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13 March 2024

Custodian Property Income REIT plc (the "Company" or "CREI")

Update on recommended all-share merger with abrdn Property Income Trust Limited ("API") and improvement in management arrangements and fees for the Combined Group

Further to the previous announcements by the board of directors of CREI (the "CREI Board") regarding the recommended all-share merger of API and CREI (the "Recommended Merger"), the CREI Board provides an update reaffirming its belief in the compelling strategic and financial rationale of the Recommended Merger and announces further improvements to the management arrangements and fees for the Combined Group.

CREI Board reaffirms its conviction that its Recommended Merger with API remains the optimum outcome for shareholders in both companies

On 4 March 2024, the CREI Board announced the reaffirmation of its belief in the compelling strategic and financial rationale of the Recommended Merger. The CREI Board urges CREI Shareholders and API Shareholders to review the detail set out in that announcement in their consideration of the Recommended Merger, which can be found here <https://custodianreit.com/proposed-all-share-merger-with-abrdn-property-income-trust-limited/>.

Improvement in management arrangements and fees for the Combined Group

The CREI Board announces today that it has agreed with Custodian Capital further amendments to the existing investment management agreement between CREI and its investment manager, Custodian Capital (the "Amended and Restated Investment Management Agreement"), to the benefit of all shareholders of the Combined Group, as follows:

- the removal of the previously agreed 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. Consequently, following completion of the Recommended Merger, Custodian Capital's appointment shall be terminable on 12 months' written notice consistent with the terms of its current appointment by CREI; and
- Custodian Capital will waive its one-off project fee in connection with its additional work on the Recommended Merger, which was equal to £350,000 (exclusive of VAT) (and would have been reduced to £75,000 (exclusive of VAT) if the Recommended Merger does not become Effective).

These amendments are in addition to changes to the terms of the Amended and Restated Investment Management Agreement agreed between CREI and Custodian Capital, with effect from completion of the Recommended Merger, as set out in the announcement of the Recommended Merger on 19 January 2024, the terms of which provide 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 Recommended Merger; and
- there will be a reduction in the management fees payable by CREI to Custodian Capital for a period of two years following completion of the Recommended Merger (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).

The CREI Board believes these additional amendments to the terms of the Amended and Restated Investment Management Agreement reinforce the financial rationale of the Recommended Merger and

represents further alignment between CREI, Custodian Capital and the shareholders of the Combined Group.

The CREI Board has relayed the terms of these agreed further amendments to the Amended and Restated Investment Management Agreement to the API Board which recognises the additional value that this would provide to shareholders of the Combined Group in the event of the Recommended Merger proceeding.

The CREI Board strongly advises API Shareholders not to take any action with regards to the ULR Indicative Offer and to vote in favour of the Scheme at the API Court Meeting and API General Meeting.

Capitalised terms used in this announcement, unless otherwise defined shall have the meanings given to them in the Scheme Document in relation to the Recommended Merger published by API on 1 February 2024.

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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 Recommended 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 Recommended 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.

Further information

This announcement is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote in any jurisdiction.

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The release, publication or distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes

should inform themselves about, and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction.

Forward-looking statements

This announcement, oral statements made regarding the Recommended 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 Recommended Merger on CREI and API, the expected timing and scope of the Recommended 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 Recommended 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 Recommended 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 Recommended 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 Code

Under Rule 8.3(a) of the 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) of the Code applies must be made by no later than 3.30 p.m. (London time) on the 10th business day (as defined in the Code) 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 (as defined in the Code) 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 Code, any person who is, or becomes, interested in 1 per cent. 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 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Code applies must be made by no later than 3.30 p.m. (London time) on the business day (as defined in the Code) 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 of the Code. 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 of the Code).

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 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.

Publication on Website

In accordance with Rule 26.1 of the 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 <https://custodianreit.com/proposed-all-share-merger-with-abrdn-property-income-trust-limited/> by no later than 12 noon (London time) on the first Business Day following the date of this announcement.