abrdn

May 2022

Standard Life Investments Property Income Trust (SLIPT) - UK Investor Magazine

Presented by
Jason Baggaley – Fund Manager

Contents

SLIPIT overview

Executive Summary

A Diversified UK Commercial Real Estate Fund which aims to provide an attractive level of income

The Opportunity

An Investment Company trading as a UK Real Estate Investment Trust and listed on the main market of the London Stock Exchange

1

Access to a diversified portfolio of UK commercial real estate

- The listed structure provides investors with a tax efficient method of investing in UK Commercial real estate
- Independent Non Executive board
- Dividends paid quarterly
- Focus on aiming to provide an attractive level of income to investors

The Strategy

Investment objective to provide investors with an attractive level of income along with the prospect of income and capital growth

2

Clear investment policy and strategy

The strategy offers access to an actively managed portfolio of UK Commercial Real Estate in the Industrial, Office, Retail and Other sectors. The mandate allows for portfolio change to meet structural market drivers, that aims to enable long term market out-performance. The investment portfolio comprises 49 assets with over 150 tenants throughout the UK.

Why invest?

Managed by and experienced team from abrdn with a strong track record.

3

Experienced team with proven track record

The strength and depth of the wider abrdn team enables a research led top down macro approach to portfolio construction to be combined with the dedicated SLIPIT team market knowledge to build a bottom up asset led investment portfolio that aims to out-perform the MSCI benchmark over 1,3,5, and 10 years.

Source: abrdn, March 2022

Standard Life Investments Property Income Trust - Team

Independent Board

Risk management

RE ESG Team Supported by centralised ESG team, providing strategic direction to portfolio decisions.

Development team
- Deal structuring
- Review / negotiation of funding agreements

Research team
- Market forecasts
- Combined abrdn market knowledge

Name	Role
Jason Baggaley	Fund Manager
Mark Blyth	Deputy Fund Manager
Michelle McKeown /	Financial Controller
Gregg Carswell	
Craig Gregor	Fund accountant
Cameron Mackay	Asset Mananger
Sarah MacDougal	Asset Manager
George Hale	Graduate analyst
Stuart Dobrijevic	Rural expert

Strategy team
- Global macro
- Quarterly real estate house view
- Investment Strategy Committee oversight

Finance and Tax team
- Fund and deal structuring
- Tax Planning
- Banking Relationships

Real Estate Fund Accountancy
- Financial and Management Accounts
- IFRS reporting
- Reconciliations

Research / underwriting

Source: abrdn, May 2022

Experienced and dedicated fund management team with expert support

Market Overview

Existing themes continue

Structural change in the markets continues to lead to sector divergence

ESG* has become a dominant factor across all sectors, but in particular offices and industrial

Inflation and rising interests have rapidly become factors of consideration

Industrial: Occupational and investment demand remains very strong. Challenges to existing supply chain models remain with online retail and reshoring driving rental growth. Potential impact from riding interest rates. Increasing build costs, and extended build times / capacity constraints suggests a prolonged delay in supply side response, supporting the sector for longer.

Retail: A squeezed consume will create further pain for retailers. **Retail Warehouses** let to budget retailers at affordable rents remains an attractive sector, but rest of retail (High street, shopping centres and fashion led retail warehousing) continues to face challenges.

Other: Alternative real estate sectors mainly involving beds is attractive, along with Data Centres, and operational assets. The “Other” sector is growing in market share, and importance, but requires more specialist knowledge.

Office: Return to the office finally seems to be gaining traction, but the future of the office remains a matter of great debate. Risk is on the downside, and a greater bifurcation of returns between best quality and secondary is expected. The office is not dead, but stock selection will be key.

8 Environmental, Social and Governance
Source: abrdn 02 May 2022

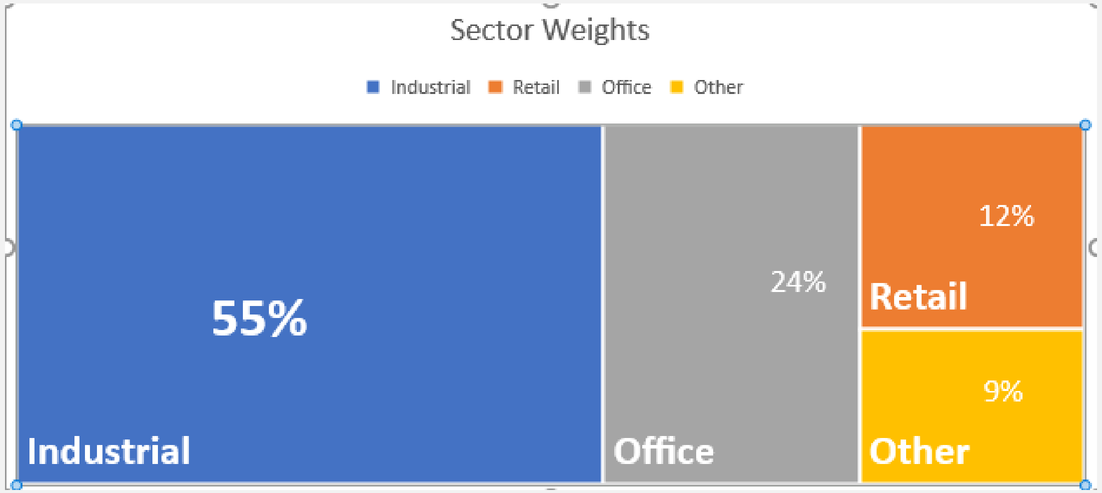
With structural change, a different investment focus in required for the future than was used for the last 10 years

SLIPIT portfolio

Sector Allocation

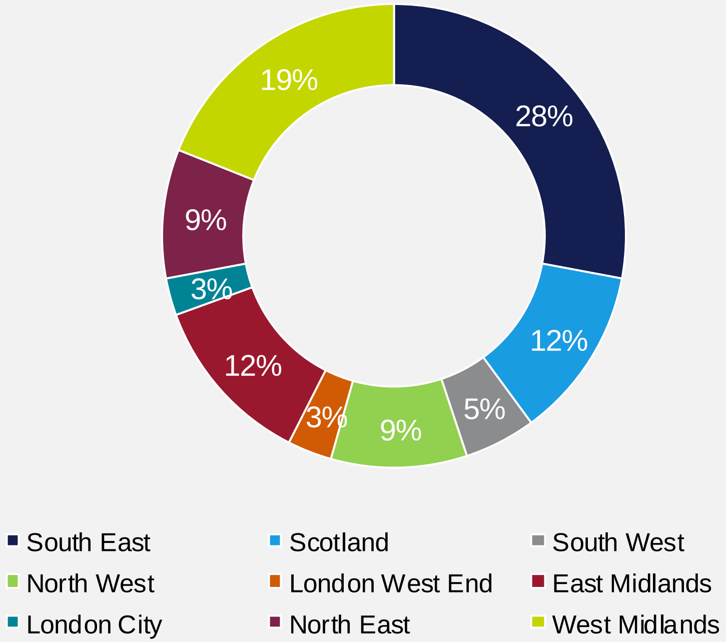
Diversified portfolio by location, asset, and tenant

SLIPIT Portfolio allocation by Sector



* Other includes land at Far Ralia
Source: abrdn, 31 March 2022

Portfolio allocation by Region



Recent purchases – St Helens

Acquired: December 2021

- Property
  - Description: Forward-funding of an industrial unit serving as a research and innovation centre for the glass industry
  - Size: c101,500 sq.ft
  - EPC: A (BREEAM – Very Good)
- Lease
  - Tenant: St Helens Borough Council u/l to Glass Futures
  - Term: 15 years from practical completion
  - Rent: £658,000 p.a. (5-yearly indexed reviews)
- Funding terms
  - Maximum commitment of £15.05m
  - Price reflects 4.25% net initial yield
- Rationale
  - Good income profile at attractive risk-adjusted yield
  - Strong ESG credentials both in terms of the property, and also the user

Source: abrdn 31 December 2021

Past performance does not predict future returns

Recent purchases – Washington

Acquired: December 2021

- Property
  - Description: Self-contained industrial unit
  - Size: 97,023 sq.ft
  - EPC: B
- Lease
  - Tenant: Griffith Textile Machines Limited
  - Term: 15 years expiring September 2035
  - Rent: £475,000 p.a. (stepped-rent topped-up by seller)
- Purchase terms
  - Acquired for £7.735m
  - Price reflects 5.75% net initial yield (on topped-up rent)
- Opportunities
  - Asset includes c3.5 acre development site to the rear - offer already received from developer at £200k per acre
  - Tenant engagement has taken place about potential ESG initiatives

Source: abrdn 31 December 2021

Past performance does not predict future returns

Recent Purchase – Motorpoint Stockton on Tees

Long term index linked income to a strong tenant

- Car showroom let to Motorpoint for 20 years (with tenant breaks at year 15 and 20)
- Purchase price £5m reflecting a yield of 6.5%
- Low site cover with main road frontage

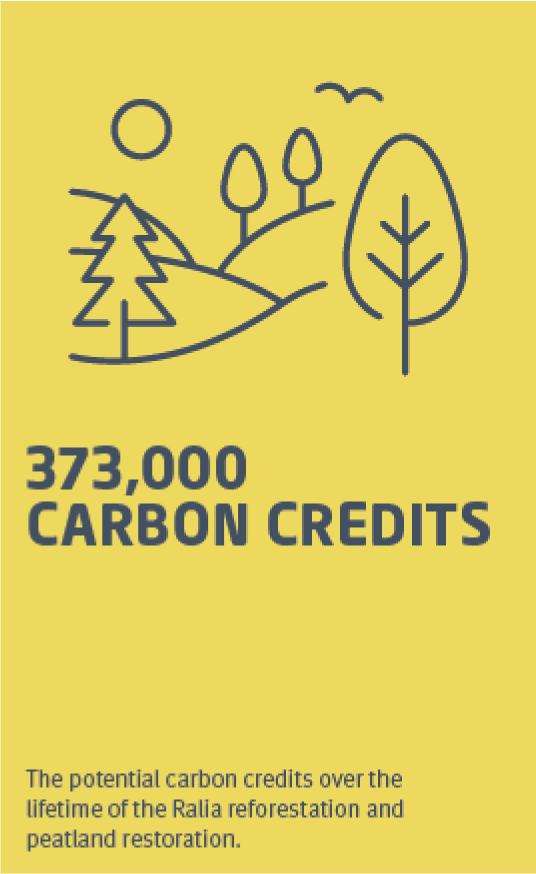
Past performance does not predict future returns

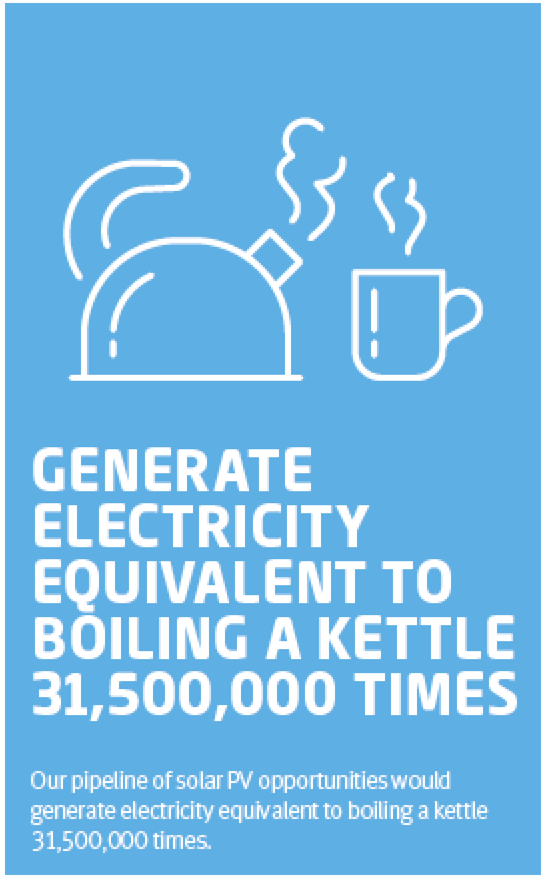
SLIPIT ESG

Environmental Social and Governance – putting theory into practice

SLIPIT has embraced ESG* as an integral part of its investment process

- **Alignment of personal goals**
- **Photo voltaic and electric vehicle projects underway**
  - 7 operational schemes totalling 1.25kWp,
  - 14 schemes underway with capacity of 4.6kWp
  - EV solutions being tendered
- **Pathway to Net zero**
  - The challenge of evolving knowledge
  - Energy / carbon benchmarking of all assets
  - Offset / inset program
- **Asset plans**
  - Detailed costed pathway for each asset
  - Working to achieve the "easy wins"





* Environmental, Social & Governance
Source: abrdn / Syzygy March 2022

Energy performance – changing regulatory environment

UK Regulatory Environment (MEES)

2025 The Minimum Energy Efficiency Standards (MEES) make it unlawful for commercial landlords to lease out space with an EPC rating **below E**

2025-2027 All commercial properties must have a rating of **>C**

2028-2030 All commercial properties must have a rating of **>B**

Source: UK Government, Shutterstock, abrdn, September 2021

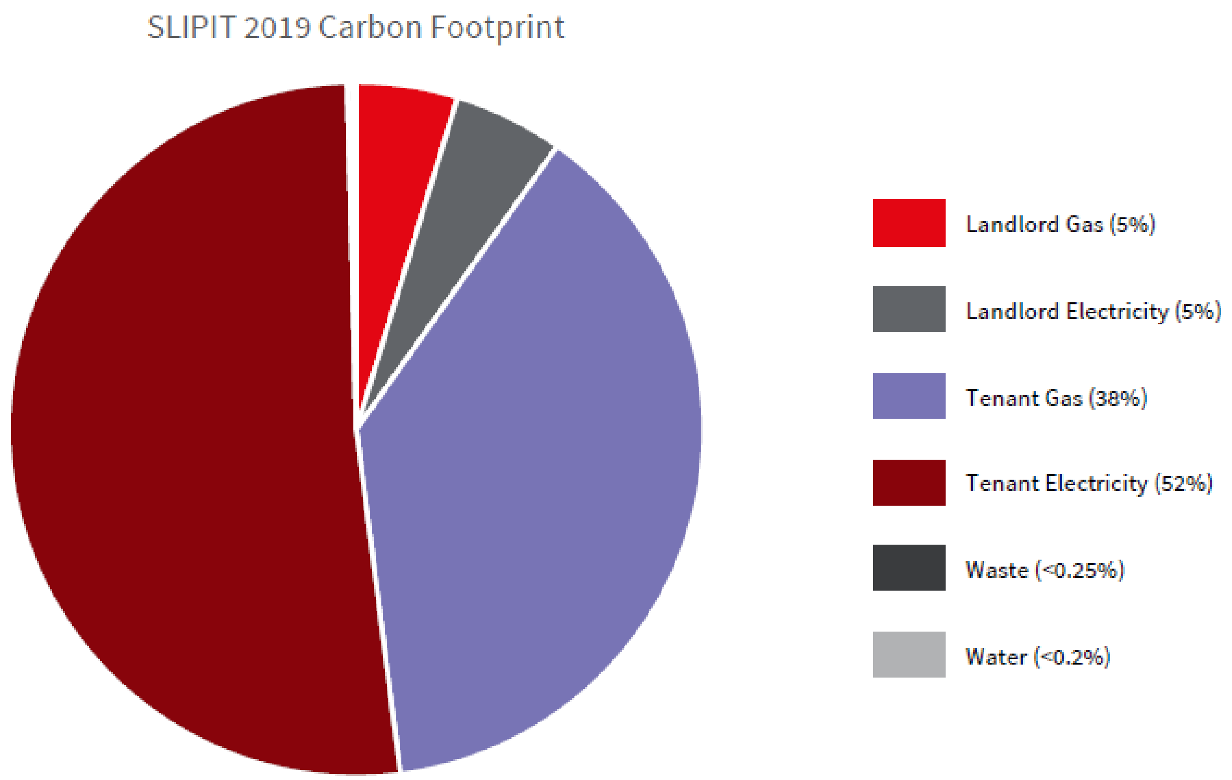
SLIPIT EPC exposure

	% Estimated Rental Value (ERV)	
EPC Rating	**2021**	**2020**
A	2%	0%
B	21%	16%
C	33%	31%
D	35%	39%
E	8%	9%
F	0%	4%
G	1%	1%

Source: abrdn 31 March 2022

What does the fund carbon footprint look like?

Fund level analysis complete - L/L gas and electricity = 10% of fund footprint



Source: abrdn / JLL November 2019

Tenant engagement takes many forms

Creating places people want to work

- Biodiversity
  - Bug hotels and T pot bird boxes
  - Revised landscaping for improved species diversity

- Wellbeing and Engagement
  - Seasonal engagement packs
  - Education and support
  - Yoga on site
  - Great amenities
  - Charity cake bakes / food banks

- Tenant Engagement surveys
  - Regular on site tenant meetings

Source: abrdn

Offset / Inset – addressing the carbon challenge early

Our first priority is to reduce carbon footprint, but we will have residual offset requirements

- The company is acquiring 1,471 hectares of open moorland for the purpose of offsetting carbon in the future
  - 956 Hectares of natural broadleaf planting – circa 1.5m trees
  - 115 acres of deep peat restoration
  - Potential for 373,000 carbon credits over 100 year period
  - Land cost of £7.5m plus normal fees, grant funding for planting and fencing costs
  - Fixed cost of carbon protecting the Company from carbon price inflation
  - Other benefits such as flood risk mitigation, water purification, habitat creation available

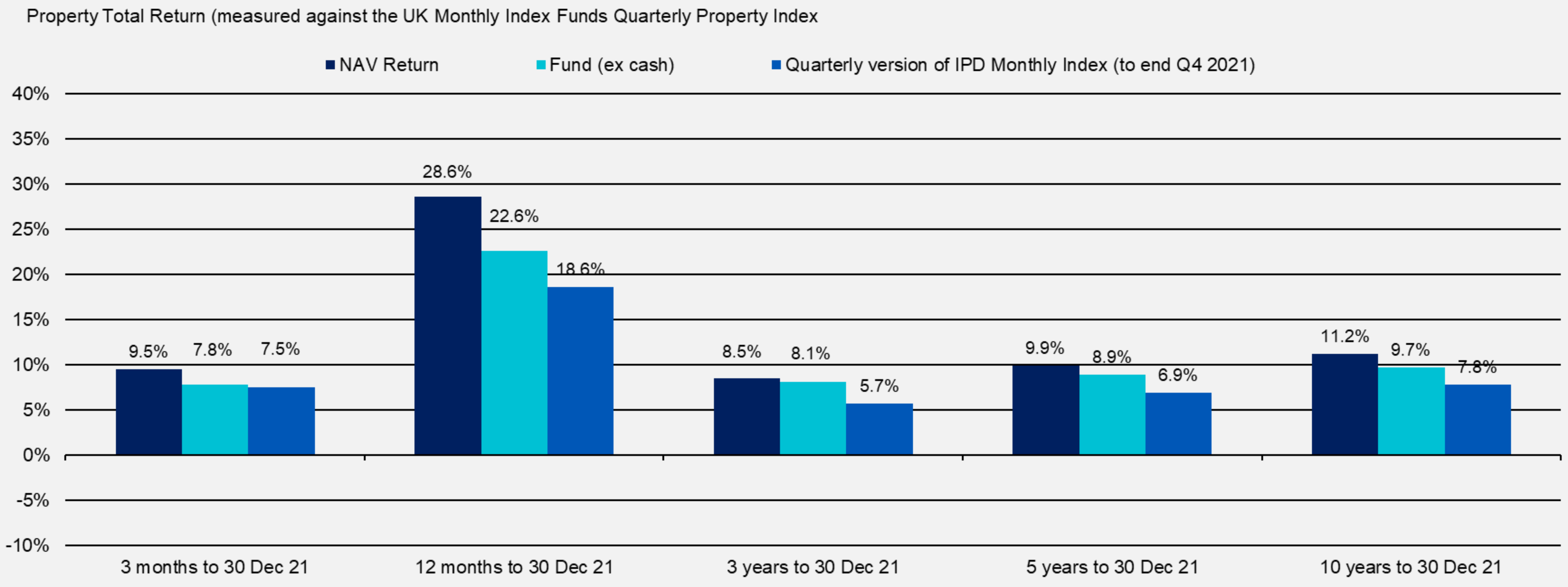
- We are not investing in commercial forestry, this is a carbon strategy
- "doing the right thing" is a driver, but the investment of shareholder money has been made because we believe it will benefit the company financially in future years

Source: abrdn

SLIPIT Performance

Investment portfolio performance – Total Return

Note – figures updated, but scale needs changing for 12 month NAV return



Source: abrdn, MSCI / IPD, 30 September 2021

Past performance does not predict future returns

SLIPIT Conclusion

Summary

SLIPIT’s aim is to provide a sustainable income

- Active approach to managing the portfolio - Covid accelerated trends of structural change
- ESG central to fund decisions – and will increasingly determine asset and fund performance
- Rent collection, reducing voids, and investing in new assets all key initiatives to drive income growth.
- A period of significant change provides great opportunities for an active investment approach.

Source: abrdn

Standard Life Investments Property Income Trust

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Source: abrdn 31 December 2021

SLIPIT Appendix

Standard Life Investments Property Income Trust

Discrete Performance

	31/12/2021	31/12/2020	31/12/2019	31/12/2018	31/12/2017
NAV Total Return	28.58	-4.56	4.07	9.51	14.48
Share Price Total Return	43.40	-29.81	17.99	-8.26	13.74
Direct Portfolio Return	22.65	-1.81	4.78	8.51	12.06
MSCI Benchmark	18.59	-1.65	1.29	6.84	10.55

Source: abrdn, GBP Net portfolio performance, 31 December 2021
Benchmark : UK Monthly Index Funds Quarterly Property Index
Please note that the figures are based on net price performance. This will include the effects of fees, charges and any share pricing swings.

Past performance does not predict future returns

SLIPIT top ten assets

1	B&Q Halesowen	Retail Warehouse	£26m-£28m		6	Atos Birmingham	Other (Data Centre)	£16m-£18m
2	54 Hagley Rd Birmingham	Office	£26m-£28m		7	Tetron 141 Swadlingcote	Industrial	£16m-£18m
3	Symphony Rotherham	Industrial	£24m-£26m		8	Thyssenkrupp Preston	Industrial	£16m-£18m
4	Marsh Way Rainham	Industrial	£22m-£24m		9	Hollywood Green London	Other (Leisure)	£14m-£16m
5	Timbmet Shellingford	Industrial	£18m-£20m		10	Ceva logistics Corby	Industrial	£14m-£16m

Source: abrdn 31 March 2022

Top ten assets represent 39% of portfolio by value (total of 48 assets in fund)

SLIPIT top ten tenants

1	B&Q	Passing rent £1,560,000	6.1%		6	Hadleigh PVT Ltd	£799,683	3.1%
2	The Symphony Group	Passing rent £1,225,000	4.8%		7	Atos IT Services	£780,727	3.1%
3	Schlumberger Oilfiled UK Plc	Passing rent £1,138,402	4.5%		8	Public Sector	£732,210	2.9%
4	Ceva Logistincs	Passing rent £840,000	3.3%		9	Time Wholesale Services	£656,056	2.6%
5	Jenkins Shipping Group	Passing rent £819,390	3.1%		10	Thyssenkrupp Materials	643,565	2.5%

Source: abrdn 31 March 2022

Top ten tenants represent 36% of portfolio by value (total of 150 tenants in fund)

SLIPIT Rent Collection 2021

Total rent collection for 2021 currently 96%

Year	Quarter	% Collected
2020	Q1	100
	Q2	98
	Q3	98
	Q4	96
2021	Q1	96
	Q2	95
	Q3	96
	Q4	98
2022	Q1	90

Source: abrdn 31 March 2022

Q2 2022 subject to increase from late payments and monthly paid rents

SLIPIT portfolio occupation

Row Labels	Area	ERV	ERV %
⊞ Occupied	**303,350**	**28,291,259**	**91.1%**
⊟ Vacant	**13,371**	**2,763,410**	**8.9%**
54 Hagley Road, Birmingham	3,374	795,250	2.6%
One Station Square	1,521	417,250	1.3%
101 Princess Street	1,473	357,250	1.2%
Explorer 1 & 2, Mitre Court, Fleming Way	1,491	348,250	1.1%
Unit 4, Wingates Ind Park, Bolton	3,301	284,250	0.9%
Pinnacle, 20 Tudor Road	611	193,750	0.6%
15 Basinghall Street, Basinghall	382	156,910	0.5%
Ground Floor, New Palace Place, Monck Street	226	111,000	0.4%
Ocean Trade Centre, Altens Industrial Estate	992	99,500	0.3%
Grand Total	**316,720**	**31,054,669**	**100.0%**

Source: abrdn 31 March 2022

Important information

Risk factors you should consider prior to investing:

• The value of investments and the income from them can go down as well as up and investors may get back less than the amount invested. • Past performance is not a guide to future returns.

• The value of property and property-related assets is inherently subjective due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the valuations of Properties will correspond exactly with the actual sale price even where such sales occur shortly after the relevant valuation date.

• Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the Ordinary Shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the falls for whatever reason, including tenant defaults, the use of borrowings will increase the impact of such fall on the net revenue of the Company and, accordingly, will have an adverse effect on the Company's ability to pay dividends to Shareholders.

• The performance of the Company would be adversely affected by a downturn in the property market in terms of market value or a weakening of rental yields. In the event of default by a tenant, or during any other void period, the Company will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveying costs in re-letting, maintenance costs, insurance costs, rates and marketing costs.

• Returns from an investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the development or redevelopment and management of the property, as well as upon changes in its market value. Any change to the laws and regulations relating to the UK commercial property market may have an adverse effect on the market value of the Property Portfolio and/or the rental income of the Property Portfolio. Where there are lease expiries within the Property Portfolio, there is a risk that a significant proportion of leases may be re-let at rental values lower than those prevailing under the current leases, or that void periods may be experienced on a significant proportion of the Property Portfolio.

• The Company may undertake development (including redevelopment) of property or invest in property that requires refurbishment prior to renting the property. The risks of development or refurbishment include, but are not limited to, delays in timely completion of the project, cost overruns, poor quality workmanship, and inability to rent or inability to rent at a rental level sufficient to generate profits.

• The Company may face significant competition from UK or other foreign property companies or funds. Competition in the property market may lead to prices for existing properties or land for development being driven up through competing bids by potential purchasers. Accordingly, the existence of such competition may have a material adverse impact on the Company's ability to acquire properties or development land at satisfactory prices. • As the owner of UK commercial property, the Company is subject to environmental regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. If the Company owns or acquires contaminated land, it could also be liable to third parties for harm caused to them or their property as a result of the contamination. If the Company is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced letting income and reduced asset valuation, which could have a material adverse effect on the Company's business, financial condition, results of operations, future prospects and/or the price of the Shares

Important information

Past performance is not a guide to future results. The value of investments, and the income from them, can go down as well as up and clients may get back less than the amount invested.

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GB-020522-170259-1