold	25/05/2023
Monteith House	Monteith House, 11 George Square, Glasgow	Freehold	25/05/2023
Lakeside 5500	Lakeside 5500, Cheadle	Long Leasehold	26/05/2023
Arthur House, Manchester	Arthur House, Chorlton Street, Manchester	Freehold	26/05/2023
Gloucester	108 Eastern Avenue Retail Park, Gloucester	Freehold	02/06/2023
Lochside House	Lochside House, Edinburgh	Freehold	01/06/2023
Burnside Industrial Centre	Burnside Industrial Centre, Aberdeen	Freehold	25/05/2023
Kew Retail Park	Kew Retail Park, Southport	Freehold	05/07/2023

3. Portfolio Valuation General Assumptions and Conditions

General Assumptions

Our reports and valuations are carried out on the basis of the following General Assumptions:

Tenure and Tenancies

That the properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings contained in the Freehold Title. We will not inspect the Title Deeds or Land Registry Certificate and shall rely upon information provided by you or your solicitor relating to both tenure and tenancy data. Should there be any mortgages or charges, we have assumed that the Properties would be sold free of them.

Condition and Repair

That the buildings are structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the building we have inspected or not, that would cause us to make allowance by way of capital repair. Our inspection of the properties and this report do not constitute a building survey. Our Valuation is on the basis that a building survey would not reveal material defects or cause us to alter our Valuation materially.

That in the construction or alteration of the building no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We will not carry out any investigations into these matters.

That the properties are not adversely affected, nor is likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice.

That the buildings have been constructed and is used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful.

That the properties are connected or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage. Sewers, mains services and roads giving access to the Properties have been adopted, and any lease provides rights of access and egress over all communal estate roadways, pathways, corridors, stairways and the use of communal grounds, parking areas and other facilities.

Environmental Risks

That the properties have not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.

That there are no adverse site or soil conditions, that the properties are not adversely affected by the Town and Country Planning (Assessment of Environmental Effects) Regulations 1988, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our valuation.

That the properties are free from environmental hazards, including infestation from invasive plants such as Japanese Knotweed. This assumption is made in recognition of the fact that identifying Japanese knotweed is problematic and cannot be guaranteed. This is partly because during the early stages of its annual life cycle some of the classic visual characteristics are not distinctive

and during the winter months the plant sheds its leaves and suffers die back. It is also possible that Japanese knotweed has received a herbicide-based treatment which has removed all visible above ground signs but may not have killed the below ground rhizome (root) which, in turn, may lead to new growth and the spread of the plant in time.

Floor Areas

That any floor areas provided by a third party and assigned to Savills (UK) Limited, have been measured in accordance with the current RICS Property Measurement. This is the basis on which we will carry out measured surveys as instructed.

Development Opportunity

In situations where a property is in the course of development, we reflect its physical condition and the costs remaining to be spent at the valuation date. We have considered the cost estimates provided by the professional advisors involved in the project.

In the case of properties where we have been asked to value the site under the special assumption that the properties will be developed, there are no adverse site or soil conditions, that the properties are not adversely affected by the Town and Country Planning (Environmental Impact Assessment) Regulations 2017 that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our Valuation.

General Conditions

Our reports and valuations are carried out on the basis of the following General Conditions:

1. We have not made any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the properties. No allowance has been made for any expenses of realisation.
2. Our valuations are exclusive of VAT (if applicable).
3. Excluded from our valuations is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
4. Our valuations are prepared in accordance with the latest edition of the RICS Valuation – Professional Standards (“the Red Book”) on the basis of Market Value, unless instructed otherwise. Any such deviation is expressly stated in our terms of engagement.
5. Each property has been valued individually and no allowance has been made, either positive or negative, should it form part of a larger disposal. The total stated is the aggregate of the individual Market Values.
6. No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EEU legislation, insofar that the latter is applicable.
7. That we have been supplied with all information likely to have an effect on the value of the properties and that the information supplied to us and summarised in this report is both complete and correct.
8. Our valuations are based on market evidence which has come into our possession from numerous sources. That from other agents and valuers is given in good faith but without liability. It is often provided in verbal form. Some comes from databases such as the Land Registry or computer databases to which Savills subscribes. In all cases, other than where we have had a direct involvement with the transactions, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.
9. The files which we hold relating to all of our property valuations may be subject to monitor and audit by the RICS under its conduct and disciplinary regulations.

Tom Priest MRICS

Director

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James Daffern MRICS

Director

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Part C | Knight Frank Valuation Report in respect of API

abrDN Property Income Trust Limited ("API")

PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 3QL

Lazard & Co., Limited

50 Stratton Street
London
W1J 8LL

Custodian Property Income REIT plc ("Custodian")

1 New Walk Place
Leicester
Leicestershire
LE1 6RU

Numis Securities Limited

45 Gresham Street
London
EC2V 7BF

(each an "**Addressee**" and together the "**Addressees**")

Date of issue: 19 January 2024

Dear Sir/Madam,

ABRDN PROPERTY INCOME TRUST LIMITED

VALUATION AS AT 31 DECEMBER 2023

Under the terms of the Engagement Letter dated 16 January 2024 ("Engagement Letter") we have valued the freehold and leasehold properties as listed below ("Properties"), as at 31 December 2023, for the purposes set out below.

The Valuation and this Valuation Report are each provided solely for the purpose (the "Purpose") of:

- a) inclusion in any announcement (including an announcement made under Rule 2.7 of the City Code on Takeovers and Mergers (the "Code")), scheme document, offer document, response circular or any other document or supplementary circular (the "Code Documentation", and "Code Document" shall mean any one of them) that may be published or made available by API or Custodian in connection with a possible offer or offer for API or merger by API with another party in accordance with the Code (the

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Your partners in property

Knight Frank is the trading name of Knight Frank LLP. Knight Frank LLP is a limited liability partnership registered in England and Wales with registered number OC305934. Our registered office is at 55 Baker Street, London W1U 8AN where you may look at a list of members' names. If we use the term 'partner' when referring to one of our representatives, that person will either be a member, employee, worker or consultant of Knight Frank LLP and not a partner in a partnership.

Regulated by RICS

“Proposed Transaction”) and any further document which API or Custodian is required to publish under the Code; and

- b) (i) publication on API’s website; and (ii) the website of any other party required in accordance with the Code.

Basis of Valuation

Our valuation has been undertaken by us as qualified valuers and in accordance with the current edition of RICS Valuation – Global Standards, which incorporate the International Valuation Standards. References to the “Red Book” refer to either or both of these documents, as applicable. As required by the Red Book, some key matters relating to this instruction are set out below.

The valuation (as defined in the General Terms) and this Valuation Report, each as applicable to the Purpose (as defined above), together with and Code Documentation (as defined above) comply with Rule 29 of the Code as issued by The Takeover Panel. We understand that the publication or reproduction by API or Custodian of this Valuation Report and/or the information contained herein as required by Rules 26 and 29 of the Code will be necessary, including in any Code Document.

The properties have been valued individually on the basis of Market Value which is set out in the RICS Valuation – Professional Standards VPS 4 (4) as follows:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

In our opinion the adoption of the required Market Value basis does not result in any material difference in the value reported from that derived under the definition of Fair Value in accordance with the RICS Valuation – Professional Standards VPS4 (1.5) Fair Value and VPGA 1 Valuations for Inclusion in financial statements which adopt the definition of Fair Value adopted by the International Accounting Standards Board:

“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.”

Valuation Methodology

The basis for the Valuation as required by the Code is Market Value as defined in the Red Book. Additionally, in relation to any Properties comprising land being developed or with immediate development potential (as referred to in Note 3 to Rule 29.4 of the Code), this Valuation Report includes (in relation to those Properties) the additional matters set out in Note 3 to Rule 29.4

Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

The Valuer’s opinion of Market Value was primarily derived using recent comparable market transactions on arm’s length terms, where available, and appropriate valuation techniques (the Investment Method (as defined in the RICS Red Book)).

The Properties have been valued individually and not as part of a portfolio. Disposal as a portfolio, or by other prudent lotting, may result in either a premium or discount, depending upon market conditions. Our report does not seek to address this.

Valuation

The Properties have been categorised as investment properties in accordance with the individual values ascribed.

We are of the opinion that the aggregate of the Market Values of the Freehold, Heritable and Long Leasehold interests in the Properties, as at 31 December 2023 was:

£ 439,185,037
(Four Hundred and Thirty Nine Million, One Hundred and Eighty Five Thousand and Thirty Seven Pounds)

Taxation and Costs

No account has been taken in our valuations for any liability for tax (including Value Added Tax) on either the rental income, or the notional sale prices, or any gains which may be realised on disposal.

We have made a deduction from our valuations to reflect notional purchasers' acquisition costs in accordance with normal practice.

Our valuation reflects full liability for UK Stamp Duty as applicable at the valuation date.

Valuation Assumptions

As agreed with API, our valuations are based on information provided by them, upon which we have relied, and which has not been verified by us. Our assumptions (as defined in the RICS Red Book) relating to this information are set out below.

Our valuations assume that the Properties have good and marketable titles and are free of any undisclosed onerous burdens, outgoings or restrictions.

We have not inspected title deeds to the Properties, although copies of leases and other relevant documentation relating to individual properties, where made available to us, have been fully considered, together with other information supplied to us by API. We have assumed that this information is comprehensive and correct.

When considering the covenant strength of individual tenants we have not carried out credit enquiries but have reflected in our valuations our general understanding of purchasers' likely perceptions of tenants' financial status.

Our valuations are based on measurements which have been provided by API. We have assumed that these measurements have been undertaken in accordance with the current RICS Code of Measuring Practice.

The adoption of IPMS (International Property Measurement Standards), for the office sector, became mandatory with effect from 1st January 2016 for all RICS members replacing NIA (Net Internal Area) as set out under the current Code of Measurement Practice (Sixth Edition). It has been agreed with API that until the new definition

of measurement has been adopted by the leasing market, rental analysis for the office sector will continue to be shown on a net internal area basis. As or when buildings are re-measured, we will present our analysis on a dual basis, namely IPMS and NIA.

Minimum Energy Efficiency Standards are the standards set out by the Government for let properties in England and Wales. Buildings that have an EPC rating of F and G must be brought up to standard before they are let subject to some conditions, exemptions and relief. This commenced from 1 April 2018 for all new lettings and they apply to all continuing lettings from 1 April 2020 for domestic buildings and from 2023 for non-domestic buildings.

There is currently no standard approach to either the provision or the interpretation of ESG-related data and property benchmarking. In arriving at our opinion of value, we have therefore interpreted the information available to us as we consider market participants would reflect this.

For Scottish properties, the Assessment of Energy Performance of Non-Domestic Buildings (Scotland) Regulations 2016 came into force in Scotland in 2016 and does not incorporate a “ban” on new lettings. Owners are encouraged to carry out improvements, or improve efficiency through monitoring emissions from a building via creating an Action Plan. The Action Plan procedure will apply to the sale or letting of larger buildings, with a floor area >1,000 sq m. This only applies to buildings that are subject to a new sale or lease and buildings constructed to building standards applicable from March 2002, or otherwise meeting those standards, are exempt.

Where we have been provided with the EPC rating, we have taken into account any capital expenditure that API have provided to us to improve the demise to meet the standards, to enable the property to be let.

Town Planning and Highways

We have made oral enquiries of the appropriate Town Planning and Highways Authorities in respect of matters affecting the properties, where considered appropriate, although this information was provided to us on the basis that it should not be relied upon.

We have assumed that each of the properties has been constructed, or is being constructed, and occupied or used in accordance with the appropriate consents and that there are no outstanding statutory notices.

We have not seen planning consents and, except where advised to the contrary, have assumed that the properties have been erected and are being occupied and used in accordance with all requisite consents and that there are no outstanding statutory notices.

Repairs

We have not carried out building surveys on the portfolio and are therefore unable to report that the properties are free from any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of materials now suspect. No tests were carried out on any of the technical services.

Other than as referred to below, we have assumed that there are no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the buildings constructed or to be constructed thereon.

Environmental

We have not carried out any investigation into past or present uses of either the properties or any neighbouring land to establish whether there is any potential for contamination from these uses or sites to the subject properties. We understand that the fund has established procedures for inspections of newly acquired properties to be carried out with particular reference to environmental matters, and that any such matters identified receive appropriate attention.

Unless we have been provided with information to the contrary, we have assumed that the properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future uses of the properties.

Where we have received, from the fund, evidence regarding contamination we have reflected this in our valuations but unless otherwise stated have assumed that the cost of any decontamination work would be immaterial thereto. Should it be established subsequently that contamination exists at any of the properties or on any neighbouring land or that the properties have been or are being put to a contaminative use this might reduce the values now reported.

In all cases, we have assumed that, unless notified by API to the contrary, there have not been any material changes to the information provided by them.

Inspections

We confirm the Properties have been inspected within the last 12 months.

Compliance and Independence

We confirm that Knight Frank LLP meets the requirements of API in the role of External Valuer (as defined in the RICS Red Book), having been appointed in September 2015. In accordance with VPS3 of the Red Book, the valuers on behalf of Knight Frank LLP, with the responsibility for this report is Emily Miller MRICS, RICS Registered Valuer (the "Lead Valuer"). Parts of this valuation have been undertaken by additional valuers as listed on our file.

We confirm that the valuers and additional valuers meet the requirements of the Red Book, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

Additionally, the Lead Valuer and any additional valuers who value the Properties are qualified for the purposes of the Valuation as required by Rule 29.3(a)(ii) of the Code and have sufficient current knowledge of the property market and the necessary skills to prepare this Valuation Report as required by Rule 29.3(a)(iii) of the Code.

Further, we confirm that in relation to Knight Frank LLP's preceding financial year the proportion of the total fees paid by the fund to the total fee income of Knight Frank LLP was less than 5%.

Under the Terms of Engagement letter dated 30 September 2015, Knight Frank prepared a Valuation Report on the Portfolio, for which a fee was payable, for inclusions in a public prospectus in connection with a placing and open offer of ordinary shares to be traded on the London Stock Exchange.

We recognise and support the RICS Rules of Conduct and have procedures for identifying conflicts of interest. We are providing an objective and unbiased valuation.

We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below:

- we have valued the Properties for API within the last two years for accounts purposes

We have previously disclosed this to API and API have confirmed that notwithstanding this matter that it is content for us to proceed with this instruction. We confirm that we have had no previous material interest in API or material connection or involvement with any of the Properties other than as set out above, and accordingly are in a position to provide an objective and unbiased valuation.

Accordingly, we confirm that: (i) we are not aware of any reason why we would not satisfy the requirements of Rule 29.3(a)(i) of the Code; and (ii) during the term of the engagement, we shall not do anything that could reasonably be expected to cause us not to satisfy the requirements of Rule 29.3(a)(i) of the Code.

General

For the purposes of Rule 29.5 of the Code, we confirm that there is no material difference between the values stated in this Valuation Report and the values that would be stated were the Valuation Date the date of this Rule 2.7 Announcement.

Knight Frank has given and has not withdrawn its consent to the inclusion of this Valuation Report in this Rule 2.7 Announcement published by the Client and Custodian in the form and context in which it is included.

For the purposes of the Code, we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with, and is prepared in accordance with, and on the basis of, the Code. We authorise its contents for the purpose of Rule 29 of the Code. Knight Frank has given and has not withdrawn its consent to the inclusion of this Valuation Report in the Rule 2.7 Announcement.

This Valuation Report and our valuations therein have been prepared on the basis that there has been full disclosure of all relevant information and facts which may affect them.

Save for (a) the addressees and (b) any responsibility to any person arising under Rule 29.4 of the Code, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, or arising out of, or in accordance with this Valuation Report or our statement required by and given solely for the purposes of complying with Rule 29.4 of the Code.

Save as set out below, neither the whole or any part of the valuation report nor any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web-site) without our prior written approval of the form and context in which it may appear, except as set out below.

This Valuation Report will be included in the relevant Code Documentation to be published by API or Custodian. We will review the sections of the relevant Code Documentation relating to the Valuation and this Valuation Report and the Addressees agree not to publish any Code Document containing this Valuation Report until they have received a consent letter (in the form set out in Annex 2 of our engagement letter) from us. We further hereby consent to this Valuation Report being made available on API's website (and the website of any other party referred to in any Code Document) in accordance with the Code.

Knight Frank has given and not withdrawn its consent to the inclusion of this Valuation Report in the Code Documentation published by API or Custodian in the form and context in which it is included.

For the purposes of the Code, we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such in the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import.

Yours faithfully

Emily M Miller BSc (Hons) MRICS
RICS Registered Valuer
Partner, Valuation & Advisory
For and on behalf of Knight Frank LLP

Matthew O Dichler MSc MRICS
RICS Registered Valuer
Partner, Valuation & Advisory
For and on behalf of Knight Frank LLP

APPENDIX I

SCHEDULES OF INVESTMENT PROPERTIES

Property Address	Property reference
Ocean Trade Centre, Aberdeen	C5285
Badentoy North, Aberdeen	C5768
Unit 14 Interlink Park, Bardon	C5201
21 Gavin Way, Birmingham	C5538
3 Elliot Way, Birmingham	C5726
Unit 4 Easter Park, Bolton	C5172
Garanor Way, Bristol	B5675
Kings Business Park, Bristol	C5714
3 Earlstrees Road, Corby	C5676
Bastion Point, Dover	B5673
2 Brunel Way, Fareham	C5583
85 Fullarton Drive, Glasgow	C5746
Unit 4 Monkton Business Park, Hebburn	C5587
Villiers Road, Knowsley	C5787
Mount Farm, Milton Keynes	C5534
Walton Summit, Preston	B5680
Symphony, Rotherham	C5507
Cosford Lane, Rugby	B5677
Tempsford Road, Sandy	C5742
Whitehorse Business Park, Shellingford	C5734
Stadium Way, St. Helens	C5783
Tetron 141, Swadlincote	C5512
Tetron 93, Swadlincote	C5525
Opus 9, Warrington	B5681
Rainhill Road, Washington	C5715

Property Address	Property reference
Alston Road, Washington	C5784
54 Hagley Road, Birmingham	C5763
One Station Square, Bracknell	C5730
Explorer, Crawley	C5427
160 Causewayside, Edinburgh	C5767
Monck Street, London	C5394
15 Basinghall Street, London	C5747
101 Princess Street, Manchester	C5721
The Pinnacle, Reading	C5719
82-84 Eden Streety, Kingston-upon-Thames	B5686
Howard Town Retail Park, Glossop	C5517
B&Q, Halesowen	C5773
Victoria Shopping Park, Hednesford	B5683
Olympian Way, Leyland	C5477
The Point Retail Park, Rochdale	B5685
Morrisons, Welwyn Garden City	C5788
Grand National Leisure Park, Aintree	C5737
Building 3000 Birmingham Business Park, Birmingham	C5750
Hollywood Green, London	C5113
Far Ralia, Newtonmore	C5782
Motor Point, Yarm Road, Stockton-on-Tees	C5786

Appendix 5 CREI QUANTIFIED FINANCIAL BENEFITS STATEMENT

Part A

Paragraph 3 of this Announcement contains statements of the estimated cost savings and synergies expected to arise from the Merger (together, the "**Quantified Financial Benefits Statement**").

A copy of the Quantified Financial Benefits Statement is set out below:

The CREI Directors, having reviewed and analysed the potential cost savings of the Combined Group, as well as taking into account factors they can influence, believe the Combined Group can deliver shareholder value through the expected realisation of approximately:

- £1.0 million of pre-tax recurring run-rate cost synergies by the end of the first year following the Effective Date (the "**Recurring Cost Synergies**"); and
- £2.1 million of additional non-recurring pre-tax cost synergies during the Transition Period (the "**Transition Period Cost Synergies**").

The Recurring Cost Synergies are expected to be realised principally from:

- Management fees: unification of investment management under Custodian Capital, delivering an estimated £0.5 million of annualised run-rate cost synergies derived from lower management and administrative fees charged on the API investment properties (the "**Management Fee Savings**"); and
- Corporate and administrative: rationalisation of duplicated listing, administration and operational expenses delivering at least an estimated £0.5 million of annualised run rate cost synergies.

The additional Transition Period Cost Synergies are expected to be realised principally from:

- Amended management fee tiers: reduction in the management fees payable by CREI to Custodian Capital for the Transition Period delivering an estimated £0.3 million of annualised run rate cost synergies (£0.6 million total estimated cost synergies) through the consolidation of the first two fee tiers into one fee tier, such that the consolidated fee tier will be calculated as a fee of 0.75 per cent. in respect of the NAV of the Combined Group which is less than or equal to £500 million (rather than a fee of 0.90 per cent. in respect of NAV up to £200 million and 0.75 per cent. up to £500 million) (the "**Amended Management Fee Tier Savings**"); and
- Partial management fee waiver: Custodian Capital has agreed to waive its management fee in relation to the NAV attributable to API for the first nine months following completion of the Merger (the "**Partial Management Fee Waiver Savings**"), delivering an estimated £1.5 million of cost synergies in the first year following the Effective Date.

In order to achieve the Management Fee Savings, the Amended Management Fee Tier Savings and the Partial Management Fee Waiver Savings, it is estimated that API will incur one-off costs of between £1.5 million and £2.0 million in connection with the termination of the API Investment Management Agreement. These costs will be incurred within the first year following the Effective Date and have been reflected as a cost to API within the Exchange Ratio. The CREI Directors expect that any costs incurred in the realisation of the other cost synergies will be immaterial.

Other potential adverse effects of the Merger have been considered and were determined by the CREI Directors to be immaterial for the analysis.

The identified cost savings will accrue as a direct result of the Merger and would not be achieved on a standalone basis.

These statements relating to identified cost savings and estimated savings relate to future actions or circumstances which by their nature involve risks, uncertainties and contingencies. As a consequence, the identified synergies and estimated savings referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

Bases of belief and principal assumptions

Following initial discussion regarding the Merger, a team of Custodian Capital staff has evaluated and assessed the potential synergies available arising from the Merger.

The team which comprises senior Custodian Capital personnel, worked to identify, challenge, and quantify potential synergies as well as the potential costs to achieve and timing of such synergies. The Custodian Capital team has performed a bottom-up analysis of costs included in the API financial information and has sought to include in the synergy analysis those costs which the team believes will be either reduced or eliminated from within the Combined Group.

The Management Fee Savings and Amended Management Fee Tier savings are based on applying Custodian Capital's tiered fee structure, including the proposed amended fee tiers in the Transition Period, and assumptions regarding the pro forma NAV of the Combined Group. The Partial Management Fee Waiver is based upon excluding the NAV attributable to API from the pro forma NAV of the Combined Group in calculating fees payable to Custodian Capital for the first nine months following the Effective Date.

In general, the synergy assumptions related to the corporate and administrative synergies have in turn been risk adjusted, exercising a degree of prudence in the calculation of the estimated synergy benefits set out above.

The cost bases used as the basis for the quantified financial benefits exercise are the CREI and API full year expenses for the twelve-month period to 30 September 2023, and the independent CREI and API property valuations as at 31 December 2023.

The CREI Directors have, in addition, made the following assumptions:

- The value of the Combined Group property portfolio remaining at or above the 31 December 2023 independent property valuation of £1.0 billion.
- CREI retains its status as a UK-REIT.
- There will be no material impact on the underlying operations of either CREI or API or their ability to continue to conduct their businesses.
- There will be no material change to macroeconomic, political, regulatory or legal conditions in the markets or regions in which CREI or API operate that will materially impact on the implementation or costs to achieve the proposed cost savings.
- There will be no change in tax legislation or tax rates or other legislation in the UK or Guernsey that could materially impact the ability to achieve any benefits.

Reports

As required by Rule 28.1(a) of the Takeover Code, RSM UK Corporate Finance LLP, as reporting accountants to CREI, and Deutsche Numis, as financial advisers to CREI, have provided the opinions required under that Rule. Copies of these reports are included at Parts B and C of this Appendix 5. Each of RSM UK Corporate Finance LLP, and Deutsche Numis has given and not

withdrawn its consent to the publication of its report in this Announcement in the form and context in which it is included.

These statements are not intended as a profit forecast and should not be interpreted as such. These statements of estimated synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the estimated synergies referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither the Quantified Financial Benefits Statement nor any other statement in this Announcement should be construed as a profit forecast or interpreted to mean that CREI's earnings in the first full year following the Effective Date, or in any subsequent period, will necessarily match or be greater than or be less than those of CREI or API for the relevant preceding financial period or any other period.

Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting synergies may be materially greater or less than those estimated.

Part B

REPORT FROM RSM UK CORPORATE FINANCE LLP ON CREI QUANTIFIED FINANCIAL BENEFITS STATEMENT



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The Directors
Custodian Property Income REIT plc
1 New Walk Place
Leicester
LE1 6RU

The Directors
Numis Securities Limited
45 Gresham Street
London
EC2V 7BF

19 January 2024

To the Directors of Numis Securities Limited and Custodian Property Income REIT plc,

Report on Quantified Financial Benefits Statement by Custodian Property Income REIT plc (the "Company") and its subsidiary undertakings (the "Group")

We report on the quantified financial benefits statement (the "Statement") by the directors of the Company (the "**Directors**") included in Part A of Appendix 5 (*CREI Quantified Financial Benefits Statement*) of the Rule 2.7 Announcement dated 19 January 2024 to the effect that:

The CREI Directors, having reviewed and analysed the potential cost savings of the Combined Group, as well as taking into account factors they can influence, believe the Combined Group can deliver shareholder value through the expected realisation of approximately:

- *£1.0 million of pre-tax recurring run-rate cost synergies by the end of the first year following the Effective Date (the "Recurring Cost Synergies"); and*
- *£2.1 million of additional non-recurring pre-tax cost synergies during the Transition Period (the "Transition Period Cost Synergies").*

The Recurring Cost Synergies are expected to be realised principally from:

- *Management fees: unification of investment management under Custodian Capital, delivering an estimated £0.5 million of annualised run-rate cost synergies derived from lower management and administrative fees charged on the API investment properties (the "Management Fee Savings"); and*
- *Corporate and administrative: rationalisation of duplicated listing, administration and operational expenses delivering at least an estimated £0.5 million of annualised run rate cost synergies.*

The additional Transition Period Cost Synergies are expected to be realised principally from:

- *Amended management fee tiers: reduction in the management fees payable by CREI to Custodian Capital for the Transition Period delivering an estimated £0.3 million of annualised run rate cost synergies (£0.6 million total estimated cost synergies) through the consolidation of the first two fee tiers into one fee tier, such that the consolidated fee tier will be calculated as a fee of 0.75 per cent. in respect of the NAV of the Combined Group which is less than or equal to £500 million (rather than a fee of 0.90 per cent. in respect of NAV up to £200 million and 0.75 per cent. up to £500 million) (the "Amended Management Fee Tier Savings"); and*
- *Partial management fee waiver: Custodian Capital has agreed to waive its management fee in relation to the NAV attributable to the API portfolio for the first nine months following completion of the Merger (the "Partial Management Fee Waiver Savings") delivering an estimated £1.5 million of cost synergies in the first year following the Effective Date.*

In order to achieve the Management Fee Savings, the Amended Management Fee Tier Savings and the Partial Management Fee Waiver Savings, it is estimated that API will incur one-off costs of between £1.5 million and £2.0 million in connection with the termination of the API Investment Management Agreement. These costs will be incurred within the first year following the Effective Date and have been reflected as a cost to API within the Exchange Ratio. The CREI Directors expect that any costs incurred in the realisation of the other cost synergies will be immaterial.

Other potential adverse effects of the Merger have been considered and were determined by the CREI Directors to be immaterial for the analysis.

The identified cost savings will accrue as a direct result of the Merger and would not be achieved on a standalone basis.

These statements relating to identified cost savings and estimated savings relate to future actions or circumstances which by their nature involve risks, uncertainties and contingencies. As a consequence, the identified synergies and estimated savings referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

Opinion

In our opinion, the Statement has been properly compiled on the basis stated.

The Statement has been made in the context of the disclosures in Part A of Appendix 5 of the Rule 2.7 Announcement setting out the basis of the Directors' belief (including the principal assumptions and sources of information) supporting the Statement and their analysis and explanation of the underlying constituent elements.

This report is required by Rule 28.1(a) of the City Code on Takeovers and Mergers (the "Takeover Code") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the Directors to prepare the Statement in accordance with the requirements of Rule 28 of the Takeover Code.

It is our responsibility to form our opinion, as required by Rule 28.1(a)(i) of the Takeover Code, as to whether the Statement has been properly compiled on the basis stated and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under Rule 28.1(a)(i) of the Takeover Code to any person as and to the extent therein provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Rule 23.2 of the Takeover Code, consenting to its inclusion in the Rule 2.7 Announcement.

Basis of preparation of the Statement

The Statement has been prepared on the basis stated in Part A of Appendix 5 of the Rule 2.7 Announcement.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent in accordance with relevant ethical requirements. In the United Kingdom this is the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We have discussed the Statement, together with the underlying plans (relevant bases of belief/including sources of information and assumptions), with the Directors and Numis Securities Limited. Our work did not involve any independent examination of any of the financial or other information underlying the Statement.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Statement has been properly compiled on the basis stated.

We do not express any opinion as to the achievability of the benefits identified by the Directors in the Statement.

Since the Statement and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we express no opinion as to whether the actual benefits achieved will correspond to those anticipated in the Statement and the differences may be material.

Yours faithfully,

RSM UK Corporate Finance LLP

Part C
REPORT FROM DEUTSCHE NUMIS ON CREI QUANTIFIED FINANCIAL BENEFITS STATEMENT

The Board of Directors
Custodian Property Income REIT plc
1 New Walk Place
Leicester
LE1 6RU
19 January 2024

Dear the Board of Directors

Recommended All-Share Merger of Custodian Property Income REIT plc ("CREI") and abrdn Property Income Trust Limited ("API") - Quantified Financial Benefits Statement made by CREI

We refer to the Quantified Financial Benefits Statement, the bases of belief thereof and the notes thereto (together, the "**Statement**") made by CREI as set out in Part A of Appendix 5 to the announcement dated 19 January 2024 of which this letter forms part (the "**Announcement**"), for which the board of directors of CREI (the "**CREI Board**") are solely responsible under Rule 28.3 of the City Code on Takeovers and Mergers (the "**Code**").

We have discussed the Statement (including the assumptions and sources of information referred to therein), with the CREI Board and those officers and employees of CREI who developed the underlying plans as well as with RSM UK Corporate Finance LLP ("**RSM**"). The Statement is subject to uncertainty as described in the Announcement and our work did not involve an independent examination of any of the financial or other information underlying the Statement.

We have also reviewed the work carried out by RSM and have discussed with them the opinion set out in Part B of Appendix 5 to the Announcement addressed to yourselves and ourselves on this matter and the accounting policies and bases of calculation for the Statement.

We have relied upon the accuracy and completeness of all the financial and other information provided to us by, or on behalf of, CREI, or otherwise discussed with or reviewed by us, and we have assumed such accuracy and completeness for the purposes of providing this letter.

We do not express any opinion as to the achievability of the quantified financial benefits identified by the CREI Board.

This letter is provided to you solely in connection with Rule 28.1(a)(ii) of the Code and for no other purpose. We accept no responsibility to CREI or its shareholders or any person (including, without limitation, the board and shareholders of API) other than the CREI Board in respect of the contents of this letter. We are acting exclusively as financial adviser to CREI and no one else in connection with the transaction between CREI and API referred to in the Announcement and it was solely for the purpose of complying with Rule 28.1(a)(ii) of the Code that CREI requested us to prepare this letter relating to the Statement. No person other than the CREI Board can rely on the contents of, or the work undertaken in connection with, this letter, and to the fullest extent permitted by law, we exclude all liability (whether in contract, tort or otherwise) to any other person, in respect of this letter, its contents, or the work undertaken in connection with this letter, or any of the results or conclusions that can be derived from this letter or any written or oral information provided in connection with this letter, and any such liability is expressly disclaimed except to the extent that such liability cannot be excluded by law.

On the basis of the foregoing, we consider that the Statement, for which you as the CREI Board are solely responsible, for the purposes of the Code has been prepared with due care and consideration.

Yours faithfully

Deutsche Numis

Appendix 6 DEFINITIONS

The following definitions apply throughout this Announcement unless the context requires otherwise:

Admission	admission of the New CREI Shares to be issued pursuant to the Merger (i) to trading on the Main Market becoming effective in accordance with the LSE Admission Standards; and (ii) to listing on the Premium segment of the Official List becoming effective in accordance with the Listing Rules;
Amended and Restated Investment Management Agreement	the amended and restated investment management agreement dated 19 January 2024, together with the side letter thereto also dated 19 January 2024, between CREI and Custodian Capital, the terms of which shall take effect from the Effective Date;
Amended Management Fee Tier Savings	has the meaning given to it in paragraph 3 of this Announcement;
Announcement	this announcement, made in accordance with Rule 2.7 of the Takeover Code;
API	abrdn Property Income Trust Limited, a non-cellular company limited by shares, incorporated in Guernsey with registration number 41352;
API Articles	the articles of incorporation of API from time to time;
API Board	the board of API Directors as at the date of this Announcement;
API Court Meeting	the meeting or meetings of the Scheme Shareholders to be convened pursuant to an order of the Court pursuant to section 107 of the Companies Law for the purpose of considering and, if thought fit, approving the Scheme (with or without modification), including any adjournment, postponement or reconvention of any such meeting, notice of which shall be contained in the Scheme Document;
API Directors	the directors of API as at the date of this Announcement;
API General Meeting	the extraordinary general meeting of API Shareholders to be convened in connection with the Scheme to consider and, if thought fit, to approve the API Resolution (with or without

	amendment), including any adjournment, postponement or reconvening thereof;
API Group	API and its subsidiaries and subsidiary undertakings from time to time;
API Investment Management Agreement	the investment management agreement dated 10 December 2018 between API and the API Investment Manager;
API Investment Manager or abrdn Fund Managers	abrdn Fund Managers Limited, a private limited company with company number 00740118;
API Meetings	the API Court Meeting and the API General Meeting;
API Q1 Dividend	has the meaning given to it in paragraph 12 of this Announcement;
API Q4 Dividend	has the meaning given to it in paragraph 12 of this Announcement;
API Q1 Uncovered Dividend Portion	has the meaning given to it in paragraph 12 of this Announcement;
API Resolution	the resolution to be proposed at the API General Meeting necessary to implement the Scheme, including a resolution authorising the API Board to take all actions as they may consider necessary or appropriate to give effect to the Scheme, a resolution to amend the API Articles by the adoption and inclusion of a new article under which any API Shares issued or transferred after the Scheme Record Time (other than to CREI and/or its nominees) shall be automatically transferred to CREI (and, where applicable, for consideration to be paid to the transferee or to the original recipient of the API Shares so transferred or issued) on the same terms as the Merger (other than terms as to timings and formalities);
API Shareholders	the registered holders of API Shares from time to time;
API Shares	ordinary shares of £0.01 each in the capital of API;
Business Day	any day (excluding any Saturday or Sunday or any public holiday in England or Guernsey) on which banks in the City of London and Guernsey are generally open for business;
CBRE	CBRE Limited;

Closing Price	the closing middle market price of an API Share or CREI Share (as applicable) as derived from the Daily Official List on any particular date;
Combined Circular and Prospectus	the combined circular and prospectus to be published by CREI and to be sent to CREI Shareholders outlining, amongst other things, the Merger and containing the notice convening the CREI General Meeting and information on CREI, the Combined Group and the New CREI Shares;
Combined Group	the CREI Group as enlarged by the API Group following completion of the Merger;
Companies Act	the UK Companies Act 2006, as amended from time to time;
Companies Law	the Companies (Guernsey) Law, 2008 (as amended);
Conditions	the conditions to the Merger, as set out in Appendix 1 to this Announcement and to be set out in the Scheme Document;
Confidentiality Agreement	the confidentiality agreement entered into between CREI and API in relation to the Merger dated 10 July 2023, a summary of which is set out in paragraph 11 of this Announcement;
Core	Core real estate, which is considered to generally offer the lowest risk and target returns, referring to real estate requiring little asset management and fully let on long leases;
Core-plus	Core-plus real estate, which is considered to generally offer low-to-moderate risk and target returns, typically referring to high quality and well-occupied properties but also providing asset management opportunities;
Court	the Royal Court of Guernsey;
CREI	Custodian Property Income REIT plc, a public limited company incorporated in England and Wales with company number 08863271;
CREI Board	the board of directors of CREI as at the date of this Announcement;
CREI Directors	the directors of CREI as at the date of this Announcement;

CREI Existing Investment Management Agreement	the investment management agreement dated 22 June 2020 between CREI and Custodian Capital, as amended by a side letter dated 8 June 2023;
CREI General Meeting	the general meeting of CREI to be convened by the CREI Board to approve the CREI Resolution and currently expected to be held in February 2024;
CREI Group	CREI and its subsidiaries and subsidiary undertakings from time to time;
CREI Q3 Dividend	has the meaning given to it in paragraph 12 of this Announcement;
CREI Q4 Dividend	has the meaning given to it in paragraph 12 of this Announcement;
CREI Q4 Uncovered Dividend Portion	has the meaning given to it in paragraph 12 of this Announcement;
CREI Resolution	the ordinary resolution to be proposed at the CREI General Meeting to approve the issue of the New CREI Shares in connection with the Merger;
CREI Shareholders	the holders of CREI Shares;
CREI Shares	ordinary shares of £0.01 each in the capital of CREI and, as the context may require, may include Existing CREI Shares and New CREI Shares;
CREST	the CREST system (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;
CREST Regulations	the Uncertificated Securities (Guernsey) Regulations 2009 (SI 2009 No. 48);
Custodian Capital	Custodian Capital Limited, a private limited company incorporated in England and Wales with company number 06504305;
Daily Official List	the daily official list of the London Stock Exchange;
Dealing Disclosure	an announcement pursuant to Rule 8 of the Takeover Code containing details of dealings in interests in relevant securities of a party to an offer;

Disclosed

in respect of API, information disclosed by, or on behalf of, API (i) in API's annual report and audited financial statements for the financial year ended 31 December 2022, (ii) in the interim results of API for the six month period ended 30 June 2023, (iii) in this Announcement; (iv) in any other announcement to a Regulatory Information Service by, or on behalf of, API before the publication of this Announcement; and/or (v) as otherwise fairly disclosed in writing to CREI or its officers, employees, agents or professional advisers prior to the date of this Announcement by, or on behalf of, API or its officers, employees, agents or professional advisers (in their capacity as such), including in the virtual data room, prior to 5.00 p.m. on 16 January 2024, operated on behalf of API and which CREI and its advisers are able to access in respect of the Merger; and

in respect of CREI, (a) information disclosed by, or on behalf of, CREI (i) in CREI's annual report and audited financial statements for the 12 months ended 31 March 2023, (ii) in the interim results of CREI or the six month period ended 30 September 2023, (iii) in this Announcement, (iv) in any other announcement to a Regulatory Information Service by, or on behalf of, API before the publication of this Announcement; and/or (v) as otherwise fairly disclosed in writing to API or its officers, employees, agents or professional advisers prior to the date of this Announcement by, or on behalf of, CREI or its officers, employees, agents or professional advisers (in their capacity as such), including in the virtual data room, prior to 5.00 p.m. on 16 January 2024, operated on behalf of CREI and which API and its advisers are able to access in respect of the Merger;

Dividend Discrepancy

has the meaning given to it in paragraph 12 of this Announcement;

Effective

either:

- (a) if the Merger is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or
- (b) if the Merger is implemented by way of a Takeover Offer, means the Takeover Offer having been declared or having become unconditional in accordance with the requirements of the Takeover Code;

Effective Date

the date on which the Merger becomes Effective;

EPC	environmental performance certificate
EPRA	European Public Real Estate Association;
EPRA Guidance	the EPRA Best Practices Recommendations Guidelines October 2019;
EPRA Topped-Up Net Initial Yield	the current annualised rent, net of costs, adjusted for the expiration of rent free periods and other unexpired lease incentives, expressed as a percentage of capital value (adding notional purchasers costs), calculated in line with EPRA guidance;
ERV	estimated rental value;
Excess	has the meaning given to it in paragraph 12 of this Announcement;
Exchange Ratio	0.78 New CREI Shares for each API Share;
Excluded Shares	any API Shares: <ul style="list-style-type: none"> (a) registered in the name of, or beneficially owned by, CREI or any member of the Wider CREI Group or their respective nominees; or (b) held by API as treasury shares (within the meaning of the Companies Law);
Existing CREI Shares	the 440,850,398 existing CREI Shares in issue as at the date of this Announcement;
FCA	the Financial Conduct Authority;
Forms of Proxy	the forms of proxy in connection with each of the API Court Meeting and the API General Meeting, which shall accompany the Scheme Document;
FSMA	the Financial Services and Markets Act 2000, as amended from time to time;
GFSC	the Guernsey Financial Services Commission;
Guernsey	the Island of Guernsey;
ISIN	the International Securities Identification Number;

Knight Frank	Knight Frank LLP;
Listing Rules	the listing rules, made by the FCA under Part 6 of FSMA, as amended from time to time;
Latest Practicable Date	18 January 2024 (being the last Business Day prior to the date of this Announcement);
London Stock Exchange	London Stock Exchange plc;
Long Stop Date	30 April 2024, or such later date as may be agreed in writing between CREI and API (with the Panel's consent and as the Court may allow, if such consent and/or approval is/are required);
LTV	loan-to-value: the outstanding amount of a loan as a percentage of property value;
Main Market	the London Stock Exchange's main market for listed securities;
Management Fee Savings	has the meaning given to it in paragraph 3 of this Announcement;
Mattioli Woods	Custodian Capital's parent company, Mattioli Woods plc, a public limited company incorporated in England and Wales with company number 03140521;
Merger	the recommended offer to be made by CREI to acquire the entire issued ordinary share capital of API to be effected by means of the Scheme (or, if CREI so elects and subject to the Panel's consent, a Takeover Offer) on the terms and subject to the conditions set out in Appendix 1 to this Announcement;
MW Clients	the individual private clients of Mattioli Woods;
NAV	net asset value;
New CREI Shares	the new CREI Shares proposed to be issued and allotted as fully paid to the Scheme Shareholders in connection with the Scheme;
NTA	net tangible assets;
Offer Document	if (with the consent of the Panel, as applicable) CREI elects to implement the Merger by way of a Takeover Offer, the document to be sent to API

	Shareholders which will contain, <i>inter alia</i> , the terms and conditions of the Takeover Offer;
Offer Period	the offer period (as defined in the Takeover Code) relating to API commencing on the date of this Announcement and ending on the earlier of the Effective Date and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Panel may decide);
Official List	the Official List of the FCA;
Overseas Shareholders	Scheme Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom;
Panel	the Panel on Takeovers and Mergers;
Partial Management Fee Waiver Savings	has the meaning given to it in paragraph 3 of this Announcement;
Permitted Dividends	each of the API Q4 Dividend and API Q1 Dividend, that are declared on the terms and subject to the criteria set out in paragraph 12 of this Announcement;
Recurring Cost Synergies	has the meaning given to it in paragraph 3 of this Announcement;
Regulatory Information Service	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements;
REIT	a company or group to which Part 12 of the CTA 2010 applies (including, where relevant, a REIT Group);
Restricted Jurisdiction	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Merger is sent or made available to API Shareholders in that jurisdiction;
Rolled-Forward Unaudited EPRA NTA	the rolled-forward, unaudited EPRA NTA of each of CREI and API as at 31 December 2023, as more specifically shown in paragraphs 10 and 11 of Appendix 2 to this Announcement;
Sanction Hearing	the Court hearing at which API will seek an order sanctioning the Scheme for the purposes of section 110 of the Companies Law;

Scheme	the proposed scheme of arrangement under Part VIII of the Companies Law between API and Scheme Shareholders to implement the Merger, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by API and CREI;
Scheme Court Order	the order of the Court sanctioning the Scheme;
Scheme Document	the document to be dispatched to API Shareholders containing, amongst other things, the full terms and conditions of the Scheme, an explanatory statement in compliance with section 108 of the Companies Law, and the notices convening the API Court Meeting and the API General Meeting;
Scheme Record Time	the time and date specified as such in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately prior to the Effective Date, or such later time as CREI and API may agree;
Scheme Shareholders	holders of Scheme Shares;
Scheme Shares	all API Shares: <ul style="list-style-type: none"> (a) in issue at the date of the Scheme Document and which remain in issue at the Scheme Record Time; (b) (if any) issued after the date of the Scheme Document and prior to the Voting Record Time and which remain in issue at the Scheme Record Time; and (c) (if any) issued at or after the Voting Record Time and prior to the Scheme Record Time in respect of which the original or any subsequent holder thereof is bound by the Scheme, or shall by such time have agreed in writing to be bound by the Scheme and which remain in issue at the Scheme Record Time, but excluding any Excluded Shares;
Substantial Interest	a direct or indirect interest in 20 per cent. or more of the voting equity share capital of an undertaking;
Takeover Code	the City Code on Takeovers and Mergers, as issued from time to time by or on behalf of the Panel;

Takeover Offer	should the Merger be implemented by way of a takeover offer (which shall be an offer for the purposes of Part XVIII of the Companies Law), the offer to be made by or on behalf of CREI to acquire the entire issued ordinary share capital of API and, where the context requires, any subsequent revision, variation, extension or renewal of such offer;
Transition Period Cost Synergies	has the meaning given to it in paragraph 3 of this Announcement;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
uncertificated or in uncertificated form	a share or other security title to which is recorded in the relevant register of the share or security as being held in uncertificated form, in CREST, and title to which, by virtue of the CREST Regulations may be transferred by means of CREST;
US or United States	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
Voting Record Time	the time and date specified as such in the Scheme Document by reference to which entitlement to vote at the API Court Meeting will be determined;
Wider CREI Group	CREI, its subsidiary undertakings and associated undertakings (including any joint venture, partnership, firm or company) in which CREI and/or such undertakings (aggregating their interests) have a Substantial Interest; and
Wider API Group	API, its subsidiary undertakings and associated undertakings (including any joint venture, partnership, firm or company) in which API and/or such undertakings (aggregating their interests) have a Substantial Interest.

All references to time in this Announcement are to London (UK) time unless otherwise stated.

All references to "**pounds**", "**pounds Sterling**", "**Sterling**", "**£**", "**pence**", "**penny**" and "**p**" are to the lawful currency of the United Kingdom.

A reference to "**includes**" shall mean "**includes without limitation**", and references to "including" and any other similar term shall be construed accordingly.

For the purposes of this Announcement, "**subsidiary**", "**subsidiary undertaking**", "**undertaking**" and "**equity share capital**" have the meanings given by the Companies Act.

All references to a statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted

from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.