Standard Life Investments Property Income Trust Limited

Annual Report & Consolidated Accounts
Year ended 31 December 2020

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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Performance Summary
2020 Financial Review

Financial Resources*
55 MILLION POUNDS

Financial Resources of £55 million as at 31 December 2020 (2019: £37 million) available for investment to enhance earnings in the form of the Company's low cost revolving credit facility.

Loan to Value*
23.0 PERCENT

Low Loan to Value of 23.0% (2019: 24.6%) as at year end compared to Association of Investment Companies ("AIC") peer group average of 31.0%.

Dividend paid*
3.808p

(80% of 2019 level)

Dividends paid of 3.808p in the year (2019: 4.76p). This equates to 80% of the level paid in 2019. Dividends were reduced in the year as rent collection fell due to COVID-19. Dividends paid in 2020 equated to a yield of 6.3% based on the share price as at 31 December 2020 compared to FTSE Index yield of 3.4% and the FTSE All-Share REIT Index yield of 3.1%.

Dividend yield*
6.3 PERCENT

Dividend yield - FTSE All-Share Index
3.4 PERCENT

Dividend yield - FTSE All-Share REIT Index
3.1 PERCENT

2020 NAV total return*
-4.6 PERCENT

NAV total return of −4.6% (2019: 4.1%) as valuations came under pressure, particularly in the first half of the year, due to COVID-19. NAV has outperformed AIC peer group over longer term delivering a total return of 140.2% compared to AIC peer group total return of 32.4% over 10 years.

2020 Share price total return*
-29.8 PERCENT

Share price total return of −29.8% (2019: 18.0%) as sentiment towards the UK commercial real estate sector was negatively impacted by COVID-19. The share price has delivered strong returns over the longer terms with a share price total return over 10 years of 70.3% compared to the AIC peer group of 10.8%.

Share Buybacks
6 MILLION POUNDS

Share buybacks totalling £6m as at 23 April 2021 at significant discounts to NAV which are accretive to both NAV performance and earnings.

Yields based on stats at 31 December 2020
(based on share price at 31 December 2020 of 60.0p).

* These Alternative Performance Measures ("APMs") are defined in the glossary on pages 92–93.

Performance Summary
2020 Portfolio Review

2020 Portfolio total return*

-1.8 PERCENT

Portfolio total return of –1.8% (2019: 4.8%) marginally below that of the benchmark return of –1.6% (2019: 1.3%) as both capital and income returns were impacted by COVID-19.

Rent collection*

93.6 PERCENT

Rent collection for 2020 of 93.6% of rent due (2019: 99%) as tenant base, geared towards Industrials, proved resilient in a COVID-19 environment.

Occupancy rate

91.7 PERCENT

Occupancy rate of 91.7% (2019: 93.4%) compares favourably to the MSCI rate of 90.8% (2019: 92.4%).

Positive Asset Management

2.58 MILLION POUNDS

A total of 15 lease renewals and restructurings were undertaken, securing £2,587,491 pa in rent, and a total of 8 lettings securing £890,369pa.

Positive Asset Management

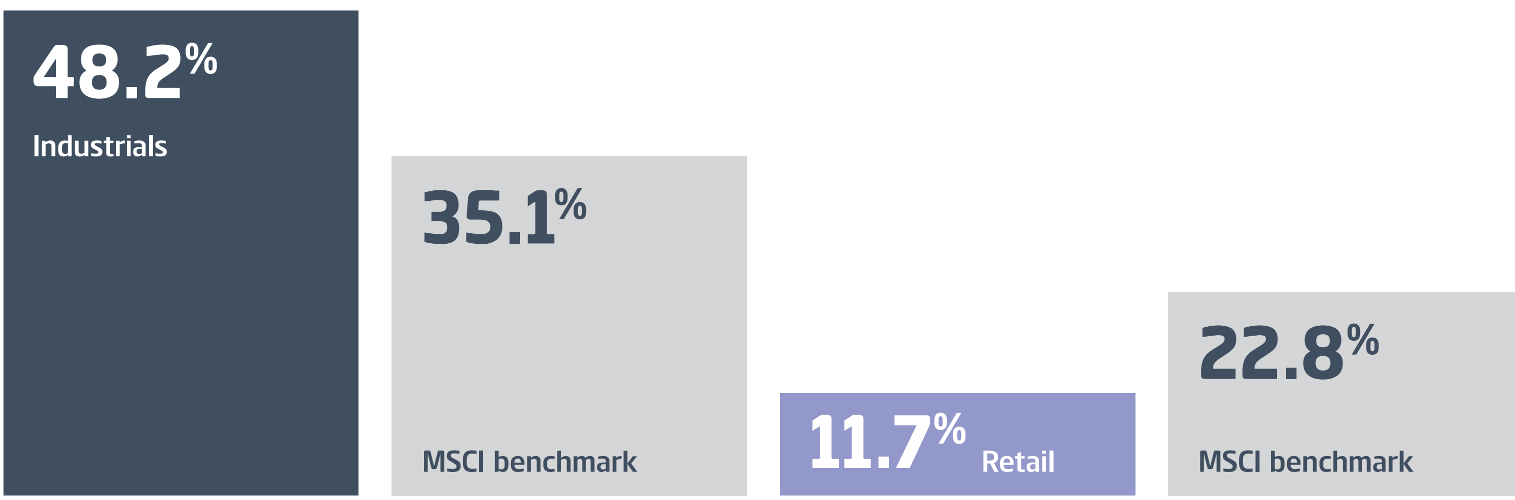
19 PERCENT

5 rent reviews were settled with uplifts in rent, securing an additional £58,256pa (an average increase of 19% on previous rent).

Our largest solar PV scheme

In 2020 we completed our largest solar PV scheme to date; a 918 kWp scheme in Sandy to supply electricity to our occupier Flamingo Flowers. The Company now has 6 operational PV schemes totalling 1.2 MWp, and has another 20 schemes in various stages of implementation.

Portfolio well positioned



Portfolio is well positioned towards sectors forecast to outperform by our Investment Manager with a 48.2% (2019: 51.2%) weighting in Industrials (MSCI benchmark: 35.1%, 2019: 30.7%).

11.7% weighting in Retail (2019: 8.6%) (MSCI benchmark: 22.8%, 2019: 28.5%).

Strategic Report
Performance Summary

Earnings & Dividends	31 December 2020	31 December 2019
IFRS earnings per share	(3.88)	3.98
EPRA earnings per share (p) (excluding capital items & swap movements)*	4.10	4.76
Dividends declared per ordinary share (p)	3.808	4.76
Dividend cover (%)	108	100
Dividend yield (%)**	6.3	5.2
FTSE All-Share Real Estate Investment Trusts Index Yield (%)	3.1	3.9
FTSE All-Share Index Yield (%)	3.4	4.1
Ongoing Charges***		
As a % of average net assets including direct property costs	2.0	2.0
As a % of average net assets excluding direct property costs	1.2	1.2

Capital Values & Gearing	31 December 2020	31 December 2019	Change %
Total assets (£million)	459.6	505.8	(9.1)
Net asset value per share (p) (note 21)	82.0	89.9	(8.8)
Ordinary Share Price (p)	60.0	91.0	(34.1)
Premium/(Discount) to NAV (%)	(26.8)	1.2	
Loan to Value (%)†	23.0	24.6	

Total Return	1 year % return	3 year % return	5 year % return	10 year % return
NAV‡	(4.6)	8.8	30.0	140.2
Share Price‡	(29.8)	(24.0)	(7.6)	70.3
FTSE All-Share Real Estate Investment Trusts Index	(16.2)	(4.1)	0.2	95.2
FTSE All-Share Index	(9.8)	(2.7)	28.5	71.9

Property Returns & Statistics (%)	31 December 2020	31 December 2019
Property income return	4.9	5.2
MSCI Benchmark income return	4.7	4.7
Property total return	(1.8)	4.8
MSCI Benchmark total return	(1.6)	1.3
Void rate	8.3	6.6

*
Calculated as profit for the period before tax (excluding capital items & swaps costs) divided by weighted average number of shares in issue in the period (see page 81 for further details). EPRA stands for European Public Real Estate Association.

**
Based on dividend paid of 3.808p and the share price at 31 December 2020 of 60.0p.

***
Calculated as investment manager fees, auditor's fees, directors' fees and other administrative expenses divided by the average NAV for the year.

†
Calculated as bank borrowings less all cash as a percentage of the open market value of the property portfolio as at the end of each year.

‡
Assumes re-investment of dividends excluding transaction costs.

Sources: Aberdeen Standard Investments, MSCI.

Alternative Performance Measures ("APMs") including NAV total return, share price total return, dividend cover, Loan to Value, dividend yield and portfolio total return are defined in the glossary on pages 92 to 93.

Strategic Report
Chairman's Statement

James Clifton-Brown

BACKGROUND

The last 12 months have been among the most tumultuous in modern times. The tragic human impact of COVID-19 has touched every country across the world and the economic impact will be felt for years to come in the form of much higher state borrowing which, at some point, will have to be repaid. The roll-out of the vaccines has provided some much needed hope, particularly in the UK where the death toll per capita has been one of the highest in the world. New variants allowing, vaccine rollouts should result in lockdowns continuing to be eased and more normality returning to everyday life. Two other events that would normally have been the most significant in any other year, namely the Brexit deal agreed between the UK and the EU and the election of a new President in the United States, should also decrease the political uncertainty that has been so evident in recent years.

REAL ESTATE MARKET

The UK Commercial real estate market is linked to the performance of the UK economy. The fact that the UK economy shrank by the largest amount in over 300 years gives a context in which to view the overall performance of the commercial real estate market. With limited investment transactions, rising capitalisation yields and falling rental values in many sectors, the MSCI benchmark (UK Monthly Index Funds Quarterly Property Index) recorded a total return of −1.6% with a capital return of −6.1% in 2020. The divergence across sectors has been marked with COVID-19 accelerating trends that were already evident before the pandemic with the industrial sector delivering a total return of 8.6% as the move towards online retail continued apace. This trend, and the fact most shops could not physically open for large parts of the year, resulted in the retail sector returning −11.5% in 2020.

The 'other' sector, a large component of which is leisure, also came under pressure as restaurants, pubs and cinemas closed through the various lockdowns returning −7.5%. Finally, while the death of the office may be overstated, office values came under pressure resulting in a total return of −1.8%.

A key focus across the industry has been rent collection. The various lockdowns have impacted detrimentally the ability of some tenants to pay rent which in turn has resulted in a number of listed property REITs reducing dividends. The main exception being those that have tenants purely from the logistics or supermarket sectors, two sectors that have fared well in the COVID-19 environment.

Strategic Report
Chairman's Statement continued

PORTFOLIO AND CORPORATE PERFORMANCE

Against this background the performance of the portfolio was a tale of two halves. Values fell in the first six months of the year when COVID-19 first appeared, effectively closing the economy driving valuations down with material uncertainty clauses becoming prevalent across the valuation industry. However, the portfolio rebounded strongly in the second half of the year as property fundamentals came to the fore. This resulted in the portfolio producing a total return of −1.8%, marginally below that of the benchmark. This was made up of an income return of 4.9% being offset by a capital return of −6.4%. The Investment Manager's report on pages 20–35 provides a full analysis of the portfolio performance.


101 PRINCESS STREET, MANCHESTER

140.2 PERCENT

Strong Net Asset Value (NAV) total return over 10 years

This portfolio performance contributed to a NAV total return of −4.6% in the year as the NAV was also impacted by gearing and the negative movement in the Company's swap liability of £1.5 million.

The swap liability now stands at £3.7 million which will reduce to zero as the fixed term loan approaches maturity in 2023.


ATOS DATA CENTRE, BIRMINGHAM

The total return to shareholders in the period was −29.8% as the share price fell due to sentiment towards the commercial real estate industry deteriorating over concerns around rent collection levels and reduced dividends and asset values. The discount at which the Company's shares traded to NAV stood at 25.5% as at 31 March which is broadly in-line with other diversified REITs. Given these types of discount levels during the year the Board took the investment decision to undertake a share buyback programme, and as at 23 April 2021 has bought back £6 million of shares at an average discount of 26%, thereby increasing both the NAV and earnings per share.

These share buybacks contrast sharply with the pre COVID-19 world in February 2020 when the premium rating of the Company allowed it to issue 1 million new shares at a price of over 6% above NAV.

Whilst in the short term returns have been impacted by COVID-19, the Company continues to have a strong longer term track record with a NAV total return of 140.2% and share price total return of 70.3% over ten years to end of 2020 compared to the equivalent AIC peer group total return of 32.4% and 10.8% respectively. Open ended property funds returned 47.2% over the same period, with these funds having been closed for redemption for a significant period of time during the pandemic.

Strategic Report
Chairman's Statement continued

RENT COLLECTION AND DIVIDENDS

Throughout the period of the pandemic, the Board and its Investment Manager have been very conscious of the Company's Environmental, Social and Governance("ESG") obligations as a responsible landlord. The Company is acutely aware of the pressure that lockdown has had on our tenants' businesses and has worked with tenants to agree rental deferments, rent free periods in exchange for amended lease terms (generally an extension of leases) and, in some extreme cases, rental write offs (generally with the smallest tenants who have no means of paying). At the close of business on 31 March 2021, the Company had received payments reflecting 93.6% of rents billed in relation to 2020. Further detail on ESG, rent collection and interaction with tenants is included in the Investment Manager's Report.

COVID-19 has placed great strain on the revenue accounts of a number of property companies resulting in many postponing dividends for a period of time until the outlook for rent collection became clearer. The Board is very cognisant of the importance of income to our shareholders. Throughout the period of the pandemic the Company has continued to pay a divided with payments of 3.808 pence per share being paid in 2020, 80% of the level paid in 2019. In addition to the fourth interim dividend paid in February 2021 and in-line with the REIT rules, the Company has announced it will also pay a fifth interim dividend in relation to 2020 of 0.381p on 18 May 2021 to shareholders on the register at 30 April 2021.

23.0 PERCENT

Loan to value (LTV)

COSFORD POINT, RUGBY

160 CAUSEWAYSIDE HOUSE, EDINBURGH

The Board will continue to monitor the progress of the vaccine roll out on lockdown restrictions, rent collection and hence earnings on a quarterly basis. Furthermore, the Company in future will need to acquire properties that are well equipped and relevant for a post COVID world, which will tend to offer more modest income yields. A key aim, barring any further lockdowns, is to increase the dividend back to a level that is sustainable given the current portfolio as well as future investment and letting activity.

FINANCIAL RESOURCES & PORTFOLIO ACTIVITY

The Company is in a strong financial position. At the year end, the Company had a prudent Loan to Value ("LTV") of 23.0% compared to a peer group average of 31.0% with only the £110 million term loan drawn. The quarterly loan covenants for the whole of 2020 were also comfortably met with rental income having to fall by 77% and property values by 54% from year end levels before covenants are endangered.

In addition, the Company has significant financial resources available for investment comprising all £55 million of its flexible, low cost revolving credit facility. Post year end the sale of £10.4m of assets also gives the Company additional firepower. In terms of the utilisation of these resources, the Company will look to invest in assets that fit the portfolio strategy including consideration of assets such as forestry that will help offset the Company's carbon footprint. In addition, it will continue to selectively buy back shares at discount levels the Board believe represents a good use of capital.

ANNUAL GENERAL MEETING ("AGM")

The Board has been monitoring closely the ongoing impact of the COVID-19 pandemic upon the arrangements for the Company's upcoming AGM on 16 June 2021. At the time of writing, elements of the National Lockdown remain in place and shareholder attendance at AGMs is not legally permissible. Therefore, in order to provide certainty, whilst encouraging and promoting interaction and engagement with our shareholders, the Board has decided to hold an interactive Online Shareholder Presentation which will be held at 11.00 a.m. on Friday, 4 June 2021. At the presentation, shareholders will receive updates from the Chairman and Manager and there will be the opportunity for an interactive question and answer session. Following the online presentation, shareholders will still have time during which to submit their proxy votes prior to the AGM and I would encourage all shareholders to lodge their votes in advance in this manner. Further information on how to register for the event can be found on www.workcast.com/register?cpak=4594420195653739

The AGM on 16 June 2021 will, by necessity, be a functional only closed AGM, and it will be held at 09:00 at the offices of Dickson Minto WS at 16 Charlotte Square, Edinburgh EH2 4DF.

Arrangements will be made by the Company to ensure that the minimum number of shareholders required to form a quorum will attend the meeting in order that the meeting may proceed and the business be concluded. The Board considers these arrangements to be in the best interests of shareholders given the current circumstances.

The Board strongly discourages shareholders from attending the AGM and entry will be refused if Government guidance so requires or if the Chairman considers it to be necessary. Instead, shareholders are encouraged to exercise their votes in respect of the meeting in advance. Any questions from shareholders who are unable to join the Online Shareholder Presentation may be submitted to the company secretary at: Property.Income@aberdeenstandard.com. The Board and/or the Manager will seek to respond to all such questions received either before, or after the AGM.

On behalf of the Board I should like to thank shareholders in advance for their co-operation and understanding and I very much look forward to presenting to as many shareholders as possible at the Online Shareholder Presentation.


ONE STATION SQUARE, BRACKNELL

OUTLOOK

The COVID-19 pandemic has resulted in the UK suffering an unprecedented economic shock, with GDP falling by 9.9% in 2020. However, assuming the vaccine programme continues to be successful and is not thrown off course by variants of the disease necessitating another lockdown, the economy should grow strongly in 2021. Our Investment Manager forecasts GDP growth of 6.2% on that basis.

From a real estate perspective, overall the market is not expected to perform as well as the wider economy and returns will be heavily polarised between sectors and even within sectors. COVID-19 has accelerated the structural trend towards online retail, benefitting industrials and away from the high street and shopping centres. As lockdown is eased and shops begin to reopen this trend will moderate but it is unlikely to reverse over the medium term given the convenience of online shopping. Moving onto offices, there continues to be a place for offices in any diversified portfolio, but in the future it is likely that offices will act more as hubs for collaboration with occupiers looking for more modern buildings in prime locations that promote wellbeing.

This, in turn, will result in older, more secondary offices falling out of favour. Leisure should recover as lockdown eases and has the potential to perform relatively well when the public gain the confidence to go back to restaurants, pubs and cinemas.

SLIPIT is structurally well aligned to take advantage of the trends referred to above. The portfolio is significantly overweight to the industrial sector with a weighting of 48% at the year end with only 12% of the portfolio being in retail at the same date. The Company has a strong balance sheet with relatively low gearing and significant financial resources to invest into both our existing portfolio, such as the modernisation of our largest office investment at Hagley Road in Birmingham, as well as new investment opportunities and NAV accretive share buybacks. In addition, the Company continues to pay out an attractive dividend to shareholders in a world where low interest rates will continue to be the norm.

Overall, your Company has strong foundations at both a portfolio and corporate level which has enabled it to meet the challenges posed by the current difficult situation as well as being relatively well positioned for the future.

29 April 2021
James Clifton-Brown
Chairman

Strategic Report
Stakeholder Engagement


MARSH WAY, RAINHAM


NEXUS POINT, BIRMINGHAM

BOURNE HOUSE, STAINES

This section, which serves as the Company's section 172 statement, explains how the Directors have promoted the success of the Company for the benefit of its members as a whole during the financial year to 31 December 2020, taking into account the likely long term consequences of decisions, the need to foster relationships with all stakeholders and the impact of the Company's operations on the environment, in accordance with the AIC Code on Corporate Governance.

THE ROLE OF THE DIRECTORS

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

As set out in the Corporate Governance Report, the Board has delegated day-to-day management of the assets to the Investment Manager and either directly or through the Investment Manager, the Company employs key suppliers to provide services in relation to property management, health & safety, valuation, legal and tax requirements, auditing, depositary obligations and share registration, amongst others. All decisions relating to the Company's investment policy, investment objective, dividend policy, gearing, corporate governance and strategy in general are reserved for the Board. The Board meets quarterly, with numerous other ad-hoc meetings, and receives full information on the Company's performance, financial position and any other relevant information. At least once a year, the Board also holds a meeting specifically to review the Group's strategy.

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

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

STRATEGIC ACTIVITY DURING THE YEAR

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

- All decisions relating to the Company's dividends – the Board recognised the importance of dividends to its shareholders especially when the COVID-19 crisis had forced many companies, across multiple sectors of the economy, to cancel or suspend their dividends. Despite some disruption to cash collection during the financial year, the Company continued to pay out a dividend during the pandemic with payments made in 2020 totalling 3.8p per share which equates to 80% of the 2019 level.

- Issuance and buyback of shares – in February 2020, the Board approved the issue of 1 million new ordinary shares at a 6% premium to NAV with the proceeds used to reduce the Company's borrowings and was invested in accordance with the Company's investment policy. During the year, the Company bought back 2,548,997 ordinary shares into treasury. The Board believes that investment by the Company in its own shares at the levels of discount to net asset value during the year and subsequently offers an attractive investment opportunity for its shareholders given the financial resources the Company has at its disposal.

- Ongoing investment activity – the Company, with oversight from the Board, undertook strategic activity in selling a small non air conditioned office in Derby following a regear of the lease and a standalone retail warehouse let to Smyth's Toys. The most significant sale (in late December) was of four multi-let industrial estates for £37.75m. Industrial is a favoured sector but the Company wanted to realise the positive performance delivered on these assets recognising that future performance within the industrial sector is likely to be more polarised, with logistics performing better than small multi-let units. All of these sales reflected the Investment Manager's changing expectations for some assets following COVID-19. The sale proceeds were used to repay the £35m drawn under the Revolving Credit Facility (RCF) and also meant the Company had resources for investment and share buy backs.

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

Strategic Report
Stakeholder Engagement continued

SHAREHOLDERS

Shareholders are key stakeholders and the Board places great importance on communication with them. The Board welcomes all shareholders' views and aims to act fairly to all shareholders. The Board believes that the Company's shareholders seek an attractive and sustainable level of income, the prospect of growth of income and capital in the longer term, a well-executed sustainable investment policy, responsible capital allocation and value for money.

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

The Chair offers to meet with key shareholders at least annually, and other Directors are available to meet shareholders as required. This allows the Board to hear feedback directly from shareholders on the Company's ongoing strategy. Despite the challenges arising from COVID-19, the Investment Manager undertook several meetings with large shareholders to provide reports on the progress of the Company and receive feedback, which was then provided to the full Board.

The Company's AGM provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Investment Manager of the Company. The Board would ordinarily encourage as many shareholders as possible to attend the Company's AGM to engage directly with the Board. The Board has been monitoring closely the ongoing impact of the COVID-19 pandemic upon the arrangements for the Company's upcoming AGM on Wednesday, 16 June 2021. At the time of writing, elements of the National Lockdown remain in place and shareholder attendance at AGMs is not legally permissible. Therefore, in order to provide certainty, whilst encouraging and promoting interaction and engagement with the Company's shareholders, the AGM will be a closed meeting, with the minimum representatives present to form a quorum.

However, as set out in the Chairman's Statement, the Board has decided to hold an interactive Online Presentation and Shareholder Question and Answer Session with the Manager which will be held at 11:00 on Friday, 4 June 2021. Following the online Presentation, shareholders will still have time during which to submit their proxy votes prior to the AGM and the Board encourages all shareholders to lodge their votes in advance. Full details on how to register for the Q&A can be found in the Chairman's Statement. Shareholders are encouraged to submit questions in advance of the Q&A by email to:

property.income@aberdeenstandard.com

TENANTS

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

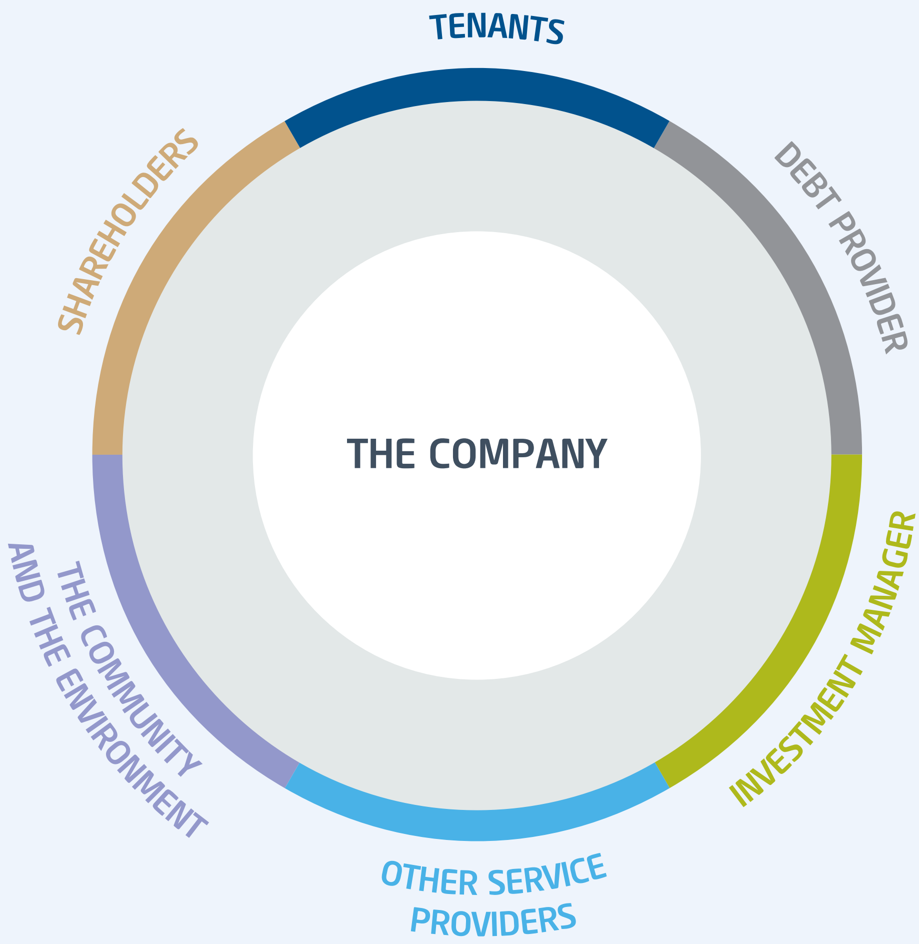
The Board believes that tenants benefit from a trusting and long term working relationship with the Investment Manager, sustainable buildings and tenancies, value for money and a focus on the community, health & safety and the environment.

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

During the COVID-19 pandemic, the Company's Investment Manager has worked closely with tenants to understand their needs. The Board believes that this is a crisis that impacts on individuals as much as companies and takes the Social aspects of ESG very seriously. The Board firmly believes that by helping tenants now and building relationships the Company will have better occupancy over future months and years, which will in turn benefit the Company's cash flow.

DEBT PROVIDER

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



THE COMMUNITY AND THE ENVIRONMENT

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

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

The Company aims to invest responsibly, to achieve environmental and social benefits alongside returns. By integrating ESG factors into the investment process, the Company aims to maximise the performance of the assets and minimise exposure to risk. Please see page 18, and the EPRA Financial and Sustainability Reporting starting on page 86, for more information on the Company's approach to ESG.

INVESTMENT MANAGER

The Chairman's Statement (pages 5–9) and Investment Manager's Review on pages 20–35 detail the key investment decisions taken during the year and subsequently. The Investment Manager has continued to manage the Company's assets in accordance with the mandate provided by shareholders, with the oversight of the Board. The Board receives presentations from the Investment Manager at every Board meeting to help it to exercise effective oversight of the Investment Manager and the Company's Strategy. The Board formally reviews the performance of the Investment Manager, and the fees it receives, at least annually. More details on the conclusions from the Board's review is set out on page 38.

OTHER SERVICE PROVIDERS

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

Strategic Report
Strategic Overview

OBJECTIVE

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

INVESTMENT POLICY AND BUSINESS MODEL

The Board intends to achieve the investment objective by investing in a diversified portfolio of UK commercial properties. The majority of the portfolio will be invested in direct holdings within the three main commercial property sectors of retail, office and industrial although the Group may also invest in other commercial property such as hotels, nursing homes and student housing.

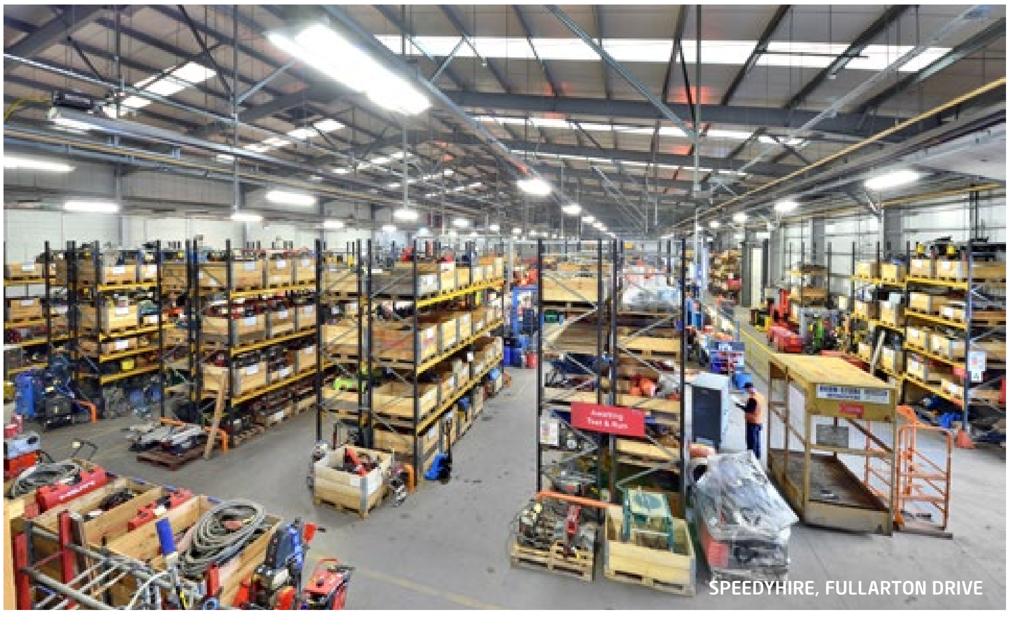
Investment in property development and investment in co-investment vehicles, where there is more than one investor, is permitted up to a maximum of 10% of the property portfolio.

In order to manage risk, without compromising flexibility, the Board applies the following restrictions to the property portfolio, in normal market conditions:

- No property will be greater by value than 15% of total assets.
- No tenant (excluding the Government) will be responsible for more than 20% of the Group's rent roll.
- Gearing, calculated as borrowings as a percentage of gross assets, will not exceed 65%. The Board's current intention is that the Group's Loan to Value ratio (calculated as borrowings less all cash as a proportion of property portfolio valuation) will not exceed 45%.

As part of its strategy, the Board has contractually delegated the management of the property portfolio, and other services, to Aberdeen Standard Fund Managers Limited ("the Investment Manager").

OCEAN TRADE CENTRE, ABERDEEN


SPEEDYHIRE, FULLARTON DRIVE

STRATEGY

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

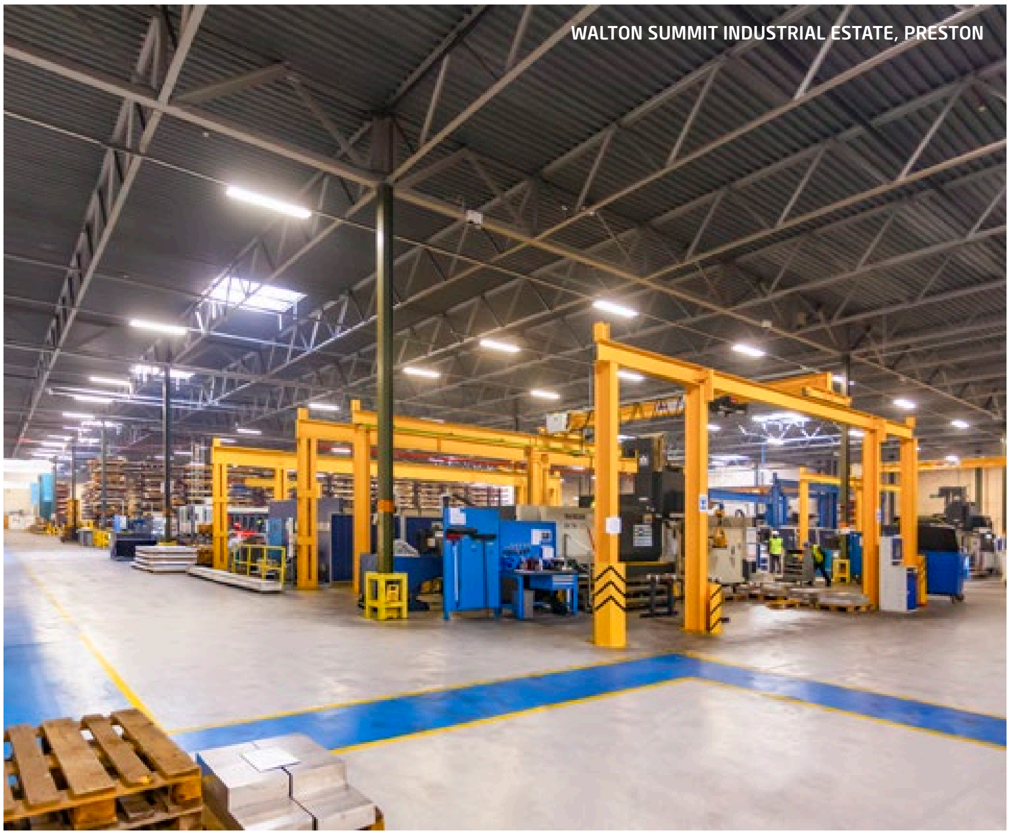
The overall intention is to continue to distribute an attractive income return alongside growth in the NAV and a good overall total return relative to the peer group.

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

The Group is principally invested in office, industrial and retail properties and intends to remain so but will keep alert to other opportunities. In addition consideration will be given to acquiring assets that will enable the Company to meet its ESG objectives.

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

As part of this investment strategy, the Group recognises that tenants are a key stakeholder and aims to foster a culture whereby the experience of tenants is seen as paramount to the future success of the Group. The Investment Manager works closely with tenants to understand their needs through regular communication and visits to properties.


WALTON SUMMIT INDUSTRIAL ESTATE, PRESTON

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

The Board continues to seek out opportunities for further, controlled growth in the Group.

The Group continues to maintain a tax efficient structure, having migrated its tax residence to the UK and becoming a UK REIT on 1 January 2015.


EXPLORER 1 & 2 AND MITRE COURT, CRAWLEY

THE BOARD

As at 31 December 2020, the Board consisted of a non-executive Chairman and four non-executive Directors. The names and biographies of those directors who held office at 31 December 2020 and at the date of this report appear on pages 36 and 37 and indicate their range of property, investment, commercial and financial experience. There is also a commitment to achieve the proper levels of diversity.

Robert Peto stepped down from the Board on 25 August 2020 and was succeeded as Chair by James Clifton-Brown. Sarah Slater succeeded James as the Chair of the Property Valuation Committee.

Strategic Report
Strategic Overview
continued


TETRON 93, SWADLINCOTE

KEY PERFORMANCE INDICATORS

The Board meets quarterly and at each meeting reviews performance against a number of key measures which are considered to be alternative performance measures ("APMs"). These APMs are in line with recognised industry performance measures both in the Real Estate and Investment Trust industry and help to assess the overall performance of the portfolio and the wider Group:

Property income and total return against the Quarterly Version of the MSCI Balanced Monthly Funds Index ("the Index").

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

Property voids.

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

Rent collection.

The Board assesses rent collection by reviewing the percentage of rents collected within 21 days of each quarter end.

Net asset value total return.

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

Premium or discount of the share price to net asset value.

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

Dividend per share and dividend cover.

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

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

A record of these measures is disclosed in the Financial and Property Highlights, Chairman's Statement and Investment Manager's Report.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The Group's assets consist of direct investments in UK commercial property. Its principal risks are therefore related to the commercial property market in general, but also the particular circumstances of the properties in which it is invested, and their tenants. The Board and Investment Manager seek to mitigate these risks through a strong initial due diligence process, continual review of the portfolio and active asset management initiatives. All of the properties in the portfolio are insured, providing protection against risks to the properties and also protection in case of injury to third parties in relation to the properties.

The overarching risk that has emerged is COVID-19, the global pandemic that has impacted all areas of society in the UK and abroad. This pandemic has caused significant loss of life and global economic disruption. It arguably affects all areas of risk on which the Company reports and has increased the risk profile of the Company. In the section following, particular consideration has been given to how COVID-19 is impacting on the specific risks that are reviewed at each Board meeting.


HOLLYWOOD GREEN, LONDON

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

This risk is mitigated through regular contact with shareholders, a regular review of share price performance and the level of the discount or premium at which the shares trade to net asset value and regular meetings with the Group's broker to discuss these points and address any issues that arise. COVID-19 has increased the volatility of the Company's share price and, reflecting wider market sentiment, has resulted in the Company's shares trading at a discount to prevailing NAV of 25.5% as at 31 March 2021, in-line with other diversified peers in the Company's AIC peer group.

Net revenue falls such that the Group cannot sustain its level of dividend, for example due to tenant failure or inability to let properties.

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

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

An emerging risk in the year was the poor performance of the retail sector due to a number of high profile administrations and store closures in this sector as most retail units were closed for part of the year and into 2021.

The Group has partially mitigated this risk by having an underweight position to the retail sector with only 11.7% exposure to this sector against the benchmark weighting of 22.8% as at the end of December 2020.

The lockdown of many businesses as a result of COVID-19 has resulted in a significant fall of rental collection rates. Rent collection for 2020 was 93.6% resulting in a fall in EPRA earnings during the year. The Company reduced its dividend to reflect this fall in rental levels and the continued uncertainty, paying out a dividend that equated to 80% if its 2019 level.

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

This risk is managed through regular reporting from, and discussion with, the Investment Manager and other advisers. Macroeconomic conditions form part of the decision making process for purchases and sales of properties and for sector allocation decisions.

The impact of COVID-19 on the UK economy has been severe with the largest fall in GDP in over 300 years. This has impacted both property values and the ability of tenants to pay rent. Assuming the vaccination programme works and lockdown continues to be eased then UK GDP should grow strongly in the current year. The impact of the trade deal with the EU will also require to be monitored to ensure it does not have a negative impact on the UK economy.

Breach of loan covenants.

This risk is mitigated by the Investment Manager monitoring the loan covenants on a regular basis and providing a quarterly certificate to the bank confirming compliance with the covenants. Compliance is also reviewed by the Board each quarter and there is regular dialogue between the Investment Manager and RBS, the lending bank, on Group activity and performance. Throughout 2020 the loan covenants were comfortably met. As at 31 December the Loan to Value Ratio reported to RBS was 25% (limit of 60%) and interest cover of 678% (limit 175%).

Environmental.

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

Strategic Report
Strategic Overview
continued

Please see the Environmental, Social and Governance Policy section and the Investment Manager's Report for further details on how the Company addresses environmental risk, including climate change.

Other risks faced by the Group include the following:

- **Strategic** – incorrect strategy, including sector and property allocation and use of gearing, could all lead to a poor return for shareholders.
- **Tax efficiency** – the structure of the Group or changes to legislation could result in the Group no longer being a tax efficient investment vehicle for shareholders.
- **Regulatory** – breach of regulatory rules could lead to the suspension of the Group's Stock Exchange Listing, financial penalties or a qualified audit report.
- **Financial** – inadequate controls by the Investment Manager or third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations.
- **Operational** – failure of the Investment Manager's accounting systems or disruption to the Investment Manager's business, or that of third party service providers, could lead to an inability to provide accurate reporting and monitoring, leading to loss of shareholder confidence.
- **Cyber Risk** – Business continuity or other risks to any of the Company's service providers or properties, following a catastrophic event e.g. terrorist attack, cyber-attack, power disruptions or civil unrest, leading to disruption of service, loss of data etc.

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

Details of the Group's internal controls are described in more detail in the Corporate Governance Report on pages 40 to 43.

SOCIAL, COMMUNITY AND EMPLOYEE RESPONSIBILITIES

The Group has no direct social, community or employee responsibilities. The Group has no employees and accordingly no requirement to report separately in this area as the management of the portfolio has been delegated to the Investment Manager. In light of the nature of the Group's business there are no relevant human rights issues and hence there is no requirement for a human rights policy. The Board, through its Investment Manager, does, however, closely monitor the policies of its suppliers to ensure that proper provision is in place.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

Approach to ESG

The Company adopts the Investment Manager's policy and approach to integrating ESG and this has been used as the basis for establishing the Company's ESG objectives.

The Investment Manager views ESG as a fundamental part of its business. Whilst real estate investment provides valuable economic benefits and returns for investors it has – by its nature – the potential to affect environmental and social outcomes, both positively and negatively.

The Investment Manager's approach is underpinned by the following three over-arching principles:

- **Transparency, Integrity and Reporting:** being transparent in the ways in which we communicate and discuss our strategy, approach and performance with our investors and stakeholders.
- **Capability and Collaboration:** drawing together and harnessing the capabilities and insights of our platforms, with those of our investment, supply chain and industry partners.
- **Investment Process and Asset Management:** integrating ESG into decision making, governance, underwriting decisions and asset management approach. This includes the identification and management of material ESG risks and opportunities across the portfolio.

Of particular focus is responding to climate change, both in terms of resilience to climate impacts and in reducing emissions from the Company's activities. The Investment Manager has recently published a framework for achieving net-zero greenhouse gas emissions across the real estate assets it manages and the Company is among the first to start this process, as outlined in the Investment Manager's Report.

EPRA Sustainability Best Practice Recommendations Guidelines

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

A full outline of the scope of reporting and materiality review in relation to EPRA sBPR indicators is included on page 86 which also provides disclosures required under Streamlined Energy and Carbon Reporting (SECR).

Operational Performance Summary

The Investment Manager has processes in place to ensure operational sustainability performance is monitored and actions are implemented to drive continual improvement. The effect of COVID-19 on occupancy has had an impact on energy consumption and greenhouse gas emissions. It is unfortunately not possible to fully disaggregate this impact from improvement measures undertaken at assets. The performance figures for 2020 should be viewed in this context.

BADENTOY, ABERDEEN

Like-for-like landlord electricity and gas consumption reduced year-on-year across the Company's assets, by 12% and 1% respectively. This helped drive a 17% reduction in like-for-like greenhouse gas emissions associated with landlord-procured energy.

Full details of performance against material EPRA sBPR indicators are included on page 86.

2020 GRESB Assessment

The GRESB Assessment is the leading global sustainability benchmark for real estate vehicles. The Company has been submitted to GRESB since 2012. In the 2020 assessment, the Company achieved a score of 62 and a two star rating. The 2020 GRESB assessment represented a major overhaul of the benchmark which affected certain types of portfolio more than others and means comparisons with previous years are not possible. Our focus on ESG, and in particular on improving coverage of tenant data, will help improve the Company's GRESB score in future years.

HEALTH & SAFETY

Alongside these environmental principles the Group has a health & safety policy which demonstrates commitment to providing safe and secure buildings that promote a healthy working/customer experience that supports a healthy lifestyle. The Group, through the Investment Manager, manages and controls health & safety risks as systematically as any other critical business activity using technologically advanced systems and environmentally protective materials and equipment. The aim is to achieve a health & safety performance the Group can be proud of and allow the Group to earn the confidence and trust of tenants, customers, employees, shareholders and society at large. The Board reviews health & safety on a regular basis in Board meetings.

VIABILITY STATEMENT

The Board considers viability as part of its ongoing programme of financial reporting and monitoring risk. The Board continually reviews the prospects for the Company over the longer term taking into account the Company's current financial position, its operating model, and the diversified constituents of its portfolio. In addition the Board considers strong initial due diligence processes, the continued review of the portfolio and the active asset management initiatives. Given the above, the Board believes that the Company has a sound basis upon which to continue to deliver returns over the long term.

In terms of viability, the Board has considered the nature of the Group's assets and liabilities and associated cash flows and has determined that five years is the maximum timescale over which the performance of the Group can be forecast with a material degree of accuracy and so is an appropriate period over which to consider the Group's viability.

The Board has also carried out a robust assessment of the principal and emerging risks faced by the Group, as detailed on pages 17 to 18. The main risks which the Board considers will affect the business model are: future performance, solvency, liquidity, tenant failure leading to a fall in dividend cover and macroeconomic uncertainty.

These risks have all been considered in light of the financial and economic impact arising from COVID-19.

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

- Detailed NAV, cash resources and income forecasts, prepared by the Company's Investment Manager, for a five year period under both normal and stressed conditions;
- Additional modelling that has been undertaken around the potential impact of COVID-19 on rent collection, cash flow, dividend cover, Net Asset Value and loan covenants;
- The Group's ability to pay its operational expenses, bank interest, tax and dividends over a five year period;
- Future debt repayment dates and debt covenants, in particular those in relation to LTV and interest cover;
- The ability of the Company to refinance its debt facilities in April 2023;
- Demand for the Company's shares and levels of premium or discount at which the shares trade to NAV;
- Views of shareholders; and
- The valuation and liquidity of the Group's property portfolio, the Investment Manager's portfolio strategy for the future and the market outlook.

Despite the uncertainty in the UK regarding the ongoing impact of the COVID-19 pandemic, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next five years. This assessment is based on the current financial position of the Company, its performance track record and feedback it receives from shareholders.

APPROVAL OF STRATEGIC REPORT

The Strategic Report comprises the Financial and Portfolio Highlights, Performance Summary, Chairman's Statement, Strategic Overview and Investment Manager's Report. The Strategic Report was approved by the Board and signed on its behalf by:

29 April 2021
James Clifton-Brown
Chairman

Strategic Report
Investment Manager's Review

MARKET REVIEW

2020 will be a year remembered by everyone. UK gross domestic product (GDP) fell by 9.9%, the largest annual decline in output in 300 years. The effects of the pandemic were far reaching, with no sector of the economy coming out unscathed, including real estate.

Furthermore, the lockdown measures implemented at the end of 2020 are likely to result in the economy shrinking by 4% in the first quarter of 2021. Assuming the vaccine roll out continues smoothly, the UK economy is expected to see growth return only in the second half of 2021.

Returns in the UK real estate market turned negative in 2020, with a total return of –2.3% (per the MSCI Quarterly Index), the first negative calendar year since 2008. As was the case pre-pandemic, returns at the sector level remained highly polarised with industrials and residential the only two sectors to post positive total returns during 2020. The industrial sector was the stand out performer, recording another strong year with returns of 9.2%, aided by capital value growth of 4.6%. Both South East and rest of UK industrials had a strong 2020, with total returns of 10.1% and 7.6% respectively. The retail sector continued to weigh on all commercial property returns with a total return of −12.4% and values falling by −17.1% over the course of the year. At –1.0% in Q4, the office sector saw its weakest quarterly return since Q3 2016, contributing an annual return of −1.7%.

The fourth quarter rally in 2019 for the FTSE UK REIT index was quickly unwound in the first quarter of 2020 as the pandemic took hold. During the first quarter of 2020, the index recorded a total return of −27%, and despite a late vaccine relief rally in the final months of 2020, the FTSE UK REIT index delivered a total return of −16.2% for the full year, with the FTSE All-Share Index returning −9.8%. The hierarchy of favoured sectors remained broadly the same, with the variance in NAVs between the most and least favoured sectors becoming more pronounced. Industrial names benefited from a clear acceleration in structural shifts towards online retailing, largely to the detriment of retail REITs. As a result, pricing held up better for the former, whereas pricing for retail REITs continued to trade at deep discounts to NAV. With uncertainty surrounding the outlook for the office occupational market, London office developers continued to trade at discounts to NAV.

COVID-19 has created near-term cyclical headwinds for the UK real estate sector, whilst providing the catalyst for acceleration in structural trends that were already underway pre-pandemic. The requirement for more flexible workplace arrangements is evident in the office sector and a number of companies are reassessing their requirements in light of more flexible working arrangements and lower expected growth. Take-up decreased across major office markets and availability rates rose sharply. Demand for the best quality space has proven to be more resilient and this is likely to be the case going forward for the sector. The clear beneficiary in the acceleration of structural changes was the industrial and logistics sector. The logistics sector recorded its strongest year of take-up on record in 2020 as the closure of non-essential retail units, for a large part of the year, facilitated a greater transition to online retailing. Despite the obvious challenges, the COVID-19 impact on UK retail has not been homogeneous across all retail sub-sectors as illustrated by the resilience of supermarket trading. In fact, the supermarket sector benefitted from unprecedented Christmas demand in 2020, with take home grocery sales rising 11.4% year-on-year over the 12 weeks to 27 December 2020 according to Kantar data.

54 HAGLEY ROAD, BIRMINGHAM

Strategic Report
Investment Manager's Review continued


PINNACLE, READING

OFFICE

The office sector delivered a total return of −1.7% in 2020 according to the MSCI Quarterly Index. However, the headline number masks significant variation in returns both geographically and even within cities. Within Central London there was a clear divergence in performance, where City offices recorded a total return of 1.1% with values declining by −2.2% in 2020. Conversely West End offices recorded a total return of −5.8% in 2020, with values down −8.8% over the year. Regional offices experienced capital value declines of −4.2%, resulting in a marginally positive total return of 0.3% over the year. The performance of offices is perhaps unsurprising given that the pandemic has resulted in a noticeable deterioration in the occupational market. Aside from the short-term cyclical disruption COVID-19 has undoubtedly created, it has also accelerated longer term structural challenges for the sector. The increased prominence of working from home for the majority of office based staff has resulted in some occupiers putting requirements for future space on hold while they evaluate how to deal with more agile working arrangements. The result is that take-up was down over 50% in 2020 and by the end of December both vacancy and availability rates in Central London had increased to 8.1% and 10% respectively. However, it is important to highlight a clear distinction by building quality. The availability of Grade A office space remains well balanced in the capital, as it does in key regional markets, especially for larger floorplates. But there has been a sharp increase in sub-let or so called grey space coming to the market, accounting for 75% of the total in London. Similar trends were witnessed in the regional office markets, with the take up dropping by 33% on the ten-year average within the largest nine regional office markets. There remains scant evidence of the weak occupational market putting material downward pressure on headline rents at this point, but the momentum by the end of 2020 was negative as rents declined by −0.8% over the course of the year. We therefore expect to see further rental declines in 2021 as more evidence becomes apparent. The office sector will remain an area of significant change, with a greater divergence in returns expected between offices that meet occupier needs, and those that do not.

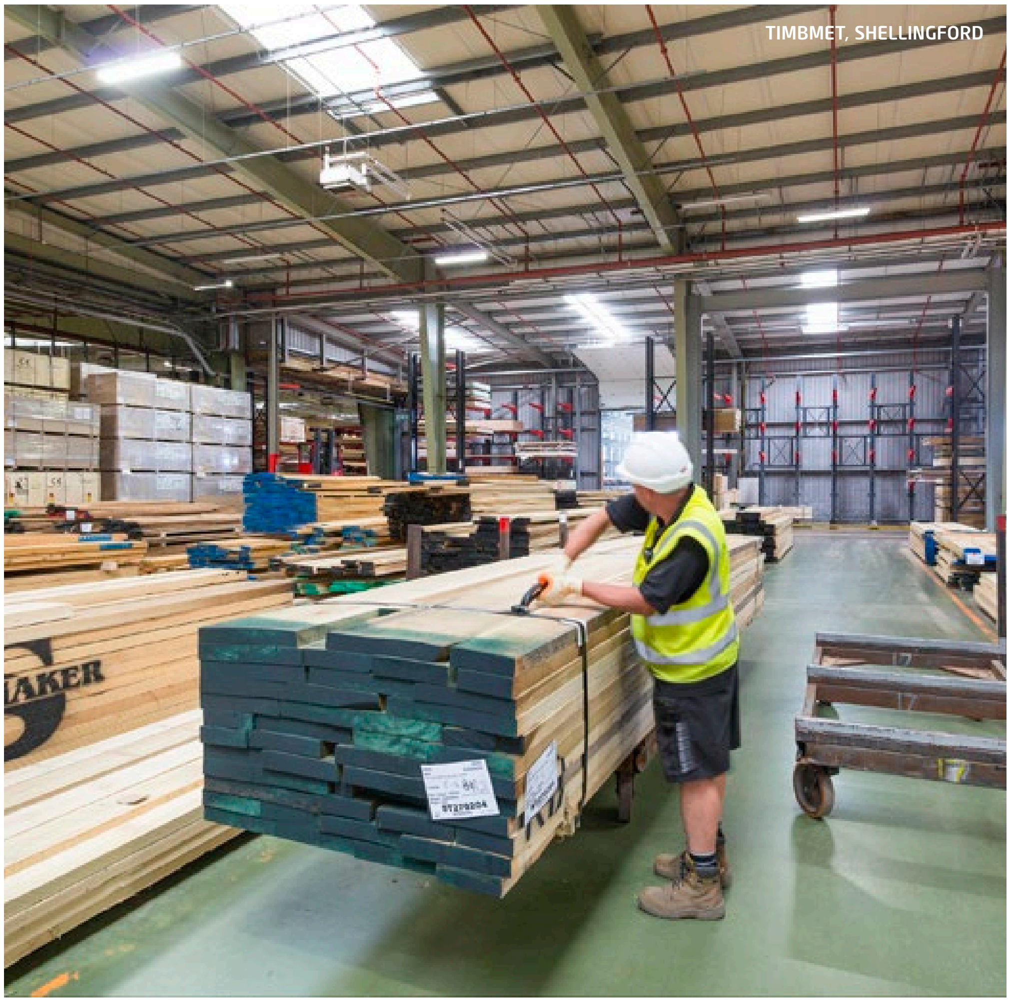
RETAIL

According to the MSCI Quarterly Index, the retail sector delivered a total return of −12.3% in 2020, with values falling by 16.9%. That overall performance masks significant dispersion within the sector, however. Shopping centre values collapsed by just under 30% over the last 12 months, dwarfing the 17% fall in values seen in 2019. Average shopping centre values now sit 66% below their 2007 peak level and, with virtually no investment market liquidity, pricing suggests further falls in 2021. In complete contrast, supermarket values rose by 1.4% in 2020, with their status as essential infrastructure and their long, secure income profiles proving highly attractive to investors. Retail warehouses, which represent a broad church of assets, sit right in-between, with values down 15.7% on average over the last 12 months. Solus (standalone) units, many let to DIY or discount operators on long leases, lost only 8.7% of value on average. By the end of the year, solus units had stabilised and began to see modest capital growth. However, the largest parks, often with more exposure to the fashion sector, saw values fall by nearly 21% in 2020. Meanwhile, high streets have also suffered from a collapse in footfall and the enforced closure of fashion occupiers. For the first time, Central London has not been immune, with values down 16.9%, compared with a 20% decline for all shops nationally. Indeed, London suffered the most of any region in the final quarter. The impact of COVID-19 on international travel and office-related footfall going forward is a major threat to retail and hospitality businesses in London, where rents and business rates have soared over the last 10 years. While the government has provided significant support and protection for retailers since the pandemic began, with the recent budget extending some of these measures such as business rates holidays and a new restart grant, the eventual ending of these measures could herald further business failures and rising vacancy rates. The polarisation between positive performance from assets in essential retail use, relying on predictable, local catchment spending, and discretionary retail that is hamstrung by travel limitations and trading restrictions may continue for much of 2021. In the longer term, the acceleration of sales transitioning online during the pandemic and greater prevalence of turnover-based rental payments is expected to mean a further rebasing of rents across discretionary retail locations. In contrast, however, the step change in online grocery spend likely underpins the importance and performance prospects of the dominant, well-configured supermarkets that are crucial for fulfilment and last-mile distribution.

INDUSTRIAL

Industrials maintained their position as the best performing UK commercial real estate sector for the fourth consecutive year. The sector delivered a total return of 9.2% in 2020, with values rising by 4.6% according to the MSCI Quarterly Index. Sentiment towards the sector remains very positive given the favourable structural drivers of the occupier market, especially for space constrained logistics in urban areas. This is particularly the case in the South East where the segment recorded a total return of 10.1% driven by capital growth of 5.9%. Performance for London industrials was the strongest, delivering a total return of 7.9% in Q4 and 12.3% for the calendar year.

Despite a year categorised by multiple lockdowns, impeding travel and inspections, investment levels reached £10.1bn in 2020, the highest level recorded since 2017. As a result, the industrial sector accounted for 22% of all UK investment transactions during the year, the highest market share on record. The pandemic clearly resulted in an acceleration in the transition to online retailing which was reflected in the occupational market. The UK logistics sector experienced a record year of take-up in 2020 with 50.1 million sq ft of new leases agreed on warehouse space, 12.7 million sq ft ahead of the previous record set in 2016 according to Savills. Leases agreed with Amazon accounted for a quarter of all take-up, but the sector would still have broken new records even if Amazon and short-term deals were removed. Aided by a record year of take-up, the vacancy rate for the logistics sector now stands at 5.7% at the national level and an even lower 3.5% in London and the South East. Market fundamentals remain supportive for continued rental growth driven by a structurally supportive demand outlook.



TIMBMET, SHELLINGFORD

ALTERNATIVES

The UK real estate alternative sector, or "Other Property" as it is categorised by MSCI, represents real estate which falls outside the traditional 'Retail', 'Office' or 'Industrial' definitions. This sector recorded a total return of −5.3% in 2020. This is predominantly due to the large weighting of leisure and hotels within the sample. Returns for these segments during the year were −14.6% and −2.6% respectively. Both of these consumer facing segments have borne the brunt of the challenges created as a result of the pandemic, with the path to recovery expected to be gradual and not without its challenges, especially for the hospitality sector. Outwith these two sectors, the Purpose Built Student Accommodation (PBSA) sector continued to attract investor interest, despite lockdowns inhibiting the return of students to university. In the face of a challenging occupational backdrop, the sector still managed to deliver a total return of 4.9% in the year to September 2020 according to CBRE.

As was the case with the majority of sectors, the returns within the sector were highly polarised. Prime assets which are aligned to top tier universities significantly outperformed secondary assets. Early indications from UCAS illustrate that applications for the 2021/22 academic year look positive, and provided a vaccine can be rolled out by September 2021, the sector should see this converted to PBSA bookings. Investor interest in the build to rent (BtR) sector continued unabated in 2020, recording its highest annual investment total on record at £3.5 billion, with a number of new entrants to the market announced during 2020. Although these sectors remain nascent compared to more developed international markets, there remains significant interest given their more resilient performance during the pandemic.

Strategic Report
Investment Manager's Review continued

MARKET OUTLOOK

2021 is expected to be a year of two halves. The national lockdown and restrictions on travel along with the impact of the final Brexit deal will have a negative impact on the economy and real estate market in the first half of the year. However the second half is expected to be significantly different as the economy reopens with strong growth albeit from a low base. The economic shocks from COVID-19, as well as the after effects of Brexit are going to create a challenging macroeconomic environment and after the strong bounce back we are likely to be in a new period of low growth and low interest rates.

The low interest rate environment is likely to support continued demand for real estate as an income producing real asset. The weight of money available to invest in real estate is going to be supportive of values, however we expect a strong differential in performance both across sectors, and within sectors.

The theme of endustrial performing well and retail poorly is expected to continue, but become more nuanced. Shopping centres and fashion-led retail is likely to continue to see falling capital and rental values, whilst food and budget retail should hold up well. Logistics remains a strong sub sector with continued demand pushing rents and values up, but we suggest greater caution is required around smaller multi let units generally rented to poorer covenants more likely to struggle in a weaker economic environment. The office market is in a period of change and is likely to see rental value falls and reduced demand: however, it is a sector that is likely also to see the best properties do better and the weaker ones worse as users and buyers become more selective.

Income will be the main driver of returns over the next few years. Long let secure income is trading at ever lower yields, and those seeking a greater yield are going to have to take an active approach of investing in assets with shorter leases but more sustainable income through diversification and good quality assets that meet occupier needs.

PERFORMANCE

There are a number of measures we use to assess performance. These are detailed below, and range from the performance of the investments to what shareholders have experienced.

Portfolio return:

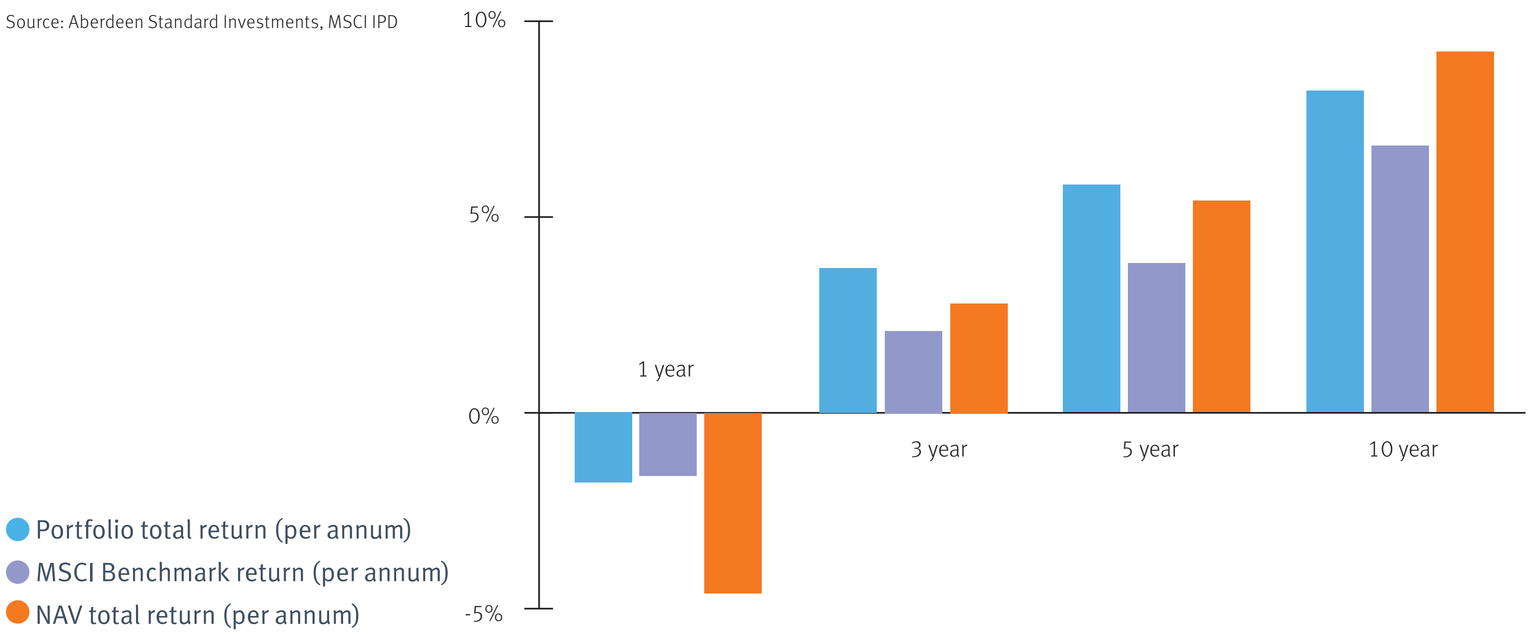
A comparison of the investment portfolio return against the MSCI benchmark is the best measure of how the underlying portfolio is performing. 2020 was a difficult year for the Company, with all assets written down in value in the first half of the year, reflecting the sentiment surrounding the national lockdown. As the year progressed this was in part unwound, particularly in the industrial / logistics space. One of the characteristics of the market in 2020 was a wider than normal dispersion of returns both between sectors, but also within sectors. The Company's portfolio total return slightly underperformed the MSCI benchmark in 2020 but still compares favourably to the index over 3, 5, and 10 years. The chart below shows these returns.

NAV return:

The NAV total return is probably the best measure of the sum of the investment manager's effort. As can be expected at a time of negative capital value movement the NAV is impacted by the debt utilized to invest in additional properties. Also during 2020 the liability held in the accounts for the interest swap increased to £3.74m, which also had a negative impact on the NAV – this will revert to £0 on maturity (April 2023) and so the NAV will benefit in the future. Comparing the NAV to the MSCI benchmark is not comparing like with like, but the chart below does compare the two, and we also show the Company's NAV total return v that of the AIC Property Direct UK sector, and also the IA open ended funds sector in the table across.

PORTFOLIO TOTAL RETURN

Source: Aberdeen Standard Investments, MSCI IPD



Share Price total return:

This measure is least reflective of the investment managers' input, but is of course most reflective of the experience of the shareholder. The share price moved quite dramatically over 2020 – trading at a premium to NAV at the beginning of the year but moving to a significant discount as the pandemic developed. Towards the end of 2020 the Company started to buy back its own shares as an investment as the shares were perceived as good value relative to other investment opportunities available to the Investment Manager.

NAV Total Returns to 31 December 2020	1 year (%)	3 years (%)	5 years (%)	10 years (%)
Standard Life Investments Property Income Trust	(4.6)	8.8	30.0	140.2
AIC Property Direct – UK sector (weighted average)	1.2	15.6	24.9	32.4
Investment Association Open Ended Commercial Property Funds sector	(3.6)	0.4	8.6	47.2

Source: AIC, Aberdeen Standard Investments

Share Price Total Returns to 31 December 2020	1 year (%)	3 years (%)	5 years (%)	10 years (%)
Standard Life Investments Property Income Trust	**(29.8)**	**(24.0)**	**(7.6)**	**70.3**
FTSE All-Share Index	(9.8)	(2.7)	28.5	71.9
FTSE All-Share REIT Index	(16.2)	(4.1)	0.2	95.2
AIC Property Direct – UK sector (weighted average)	(2.0)	11.6	20.2	10.8

Source: AIC, Aberdeen Standard Investments

VALUATION

The investment portfolio is valued on a quarterly basis by Knight Frank LLP. At the risk of repetition, 2020 was a challenging year for valuers. The RICS (governing body for valuers) required valuations in March to have a material uncertainty clause for all valuations, stating that a lower level of confidence in the reliability of the valuation figure could be expected. By year end the material uncertainty clause had been lifted, and greater transaction levels provided more evidence to support valuations.

At the 2020 year end the portfolio was valued at £437.7m (£493.2m December 2019) and cash of £9.4m was held (£6.5 December 2019). The portfolio comprised of 50 assets as at 30 December (56 assets as at December 2019). Drawn debt at year end was £110m with none of the £55m revolving credit facility drawn (£18m drawn December 2019).

SYMPHONY, ROTHERHAM

Strategic Report
Investment Manager's Review continued

INVESTMENT STRATEGY

The Company has a clear investment objective that drives the activities of the Board and Investment Manager. The investment objective is "to provide investors with an attractive income return, with the prospects of income and capital growth, through investing in a diversified portfolio of commercial real estate assets in the UK." The Board and investment Manager believe that the dividend should be covered by income over the medium term.

That objective has been challenged in 2020 with many tenants unable to pay rent, or paying reduced amounts during lockdown. Although 93% of rent due was collected through 2020 it was necessary to reduce the dividend to protect the balance sheet during such uncertain times. The reduction in dividend was made for the 2nd, 3rd and 4th quarters of the year, where 60% of the previous dividend level was paid. In total this resulted in the dividends paid in 2020 being 80% of the 2019 level. A balancing top up payment has also been declared in April of 0.381p.

As the immediate impact of COVID-19 lockdowns eases and the economy reopens, so one expects to see a recovery in the rents received by the Company and, potentially enabling an increase in the dividend again. COVID-19 has, however, accelerated trends already seen in the market and the Board and Investment Manager believe that some changes in emphasis in the investment strategy are required.

Income remains a key focus, but it should not be at the expense of total return, and it is important that we invest in assets that can produce a reliable future income. ESG is an important consideration and we believe that only assets that meet high ESG standards will appeal to tenants and provide a strong resilient income flow. As such we expect future investments to have a strong ESG focus and that will have an impact in the yield we obtain. This is a nuanced change of focus, with ESG driving our strategy more, and means the portfolio yield is likely to trend to the low 5%s from the existing 5.8%. Although these assets might have lower yields, they are likely to have stronger net operating income growth to support future dividend growth.

Later in the report we detail the Company's ESG activities: however it is worth pointing out under the investment strategy that ESG is at the heart of everything we do. We believe that having a portfolio which is fit for the future, will meet occupiers' needs and provide the strongest returns, requires a progressive approach to ESG. As such, ESG is a key component of decision making for the Company.

PURCHASES

One purchase was made during 2020 of a retail warehouse unit let to B&Q for a further 11 years. The unit is in Halesowen and is a strong performer for B&Q. The purchase price of £19.5 million reflected an income yield of 7.5%. Although retail was considered very unfashionable in 2020 we believe units like this, with strong alternative use potential in the future as well as a long secure income stream from the existing tenant provide attractive return prospects.

The Company ended 2020 with circa £55 million available to invest. The Investment Manager is assessing a number of opportunities, with an expectation of investing available resources during 2021.

19.5 MILLION POUNDS

During the reporting period the Company completed one purchase for a total sum of £19.5 million.

B&Q MUCKLOW HILL, HALESOWEN

15 BASINGHALL STREET, LONDON

Strategic Report
Investment Manager's Review continued

SALES

Three sales were completed in 2020 totalling £51 million. In January the Company sold a single let office building in Staines for £10.7 million, and then in December sold a standalone retail warehouse for £3.3 million and a portfolio of four multi let industrial estates for £37.75 million.

After the reporting period the Company completed the sale of an office in Derby for £4.3 million.

The sales were undertaken following an extensive review of the portfolio which took into account concerns over the aftermath of COVID-19 and Brexit where we identified several assets that we no longer had confidence would deliver the return characteristics we look for.

ASSET MANAGEMENT

The Investment Manager has an experienced asset management team dedicated to the Company, who take an active approach to managing the assets to add value through restructuring and extending leases, refurbishment and upgrading of assets, and leasing of vacant accommodation. Over the last 12 months the main focus of asset management has been on working with tenants to understand their needs and help them through the various trading restrictions individual companies have experienced.

The level of tenant interaction has been very pleasing, and in many cases we have been able to work with the tenant to agree a suitable solution to the issues COVID-19 created. We worked closely with our managing agents to ensure that buildings were managed in such a way as to protect staff and users of the buildings, to minimise operating costs, but also to properly maintain services and equipment. Indeed, we have been able to bring forward some planned works so that they can be undertaken when the buildings are at very low occupancy levels.

Rent collection has been very much in the spotlight. We have taken an approach of dealing with each tenant individually based on their needs. We only have a small number of sole trader retail units (e.g. tanning studios / hairdressers etc.) because of our low retail exposure, but in those cases we have written off rent during lockdowns as the tenant has no ability to generate income, or indeed recoup lost earnings once they reopen. For other tenants we have, where required, provided rent free periods in return for a lease restructuring to extend the lease commitment, or agreed deferments for payment.

QUEEN SQUARE, BRISTOL

Sadly, the Government's restriction on enforcing lease contacts has meant some tenants have chosen not to pay rent and not to engage with us, despite having the ability to pay. While we have a prudent provision for bad debts in the financial statements, we anticipate recovery of some of the outstanding rents once we are able to enforce lease obligations again.

Collection By Sector 2020

	Gross Demand	% Received
Retail	£3,412,470	82%
Industrial	£15,953,490	100%
Office	£10,926,581	91%
Other	£2,415,252	78%
Total	**£32,707,793**	**93.6%**

During the reporting period five rent reviews were settled with uplifts in rent, securing an additional £58,256 pa (an average increase of 19% on previous rent). A total of 15 lease renewals and restructurings were undertaken, securing £2,587,491 pa in rent, and a total of eight lettings securing £890,369 pa.

DEBT

The Company utilises debt, with two forms of borrowings, both from the Royal Bank of Scotland. The main facility is a fully drawn term loan of £110m which matures in April 2023. The Company entered into an interest rate swap when the term loan was taken out, and that is marked to market each quarter in the NAV. At the end of the year it stood as a liability of £3.75m (£2.2m 2019). This will revert to zero on maturity in April 2023 giving a boost to the NAV.

The Company also has a £55m revolving credit facility. Following asset sales at the end of the year this was fully repaid, and provides firepower for future purchases.

The Loan to Value (LTV) at year end was 23.0%, (Dec 2019 24.6%), with an all in cost of 2.7%. The Company is comfortable with an LTV in the range of 20–35%.

With the debt facility due to mature in April 2023 the Company will formulate a strategy to replace the existing facility in ahead of maturity.

ESG

In many ways it feels wrong to have a separate part of the report on ESG, as it is an integral part of how we manage the Company. ESG now features in every decision we make and by considering ESG risks and opportunities we help protect and enhance performance over the long term. We aim to position SLIPIT at the forefront of ESG as we believe that buildings with strong ESG credentials will have the greatest appeal to occupiers.

Our approach has matured significantly in recent years and will continue to develop as we learn more about the ESG trends affecting the built environment and the objectives of our stakeholders. It's a process that continually evolves but what doesn't change is our commitment to deliver value through improving the quality of the built environment and to create better places for our occupiers and local communities.

We have started to take real practical steps on several of the most material issues for the Company. The portfolio managers have piloted Aberdeen Standard Investment's proprietary ESG Impact Dial tool which we are using to baseline the ESG performance of all Company assets and set objectives across a full range of ESG topics.

Here, we summarise current activities and objectives related to our current focus areas and in particular, describe our activities on energy and carbon emissions.

SAVING EMISSIONS WORTH 5,000 TRANSATLANTIC FLIGHTS

Our pipeline of solar PV opportunities will save emissions equivalent to 5,000 transatlantic flights.

GENERATE ELECTRICITY EQUIVALENT TO ANNUAL DEMAND OF 3,000 UK HOUSES

Our pipeline of solar PV opportunities would generate electricity equivalent to annual demand of 3,000 UK houses.

CARBON REDUCTION AND ENERGY EFFICIENCY

The Company has an active approach to managing energy efficiency and carbon emissions across the portfolio where there is landlord-procured energy. Since 1 April 2018 the Company has only procured Green certified electricity for all its supplies. The realities of transforming the Company to net-zero carbon mean we are starting to look far more holistically at emissions from the portfolio's properties; including tenant emissions and embodied carbon from developments.

Following the Investment Manager's net zero commitment in 2019, the Company has committed to being a pioneer portfolio and will undertake work to develop its own net-zero pathway this year. Our view is that by fully understanding the implications of decarbonisation now and positioning the portfolio favourably will help mitigate potential future value impairment due to regulatory changes and changing occupier demands.

The kick-off phase in 2021 will involve the benchmarking of existing assets and the definition of best-value strategies to achieve net zero. We have already started assessing and implementing such as energy efficiency upgrades, the electrification of heating and renewable energy installations. Around 85% of the Company's current carbon footprint is due to occupier energy consumption. One of the biggest challenges we have experienced to date has been gaining detailed data and understanding of tenant consumption. Knowledge is key to improving the performance of the company, and we are trying to work with our tenants firstly to understand and then to improve energy consumption.

Even with an extensive programme of measures there are likely to be residual carbon emissions from the portfolio in the future. We have already begun exploring options to compensate for these emissions ourselves through direct investment in afforestation which can help avoid potential future offset costs.

The timeline overleaf summarises the high-level components of this strategy. This will be refined further this year following detailed pathway work.

In 2020 we completed our largest solar PV scheme to date; a 918 kWp scheme in Sandy to supply electricity to our occupier Flamingo Flowers, more details of which is given in the infographic overleaf. The Company now has six operational PV schemes totalling 1.2MWp and has another 20 schemes in various stages of implementation. All the schemes involve selling generated power to the tenant, which provides the Company with an attractive return, reduces the carbon load on the Company, but also reduces cost for the tenant and supports their ESG credentials.

Strategic Report

Investment Manager's Review

continued

NET ZERO STRATEGY AND OVERSIGHT

IMPLEMENTATION KEY WORKSTREAMS

2021

Kick-off: pathway definition

- energy/carbon benchmaking of all assets
- detailed, costed pathway for all assets
- decisions on priorities and phasing of strategy, including target year for net-zero

Data coverage and occupier engagement

- pilot automated collection of tenant data to enable full accurate footprint calculation
- ensure lease clauses facilitate data sharing
- continue to build relationships with occupiers and support shared priorities to reduce emissions during fit-out and operation

Energy efficiency

- build in costed net-zero pathways to asset management plans
- invest in improvements to existing assets
- work with occupiers to identify improvements

Renewables and electric vehicles

- continue Solar PV investments and explore other viable technologies
- install electric vehicle infrastructure, where possible in combination with renewables

Embodied carbon

- start to assess embodied carbon for development and refurbishment works
- implement improvements to reduce embodied carbon

Afforestation

- implement strategy to invest directly in afforestation or other offsetting opportunities to deliver income return and offset future residual carbon

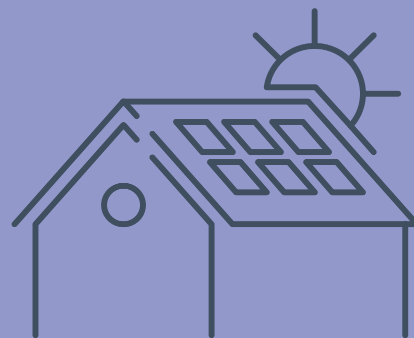
2022-2049

Governance: annual review and assessment of progress

- consider impact of acquisitions/disposals on portfolio footprint
- assess asset-level progress against benchmarks

2050

Backstop for achievement of net-zero



6 OPERATIONAL PV SCHEMES

The Company now has six operational PV schemes totalling 1.2MWp, and has another 20 schemes in various stages of implementation.

CASE STUDY: SOLAR PV

- **Tenant:** Flamingo Flowers, Sandy
- **Work Undertaken:** Completed the installation of a 918 kWp solar installation
- **Stakeholder benefit:** Installation will meet 25% of their annual electricity demand
- **Environmental benefit:** Will save over 200 tonnes of carbon dioxide each year
- **Company benefit:** This project delivers a new index-linked income stream and will reduce the Company's Scope 3 emissions

It is very easy to just concentrate on the "E" of ESG, but the "S" is important in how we manage buildings. Social aspects are much harder to measure, but relate to how we create an environment where people want to work – it helps improve morale and productivity for our tenants and therefore improves demand / retention at our buildings. Fifteen months ago we would have talked about the functions we arrange on site in some of our multi let offices, such as access to Yoga classes, great shower and changing facilities, pop up stands supporting local charities and food bank collections. COVID-19 has put those on hold, but it doesn't mean we have stopped. Small things like arranging for the office Christmas tree to go to a hospital children's ward, or donating the tea and coffee supplies from the office break out to an ICU ward for hospital workers have continued to engage with occupiers, and create a sense of community around our buildings.

OUTLOOK AND FUTURE STRATEGY

The one certainty we have today is that change will continue. Many of the themes we have seen from COVID-19 will also continue; with elevated on-line retail, a mix of home working, and a challenging economic environment.

The increased focus on ESG is also likely to continue and that is an area the Company is looking to be a leader. The way that the Company can deliver its corporate objective of an attractive level of income, with prospects of income and capital growth, is to ensure it has a portfolio that is of sufficient ESG standards to appeal to occupiers and thus benefit from increases in net operating income and occupancy. A slightly lower yield today might be required to ensure strong total returns in the future. The Company is developing its pathway to carbon neutrality and hopes to invest in land for reforestation in order to achieve this at a known cost, rather than be exposed to future, potentially expensive, carbon offset pricing.

We will retain our active approach to managing the Company, ensuring that our assets are affordable and appeal to occupiers. We will structure the Company to be "future fit" and ready to meet the challenges of change.

Strategic Report
Investment Manager's Review
continued

TOP TEN TENANTS

	Tenant	Passing Rent	%
1	B&Q Plc	Passing Rent: £1,560,000	5.6%
2	BAE Systems	Passing Rent: £1,257,640	4.5%
3	The Symphony Group Plc	Passing Rent: £1,225,000	4.4%
4	Public sector	Passing Rent: £1,158,858	4.1%
5	Schlumberger Oilfield UK PLC	Passing Rent: £1,138,402	4.1%
6	Jenkins Shipping Group	Passing Rent: £843,390	3.0%
7	Timbmet Limited	Passing Rent: £799,683	2.9%
8	ATOS IT Services Ltd	Passing Rent: £772,710	2.8%
9	CEVA Logistics Limited	Passing Rent: £692,117	2.5%
10	ThyssenKrupp Materials	Passing Rent: £643,565	2.3%

Total: £10,091,365
% of Total Rent: 36.2%

Total Group Passing Rent: £27,928,105

TOP TEN PROPERTIES

	Property	Location	Value	Sector
1	54 Hagley Road	Birmingham	£24m-£26m	Office (5.8%)
2	B&Q	Halesowen	£18m-£20m	Retail (4.6%)
3	Symphony	Rotherham	£18m-£20m	Industrial (4.4%)
4	Marsh Way	Rainham	£14m-£16m	Industrial (3.5%)
5	Pinnacle	Reading	£14m-£16m	Office (3.4%)
6	Timbmet	Shellingford	£14m-£16m	Industrial (3.4%)
7	Hollywood Green	London	£14m-£16m	Other (3.2%)
8	New Palace Place	London	£12m-£14m	Office (3.1%)
9	Atos Data Centre	Birmingham	£12m-£14m	Other (3.0%)
10	Badentoy	Aberdeen	£12m-£14m	Industrial (3.0%)

LEASE EXPIRY PROFILE

Total 5 year band	0–5 years	6–10 years	11–15 years	16–20 years	21–25 years
Rent expiring £	15,603,060	6,765,815	3,217,627	1,298,415	1,043,188
Rent expiring %	55.9%	24.2%	11.5%	4.6%	3.8%

Strategic Report
Investment Manager's Report
Property Investments as at 31 December 2020 continued

Rank	Name	Location	Sub-sector	Market value	Tenure	Area sq ft	Occupancy
1	54 Hagley Road	Birmingham	Office	£24m–£26m	Leasehold	141,436	61.7%
2	B&Q Mucklow Hill	Halesowen	Retail	£18m–£20m	Freehold	92,400	100%
3	Symphony	Rotherham	Industrial	£18m–£20m	Leasehold	364,974	100%
4	Marsh Way	Rainham	Industrial	£14m–£16m	Leasehold	82,090	100%
5	The Pinnacle	Reading	Office	£14m–£16m	Freehold	39,447	93.0%
6	Timbmet	Shellingford	Industrial	£14m–£16m	Freehold	214,882	100%
7	Hollywood Green	London	Other	£14m–£16m	Freehold	64,503	100%
8	New Palace Place	London	Office	£12m–£14m	Leasehold	18,723	86.6%
9	Atos Data Centre	Birmingham	Other	£12m–£14m	Freehold	40,146	100%
10	Badentoy	Aberdeen	Industrial	£12m–£14m	Freehold	67,843	100%
11	15 Basinghall Street	London	Office	£12m–£14m	Freehold	17,485	65.8%
12	Tetron 141	Swadlincote	Industrial	£10m–£12m	Freehold	141,459	100%
13	Walton Summit Industrial Estate	Preston	Industrial	£10m–£12m	Freehold	147,946	100%
14	One Station Square	Bracknell	Office	£10m–£12m	Leasehold	42,429	100%
15	Ocean Trade Centre	Aberdeen	Industrial	£10m–£12m	Freehold	103,120	83.6%
16	Chester House	Farnborough	Office	£10m–£12m	Leasehold	49,861	100%
17	Explorer 1 & 2 and Mitre Court	Crawley	Office	£8m–£10m	Freehold	43,533	86.3%
18	Shield	Kettering	Industrial	£8m–£10m	Freehold	216,753	100%
19	CEVA Logistics	Corby	Industrial	£8m–£10m	Freehold	195,225	100%
20	Causeway House	Edinburgh	Office	£8m–£10m	Freehold	39,522	100%
21	Swift House	Rugby	Industrial	£8m–£10m	Leasehold	100,564	100%
22	101 Princess Street	Manchester	Office	£8m–£10m	Freehold	41,096	69.1%
23	Tetron 93	Swadlincote	Industrial	£8m–£10m	Freehold	93,836	100%
24	82–84 Eden Street	Kingston upon Thames	Retail	£8m–£10m	Freehold	24,234	100%
25	Flamingo Flowers Limited	Sandy	Industrial	£8m–£10m	Freehold	125,774	100%
26	Kirkgate	Epsom	Office	£8m–£10m	Freehold	26,333	71.9%
27	Howard Town Retail Park	High Peak	Retail	£6m–£8m	Mixed	48,796	100%
28	Kings Business Park	Bristol	Industrial	£6m–£8m	Freehold	58,413	100%
29	Wincanton	Bristol	Industrial	£6m–£8m	Leasehold	196,914	100%
30	Mount Farm	Milton Keynes	Industrial	£6m–£8m	Freehold	74,709	100%

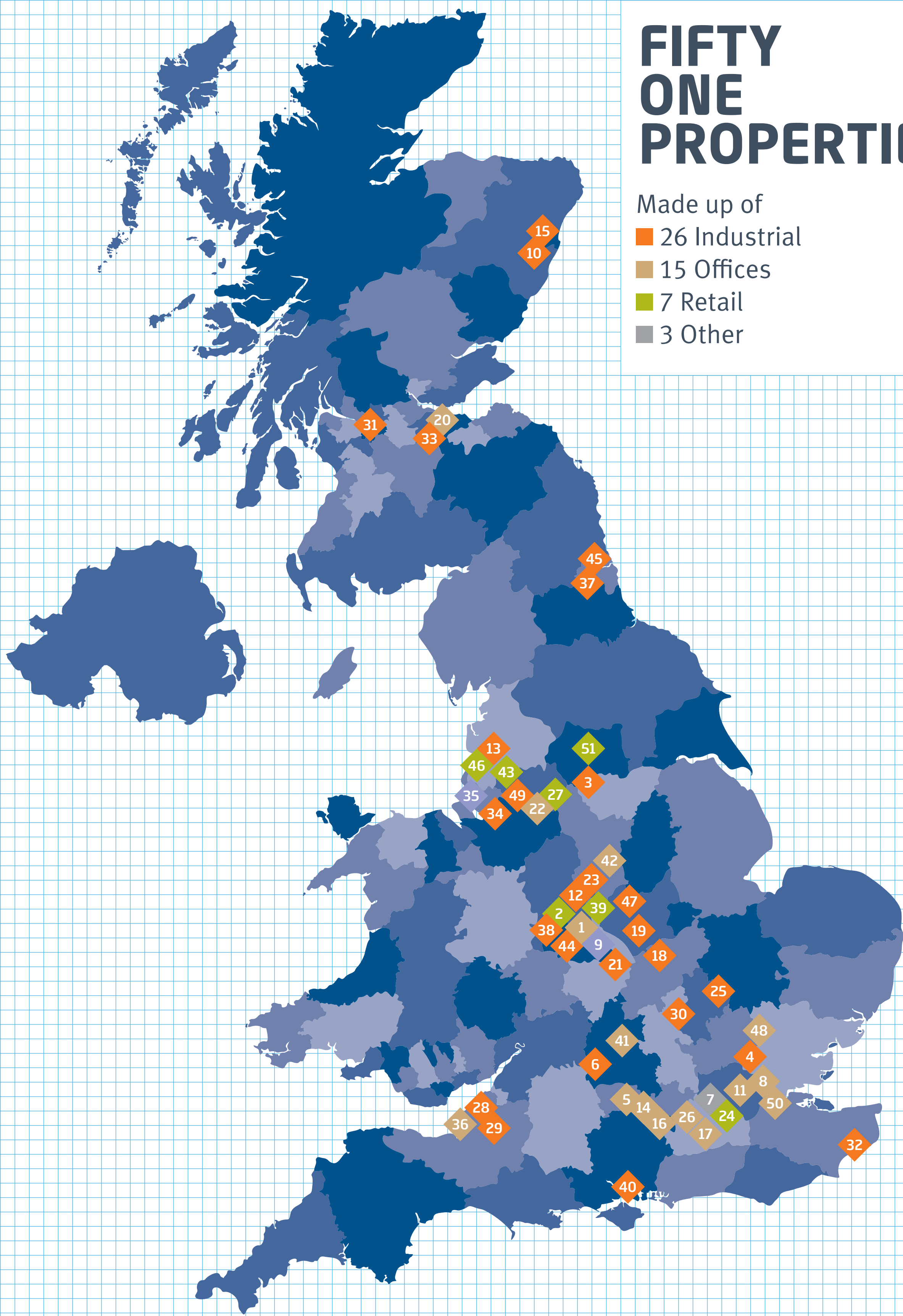
Strategic Report
Investment Manager's Review
Property Investments as at 31 December 2020 continued

#	Name	Location	Sub-sector	Market value	Tenure	Area sq ft	Occupancy
31	Speedy Hire Unit	Glasgow	Industrial	£4m–£6m	Freehold	61,033	100%
32	P&O Warehouse	Dover	Industrial	£4m–£6m	Freehold	84,376	100%
33	Units 1 & 2 Cullen Square	Livingston	Industrial	£4m–£6m	Freehold	81,288	100%
34	Opus 9 Industrial Estate	Warrington	Industrial	£4m–£6m	Freehold	54,904	100%
35	Grand National Retail Park	Liverpool	Other	£4m–£6m	Freehold	38,223	100%
36	31–32 Queen Square	Bristol	Office	£4m–£6m	Freehold	13,124	100%
37	Stephenson Industrial Estate	Washington	Industrial	£4m–£6m	Freehold	150,257	100%
38	Units H1, H2 & G, Nexus Point	Birmingham	Industrial	£4m–£6m	Freehold	46,495	100%
39	Victoria Shopping Park	Hednesford	Retail	£4m–£6m	Leasehold	37,096	100%
40	Unit 2	Fareham	Industrial	£4m–£6m	Leasehold	38,217	100%
41	Endeavor House	Kidlington	Office	£4m–£6m	Freehold	23,414	100%
42	Interfleet House	Derby	Office	£4m–£6m	Freehold	28,735	100%
43	The Point Retail Park	Rochdale	Retail	£4m–£6m	Freehold	42,224	100%
44	21 Gavin Way	Birmingham	Industrial	£4m–£6m	Freehold	36,376	100%
45	Unit 4 Monkton Business Park	Newcastle	Industrial	£2m–£4m	Freehold	33,021	100%
46	Olympian Way	Preston	Retail	£2m–£4m	Leasehold	31,781	100%
47	Unit 14 Interlink Park	Bardon	Industrial	£2m–£4m	Freehold	32,747	100%
48	Anglia House	Bishop's Stortford	Office	£2m–£4m	Freehold	16,982	100%
49	Unit 4 Easter Park	Bolton	Industrial	£2m–£4m	Leasehold	35,534	100%
50	Persimmon House	Dartford	Office	£2m–£4m	Freehold	14,957	100%
51	26–28 Valley Road	Bradford	Retail	£2m–£4m	Freehold	14,175	100%
	Total property portfolio			**437,695,000**			

FIFTY ONE PROPERTIES

Made up of

- 26 Industrial
- 15 Offices
- 7 Retail
- 3 Other



Governance
Board of Directors

James Clifton-Brown
Chairman

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

Contribution: The Board, through the Nomination Committee has reviewed the contribution of James Clifton-Brown in light of his forthcoming re-election at the AGM in June 2021 and has concluded that he has made a strong start as Chair of the Company and continues to provide excellent strategic and investment insights into portfolio management and wider corporate strategy.

Sarah Slater
Board member

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

Contribution: The Board, through the Nomination Committee has reviewed the contribution of Sarah Slater in light of her forthcoming re-election at the AGM in June 2021 and has concluded that she brings valuable property expertise and insight into the outlook for property to the Board.

Jill May
Board member

Jill May is a UK resident. She is an External Member of the Prudential Regulation Committee of the Bank of England and is also a non-executive Director of JPMorgan Claverhouse Investment Trust plc, Alpha Financial Markets Consulting plc and Ruffer Investment Company. Jill was a non-executive director of the CMA from its inception in 2013 until October 2016. Prior to this she spent 25 years in investment banking, 13 years in mergers and acquisitions with SG Warburg & Co. Ltd and 12 years at UBS AG.

Contribution: The Board, through the Nomination Committee has reviewed the contribution of Jill May in light of her forthcoming re-election at the AGM in June 2021 and has concluded that she continues to provide excellent strategic, risk and investment management insight to the Board discussions.

Huw Evans
Board member

Huw Evans is a resident of Guernsey. He qualified as a Chartered Accountant with KPMG (then Peat Marwick Mitchell) in 1983. He subsequently worked for three years in the corporate finance department of Schroders before joining Phoenix Securities Limited in 1986. Over the next twelve years he advised a wide range of companies in financial services and other sectors on mergers and acquisitions and more general corporate strategy. Since moving to Guernsey in 2005, he has acted as a non-executive director for a number of Guernsey based funds. He is currently also a Director of Third Point International Limited and of VinaCapital Vietnam Opportunity Fund Limited.

Contribution: The Board, through the Nomination Committee has reviewed the contribution of Huw Evans in light of his forthcoming re-election at the AGM in June 2021 and has concluded that he continues to chair the Management Engagement Committee effectively, is a strong Senior Independent Director and brings strategic insights into Board discussions.

Mike Balfour
Board member

Mike Balfour is a UK resident. He is a member of the Institute of Chartered Accountants of Scotland and was chief executive at Thomas Miller Investment Ltd from 2010 to January 2017. Prior to this, he was chief executive at Glasgow Investment Managers and chief investment officer at Edinburgh Fund Managers Limited. Mike has 30 years of investment management experience and was appointed to the Board on 10 March 2017. He is also a director of Fidelity China Special Situations PLC, BSC Social Impact Trust plc and chairs the Investment Committee of TPT Retirement Solutions.

Contribution: The Board, through the Nomination Committee has reviewed the contribution of Mike Balfour in light of his forthcoming re-election at the AGM in June 2021 and has concluded that his chairmanship of the Audit Committee is strong, particularly during the financial challenges arising from COVID-19, and he continues to provide the Board with expert knowledge of investment companies, financing and capital markets.

Governance
Directors' Report

The Directors of Standard Life Investments Property Income Trust Limited ("the Company") present their Annual Report and Audited Consolidated Financial Statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITY AND STATUS

The Company was incorporated in Guernsey on 18 November 2003 and commenced activities on 19 December 2003. The Company is a closed ended investment company and is registered under the provisions of The Companies (Guernsey) Law, 2008 (as amended). The principal activity and status of the Company's subsidiaries is set out in note 9 on page 75.

The Company's registered number is 41352.

On 1 January 2015 the Company migrated its tax residence to the UK and became a UK REIT.

LISTING

The Company is listed on the London Stock Exchange (premium listing).

The Company has complied with the relevant provisions of, and the requirements set out in, the United Kingdom Listing Authority ('UKLA') regulations throughout the year under review.

THE GROUP

At 31 December 2020, the Group consisted of the Company and five subsidiaries: Standard Life Investments Property Holdings Limited, a company with limited liability incorporated in Guernsey; Standard Life Investments (SLIPIT) Limited Partnership, a limited partnership established in England; Standard Life Investments SLIPIT (General Partner) Limited, a company with limited liability incorporated in England; Standard Life Investments SLIPIT (Nominee) Limited, a company with limited liability incorporated in England; and Hagley Road Limited, a company incorporated in Jersey.

RESULTS AND DIVIDEND

The Group generated an IFRS loss of £15.8 million (2019: Profit £16.1 million) in the year equating to earnings per share of –3.88p (2019: 3.98p). In addition the Group generated cash of £2.9 million (2019: Utilised cash of £1.8 million) in the year and had cash at the year-end of £9.4 million (2019: £6.5 million). The Group paid out dividends totalling £15.5 million (2019: £19.2 million) in the year which were fully covered by the net income of the Group.

SUBSTANTIAL SHAREHOLDINGS

As at 31 December 2020 and 31 March 2021, the following entities had a holding of 3% or more of the Company's issued share capital.

	Holdings (%)	
	31.12.20	**31.03.21**
Brewin Dolphin	10.2	8.9
Mattioli Woods	9.2	9.5
Heartwood Group	7.9	7.6
Hargreaves Lansdown	7.8	8.5
Interactive Investor	5.0	5.9
AJ Bell	4.9	4.8
BlackRock	4.9	4.9

DIRECTORS

The names and short biographies of the Directors of the Group at the date of this Report, are shown on pages 36 and 37.

The Directors each hold the following number of ordinary shares in the Company (audited):

	Ordinary Shares held	
	31.12.20	**31.12.19**
Huw Evans	60,000	60,000
James Clifton-Brown	21,500	21,500
Jill May	128,592	—
Mike Balfour	125,000	84,260
Robert Peto	57,435*	57,435
Sarah Slater	—	—

* As at date of retirement on 25 August 2020

There have been no changes in the above interests between 31 December 2020 and 23 April 2021.

DIRECTORS' INDEMNITY

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

DISCLOSURE OF INFORMATION TO AUDITOR

In the case of each of the persons who are Directors at the time when the Annual Report and Consolidated Financial Statements are approved, the following applies:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

GOING CONCERN

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

The Directors have reviewed detailed cash flow, income and expense projections in order to assess the Group's ability to pay its operational expenses, bank interest and dividends for the foreseeable future. The Directors have examined significant areas of possible financial risk including cash and cash requirements and the debt covenants, in particular those relating to LTV and interest cover. Additional work has been undertaken on the estimated impact of COVID-19 on the Company in relation to rent collection, cash flow, dividend cover, Net Asset Value and loan covenants.

They have not identified any material uncertainties, including COVID-19 or Brexit, which cast significant doubt on the ability to continue as a going concern for a period of not less than 12 months from the date of the approval of the consolidated financial statements.

The Directors have satisfied themselves that the Group has adequate resources to continue in operational existence for the foreseeable future and the Board believes it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

CORPORATE GOVERNANCE

The Directors report on Corporate Governance is detailed on pages 40 to 43 and forms part of the Directors' Report.

CRIMINAL FINANCES ACT

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

SHARE CAPITAL AND VOTING RIGHTS

At 31 December 2020 there were 404,316,422 ordinary shares of 1p each in issue and 2,548,997 ordinary shares held in treasury.

During the year, the Company issued 1,000,000 ordinary shares of 1p each and bought back 2,548,997 ordinary shares of 1p each into treasury. Subsequent to the year end up to 1 April 2021, an additional 7,394,036 shares were bought back.

As at 23 April 2021, the Company has 396,922,386 ordinary shares of 1p each in issue, and 9,943,033 ordinary shares in treasury. All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of ordinary shares in the Company, no special rights with regard to control attached to the ordinary shares, no agreements between holders of ordinary shares regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid.

ISSUE OF SHARES

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

INDEPENDENT AUDITOR

A resolution to re-appoint Deloitte LLP as the Group's auditor will be proposed to the shareholders at the AGM on 16 June 2021.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting, which will be held this year at the offices of Dickson Minto, 16 Charlotte Square, Edinburgh EH2 4DF at 09:00 a.m. on Wednesday, 16 June 2021 may be found on pages 99 to 100.

The Board has been monitoring closely the ongoing impact of the COVID-19 pandemic upon the arrangements for the Company's upcoming AGM on 16 June 2021. At the time of writing, elements of the National Lockdown remain in place and shareholder attendance at AGMs is not legally permissible. Therefore, in order to provide certainty, whilst encouraging and promoting interaction and engagement with our shareholders, the Board has decided to hold an interactive Online Shareholder Presentation which will be held at 11.00 a.m. on Friday, 4 June 2021. At the presentation, shareholders will receive updates from the Chairman and Manager and there will be the opportunity for an interactive question and answer session.

Following the online presentation, shareholders will still have time during which to submit their proxy votes prior to the AGM and I would encourage all shareholders to lodge their votes in advance in this manner. Further information on how to register for the event can be found on www.workcast.com/register?cpak=4594420195653739

The AGM on 16 June 2021 will, by necessity, be a functional only closed AGM. Arrangements will be made by the Company to ensure that the minimum number of shareholders required to form a quorum will attend the meeting in order that the meeting may proceed and the business be concluded. The Board considers these arrangements to be in the best interests of shareholders given the current circumstances.

The Board strongly discourages shareholders from attending the AGM and entry will be refused if Government guidance so requires or if the Chairman considers it to be necessary. Instead, shareholders are encouraged to exercise their votes in respect of the meeting in advance. Any questions from shareholders who are unable to join the Online Shareholder Presentation may be submitted to the company secretary at: Property.Income@aberdeenstandard.com. The Board and/or the Manager will seek to respond to all such questions received either before, or after the AGM.

The following resolutions are being proposed in relation to approval of the Company's dividend policy, and in relation to the Directors' authorities to buy back and allot shares.

Dividend policy (resolution 3)

As a result of the timing of payment of the Company's quarterly dividends in March, May, August and November, the Company's shareholders are unable to approve a final dividend each year. As an alternative, the Board will put the Company's dividend policy to shareholders for approval on an annual basis.

Resolution 3, which is an ordinary resolution, relates to the approval of the Company's dividend policy which is to pay four quarterly interim dividends with the ability to pay further interim dividends should the need arise i.e. to comply with the REIT rules.

Directors authority to buy back shares (resolution 11)

During the year to 31 December 2020, the Company bought back 2,548,997 ordinary shares of 1p each into treasury. Unless renewed, the current authority of the Company to make market purchases of shares expires at the end of the Annual General Meeting.

Consequently, resolution 11 as set out in the notice of the Annual General Meeting seeks authority for the Company to make market purchases of up to 14.99 percent of the issued ordinary share capital, such authority to last until the conclusion of the annual general meeting in 2022 or if earlier on the expiry of 15 months from the passing of the resolution. Any buy back of ordinary shares will be made subject to Guernsey law, the UKLA's Listing Rules and within any guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board.

Purchases of ordinary shares will only be made through the market for cash at prices below the prevailing net asset value of the ordinary shares (as last calculated) where the Directors believe such purchases will enhance shareholder value. The price paid will not be less than the nominal value of 1p per share. Such purchases will also only be made in accordance with the rules of the UK Listing Authority which provide that the price to be paid must not be more than the higher of; (i) 105 percent of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the ordinary shares for the five business days before the shares are purchased; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out. Any shares purchased under the authority will be cancelled or held in treasury.

Directors authority to allot shares on a non pre-emptive basis (resolution 12)

Resolution 12 as set out in the notice of the Annual General Meeting gives the Directors, for the period until the conclusion of the annual general meeting in 2022 or if earlier on the expiry of 15 months from the passing of the resolution, the necessary authority to either allot securities or sell shares held in treasury, otherwise than to existing shareholders on a pro-rata basis, for cash, up to an aggregate nominal amount of £396,922. This is equivalent to approximately 10% of the issued ordinary share capital of the Company as at 29 April 2021. It is expected that the Company will seek this authority on an annual basis. The Directors will only exercise this authority if they believe it advantageous and in the best interests of shareholders and in no circumstances would result in a dilution to the net asset value per share.

The Directors believe that the resolutions being put to the shareholders at the Annual General Meeting are in the best interests of the shareholders as a whole. Accordingly the Directors recommend that shareholders vote in favour of all of the resolutions to be proposed at the Annual General Meeting.

Approved by the Board on

29 April 2021
James Clifton-Brown
Chairman

Governance

Corporate Governance Report

INTRODUCTION

The Company is committed to high standards of corporate governance.

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance 2019 (AIC Code). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the UK Code), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

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

The Company has complied with the recommendations of the AIC Code, except as set out below:

- interaction with the workforce (provisions 2, 5 and 6);
- the role and responsibility of the chief executive (provisions 9 and 14);
- previous experience of the chairman of a remuneration committee (provision 32); and
- executive directors' remuneration (provisions 33 and 36 to 40).

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

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

THE BOARD

The Board comprises solely non-executive Directors of which James-Clifton Brown is Chairman and Huw Evans is Senior Independent Director. Biographical details of each Director are shown on pages 36 and 37.

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

The Board has delegated day-to-day management of the assets to the Investment Manager. All decisions relating to the Group's investment policy, investment objective, dividend policy, gearing, corporate governance and strategy in general are reserved for the Board. The Board meets quarterly and receives full information on the Company's performance, financial position and any other relevant information. At least once a year, the Board also holds a meeting specifically to review the Group's strategy.

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

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

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

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

CHAIRMAN AND SENIOR INDEPENDENT DIRECTOR

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

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

EXTERNAL AGENCIES

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

- the function of Alternative Investment Fund Manager, including management of the investment portfolio
- accounting services
- company secretarial and administration services
- shareholder registration services

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

BOARD COMMITTEES

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

Property Valuation Committee

The Property Valuation Committee, chaired by James Clifton-Brown until 25 August 2020 and Sarah Slater thereafter, comprises the full Board and meets four times a year. The Committee is convened for the purpose of reviewing the quarterly independent property valuation reports prior to their submission to the Board. The Chair of the Property Valuation Committee meets with the independent property valuer at least annually.

Audit Committee

The Audit Committee, chaired by Mike Balfour, comprises the full Board, apart from the Board Chair who attends by invitation, and meets at least three times a year. James Clifton-Brown served as a member of the Audit Committee until his appointment as Chair on 25 August 2020 at which point he stood down as a member and attends the Audit Committee by invitation. The Audit Committee has set out a formal report on pages 44 and 45.

Management Engagement Committee

The Management Engagement Committee is chaired by Huw Evans and comprises the full Board. The Committee meets at least twice a year to review the performance of the Investment Manager and other service providers, together with the terms and conditions of their appointments.

Nomination Committee

The Nomination Committee, chaired by Mike Balfour until 25 November 2020 and Jill May thereafter, comprises the full Board and meets at least once a year. The Nomination Committee believes that, given the size of Board, it is appropriate for all Directors to serve as members of the Nomination Committee. Appointments of new Directors are considered by the Committee taking account of the need to maintain a balanced Board. New Directors appointed to the Board receive a formal induction and appropriate training is arranged for new and current Directors as required. Although the Group does not have a formal policy on diversity, the Board and Committee are cognisant of the debate around the recommendations of the Davies Report on Women on Boards and the Hampton Alexander Review and recognises the benefits of diversity in its broadest sense and the value this brings to the Company in terms of skills, knowledge and experience.

During the year the Nomination Committee met once. The Nomination Committee met to consider succession planning and committee composition. The Nomination Committee is also responsible for arranging the Company's annual evaluation of the Board and Committees and individual directors.

Remuneration Committee

The Remuneration Committee is chaired by Mike Balfour until 25 November 2020 and Jill May thereafter, comprises the full Board and meets at least once a year. The Remuneration Committee believes that, given the size of Board, it is appropriate for all Directors to serve as members of the Remuneration Committee. The Committee reviews the level of Directors' fees, ensuring that they reflect the time commitment and responsibilities of the role and are fair and comparable with those of similar companies.

Tenure Policy

The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board. The Board also takes the view that independence is not compromised by length of tenure on the Board. However, in accordance with corporate governance best practice and the need for regular refreshment and diversity on the Board, the Board does not expect any of the Group's Directors, including the Chairman, to serve on the Board for more than nine years.

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

Huw Evans was appointed as a Director on 11 April 2013, Mike Balfour was appointed on 10 March 2016, James Clifton-Brown was appointed on 17 August 2016, Jill May was appointed on 12 March 2019 and Sarah Slater was appointed on 27 November 2019.

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

All Directors will stand for re-election at the forthcoming Annual General Meeting. The Board has reviewed the skills and experience of each Director and believes that each contributes to the long-term sustainable success of the Company. The Board has no hesitation in recommending their re-election to shareholders.

Governance
Corporate Governance Report continued

PERFORMANCE OF THE BOARD

The performance of the Board, the Committees and the individual Directors was evaluated for the year to 31 December 2020 by an independent consultancy, Lintstock Limited ("Lintstock"). The Company nor any of the Directors has any other connection with Lintstock.

Lintstock issued questionnaires for completion by all directors covering the performance of the Board and Committees, the Chair, and the individual Directors. Lintstock collated the results of the questionnaires which were subsequently discussed by the Directors in a private session and minor areas for improvement identified. The Board has put in place plans to address the issues identified during the evaluation process. Overall, the Board, Committees and individual Directors were judged to be performing well.

The Board is satisfied with the resulting performance evaluation of the Board, each individual Director and the Chairman.

MEETING ATTENDANCE

The table below sets out the Directors' attendance at each scheduled quarterly Board and Committee meetings. The number of meetings which the Directors were eligible to attend are shown in brackets.

In addition to the scheduled meetings detailed below, there were a further 19 ad-hoc board and committee meetings held during the year. Since March 2020 all meetings have been held virtually.

INVESTMENT MANAGEMENT AGREEMENT

Following the merger of Standard Life plc with Aberdeen Asset Management PLC in August 2017, the Company appointed Aberdeen Standard Fund Managers Limited as its AIFM with effect from 10 December 2018. The appointment was on identical terms to the arrangements previously in place with Standard Life Investments (Corporate Funds) Limited and the terms of the previous management agreement have been novated across to Aberdeen Standard Fund Managements Limited.

Under the terms of the Investment Management Agreement, subsequently amended, between the Investment Manager and the Company ("the IMA"), the Investment Manager is entitled to an annual fee equal to 0.70% of total assets up to £500 million and 0.60% of total assets over £500 million.

The IMA is terminable by either party on not less than one year's notice.

The Management Engagement Committee reviews the performance of, and contractual arrangements with, the Investment Manager on an annual basis. The Board has considered the appropriateness of the continuing appointment of the Investment Manager in view of the performance of the Investment Manager, the fees payable to the Investment Manager and the notice period under the IMA. The Board has concluded that the continuing appointment of the Investment Manager on the terms agreed is in the best interest of shareholders as a whole.

INTERNAL CONTROLS

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

	Board	Audit Committee	Property Valuation Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee
Huw Evans	4 (4)	4 (4)	4 (4)	2 (2)	1 (1)	1 (1)
James Clifton-Brown	3 (3)***	4 (4)	4 (4)	2 (2)	4 (4)	1 (1)
Jill May	4(4)	4 (4)	4(4)	2 (2)	1 (1)	1 (1)
Mike Balfour	4 (4)	4 (4)	4 (4)	2 (2)	1 (1)	1 (1)
Robert Peto *	3 (3)	— **	3 *(3)	1 (1)	—	—
Sarah Slater	4(4)	4 (4)	4 (4)	2 (2)	1 (1)	1 (1)

* Retired from the Board on 25 August 2020.
** The Chair of the Board is not a member of the Audit Committee.
*** James Clifton-Brown stepped down as a member of the Audit Committee following his appointment as Chair on 25 August 2020. The Chair of the Board is not a member of the Audit Committee.

This process has been in place for the year under review and up to the date of approval of this Annual Report and Consolidated Financial Statements and is regularly reviewed by the Board and accords with the FRC Guidance. The process is based principally on a risk-based approach to internal control whereby a risk matrix is created that identifies the key functions carried out by the Board, the Investment Manager and the other service providers, the individual activities undertaken within those functions, the risk associated with each activity and the controls employed to minimise those risks. A risk rating is then applied. The risk matrix is regularly updated and the Board is provided with regular reports highlighting any material changes to risk ratings and confirming action which has been, or is being, taken.

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

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

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

The Board has adopted appropriate procedures designed to prevent bribery, including regular reviews of anti-bribery policies of suppliers.

The Board has also reviewed a statement from the Investment Manager detailing arrangements in place whereby the Investment Manager's staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters.

With effect from 7 July 2014, the Group entered into arrangements to comply with AIFMD. The Group appointed Standard Life Investments (Corporate Funds) Limited as its AIFM, which was replaced by Aberdeen Standard Fund Managers Limited on 10 December 2018, and Citibank Europe plc as its Depositary.

The Depositary's responsibilities include cash monitoring, safe keeping of any financial instruments held by the Group and monitoring the Group's compliance with investment limits and leverage requirements.

The AIFM has a permanent risk management function to ensure that effective risk management policies and procedures are in place to monitor compliance with risk limits. The AIFM has a risk policy which covers the risks associated with the management of the portfolio and the adequacy and appropriateness of this policy is reviewed at least annually by the AIFM. The AIFM presents a report to the Board, via the Audit Committee, on a six monthly basis confirming its compliance with AIFMD in relation to the Company.

RELATIONS WITH SHAREHOLDERS

As set out in the Stakeholder Engagement Section, the Board welcomes correspondence from shareholders, addressed to the Company's registered office or by email to property.income@aberdeenstandard.com. This year's AGM is being held on 16 June 2021 at 09:00 at the offices of Dickson Minto. As set out in the Chairman's Statement, at the time of writing, elements of the National Lockdown remain in place and shareholder attendance at AGMs is not legally permissible. It is with regret that the Board has decided that the AGM on 16 June 2021 will, by necessity, be a functional only closed AGM. However, in order to provide certainty, whilst encouraging and promoting interaction and engagement with our shareholders, the Board has decided to hold an interactive Online Shareholder Presentation which will be held at 11.00 a.m. on Friday, 4 June 2021. Please see the Chairman's Statement for information on how to register to attend the interactive Online Shareholder Presentation.

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

The Chairman and the Investment Manager continues to offer individual meetings to the largest institutional and private client manager shareholders and reports back to the Board on these meetings.

ACCOUNTABILITY AND AUDIT

The Statement of Directors' Responsibilities in respect of the Consolidated Financial Statements is on page 48 and the Statement of Going Concern is included in the Directors' Report on page 38 and the Viability Statement can be found on page 19. The Independent Auditor's Report is on pages 50 to 56.

Approved by the Board on

29 April 2021
James Clifton-Brown
Chairman

Governance
Audit Committee Report

ROLE OF THE AUDIT COMMITTEE

The main responsibilities of the Audit Committee are:

- monitoring the integrity of the consolidated financial statements of the Group and any public announcements relating to the Group's financial performance and reviewing significant reporting judgements contained in them;
- reviewing the effectiveness of the Group's internal financial controls and risk management systems and bringing material issues to the attention of the Board;
- whistleblowing and oversight – reviewing an annual statement from the Investment Manager detailing the arrangements whereby the Investment Manager's staff may, in confidence, escalate concerns about possible improprieties in relation to financial reporting or other matters;
- making recommendations to the Board, for it to put to shareholders for their approval at a general meeting, in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- reviewing the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- making recommendations to the Board in relation to the engagement of the external auditor to supply non-audit services, taking into account ethical guidance regarding the provision of non-audit services by the external audit firm;
- where requested by the Board, providing advice on whether the annual report and consolidated financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

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

COMPOSITION OF AUDIT COMMITTEE

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

REVIEW OF SIGNIFICANT ISSUES AND RISKS

In planning its work, and reviewing the audit plan with the Auditor, the Audit Committee takes account of the most significant issues and risks, both operational and financial, likely to impact on the Group's consolidated financial statements. This included an assessment of risks, such as COVID-19, Brexit and Climate Change, and the impact these could have on the Group and its underlying portfolio.

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

Full details of the valuation methodology are contained in note 7 to the consolidated financial statements.

As rental income is the Group's major source of revenue and a significant item in the Statement of Comprehensive Income, a key risk relates to the recognition and collection of rental income. Specifically the risk is that the Group does not recognise rental income in line with its stated policy on rental income recognition. This is of particular relevance given COVID-19 where rent collections levels have fallen and the provision for bad debts has increased substantially in the year standing at £2.58 million (2019: £139,000) at the year end. The Audit Committee reviews the controls in place at the Investment Manager in respect of recognition of rental income on a regular basis and, along with the external auditor, reviews the rental income policy, the pattern of rental income received and the amount recognised in the consolidated financial statements at each year end. In addition it considers the detailed process in place at the Investment Manager to identify potential provision for bad debts based on the intelligence and knowledge the Manager has of each individual tenant.

REVIEW OF ACTIVITIES

The Audit Committee met four times during the year under review, in March, May, August and November 2020. Following the year end, the Audit Committee met in March 2021.

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

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

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

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

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

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

EXTERNAL AUDIT PROCESS

The Audit Committee meets twice a year with the external auditor (in 2020 this was done virtually). The audit partner for the Company is Mr John Clacy who is in his second yearin the audit. The auditor provides a planning report in advance of the annual audit and a report on the annual audit. The Audit Committee has the opportunity to question and challenge the auditor in respect of these reports.

The Audit Committee Chair also meets the audit partner in person or by telephone at least twice a year.

At least once a year, the Audit Committee has the opportunity to discuss any aspect of the auditor's work with the auditor in the absence of the Investment Manager. Overall the Committee believes the external audit process has been effective.

AUDITOR ASSESSMENT AND INDEPENDENCE

The Audit Committee reviews the performance, effectiveness, value for money and general relationship with the external auditor each year. This review takes into consideration the standing, skills and experience of the audit firm and the audit team. In addition, on an annual basis, the Audit Committee reviews the independence and objectivity of the external auditor through the completion of a questionnaire which scores the auditor on various aspects of their performance. The Committee is cognisant of the significant increase in the auditors fees, which is a trend across all industries, and will keep the situation under review to ensure Deloitte LLP continue to offer value for money for shareholders.

The Audit Committee also reviews the provision of non-audit services by the external auditor. All non-audit work to be carried out by the external auditor has to be approved in advance by the Audit Committee, to ensure such services are not a threat to the independence and objectivity of the conduct of the audit.

The Group's external auditor is Deloitte LLP ("Deloitte"). The Company appointed Deloitte as auditor for the year ended 31 December 2019, following a tender process carried out during 2018. Shareholders approved the re-appointment of Deloitte LLP as the Group's auditors at the AGM in June 2020. In accordance with regulatory requirements Deloitte rotates the Senior Statutory Auditor responsible for the audit every five years. There are no contractual obligations which restrict the Audit Committee's choice of external auditor.

During the year ended 31 December 2020, Deloitte received fees of £nil in relation to non-audit services (2019: £nil).

AUDITOR

On the recommendation of the Audit Committee, it is the Board's intention to propose to shareholders at the AGM on 15 June 2021 that Deloitte LLP be re-appointed as the Group's auditor.

29 April 2021
Mike Balfour
Audit Committee Chairman

Governance
Directors' Remuneration Report

REMUNERATION COMMITTEE

The Remuneration Committee comprises the full Board and was chaired by Mike Balfour until 25 November 2020 and Jill May thereafter. The Committee considers, at least annually, the level of Directors' fees and makes recommendations to the Board. The Board determines the level of Directors' fees in accordance with Group's Remuneration Policy, as detailed below, and in accordance with the UK Corporate Governance Code and AIC Code on Corporate Governance.

REMUNERATION POLICY

The Group's Remuneration Policy is that fees payable to Directors should reflect the time spent by the Board on the Group's affairs and the responsibilities borne by the Directors and should be fair and comparable with those of similar companies. The level of fees should also be sufficient to attract and retain the high calibre of Directors needed to oversee the Group properly and to reflect its specific circumstances.

Directors are remunerated in the form of fees payable quarterly in arrears. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

The fees for the Directors are determined within the limit set out on the Company's Articles of Incorporation. The Board has not received any views from shareholders in respect of the aggregate or individual levels of Directors' remuneration.

At the AGM on 30 June 2020, shareholders approved an increase in the limit of the aggregate fees payable to the Board of Directors to £350,000 per annum.

The Board consists entirely of non-executive Directors and the Board has agreed that all Directors will retire annually and, if appropriate, seek re-election. There are no service contracts in existence between the Group and any Directors but each Director was appointed by a letter of appointment which sets out the main terms of his or her appointment. A Director may resign by notice in writing to the Board at any time; there are no set notice periods and no compensation payable to a Director on leaving office.

The Directors' Remuneration Policy and the level of Directors' fees are reviewed annually by the Remuneration Committee. This review includes for each Director, taking into account the time, commitment and committee responsibilities of each Director and fees paid to directors of comparable companies invested in real estate.

Following a review by the Remuneration Committee in 2020, it was agreed that there would be no increases to Directors' fees with the situation to be reviewed again in June 2021.

The fees for 2021 are currently as follows: £46,000 for the Chairman (2020: £46,000), £40,000 for the Audit Committee Chairman (2020: £40,000) and £36,000 for each of the other Directors (2020: £36,000).

It is intended that the above Remuneration Policy will continue to apply for the forthcoming financial year and subsequent years. The Remuneration Policy was approved by shareholders at the Annual General Meeting on 13 June 2019. The Remuneration Policy will be put to a shareholder's vote at the AGM at least once every three years.

At the Annual General Meeting in June 2020 the results in respect of the resolution to approve the Group's Remuneration Report were as follows:

Percentage of votes cast for	Percentage of votes cast against or abstained
99.8	0.2

DIRECTORS' FEES

The Directors who served during the year received fees as shown in the table opposite (audited).

	2020 £	2019 £	% change in directors fees
Robert Peto *	30,077	44,000	(31.6)
Sally-Ann Farnon **	—	17,850	(100)
Huw Evans	36,000	35,000	2.9
Mike Balfour	40,000	37,000	8.1
James Clifton-Brown ***	39,638	35,000	13.3
Jill May ****	36,000	28,135	28.0
Sarah Slater *****	36,000	3,455	942.0
Employers national insurance contributions	18,737	16,276	
	236,452	216,716	
Directors' expenses	501	10,560	
	236,953	227,276	

* Retired from the Board on 25 August 2020.
** Retired from the Board on 13 June 2019.
*** Appointed as Chairman on 25 August 2020.
**** Appointed to the Board on 12 March 2019 so 2019 fee only from this date to 31 December 2019.
***** Appointed to the Board on 27 November 2019 so 2019 fee only from this date to 31 December 2019

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

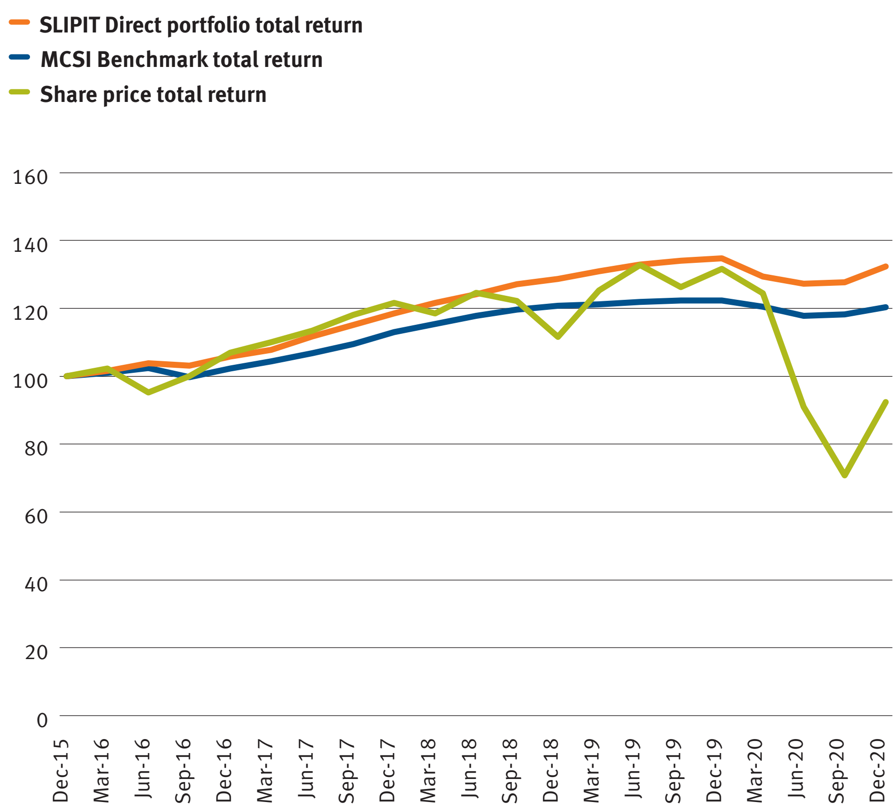
	31.12.20	31.12.19
Aggregate Directors' Remuneration	£236,953	£227,276
Aggregate Shareholder Distributions	£15,493,435	£19,319,194

DIRECTORS' SHAREHOLDINGS

The Directors' interests in the Company's ordinary shares are shown in the Directors' Report on page 38.

COMPANY PERFORMANCE

The Board is responsible for the Group's investment strategy and performance, although the management of the Group's investment portfolio is delegated to the Investment Manager through the investment management agreement, as referred to in the Corporate Governance Report on page 40. The graph to the right compares the total return (assuming all dividends re-invested) to ordinary shareholders compared with the total return on the MSCI Quarterly Index over the five years to 31 December 2020.



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

Approved by the Board on
29 April 2021
Jill May
Director

Governance

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

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

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

Statement under the UK Corporate Governance Code.

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

Approved by the Board on
29 April 2021
James Clifton-Brown
Chairman

Financial Statements

INDEPENDENT AUDITOR'S REPORT

Financial Statements
Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1 OPINION

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

- give a true and fair view of the state of the Group's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated balance sheets;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 24.

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

2 BASIS FOR OPINION

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

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

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

While the parent company is not a public interest entity subject to European Regulation 537/2014, the directors have decided that the parent company should follow the same requirements as if that Regulation applied to the parent company.

3 SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: ▸ Investment property valuation; and ▸ Recoverability of rental income receivable.	Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	▸ The materiality that we used for the Group financial statements in the current year was £3.3m which was determined on the basis of 1% of Net Asset Value.	
Scoping	▸ All audit work for the Group was performed directly by the Group engagement team. All of the Group's subsidiaries that are registered as Guernsey Companies are subject to full scope audits.	
Significant changes in our approach	▸ No Significant changes in our approach in the current year. Newly identified key audit matters, our response and findings are noted in section 5 below. We no longer consider the emergence of the COVID-19 pandemic as a key audit matter.	

4 CONCLUSIONS RELATING TO GOING CONCERN

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

- Challenge of management's assessment of going concern and the assumptions used in their 12 month and 5 year forecast models;
- Evaluated the maturity of group debt and the effect on the going concern and the longer term viability of the Group;
- Performed fair value and income sensitivity analysis which we compare to management stress testing results; and
- Reviewed banking covenants to assess compliance as at the balance sheet date.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Financial Statements
Independent Auditor's Report continued

5 KEY AUDIT MATTERS

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

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investment Property Valuation

KEY AUDIT MATTER DESCRIPTION	HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER	KEY OBSERVATIONS
Valuation of investment properties is the key driver of the Group's net asset value. Valuations are inherently complex and require significant judgement and estimation around the key inputs and assumptions. We have pinpointed that the main judgements are around equivalent yields and estimated market rent, in particular in certain property sectors most impacted by COVID-19, thus this was the focus of our key audit matter. Valuation of the investment property is the most judgemental area of the financial statements and therefore the most susceptible to fraudulent manipulation. Given the high level of judgement involved, we have determined that there was a potential for fraud through possible manipulation of this balance. Management's valuation is based on the external valuation provided by Knight Frank LLP, chartered surveyors. The valuation of the investment property portfolio at 31 December 2020 amounted to £428m (2019: £478m). Refer to note 2.2 of the Accounting policies on page 63 and note 7 on pages 72–75 of the notes to the Financial Statements. Also refer to the audit committee report pages 44–45.	**We have performed the following:** ‣ Obtained an understanding of the relevant controls in relation to the valuation process; ‣ Evaluated the competence, capabilities and objectivity of the external valuers' in order to obtain an understanding of the work of that expert; ‣ With involvement of our real estate ("DRE") specialists, we challenged the external valuer on their valuation process and assumptions, performance of the portfolio, significant assumptions and judgement, by benchmarking valuation assumptions, in particular the equivalent yields and estimated market rates, to relevant market evidence including specific property transactions and other external data; ‣ Performed audit procedures to assess the integrity of the information provided to the external valuer, including testing on a sample basis back to underlying lease agreements; and ‣ Reviewed the financial statements disclosures and assessed whether the significant judgements and estimations are appropriately disclosed.	We concluded that the fair value of the Group's investment property valuation as determined by management is appropriate.

Recoverability of rental income receivable

KEY AUDIT MATTER DESCRIPTION	HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER	KEY OBSERVATIONS
As a result of the COVID-19 pandemic, rent collection levels are below what has historically been collected having and this has resulted in an increase in the bad debt provision in the year. There is a risk that the Group's revenue has not been recognised correctly due to inadequate impairment of the rental income receivable. The impact of the COVID-19 pandemic and associated lockdowns and social restrictions on certain tenants may result in rental payments no longer being made due to cash flow difficulties. We therefore identified a key audit matter in relation to the recoverability of rental income and the impairment assessment on rental income receivable for the Group as at the reporting date. Management perform a bottom up process of reviewing every tenant that has rent outstanding to identify and quantify the provision related to bad debts due from rental debtors. The provision for bad debts amount included in the financial statements at 31 December 2020 is £2.6m (2019: £0.1m). Refer to notes 2.3 C and 2.3 H of Accounting policies on pages 64–65 and note 10 on page 76 of the Notes to the Financial Statements. Also refer to the audit committee report pages 44–45.	**We performed the following:** ▸ Obtained an understanding of the management's processes and obtained an understanding of relevant controls relating to the recoverability of rental income; ▸ Tested the considerations used by management to recalculate the rent receivable amount and assess the provisions applied; ▸ Assessed the ageing of income accrued and tested the recoverability for a sample of balances with regard to cash received after the balance sheet date; ▸ To address the increased risk posed by COVID-19, reviewed the Group's Expected Credit Loss workings, which should correspond to the assessed recoverability of accrued rental income recognised at year end, and assessed whether these align to IFRS 9; and ▸ Assessed whether any critical judgement or sources of estimation uncertainty were applied and appropriately disclosed.	We concluded that the bad debt provision as determined by management is appropriate.

Financial Statements
Independent Auditor's Report continued

6 OUR APPLICATION OF MATERIALITY

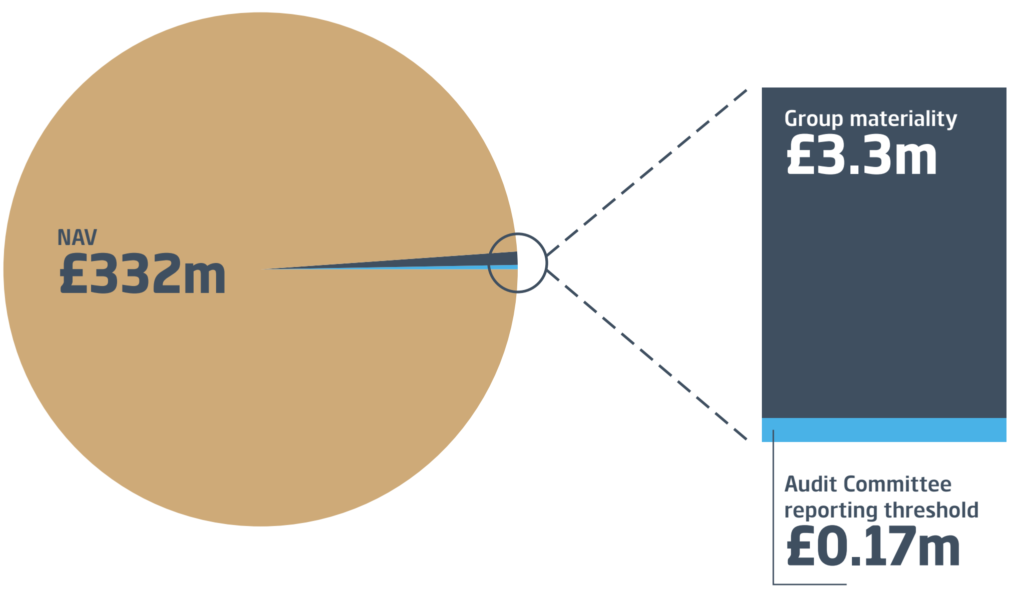
Materiality

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

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

Group Materiality	£3.3 million (2019: £3.6million)
Basis for determining materiality	1% of the Net Asset Value, in line with prior year.
Rationale for the benchmark applied	Net Assets is the key balance considered by the users of the financial statements which is consistent with the market approach for such entities. Net Assets was selected as investors are seeking capital appreciation in addition to dividend streams and the net asset value per share is an important indicator of performance to investors.

In addition to net assets, we consider EPRA Adjusted Profit After Tax as a critical performance measure for the Group and a measure which is widely used within the Real Estate industry. We applied a lower level materiality of £0.83m (2019: £0.96m), which equates to 5% (2019: 5%) of that measure for testing all balances impacting that measure.



Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 60% of Group materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered the following factors:

A. The impact of COVID-19 on the Group and parent company's operations in the year and on the wider real estate sector
B. we have not identified any significant changes in business structure; and
C. our experience from previous audits has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.17m (2019: £0.18m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7 AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Scoping

The Group consists of Standard Life Investment Property Income Trust and its subsidiaries, which are all registered in Guernsey. Our Group audit was scoped by obtaining an understanding of the Group and its environment, including internal controls, and assessing the risks of material misstatement at the Group level. The Group is audited by one audit team, led by the Senior Statutory Auditor. The audit is performed centrally, as the books and records for each entity within the Group are maintained at head office. All of the Group's subsidiaries that are registered as Guernsey Companies are subject to full scope audits. We also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

As part of our risk assessment, we assessed the control environment in place at the investment manager, Aberdeen Standard Investments to the extent relevant to our audit.

8 OTHER INFORMATION

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

We have nothing to report in respect of these matters.

9 RESPONSIBILITIES OF DIRECTORS

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

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

10 AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

11 EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

Identifying and assessing potential risks related to irregularities

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

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists, including tax and valuations specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

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

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

Financial Statements
Independent Auditor's Report continued

Audit response to risks identified

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

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12 OPINION ON OTHER MATTER PRESCRIBED BY OUR ENGAGEMENT LETTER

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

13 CORPORATE GOVERNANCE STATEMENT

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

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

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 38;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 19;
- the directors' statement on fair, balanced and understandable set out on page 48;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 19;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 43; and
- the section describing the work of the audit committee set out on page 44.

14 MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the parent company; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

15 OTHER MATTERS

Auditor tenure

Following the recommendation of the audit committee, we were appointed by the board of directors on 13 June 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is two years, covering the year ending 31 December 2019 to 31 December 2020.

Consistency of the audit report with the additional report to the audit committee

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

16 USE OF OUR REPORT

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

John Clacy (Senior statutory auditor)
For and on behalf of Deloitte LLP
Recognised Auditor
St Peter Port, Guernsey

29 APRIL 2021

FINANCIAL STATEMENTS

Financial Statements

Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

	Notes	12 Months to 31-Dec-20 £	12 months to 31-Dec-19 £
Rental income		29,439,549	29,878,646
Service charge income		3,543,976	3,313,463
Surrender premium		21,250	580,000
Valuation loss from investment properties	7	(27,640,224)	(3,613,836)
(Loss)/gain on disposal of investment properties	7	(4,806,137)	427,304
Investment management fees	4	(3,198,519)	(3,492,880)
Valuer's fees	4	(84,638)	(97,668)
Auditor's fees	4	(118,400)	(81,850)
Directors' fees and subsistence	22	(236,953)	(227,276)
Service charge expenditure		(3,543,976)	(3,313,463)
Other direct property expenses		(4,904,968)	(2,935,023)
Other administration expenses		(512,849)	(530,862)
Operating (loss)/profit		**(12,041,889)**	**19,906,555**
Finance income	5	3,896	15,856
Finance costs	5	(3,744,074)	(3,778,280)
Loss/(profit) for the period before taxation		**(15,782,067)**	**16,144,131**
Taxation			
Tax charge		—	—
(Loss)/Profit for the period, net of tax		**(15,782,067)**	**16,144,131**
Other Comprehensive Income			
Valuation loss on cash flow hedge	14	(1,514,638)	(1,416,653)
Total other comprehensive loss		**(1,514,638)**	**(1,416,653)**
Total comprehensive (loss)/gain for the period, net of tax		**(17,296,705)**	**14,727,478**

Earnings per share		**2020 (p)**	**2019 (p)**
Basic and diluted earnings per share	18	(3.88)	3.98
EPRA earnings per share	18	4.10	4.76

All items in the above Consolidated Statement of Comprehensive Income derive from continuing operations.
The notes on pages 62–82 are an integral part of these Consolidated Financial Statements.

Financial Statements
Consolidated Balance Sheet as at 31 December 2020

ASSETS	Notes	31-Dec-20 £	31-Dec-19 £
Non-current assets			
Investment properties	7	428,412,375	477,855,299
Lease incentives	7	5,885,270	5,523,822
Rental deposits held on behalf of tenants		855,866	1,298,364
		435,153,511	**484,677,485**
Current assets			
Investment properties held for sale	8	4,300,000	10,700,000
Trade and other receivables	10	10,802,197	3,913,519
Cash and Cash equivalents	11	9,383,371	6,475,619
		24,485,568	**21,089,138**
Total Assets		**459,639,079**	**505,766,623**
LIABILITIES			
Current liabilities			
Trade and other payables	12	13,096,054	9,232,072
Interest rate swap	14	1,472,387	644,465
		14,568,441	**9,876,537**
Non-current liabilities			
Bank borrowings	13	109,542,823	127,316,886
Interest rate swap	14	2,262,867	1,576,151
Obligations under finance leases	15	902,645	904,121
Rent deposits due to tenants		855,866	1,298,364
		113,564,201	**131,095,522**
Total liabilities		**128,132,642**	**140,972,059**
Net assets		**331,506,437**	**364,794,564**
EQUITY		**2020 £**	**2019 £**
Capital and reserves attributable to Company's equity holders			
Share capital	17	228,383,857	227,431,057
Treasury share reserve	17	(1,450,787)	–
Retained earnings	18	7,339,209	6,168,350
Capital reserves	18	(604,214)	33,356,785
Other distributable reserves	18	97,838,372	97,838,372
Total equity		**331,506,437**	**364,794,564**

Approved and authorised for issue by the Board of Directors on 29 April 2021 and signed on their behalf by James Clifton-Brown.
The accompanying notes on pages 62–82 are an integral part of these Consolidated Financial Statements. Company Number: 41352 (Guernsey)

Financial Statements

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

	Notes	Share Capital £	Treasury shares £	Retained Earnings £	Capital Reserves £	Other Distributable Reserves £	Total equity £
Opening balance 1 January 2020		**227,431,057**	**—**	**6,168,350**	**33,356,785**	**97,838,372**	**364,794,564**
Loss for the year		—	—	(15,782,067)	—	—	(15,782,067)
Other comprehensive income		—	—	—	(1,514,638)	—	(1,514,638)
Total comprehensive loss for the period		—	—	(15,782,067)	(1,514,638)	—	(17,296,705)
Ordinary shares issued net of issue costs	17	952,800	—	—	—	—	952,800
Ordinary shares placed into treasury net of issue costs	17	—	(1,450,787)	—	—	—	(1,450,787)
Dividends paid	20	—	—	(15,493,435)	—	—	(15,493,435)
Valuation loss from investment properties	7	—	—	27,640,224	(27,640,224)	—	—
Loss on disposal of investment properties	7	—	—	4,806,137	(4,806,137)	—	—
Balance at 31 December 2020		**228,383,857**	**(1,450,787)**	**7,339,209**	**(604,214)**	**97,838,372**	**331,506,437**

Consolidated Statement of Changes in Equity for the year ended 31 December 2019

	Notes	Share Capital £	Retained Earnings £	Capital Reserves £	Other Distributable Reserves £	Total equity £
Opening balance 1 January 2019		**227,431,057**	**6,156,881**	**37,959,970**	**97,838,372**	**369,386,280**
Profit for the year		—	16,144,131	—	—	16,144,131
Other comprehensive income		—	—	(1,416,653)	—	(1,416,653)
Total comprehensive income for the period		—	16,144,131	(1,416,653)	—	14,727,478
Ordinary shares issued net of issue costs	17	—	—	—	—	—
Dividends paid	20	—	(19,319,194)	—	—	(19,319,194)
Valuation loss from investment properties	7	—	3,613,836	(3,613,836)	—	—
Gain on disposal of investment properties	7	—	(427,304)	427,304	—	—
Balance at 31 December 2019		**227,431,057**	**6,168,350**	**33,356,785**	**97,838,372**	**364,794,564**

The notes on pages 62–82 are an integral part of these Consolidated Financial Statements.

Financial Statements

Consolidated Cash Flow Statement
for the year ended 31 December 2020

Cash flows from operating activities	Notes	12 months to 31-Dec-20 £	12 months to 31-Dec-19 £
Profit for the year before taxation		(15,782,067)	16,144,131
Movement in lease incentives		(1,694,642)	(1,881,958)
Movement in trade and other receivables		(6,446,180)	(400,215)
Movement in trade and other payables		3,421,484	(2,216,558)
Finance costs	5	3,744,074	3,778,280
Finance income	5	(3,896)	(15,856)
Valuation loss from investment properties	7	27,640,224	3,613,836
Loss/(gain) on disposal of investment properties	7	4,806,137	(427,304)
Net cash inflow from operating activities		**15,685,134**	**18,594,356**
Cash flows from investing activities			
Interest received	5	3,896	15,856
Purchase of investment properties	7	(21,297,754)	(25,808,526)
Capital expenditure on investment properties	7	(4,947,828)	(4,628,353)
Net proceeds from disposal of investment properties	7	50,973,863	35,067,304
Net cash inflow from investing activities		**24,732,177**	**4,646,281**
Cash flows from financing activities			
Proceeds on issue of ordinary shares	17	952,800	—
Shares bought back during the year	17	(1,450,787)	—
Bank borrowing	13	27,000,000	1,000,000
Repayment of RCF	13	(45,000,000)	(3,000,000)
Bank borrowing arrangement costs	13	—	(150,000)
Interest paid on bank borrowing	5	(2,479,388)	(2,986,775)
Payments on interest rate swaps	5	(1,038,749)	(574,021)
Dividends paid to the Company’s shareholders	20	(15,493,435)	(19,319,194)
Net cash outflow from financing activities		**(37,509,559)**	**(25,029,990)**
Net increase / (decrease) in cash and cash equivalents		**2,907,752**	**(1,789,353)**
Cash and cash equivalents at beginning of year	11	6,475,619	8,264,972
Cash and cash equivalents at end of year	**11**	**9,383,371**	**6,475,619**

The notes on pages 62–82 are an integral part of these Consolidated Financial Statements.

Financial Statements

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

1 GENERAL INFORMATION

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

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

These audited Consolidated Financial Statements were approved for issue by the Board of Directors on 29 April 2021.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

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

The Directors have considered the basis of preparation of the accounts given the COVID-19 pandemic and believe that it is still appropriate for the accounts to be prepared on the going concern basis.

Changes in accounting policy and disclosure

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- Amendments to IFRS 3, Business Combinations – The IASB published an amendment to the requirements of IFRS 3 in relation to whether a transaction meets the definition of a business combination. The amendment clarifies the definition of a business, as well as provides additional illustrative examples, including those relevant to the real estate industry. A significant change in the amendment is the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. This will be relevant where the value of the acquired entity is concentrated in one property, or a group of similar properties. The amendment is effective for periods beginning on or after 1 January 2020 with earlier application permitted. There will be no impact on transition since the amendments are effective for business combinations for which the acquisition date is on or after the transition date.

Annual improvements to IFRS

The Group has made no adjustments to its financial statements in relation to IFRS Standards detailed in the annual Improvements to IFRS 2018–2020 Cycle (effective for annual reporting periods beginning on or after 1 January 2022). The Group will consider these amendments in due course to see if they will have any impact on the Group.

2.2 Significant accounting judgements, estimates and assumptions

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

Fair value of investment properties

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

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

The sensitivity analysis on page 72 (note 7) details the decrease in the valuation of investment properties if equivalent yield increases by 50 basis points or rental rates (ERV) decreases by 5% which the Board believes are reasonable sensitivities to apply given historical movements in valuations.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the Consolidated Balance Sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair value. The judgements include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

The valuation of interest rate swaps used in the Balance Sheet is provided by The Royal Bank of Scotland. These values are validated by comparison to internally generated valuations prepared using the fair value principles outlined above.

The sensitivity analysis on page 67 (note 3) details the increase and decrease in the valuation of interest rate swaps if market rate interest rates had been 100 basis points higher and 100 basis points lower.

Provision for bad debts

Provision for bad debts are also a key estimation uncertainty. These are measured with reference to amounts included as income at the year end but not yet collected. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Due to the impact of COVID-19 on collection rates, there has been a significant increase in our assessed credit risk. Each individual rental income debtor is reviewed to assess whether it is believed there is a probability of default and expected credit loss given the knowledge and intelligence of the individual tenant and an appropriate provision made..

2.3 Summary of significant accounting policies
A Basis of consolidation

The audited Consolidated Financial Statements comprise the financial statements of Standard Life Investments Property Income Trust Limited and its material wholly owned subsidiary undertakings.

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

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

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

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

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

Financial Statements
Notes to the Consolidated Financial Statements for the year ended 31 December 2020 continued

B Functional and presentation currency

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

C Revenue recognition

Revenue is recognised as follows:

i) Bank interest

Bank interest income is recognised on an accruals basis.

ii) Rental income

Rental income from operating leases is net of sales taxes and value added tax ("VAT") recognised on a straight line basis over the lease term including lease agreements with stepped rent increases. The initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. The cost of any lease incentives provided are recognised over the lease term, on a straight line basis as a reduction of rental income. The resulting asset is reflected as a receivable in the Consolidated Balance Sheet. The valuation of investment properties is reduced by the total of the unamortised lease incentive balances. Any remaining lease incentive balances in respect of properties disposed of are included in the calculation of the profit or loss arising at disposal.

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

The surrender premiums received for the year ended 2020 were £21,250 (2019: £580,000) as detailed in the Statement of Comprehensive Income and related to a tenant break during the year.

iii) Property disposals

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

D Expenditure

All expenses are accounted for on an accruals basis. The investment management and administration fees, finance and all other revenue expenses are charged through the Consolidated Statement of Comprehensive Income as and when incurred. The Group also incurs capital expenditure which can result in movements in the capital value of the investment properties. The movements in capital expenditure are reflected in the Statement of Comprehensive Income as a valuation gain/(loss). In 2020, there were no non-income producing properties (2019: nil).

E Taxation

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

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

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

F Investment property

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

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

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

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

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

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

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

G Investment properties held for sale

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

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

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary (i.e. disposal group) are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

H Trade and other receivables

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

The Group loss allowance is based on expected credit loss as calculated using the "provision matrix" approach and a forward-looking component based on individual tenant profiles. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full. The Group writes off trade receivables when there is no reasonable expectation of recovery.

Financial Statements

Notes to the Consolidated Financial Statements for the year ended 31 December 2020 continued

I Cash and cash equivalents

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

J Borrowings and interest expense

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

K Accounting for derivative financial instruments and hedging activities

Interest rate swaps are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The Group also documents its assessment both at hedge inception and on an ongoing basis of whether the derivatives that are used in hedging transactions are highly effective in off setting changes in fair values or cash flows of hedged items. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income in the Consolidated Statement of Comprehensive Income. The gains or losses relating to the ineffective portion are recognised in operating profit in the Consolidated Statement of Comprehensive Income.

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

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

L Service charge

The Group has appointed a managing agent to deal with the service charge at the investment properties and the Group is acting as an agent for the service charge and not a principal. As a result the Group recognises net service charge and void expenses in the Consolidated Statement of Comprehensive Income. Service charge that is payable by tenants is shown as income and a corresponding expense in the Consolidated Statement of Comprehensive Income.

M Other financial liabilities

Trade and other payables are recognised and carried at invoiced value as they are considered to have payment terms of 30 days or less and are not interest bearing. The balance of trade and other payables are considered to meet the definition of an accrual and have been expensed through the Income Statement or Balance Sheet depending on classification. VAT payable at the Balance Sheet date will be settled within 31 days of the Balance Sheet date with Her Majesty's Revenue and Customs ("HMRC") and deferred rental income is rent that has been billed to tenants but relates to the period after the Balance Sheet date. Rent deposits recognised in note 12 are those that are due within one year as a result of upcoming tenant expiries.

3 FINANCIAL RISK MANAGEMENT

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

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

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

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Group that are affected by market risk are principally the interest rate swap.

i) Interest rate risk

As described on page 68 the Group invests cash balances with RBS and Citibank. These balances expose the Group to cash flow interest rate risk as the Group's income and operating cash flows will be affected by movements in the market rate of interest. There is considered to be no fair value interest rate risk in regard to these balances.

The bank borrowings as described in note 13 also expose the Group to cash flow interest rate risk. The Group's policy is to manage its cash flow interest rate risk using interest rate swaps, in which the Group has agreed to exchange the difference between fixed and floating interest amounts based on a notional principal amount (see note 14). The Group has floating rate borrowings of £110,000,000. The full £110,000,000 of these borrowings has been fixed via an interest rate swap.

The bank borrowings are carried at amortised cost and the Group considers this to be a close approximation to fair value. The fair value of the bank borrowings is affected by changes in the market interest rate. The fair value of the interest rate swap is exposed to changes in the market interest rate as their fair value is calculated as the present value of the estimated future cash flows under the agreements. The accounting policy for recognising the fair value movements in the interest rate swaps is described in note 2.3.

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

The tables below set out the carrying amount of the Group's financial instruments excluding the amortisation of borrowing costs as outlined in note 13. Bank borrowings have been fixed due to an interest rate swap and is detailed further in note 14:

At 31 December 2020	Fixed Rate £	Variable Rate £	Interest Rate £
Cash and cash equivalents	—	9,383,371	0.000%
Bank borrowings	110,000,000	—	2.725%

At 31 December 2019	Fixed Rate £	Variable Rate £	Interest Rate £
Cash and cash equivalents	—	6,475,619	0.020%
Bank borrowings	128,000,000	—	2.640%

At 31 December 2020, if market rate interest rates had been 100 basis points higher, which is deemed appropriate given historical movements in interest rates, with all other variables held constant, the profit for the year would have been £93,834 higher (2019: £115,244 lower) as a result of the higher interest income on cash and cash equivalents. Other Comprehensive Income and the Capital Reserve would have been £2,507,886 higher (2019: £3,851,254 higher) as a result of an increase in the fair value of the derivative designated as a cash flow hedge of floating rate borrowings.

At 31 December 2020, if market rate interest rates had been 100 basis points lower with all other variables held constant, the profit for the year would have been £93,834 lower (2019: £115,244 higher) as a result of the lower interest income on cash and cash equivalents. Other Comprehensive Income and the Capital Reserve would have been £2,519,221 lower (2019: £3,898,889 lower) as a result of a decrease in the fair value of the derivative designated as a cash flow hedge of floating rate borrowings.

ii) Real estate risk

The Group has identified the following risks associated with the real estate portfolio. The risks following, in particular b and c and also credit risk have increased given the COVID-19 pandemic and the resultant effect on tenants' ability to pay rent:

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

b) A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property (see also credit risk on page 68). To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

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

Financial Statements

Notes to the Consolidated Financial Statements for the year ended 31 December 2020 continued

Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has entered into with the Group. In the event of default by an occupational tenant, the Group will suffer a rental income shortfall and incur additional related costs. The Investment Manager regularly reviews reports produced by Dun and Bradstreet and other sources, including the IPD IRIS report, to be able to assess the credit worthiness of the Group's tenants and aims to ensure that there are no excessive concentrations of credit risk and that the impact of default by a tenant is minimised. In addition to this, the terms of the Group's bank borrowings require that the largest tenant accounts for less than 20% of the Group's total rental income, that the five largest tenants account for less than 50% of the Group's total rental income and that the ten largest tenants account for less than 75% of the Group's total rental income. The maximum credit risk from the tenant arrears of the Group at the financial year end was £6,019,917 (2019: £2,599,862) as detailed in note 10 on page 76. The Investment Manager also has a detailed process to identify the expected credit loss from tenants who are behind with rental payments. This involves a review of every tenant who owes money with the Investment Manager using their own knowledge and communications with the tenant to assess whether a provision should be made. This resulted in the provision for bad debts increasing to £2.58 million at the year end (2019: £139,000).

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty bank with a maximum exposure equal to the carrying value of these instruments. As at 31 December 2020 £921,920 (2019: £3,393,849) was placed on deposit with The Royal Bank of Scotland plc ("RBS"), £7,749,473 (2019: £3,081,770) was held with Citibank and £711,978 (2019: £nil) was held with Barclays. The credit risk associated with the cash deposits placed with RBS is mitigated by virtue of the Group having a right to off-set the balance deposited against the amount borrowed from RBS should RBS be unable to return the deposits for any reason. Citibank is rated A-2 Stable by Standard & Poor's and P-2 Stable by Moody's. RBS is rated A-1 Negative by Standard & Poor's and P-1 Positive by Moody's. Barclays is rated A-1 Negative by Standard & Poor's and P-1 Stable by Moody's.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The investment properties in which the Group invests are not traded in an organised public market and may be illiquid.

As a result, the Group may not be able to liquidate its investments in these properties quickly at an amount close to their fair value in order to meet its liquidity requirements.

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

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

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

Financial Liabilities

Year ended 31 December 2020	On demand £	12 months £	1 to 5 years £	> 5 years £	Total £
Interest-bearing loans	—	1,565,575	112,168,436	—	113,734,011
Interest rate swaps	—	1,431,925	1,789,906	—	3,221,831
Trade and other payables	4,986,275	26,068	104,271	2,632,853	7,749,467
Rental deposits due to tenants	—	736,793	521,194	334,673	1,592,660
	4,986,275	**3,760,361**	**114,583,807**	**2,967,526**	**126,297,969**

Year ended 31 December 2019	On demand £	12 months £	1 to 5 years £	> 5 years £	Total £
Interest-bearing loans	—	20,387,418	115,371,691	—	135,759,109
Interest rate swaps	—	610,082	1,372,685	—	1,982,767
Trade and other payables	3,177,865	26,068	104,271	2,658,921	5,967,125
Rental deposits due to tenants	—	320,878	514,128	784,237	1,619,243
	3,177,865	**21,344,446**	**117,362,775**	**3,443,158**	**145,328,244**

Capital risk

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

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

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

The gearing ratios at 31 December 2020 and at 31 December 2019 were as follows:

	2020 £	2019 £
Total borrowings (excluding unamortised arrangement fees)	110,000,000	128,000,000
Gross assets	459,639,079	505,766,623
Gearing ratio (must not exceed 65%)	23.93%	25.31%

The Group also monitors the Loan to Value ratio which is calculated as gross assets divided by gross borrowings less cash. As at 31 December 2020 this was 23.0% (2019: 24.6%).

Fair values

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

	Carrying Amount		Fair Value	
Financial Assets	**2020 £**	**2019 £**	**2020 £**	**2019 £**
Cash and cash equivalents	9,383,371	6,475,619	9,383,371	6,475,619
Trade and other receivables	10,802,197	4,388,390	10,802,197	4,388,390
Financial Liabilities				
Bank borrowings	109,542,823	127,316,886	113,000,998	130,066,813
Interest rate swaps	3,735,254	2,220,616	3,735,254	2,220,616
Trade and other payables	5,797,386	5,320,162	5,797,386	5,320,162

The fair value of trade receivables and payables are materially equivalent to their amortised cost.

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Notes to the Consolidated Financial Statements for the year ended 31 December 2020 continued

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

- Cash and cash equivalents, trade and other receivables and trade and other payables are the same as fair value due to the short-term maturities of these instruments.
- The fair value of bank borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities. The fair value approximates their carrying values gross of unamortised transaction costs. This is considered as being valued at level 2 of the fair value hierarchy and has not changed level since 31 December 2019.
- The fair value of the interest rate swap contract is estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. This is considered as being valued at level 2 of the fair value hierarchy and has not changed level since 31 December 2019. The definition of the valuation techniques are explained in the significant accounting judgements, estimates and assumptions on page 63.

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

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

Please see note 7 for details on the valuation of investment properties.

Year ended 31 December 2020	Level 1	Level 2	Level 3	Total fair value
Interest rate swap	—	3,735,254	—	3,735,254

Year ended 31 December 2019	Level 1	Level 2	Level 3	Total fair value
Interest rate swap	—	2,220,616	—	2,220,616

4 FEES

Investment management fees

On 19 December 2003 Standard Life Investments (Corporate Funds) Limited ("the Investment Manager") was appointed as Investment Manager to manage the property assets of the Group. A new Investment Management Agreement ("IMA") was entered into on 7 July 2014, appointing the Investment Manager as the AIFM ("Alternative Investment Fund Manager"). On 10 December 2018, the Investment Manager contract was novated on the same commercial terms to Aberdeen Standard Fund Managers Limited.

Until 30 June 2019, under the terms of the IMA the Investment Manager was entitled to 0.75% of total assets up to £200 million; 0.70% of total assets between £200 million and £300 million; and 0.65% of total assets in excess of £300 million. From 1 July 2019, under the terms of the IMA the Investment Manager is entitled to 0.70% of total assets up to £500 million; and 0.60% of total assets in excess of £500 million. The total fees charged for the year amounted to £3,198,519 (2019: £3,492,880). The amount due and payable at the year end amounted to £779,737 excluding VAT (2019: £866,598 excluding VAT). In addition the Company paid the Investment Manager a sum of £131,000 (2019: £109,800) to participate in the Managers marketing programme and Investment Trust share plan.

Administration, secretarial fees

On 19 December 2003 Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust") was appointed administrator, secretary and registrar to the Group. Northern Trust is entitled to an annual fee, payable quarterly in arrears, of £65,000. Northern Trust is also entitled to reimbursement of reasonable out of pocket expenses. Total fees and expenses charged for the year amounted to £65,000 (2019: £65,000). The amount due and payable at the year end amounted to £16,250 (2019: £16,250).

Valuer's fee

Knight Frank LLP ("the Valuers"), external international real estate consultants, was appointed as valuers in respect of the assets comprising the property portfolio. The total valuation fees charged for the year amounted to £84,638 (2019: £97,668). The total valuation fee comprises a base fee for the ongoing quarterly valuation, and a one off fee on acquisition of an asset. The amount due and payable at the year end amounted to £18,602 excluding VAT (2019: £20,960 excluding VAT).

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

Auditor's fee

At the year end date Deloitte LLP continued as independent auditor of the Group. The audit fees for the year amounted to £118,400 (2019: £81,850) and relate to audit services provided for the 2020 financial year. Deloitte LLP did not provide any non-audit services in the year (2019: nil).

5 FINANCE INCOME AND COSTS

	2020 £	2019 £
Interest income on cash and cash equivalents	3,896	15,856
Finance income	3,896	15,856
Interest expense on bank borrowings	2,479,388	2,986,775
Payments on interest rate swap	1,038,749	574,021
Amortisation of arrangement costs (see note 13)	225,937	217,484
Finance costs	3,744,074	3,778,280

Of the finance costs above, £339,797 of the interest expense on bank borrowings and £282,462 of payments on interest rate swaps were accruals at 31 December 2020 and included in Trade and other payables.

6 TAXATION

UK REIT Status

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

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

Accordingly, deferred tax is no longer recognised on temporary differences relating to the property rental business.

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

A reconciliation between the tax charge and the product of accounting profit multiplied by the applicable tax rate for the year ended 31 December 2020 and 2019 is as follows:

	2020 £	2019 £
(Loss)/profit before tax	(15,782,067)	16,144,131
Tax calculated at UK statutory corporation tax rate of 19% (2019: 19%)	(2,998,593)	3,067,385
UK REIT exemption on net income	(3,166,216)	(3,672,826)
Valuation loss in respect of investment properties not subject to tax	6,164,809	605,441
Current income tax charge	—	—

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Notes to the Consolidated Financial Statements for the year ended 31 December 2020 continued

7 INVESTMENT PROPERTIES

	UK Industrial 2020 £	UK Office 2020 £	UK Retail 2020 £	UK Other 2020 £	Total 2020 £
Market value at 1 January	252,800,000	163,305,000	42,270,000	34,800,000	493,175,000
Purchase of investment properties	5,099	623,074	20,669,581	—	21,297,754
Capital expenditure on investment properties	727,680	4,051,295	168,853	—	4,947,828
Opening market value of disposed investment properties	(41,100,000)	(10,700,000)	(3,980,000)	—	(55,780,000)
Valuation loss from investment properties	(2,093,045)	(15,149,700)	(8,286,927)	(2,110,552)	(27,640,224)
Movement in lease incentives receivable	860,266	565,331	308,493	(39,448)	1,694,642
Market value at 31 December	211,200,000	142,695,000	51,150,000	32,650,000	437,695,000
Investment property recognised as held for sale	—	(4,300,000)	—	—	(4,300,000)
Market value net of held for sale at 31 December	211,200,000	138,395,000	51,150,000	32,650,000	433,395,000
Right of use asset recognised on leasehold properties	—	902,645	—	—	902,645
Adjustment for lease incentives	(2,499,310)	(2,209,756)	(609,940)	(566,264)	(5,885,270)
Carrying value at 31 December	208,700,690	137,087,889	50,540,060	32,083,736	428,412,375

	UK Industrial 2019 £	UK Office 2019 £	UK Retail 2019 £	UK Other 2019 £	Total 2019 £
Market value at 1 January	259,150,000	159,630,000	46,530,000	33,800,000	499,110,000
Purchase of investment properties	17,025,471	8,783,055	—	—	25,808,526
Capital expenditure on investment properties	2,455,684	2,172,669	—	—	4,628,353
Opening market value of disposed investment properties	(29,540,000)	(5,100,000)	—	—	(34,640,000)
Valuation loss from investment properties	3,274,144	(3,644,062)	(4,256,539)	1,012,621	(3,613,836)
Movement in lease incentives receivable	434,701	1,463,338	(3,461)	(12,621)	1,881,957
Market value at 31 December	252,800,000	163,305,000	42,270,000	34,800,000	493,175,000
Investment property recognised as held for sale	—	(10,700,000)	—	—	(10,700,000)
Market value net of held for sale at 31 December	252,800,000	152,605,000	42,270,000	34,800,000	482,475,000
Right of use asset recognised on leasehold properties	—	904,121	—	—	904,121
Adjustment for lease incentives	(1,999,983)	(2,616,679)	(301,447)	(605,713)	(5,523,822)
Carrying value at 31 December	250,800,017	150,892,442	41,968,553	34,194,287	477,855,299

The valuations were performed by Knight Frank LLP, accredited external valuers with recognised and relevant professional qualifications and recent experience of the location and category of the investment properties being valued. The valuation model in accordance with Royal Institute of Chartered Surveyors ('RICS') requirements on disclosure for Regulated Purpose Valuations has been applied (RICS Valuation – Professional Standards January 2014 published by the Royal Institution of Chartered Surveyors). These valuation models are consistent with the principles in IFRS 13. The market value provided by Knight Frank at the year end was £437,695,000 (2019: £493,175,000) however an adjustment has been made for lease incentives of £5,885,270 (2019: £5,523,822) that are already accounted for as an asset. In addition, as required under IFRS 16, a right of use asset of £902,645 has been recognised in respect of the present value of future ground rents. As required under IFRS 16 an amount of £902,645 has also been recognised as an obligation under finance leases in the balance sheet. Valuation gains and losses from investment properties are recognised in the Consolidated Statement of Comprehensive Income for the period and are attributable to changes in unrealised gains or losses relating to investment properties held at the end of the reporting period.

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

	2020 £	2019 £
Opening market value of disposed investment properties	55,780,000	34,640,000
(Loss)/Profit on disposal of investment properties	(4,806,137)	427,304
Net proceeds from disposal of investment properties	50,973,863	35,067,304

Valuation methodology

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

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

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

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

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

The management group that determines the Company's valuation policies and procedures for property valuations is the Property Valuation Committee as detailed on page 41. The Committee reviews the quarterly property valuation reports produced by the valuers (or such other person as may from time to time provide such property valuation services to the Group) before its submission to the Board, focusing in particular on:

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

The Chairman of the Committee makes a brief report of the findings and recommendations of the Committee to the Board after each Committee meeting. The minutes of the Committee meetings are circulated to the Board. The Chairman submits an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.

All investment properties are classified as Level 3 in the fair value hierarchy. There were no movements between levels during the year.

The table on page 74 outlines the valuation techniques and inputs used to derive Level 3 fair values for each class of investment properties. The table includes:

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

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Notes to the Consolidated Financial Statements for the year ended 31 December 2020 continued

Country & Class	Fair Value £	Valuation Technique	Key Unobservable Input	Range (weighted average)
UK Industrial Level 3	211,200,000	Income Capitalisation	‣ Initial Yield ‣ Reversionary Yield ‣ Equivalent Yield ‣ Estimated rental value per sq ft	0.00% to 8.08% (5.54%) 4.29% to 10.29% (6.26%) 4.26% to 8.55% (6.21%) £2.75 to £8.50 (£5.70)
UK Office Level 3	142,695,000	Income Capitalisation	‣ Initial Yield ‣ Reversionary Yield ‣ Equivalent Yield ‣ Estimated rental value per sq ft	0.00% to 13.36% (5.24%) 5.32% to 10.01% (7.66%) 5.23% to 8.55% (7.11%) £10.25 to £111.00 (£25.54)
UK Retail Level 3	51,150,000	Income Capitalisation	‣ Initial Yield ‣ Reversionary Yield ‣ Equivalent Yield ‣ Estimated rental value per sq ft	4.79% to 8.49% (7.99%) 5.12% to 7.84% (6.83%) 5.63% to 8.05% (7.43%) £8.35 to £90.00 (£15.53)
UK Other Level 3	32,650,000	Income Capitalisation	‣ Initial Yield ‣ Reversionary Yield ‣ Equivalent Yield ‣ Estimated rental value per sq ft	4.91% to 6.89% (5.90%) 5.03% to 6.90% (5.80%) 5.01% to 6.91% (5.87%) £7.50 to £30.00 (£19.75)
	437,695,000			

Descriptions and definitions

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

Estimated rental value (ERV)

The rent at which space could be let in the market conditions prevailing at the date of valuation.

Equivalent yield

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

Initial yield

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

Reversionary yield

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

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

	2020	2019
ERV p.a.	£32,180,024	£34,224,876
Area sq ft	3,825,017	4,102,486
Average ERV per sq ft	£8.41	£8.34
Initial Yield	5.8%	5.2%
Reversionary Yield	6.9%	6.7%

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

	2020 £	2019 £
Increase in equivalent yield of 50 bps	(34,483,590)	(53,790,866)
Decrease of 5% in ERV	(17,437,618)	(23,968,000)

Below is a list of how the interrelationships in the sensitivity analysis above can be explained. In both cases outlined in the sensitivity table the estimated fair value would increase (decrease) if:

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

8 INVESTMENT PROPERTIES HELD FOR SALE

As at 31 December 2020, the Group was actively seeking a buyer for Interfleet House, Derby. The Group both exchanged contracts and completed this sale on 8 January 2021 for a price of £4,346,000.

As at 31 December 2019, the Group was actively seeking a buyer for Bourne House, Staines. The Group both exchanged contracts and completed this sale on 3 January 2020 for a price of £10,791,000.

9 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

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

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

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

- Standard Life Investments Property Holdings Limited, a company with limited liability incorporated in Guernsey, Channel Islands.
- Standard Life Investments (SLIPIT) Limited Partnership, a limited partnership established in England.
- Standard Life Investments SLIPIT (General Partner) Limited, a company with limited liability incorporated in England.
- Standard Life Investments SLIPIT (Nominee) Limited, a company with limited liability incorporated and domiciled in England.
- Hagley Road Limited, a company with limited liability incorporated in Jersey, Channel Islands.

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Notes to the Consolidated Financial Statements for the year ended 31 December 2020 continued

10 TRADE AND OTHER RECEIVABLES

	2020 £	2019 £
Trade receivables	8,603,476	2,738,455
Less: provision for impairment of trade receivables	(2,583,559)	(138,593)
Trade receivables (net)	6,019,917	2,599,862
Rental deposits held on behalf of tenants	736,793	320,878
Other receivables	4,045,487	992,779
Total trade and other receivables	10,802,197	3,913,519

The increase in other receivables is predominantly due to monies receivable following the sale of the Industrial portfolio in December 2020 plus rental income amounts due from JLL following the change in process from May 2020 whereby JLL invoice and collect the rents.

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

	2020 £	2019 £
Opening balance	(138,593)	(99,395)
Charge for the year	(2,444,966)	(39,198)
Reversal of provision	—	—
Closing balance	(2,583,559)	(138,593)

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

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

Amounts are considered impaired when it becomes unlikely that the full value of a receivable will be recovered. Movement in the balance considered to be impaired has been included in other direct property costs in the Consolidated Statement of Comprehensive Income. As at 31 December 2019, trade receivables of £2,583,559 (2019: £138,593) were considered impaired and provided for.

If the provision for bad debts increased by £1 million then the Company's earnings and net asset value would decrease by £1 million. If the provision for bad debts decreased by £1 million then the Company's earnings and net asset value would increase by £1 million.

The ageing of these receivables is as follows:

	2020 £	2019 £
0 to 3 months	(252,550)	(118,416)
3 to 6 months	(705,740)	(1,427)
Over 6 months	(1,625,269)	(18,750)
Closing balance	(2,583,559)	(138,593)

As of 31 December 2020, trade receivables of £6,019,917 (2019: £2,599,862) were less than 3 months past due but considered not impaired.

11 CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash held at bank	8,461,451	3,081,770
Cash held on deposit with RBS	921,920	3,393,849
	9,383,371	6,475,619

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

12 TRADE AND OTHER PAYABLES

	2020 £	2019 £
Trade and other payables	3,302,081	2,796,799
VAT payable	1,684,195	381,068
Deferred rental income	7,372,985	5,733,327
Rental deposits due to tenants	736,793	320,878
	13,096,054	9,232,072

Trade payables are non-interest bearing and are normally settled on 30-day terms.

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Notes to the Consolidated Financial Statements
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13 BANK BORROWINGS

	2020 £	2019 £
Loan facility and drawn down outstanding balance	110,000,000	130,000,000
Opening carrying value	127,316,886	129,249,402
Borrowings during the year	27,000,000	1,000,000
Repayment of RCF	(45,000,000)	(3,000,000)
Arrangements costs of additional facility	—	(99,997)
Amortisation of arrangement costs	225,937	167,481
Closing carrying value	109,542,823	127,316,886

On 28 April 2016 the Company entered into an agreement to extend £145 million of its existing £155 million debt facility with RBS. The debt facility consisted of a £110 million seven year term loan facility and a £35 million five year RCF which was extended by two years in May 2018 with the margin on the RCF now at LIBOR plus 1.45%. Interest is payable on the Term Loan at 3 month LIBOR plus 1.375% which equates to a fixed rate of 2.725% on the Term Loan.

In June 2019, the Company also entered into a new arrangement with the Royal Bank of Scotland International Limited (RBSI) to extend its Revolving Credit Facility (RCF) by £20 million. This facility has a margin of 1.60% above LIBOR. As at 31 December 2020 none of the RCF was drawn (2019: £20 million).

Under the terms of the loan facility there are certain events which would entitle RBS to terminate the loan facility and demand repayment of all sums due. Included in these events of default is the financial undertaking relating to the LTV percentage. The loan agreement notes that the LTV percentage is calculated as the loan amount less the amount of any sterling cash deposited within the security of RBS divided by the gross secured property value, and that this percentage should not exceed 60% for the period to and including 27 April 2021 and should not exceed 55% after 27 April 2021 to maturity.

	2020 £	2019 £
Loan amount	110,000,000	128,000,000
Cash	(9,383,371)	(6,475,619)
	100,616,629	121,524,381
Investment property valuation	437,695,000	493,175,000
LTV percentage	23.0%	24.6%

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

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

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

The loan facility is secured by fixed and floating charges over the assets of the Company and its wholly owned subsidiaries, Standard Life Investments Property Holdings Limited and Standard Life Investments (SLIPIT) Limited Partnership.

14 INTEREST RATE SWAP

As part of the refinancing of loans (see note 13), on 28 April 2016 the Group completed an interest rate swap of a notional amount of £110,000,000 with RBS. The interest rate swap effective date is 28 April 2016 and has a maturity date of 27 April 2023. Under the swap the Company has agreed to receive a floating interest rate linked to 3 month LIBOR and pay a fixed interest rate of 1.35%.

The Group has adopted the "interest rate benchmark reform" amendments in the current financial year. These allow the Group to continue hedge accounting for its benchmark interest rate exposure during the period of uncertainty arising from interest rate benchmark reforms. The Group will continue to apply these amendments until the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and amount of the interest rate benchmark cash flows.

None of the Group's current LIBOR-linked contracts include fallback provisions for a cessation of the referenced benchmark interest rate. The Group will look to implement fallback language for different instruments and IBORs when appropriate.

The Group has only one hedge instruments as noted above, for which the Group has applied the "interest rate benchmark reform" amendments.

	2020 £	**2019 £**
Opening fair value of interest rate swaps at 1 January	(2,220,616)	(803,963)
Valuation loss on interest rate swaps	(1,514,638)	(1,416,653)
Closing fair value of interest rate swaps at 31 December	(3,735,254)	(2,220,616)

The split of swap liability is listed below:

	2020 £	**2019 £**
Current liabilities	(1,472,387)	(644,465)
Non-current liabilities	(2,262,867)	(1,576,151)
Interest rate swap with a start date of 28 April 2016 maturing on 27 April 2023	(3,735,254)	(2,220,616)

Please see page 80 for further EPRA disclosures.

15 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments 2020 £	**Interest 2020 £**	**Present value of minimum lease payments 2020 £**
Less than one year	26,068	(24,552)	1,516
Between two and five years	104,271	(97,784)	6,487
More than five years	2,632,853	(1,738,211)	894,642
Total	2,763,192	(1,860,547)	902,645

	Minimum lease payments 2019 £	**Interest 2019 £**	**Present value of minimum lease payments 2019 £**
Less than one year	26,068	(24,592)	1,476
Between two and five years	104,271	(97,956)	6,316
More than five years	2,658,921	(1,762,591)	896,329
Total	2,789,260	(1,885,139)	904,121

The above table shows the present value of future lease payments in relation to the ground lease payable at Hagley Road, Birmingham as required under IFRS 16. A corresponding asset has been recognised and is part of Investment properties as shown in note 7.

Financial Statements

Notes to the Consolidated Financial Statements for the year ended 31 December 2020 continued

16 LEASE ANALYSIS

The Group has granted leases on its property portfolio. This property portfolio as at 31 December 2020 had an average lease expiry of six years and two months. Leases include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2020 £	2019 £
Within one year	26,247,932	25,806,303
After one year, but not more than five years	98,059,956	79,140,128
More than five years	77,593,168	94,344,918
Total	201,901,056	199,291,349

The largest single tenant at the year end accounts for 5.6% (2019: 4.5%) of the current annual passing rent.

17 SHARE CAPITAL

Under the Company's Articles of Incorporation, the Company may issue an unlimited number of ordinary shares of 1 pence each, subject to issuance limits set at the AGM each year. As at 31 December 2020 there were 404,316,422 ordinary shares of 1p each in issue (2019: 405,865,419). All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of ordinary shares in the Company, no special rights with regard to control attached to the ordinary shares, no agreements between holders of ordinary shares regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid.

In February 2020 the Company issued a further 1 million shares raising £952,800 after costs.

Allotted, called up and fully paid:	2020 £	2019 £
Opening balance	227,431,057	227,431,057
Shares issued	960,000	—
Issue costs associated with new ordinary shares	(7,200)	—
Closing balance	228,383,857	227,431,057

Treasury Shares

In November 2020, the Company undertook a share buyback programme at various levels of discount to the prevailing NAV. As at 31 December 2020 2,548,997 shares had been bought back at a cost of £1,450,787 after costs and are included in the Treasury share reserve.

	2020 £	2019 £
Opening balance	—	—
Bought back during the year	1,450,787	—
Closing balance	1,450,787	—

The number of shares in issue as at 31 December 2020/2019 are as follows:

	2020 Number of shares	2019 Number of shares
Opening balance	405,865,419	405,865,419
Issued during the year	1,000,000	—
Bought back during the year and put into Treasury	(2,548,997)	—
Closing balance	404,316,422	405,865,419

18 RESERVES

The detailed movement of the below reserves for the years to 31 December 2020 and 31 December 2019 can be found in the Consolidated Statement of Changes in Equity on page 60.

Retained earnings

This is a distributable reserve and represents the cumulative revenue earnings of the Group less dividends paid to the Company's shareholders.

Capital reserves

This reserve represents realised gains and losses on disposed investment properties and unrealised valuation gains and losses on investment properties and cash flow hedges since the Company's launch.

Other distributable reserves

This reserve represents the share premium raised on launch of the Company which was subsequently converted to a distributable reserve by special resolution dated 4 December 2003.

19 EARNINGS PER SHARE

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

The earnings per share for the year is set out in the table below. In addition one of the key metrics the Board considers is dividend cover.

This is calculated by dividing the net revenue earnings in the year (surplus for the year net of tax excluding all capital items and the swaps breakage costs) divided by the dividends payable in relation to the financial year. For 2020 this equated to a figure of 108% (2019: 100%).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2020 £	2019 £
Surplus for the year net of tax	(15,782,067)	16,144,131

	2020 £	2019 £
Weighted average number of ordinary shares outstanding during the year	406,650,268	405,865,419
Earnings per ordinary share (p)	(3.88)	3.98
Profit for the year excluding capital items	16,664,294	19,330,662
EPRA earnings per share (p)	4.10	4.76

20 DIVIDENDS AND PROPERTY INCOME DISTRIBUTION GROSS OF INCOME TAX

Non Property Income Distributions	2020 £	2019 £
0.561p per ordinary share paid in March 2020 relating to the quarter ending 31 December 2019 (2019: 0.125p)	2,284,011	507,333
0.238p per ordinary share paid in May 2020 relating to the quarter ending 31 March 2020 (2019: nil)	968,340	1,923,802
Property Income Distributions		
0.629p per ordinary share paid in March 2020 relating to the quarter ending 31 December 2019 (2019: 1.065p)	2,557,687	4,322,467
0.952p per ordinary share paid in May 2020 relating to the quarter ending 31 March 2020 (2019: 1.19p)	3,873,359	4,829,798
0.714p per ordinary share paid in August 2020 relating to the quarter ending 30 June 2020 (2019: 1.19p)	2,905,019	4,829,798
0.714p per ordinary share paid in November 2020 relating to the quarter ending 30 September 2020 (2019: 0.716p)	2,905,019	2,905,996
	15,493,435	19,319,194

On 26 Feb 2021 a dividend in respect of the quarter to 31 December 2020 of 0.714 pence per share was paid wholly as a property income dividend.

Financial Statements

Notes to the Consolidated Financial Statements for the year ended 31 December 2020 continued

21 RECONCILIATION OF CONSOLIDATED NAV TO PUBLISHED NAV

The NAV attributable to ordinary shares is published quarterly and is based on the most recent valuation of the investment properties.

	2020	2019
Number of ordinary shares at the reporting date	404,316,422	405,865,419

	2020 £	2019 £
Total equity per audited consolidated financial statements	331,506,437	364,794,564
NAV per share (p)	82.0	89.9

22 RELATED PARTY DISCLOSURES

Directors' remuneration

The Directors of the Company are deemed as key management personnel and received fees for their services. Further details are provided in the Directors' Remuneration Report (unaudited) on pages 46–47. Total fees for the year were £236,953 (2019: £227,276) none of which remained payable at the year end (2019: nil).

Aberdeen Standard Fund Managers Limited, as the Manager of the Group from 10 December 2018, (previously Standard Life Investments (Corporate Funds) Limited), received fees for their services as investment managers. Further details are provided in note 4.

	2020	2019
Robert Peto	30,077	44,000
Sally-Ann Farnon	–	17,850
Huw Evans	36,000	35,000
Mike Balfour	40,000	37,000
James Clifton-Brown	39,638	35,000
Jill May	36,000	28,135
Sarah Slater	36,000	3,455
Employers national insurance contributions	18,737	16,276
	236,452	216,716
Directors expenses	501	10,560
	236,953	227,276

23 SEGMENTAL INFORMATION

The Board has considered the requirements of IFRS 8 'operating segments'. The Board is of the view that the Group is engaged in a single segment of business, being property investment and in one geographical area, the United Kingdom.

24 EVENTS AFTER THE BALANCE SHEET DATE

On 8 January 2021, the Company completed the sale of Interfleet House, Derby for £4.30m.

On 26 Feb 2021 a dividend in respect of the quarter to 31 December 2020 of 0.714 pence per share was paid wholly as a property income dividend.

On 19 March 2021, the Company completed the sale of Valley Road, Bradford for £2.65m.

On 26 March 2021 the Company completed the sale of Persimmon House, Dartford for £3.1m.

Up to 23 April 2021 the Company bought back a further 7.4m shares for £4.5m.

On 20 April 2021 a fifth interim dividend of 0.381p per share was declared payable on 18 May 2021.

Additional Information

UNAUDITED EPRA PERFORMANCE MEASURES & ADDITIONAL INFORMATION

Additional Information

EPRA Performance Measures

In October 2019, EPRA issued new best practice recommendations (BPR) for financial guidelines on its definitions of NAV measures: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV) – effective 1 Jan 2020. The rationale behind each of these measures is set out below the table. The Group will adopt these new guidelines and apply them in the 2020 Annual Report. ASI considered EPRA Net Tangible Assets (NTA) to be the most relevant NAV measure for the Group and will now report this as our primary non-IFRS NAV measure, replacing our previously reported EPRA NAV/NNNAV and EPRA NAV/NNNAV per share metrics. The table across sets out the 2020 and 2019 EPRA numbers under the new guidelines.

RATIONALE:

EPRA NET TANGIBLE ASSETS

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

EPRA NET REINSTATEMENT VALUE

The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

EPRA NET DISPOSAL VALUE

Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, the EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net.

The following table sets out the 2020 EPRA numbers under the new guidelines for both 2020 and 2019.

	31 December 2020 £	31 December 2019 £
EPRA earnings	16,664,294	19,330,663
EPRA earnings per share (pence per share)	4.10	4.76
EPRA Net Tangible Assets ("NTA")	335,241,691	367,015,180
EPRA NTA per share	82.4	90.4
EPRA Net Reinstatement Value ("NRV")	365,004,951	400,551,080
EPRA NRV per share	89.8	98.7
EPRA Net Disposal Value ("NDV")	328,048,262	362,044,637
EPRA NDV per share	81.1	89.2
EPRA Net Initial Yield	5.5%	4.7%
EPRA topped-up Net Initial Yield	5.8%	5.4%
EPRA Vacancy Rate	8.3%	6.6%
EPRA Cost Ratios – including direct vacancy costs	30.8%	24.7%
EPRA Cost Ratios – excluding direct vacancy costs	25.7%	18.4%

A. EPRA EARNINGS	31 December 2020 £	31 December 2019 £
Earnings per IFRS income statement	(15,782,067)	16,144,131
Adjustments to calculate EPRA Earnings, exclude:		
Net changes in value of investment properties	27,640,224	3,613,836
Loss on disposal of investment properties	4,806,137	(427,304)
Close-out costs of interest rate SWAP	—	—
EPRA Earnings	16,664,294	19,330,663
Basic number of shares	406,650,268	405,865,419
EPRA Earnings per share (pence per share)	4.10	4.76

B. EPRA Net Tangible Assets	31 December 2020 £	31 December 2019 £
IFRS NAV	331,506,437	364,794,564
Fair value of financial instruments	3,735,254	2,220,616
EPRA NTA	335,241,691	367,015,180
Basic number of shares	404,316,422	405,865,419
EPRA NTA per share	82.4	90.4

C. EPRA Net Reinstatement Value	31 December 2020 £	31 December 2019 £
EPRA NTA	335,241,691	367,015,180
Real Estate Transfer Tax and other acquisition costs	29,763,260	33,535,900
EPRA NRV	365,004,951	400,551,080
EPRA NRV per share	89.8	98.7

D. EPRA Net Disposal Value	31 December 2020 £	31 December 2019 £
IFRS NAV	331,506,437	364,794,564
Fair value of debt	(3,458,175)	(2,749,927)
	328,048,262	362,044,637
EPRA NRV per share	81.1	89.2
Fair value of debt per financial statements	113,000,998	130,066,813
Carrying value	109,542,823	127,316,886
Fair value of debt adjustment	3,458,175	2,749,927

E. EPRA Net Initial Yield and 'topped up' NIY disclosure Completed property portfolio	31 December 2020 £	31 December 2019 £
Investment property – wholly owned	**437,695,000**	**493,175,000**
Allowance for estimated purchasers' costs	29,763,260	33,535,900
Gross up completed property portfolio valuation	**467,458,260**	**526,710,900**
Annualised cash passing rental income	27,969,637	27,921,792
Property outgoings	(2,460,002)	(2,935,023)
Annualised net rents	**25,509,635**	**24,986,769**
Add: notional rent expiration of rent free periods or other lease incentives	1,639,780	3,362,403
Topped-up net annualised rent	**27,149,415**	**28,349,172**
EPRA NIY	5.5%	4.7%
EPRA "topped-up" NIY	5.8%	5.4%

F. EPRA COST RATIOS	31 December 2020 £	31 December 2019 £
Administrative / property operating expense line per IFRS income statement	9,056,327	7,365,560
EPRA Costs (including direct vacancy costs)	9,056,327	7,365,560
Direct vacancy costs	(1,493,304)	(1,874,528)
EPRA Costs (excluding direct vacancy costs)	7,563,023	5,491,032
Gross Rental income less ground rent costs	29,439,549	29,878,646
EPRA Cost Ratio (including direct vacancy costs)	30.8%	24.7%
EPRA Cost Ratio (excluding direct vacancy costs)	25.7%	18.4%

Additional Information
ESG Performance

ESG PERFORMANCE

This section details the Company's sustainability performance using the EPRA Sustainability Best Practice Recommendations Guidelines (sBPR). It also meets the requirements for Streamlined Energy and Carbon Reporting (SECR) under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

EXPLANATORY NOTES ON METHODOLOGY

Reporting period

Sustainability data in this report covers the calendar years of 2019 and 2020.

Organisational boundary and data coverage

For the purposes of sustainability reporting, we have included single-let assets within the organisational boundary even though operational control is limited and we have limited coverage of consumption data from tenant-managed utility supplies. It was judged that these should be included to enable the reporting of landlord consumption associated with any void units at these assets. The coverage numbers in the tables below therefore appear low due to the inclusion of all of the Company's assets in the totals.
Where there is no data coverage for a sector (for example, water consumption for unit shops where there was no landlord consumption during the period), the sector is excluded from the table but the number of assets in the sector is included in the total possible coverage number.

The like-for-like portfolio is determined on the basis of assets that were held for two full reporting years and were not subject to major refurbishment or development during that time.

Note that the Company does not employ any staff and does not have its own premises; these corporate aspects fall within the scope of the Investment Manager.

Emissions calculation

Emissions are calculated in line with the GHG Protocol using UK Government location-based conversion factors. Scope 1 emissions include emissions from gas consumption and f-gas losses where applicable. Scope 2 emissions are those from landlord consumption of purchased electricity. Scope 3 emissions are those from electricity sub-metered to tenants and from the transmission and distribution of electricity. We collect data from tenants where they purchase their own energy but this exercise is undertaken later in the year to align with GRESB reporting. As such, tenant-procured energy is not included in this section.

Normalisation

Net lettable area (NLA) is used as the denominator for all intensities reported in this section. This is the most appropriate choice for the Company's portfolio as it is the most widely available metric. It enables year-on-year comparisons within the portfolio to be made.

Renewable energy

There are landlord-owned solar PV installations at six assets in the portfolio. The largest scheme to date was completed in late 2020; a 918kWp installation at Flamingo Flowers in Sandy. This will meet 25% of the tenant's electricity demand, save 200 tonnes of CO_2 each year and provide the Company with a new income stream. There are around 20 further opportunities for PV at various stages of feasibility and design. Most of these schemes are at single-let industrial assets where we have pro-actively engaged with occupiers to install PV and supply them with zero-carbon electricity.

In the reporting period, all landlord-procured electricity was from 100% renewable sources. Gas consumed was not from renewable sources.

Auditing and assurance

Our utilities data which feeds into our sustainability reporting is validated by our Utilities Bureau Consultant and checked by our Sustainability Consultant. We have not sought third party assurance for the sustainability data included in this report although this is something we are considering for future years.

Materiality

We have undertaken a review of materiality against each of the EPRA sBPR indicators. The table below indicates the outcome of the review.

GRESB

GLOBAL REAL ESTATE SUSTAINABILITY BENCHMARK

Code	Performance measure	Review outcome
Environmental		
Elec-Abs	Total electricity consumption	Material
Elec-LfL	Like-for-like total electricity consumption	Material
DH&C-Abs	Total district heating & cooling consumption	Not material – none of the Company's assets are connected to district energy supplies
DH&C-LfL	Like-for-like total district heating & cooling consumption	
Fuels-Abs	Total fuel consumption	Material
Fuels-LfL	Like-for-like total fuel consumption	Material
Energy-Int	Building energy intensity	Material
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	Material
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	Material
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	Material
Water-Abs	Total water consumption	Material
Water-LfL	Like-for-like total water consumption	Material
Water-Int	Building water intensity	Material
Waste-Abs	Total weight of waste by disposal route	Material
Waste-LfL	Like-for-like total weight of waste by disposal route	Material
Cert-Tot	Type and number of sustainably certified assets	Material
Social		
Diversity-Emp	Employee gender diversity	Not material – SLIPIT does not have any employees
Diversity-Pay	Gender pay ratio	
Emp-Training	Employee training and development	
Emp-Dev	Employee performance appraisals	
Emp-Turnover	New hires and turnover	
H&S-Emp	Employee Health & Safety	
H&S-Asset	Asset Health & Safety assessments	Material
H&S-Comp	Asset Health & Safety compliance	Material
Comty-Eng	Community engagement, impact assessments and development programs	Material
Governance		
Gov-Board	Composition of the highest governance body	Material – see main body of report (page 38 for content related to Governance)
Gov-Selec	Process for nominating and selecting the highest governance body	
Gov-Col	Process for managing conflicts of interest	

Additional Information
Environmental Indicators continued

LIKE-FOR-LIKE ENERGY CONSUMPTION

Landlord electricity consumption across like-for-like assets decreased by 12% year-on-year. Alongside energy efficiency improvements, reduced occupancy in office assets due to COVID-19 is a factor in this reduction which is also reflected in a 22% reduction in electricity sub-metered to occupiers. The increase at Retail Warehouses electricity is due to consumption associated with a period of vacancy at Howard Town Retail Park.

A reduction in gas consumption at office assets was partially offset by an increase due to a period of vacancy at an in industrial asset in Dover over winter months.

We have implemented a number of energy saving initiatives across the portfolio and identified more for future roll-out as part of asset five year plans. These include lighting upgrades, BMS optimisation and plant replacement.

		Landlord Electricity (kWh)			Occupier Electricity i.e. sub-metered to occupiers (kWh)			Total Landlord obtained Electricity (kWh)			Landlord-obtained Gas (kWh)			Energy Intensity (kWh/m²)		
Indicator references		Elec-LfL			Elec-LfL			Elec-LfL			Fuels-LfL			Energy-Int		
Sector	Coverage (assets)	2019	2020	Change (%)	2019	2020	Change (%)	2019	2020	Change (%)	2019	2020	Change (%)	2019	2020	Change (%)
Industrial, Business Parks	2 of 8	50,921	4,360	(91%)	No sub-metered consumption		N/A	50,921	4,360	(91%)	6,507	6,545	1%	1.2	0.2	(81%)
Industrial, Distribution Warehouse	1 of 17	No Landlord consumption	28,293	N/A	No sub-metered consumption		N/A	No Landlord consumption	28,293	N/A	No Landlord consumption	305,855	N/A	No Landlord consumption	43	N/A
Offices	10 of 14	2,780,753.6	2,422,615	(13%)	2,523,132	1,956,528	(22%)	5,303,886	4,379,143	(17%)	3,382,970	3,045,127	(10%)	256.8	219.4	(15%)
Retail, Unit Shops	1 of 2	41,662	41,231	(1%)	No sub-metered consumption		N/A	41,662	41,231	(1%)	No Landlord consumption		N/A	7.0	6.9	(1%)
Retail, Warehouses	3 of 6	19,781	40,593	105%	No sub-metered consumption		N/A	19,781	40,593	105%	No Landlord consumption		N/A	1.7	3.6	105%
Totals	**17 of 48**	**2,893,117**	**2,537,092**	**(12%)**	**2,523,132**	**1,956,528**	**(22%)**	**5,416,249**	**4,493,620**	**(17%)**	**3,389,477**	**3,357,527**	**(1%)**	**83.7**	**74.7**	**(11%)**

LIKE-FOR-LIKE WASTE GENERATION AND TREATMENT

We are responsible for waste management at a number of multi-let assets across the Company. Our waste management consultant undertakes regular waste audits and works closely with our Property Manager to implement interventions to improve segregation of materials and ultimately increase recycling rates.

In total across the four like-for-like assets at which we manage waste, 742 tonnes of non-hazardous waste was generated in 2019 with 37% recycled and 63% recovered via energy from waste. A very small volume of non-recyclable waste (40kg) was sent to landfill.

		Total Waste (tonnes)		Waste to Landfill (tonnes)		Waste Recovered (tonnes)		Waste Recycled (tonnes)	
Indicator references		Waste-LfL		Waste-LfL		Waste-LfL		Waste-LfL	
Sector	Coverage (assets)	2019	2020	2020		2020		2020	
Offices	9 of 14	358	515	0.1%	0.4	60%	309	40%	206
Retail, Unit Shops	2 of 2	367	227	0%	0	70%	160	30%	67
Totals	**11 of 48**	**725**	**742**	**0.05%**	**0.4**	**63%**	**469**	**37%**	**273**

LIKE-FOR-LIKE GREENHOUSE GAS EMISSIONS

Like-for-like Scope 1 emissions reduced slightly year-on-year. Note that emissions associated with refrigerants are included in this figure alongside natural gas. The like-for-like electricity consumption figures above translate into reductions in Scope 2 and 3 emissions. This is partly driven by Covid-related changes to occupancy and further improvements in the carbon-intensity of the grid.

		Scope 1 Emissions (tCO_2)			**Scope 2 Emissions** (tCO_2)			**Scope 3 Emissions** (tCO_2)			**Emissions Intensity** Scopes 1, 2 & 3 ($kgCO_2/m^2$)		
Indicator references		**No relevant EPRA indicator**											
Sector	**Coverage** (assets)	**2019**	**2020**	**Change** (%)	**2019**	**2020**	**Change** (%)	**2019**	**2020**	**Change** (%)	**2019**	**2020**	**Change** (%)
Industrial, Business Parks	2 of 8	1.19	1.20	0.6%	13	1	(92%)	1.1	0.1	(92%)	0.3	0.0	(85%)
Industrial, Distribution Warehouse	1 of 17	No Landlord consumption	56	N/A	No Landlord consumption	7	N/A	No Landlord consumption	1	N/A	No Landlord consumption	8	N/A
Offices	10 of 14	728	666	(8%)	711	565	(21%)	760	544	(28%)	65	52	(19%)
Retail, Unit Shops	1 of 2	No meters		N/A	10.6	9.6	(10%)	0.9	0.8	(9%)	1.9	1.8	(10%)
Retail, Warehouses	3 of 6	No meters		N/A	5	9	87%	0.4	0.8	90%	0.5	0.9	87%
Totals	**17 of 48**	**729**	**724**	**(1%)**	**739**	**591**	**(20%)**	**762**	**546**	**(28%)**	**21**	**18**	**(17%)**

ABSOLUTE WASTE GENERATION AND TREATMENT

Absolute waste generation and treatment figures are presented below. These differ only slightly from the like-for-like figures with the addition of waste from one 160 Causewayside in Edinburgh that was acquired in 2019.

			Total Waste (tonnes)		**Waste to Landfill** (tonnes)		**Waste Recovered** (tonnes)		**Waste Recycled** (tonnes)	
Indicator references			**Waste-Abs**		**Waste-Abs**		**Waste-Abs**		**Waste-Abs**	
Sector	**Coverage 2019** (assets)	**Coverage 2020** (assets)	**2019**	**2020**	**2020**		**2020**		**2020**	
Offices	10 of 17	10 of 15	359	517	0.08%	0.4	60%	311	40%	205
Retail, Unit Shops	2 of 2	2 of 2	367	227	0%	0	70%	160	30%	67
Totals	**12 of 59**	**12 of 56**	**726**	**744**	**0.05%**	**0.4**	**63%**	**471**	**37%**	**272**

Additional Information

Environmental Indicators continued

ABSOLUTE ENERGY CONSUMPTION

Absolute landlord electricity and gas consumption reduced in 2020. As noted above, the scale of this reduction is driven by reduced occupancy as a result of COVID-19. The variation from like-for-like consumption is due to a small number of acquisitions and disposals during 2019 and 2020.

In the reporting period, all landlord-procured electricity was from 100% renewable sources. Gas consumed was not from renewable sources.

			Landlord Electricity (kWh)			**Occupier Electricity** i.e. sub-metered to occupiers (kWh)			**Total landlord-obtained Electricity** (kWh)			**Landlord-obtained Gas** (kWh)			**Energy Intensity** (kWh/m²)		
Indicator references			**Elec-Abs**			**Elec-Abs**			**Elec-Abs**			**Fuels-Abs**			**Energy-Int**		
Sector	**Coverage 2019** (assets)	**Coverage 2020** (assets)	**2019**	**2020**	**Change** (%)	**2019**	**2020**	**Change** (%)	**2019**	**2020**	**Change** (%)	**2019**	**2020**	**Change** (%)	**2019**	**2020**	**Change** (%)
Industrial, Business Parks	4 of 13	5 of 12	50,921	41,616	(18%)	No sub-metered consumption		N/A	50,921	41,616	(18%)	6,507	6,545	1%	1.7	1.0	(37%)
Industrial, Distribution Warehouse	0 of 19	1 of 18	No Landlord consumption	28,293	N/A	No sub-metered consumption		N/A	No Landlord consumption	28,293	N/A	No Landlord consumption	305,855	N/A	No Landlord consumption	43	N/A
Offices	10 of 17	11 of 15	2,852,611	2,592,007	(9%)	2,630,411	2,234,471	(15%)	5,483,022	4,826,478	(12%)	3,429,829	3,121,801	(9%)	222.9	179.5	(19%)
Retail, Unit Shops	1 of 2	1 of 2	41,662	41,231	(1%)	No sub-metered consumption		N/A	41,662	41,231	(1%)	No Landlord consumption		N/A	7.0	6.9	(1%)
Retail, Warehouses	3 of 7	3 of 8	19,781	39,760	101%	No sub-metered consumption		N/A	19,781	39,760	101%	No Landlord consumption		N/A	1.7	3.5	101%
Totals	**18 of 59**	**21 of 56**	**2,964,974**	**2,742,907**	**(7%)**	**2,630,411**	**2,234,471**	**(15%)**	**5,595,385**	**4,977,378**	**(11%)**	**3,436,336**	**3,434,201**	**(0.1%)**	**98.4**	**72.7**	**(26%)**

Note: There is a data centre asset that is excluded from the table as there is no landlord consumption but are included in the total possible coverage number.

WATER CONSUMPTION

Water consumption at like-for-like assets reduced by 11% in 2020 and by 10% across the whole portfolio. There have been a number of billing issues in 2020 following a change in water supply contract and as such, consumption for several assets is estimated.

This will be rectified as soon as possible to enable monitoring and improvement. Note that data coverage is lower for water than for energy as it is uncommon to have landlord meters at assets with no internal common parts or shared services.

			Absolute Water Consumption (m³)					**LfL Water Consumption** (m³)					
Indicator references			**Water-Abs; Water-Int**					**Water-LfL; Water-Int**					
Sector	**Coverage 2019** (assets)	**Coverage 2020** (assets)	**2019** (m³)	**2019** (litres/m²)	**2020** (m³)	**2020** (litres/m²)	**Change** (%)	**Coverage** (assets)	**2019** (m³)	**2019** (litres/m²)	**2020** (m³)	**2020** (litres/m²)	**Change** (%)
Offices	9 of 17	10 of 15	21,636	572	19,543	517	(10%)	9 of 14	21,009	611	18,659	543	(11%)
Retail, Unit Shops	1 of 2	1 of 2	73	12	70	12	(4%)	1 of 2	73	12	70	12	(4%)
Totals	**10 of 59**	**11 of 56**	**21,709**	**496**	**19,613**	**448**	**(10%)**	**10 of 48**	**21,082**	**523**	**18,729**	**464**	**(11%)**

ABSOLUTE GREENHOUSE GAS EMISSIONS

Absolute Scope 1 emissions remained stable in 2020. Note that emissions associated with refrigerants are included in this figure alongside natural gas. Total Scope 2 and 3 emissions reduced by 16% and 21% respectively.

			Scope 1 Emissions (tCO_2)			Scope 2 Emissions (tCO_2)			Scope 3 Emissions (tCO_2)			Emissions Intensity Scopes 1, 2 & 3 ($kgCO_2/m^2$)		
Indicator references			**GHG-Dir-Abs**			**GHG-Indir-Abs**			**GHG-Indir-Abs**			**GHG-Int**		
Sector	**Coverage 2019** (assets)	**Coverage 2020** (assets)	**2019**	**2020**	**Change** (%)	**2019**	**2020**	**Change** (%)	**2019**	**2020**	**Change** (%)	**2019**	**2020**	**Change** (%)
Industrial, Business Parks	4 of 13	5 of 12	1.2	1.2	1%	13.0	9.7	(25%)	1.1	0.8	(24%)	0.4	0.3	(43%)
Industrial, Distribution Warehouse	0 of 19	1 of 18	No Landlord consumption	56	N/A	No Landlord consumption	7	N/A	No Landlord consumption	7	N/A	No Landlord consumption	8.9	N/A
Offices	10 of 17	11 of 15	737	680	(8%)	729	604	(17%)	791	618	(22%)	56	43	(24%)
Retail, Unit Shops	1 of 2	1 of 2	No Landlord consumption		N/A	10.6	9.6	(10%)	0.9	0.8	(9%)	1.9	1.8	(10%)
Retail, Warehouses	3 of 7	3 of 8	No Landlord consumption		N/A	5.1	9.3	83%	0.4	0.8	86%	0.5	0.9	84%
Totals	**18 of 59**	**21 of 56**	**732**	**738**	**0%**	**758**	**639**	**(16%)**	**794**	**627**	**(21%)**	**25**	**17.3**	**(31%)**

For the purposes of SECR, total Scope 1 and 2 emissions are also summarised in the following table. Energy consumption used to calculate these emissions is include in the Absolute Energy Consumption table above.

	2019	**2020**
Total Scope 1/2 Emissions (tCO_2e)	1,496	1,377
Emissions intensity ($kgCO_2e/m^2$ Net Lettable Area)	16	12

SUSTAINABILITY CERTIFICATIONS

One asset in the portfolio has a BREEAM Very Good ratings; 54 Hagley Road in Birmingham. This asset accounts for 5% of the Company's assets by gross asset value.

Energy Performance Certificate (EPC) ratings for assets in England owned by the Company are shown below. This includes several draft F/G ratings for which a plan is place to make improvements.

EPC Rating	**% Estimated Rental value**
A	**0%**
B	**16%**
C	**31%**
D	**39%**
E	**9%**
F	**4%**
G	**1%**

SOCIAL INDICATORS

Health & Safety

Every asset in the portfolio (i.e. 100% coverage) was subject to a health and safety inspection during the reporting year, with no incidents of non-compliance with regulations identified.

Community Engagement

Our community engagement activities are focused around development or construction projects that the Company implements. Our Property Manager regularly undertakes community and charity engagement activities, particularly at multi-let offices.

Information for Investors and Additional Performance Measures

Glossary

AIC	Association of Investment Companies. The trade body representing closed-ended investment companies.
Annual rental income	Cash rents passing at the Balance Sheet date.
Average debt maturity	The weighted average amount of time until the maturity of the Group's debt facilities.
Break option	A break option (alternatively called a 'break clause' or 'option to determine') is a clause in a lease which provides the landlord or tenant with a right to terminate the lease before its contractual expiry date, if certain criteria are met.
Contracted rent	The contracted gross rent receivable which becomes payable after all the occupied incentives in the letting have expired.
Covenant strength	This refers to the quality of a tenant's financial status and its ability to perform the covenants in a Lease.
Dividend	A sum of money paid regularly by the Company to its shareholders. The Company currently pays dividends to shareholders quarterly.
Dividend cover	The ratio of the company's net surplus after tax (excluding capital items) to the dividends paid.
Dividend yield	Annual dividend expressed as a percentage of share price on any given day.
Earnings per share (EPS)	Surplus for the period attributable to shareholders divided by the weighted average number of shares in issue during the period.
EPRA European Public Real Estate Association	The industry body representing listed companies in the real estate sector.
ERV	The estimated rental value of a property, provided by the property valuers.
Fair value	Fair value is defined by IFRS 13 as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'.
Fair value movement	Fair value movement is the accounting adjustment to change the book value of an asset or liability to its market value, and subsequent changes in market value.
Financial Resources	Uncommitted cash balances plus undrawn element of revolving credit facility.
Gearing ratio	Calculated as gross borrowings (excluding swap valuation) divided by total assets. The Articles of Association of the Company have a 65% gearing ratio limit (see page 65 for calculation).
Group	Standard Life Investments Property Income Trust Limited and its subsidiaries.
IFRS	International Financial Reporting Standards.
Index linked	The practice of linking the review of a tenant's payments under a lease to a published index, most commonly the Retail Price Index (RPI) but also the Consumer Price Index (CPI).
IPD	Investment Property Databank. An independent organisation supplying an expansive range of regional and global indexes, research, performance modelling, data metrics and risk analytics across direct property, listed and unlisted vehicles, joint ventures, separate accounts and debt.
IPD Benchmark	Quarterly version of IPD Monthly Index Funds.
Loan to Value	Calculated as net borrowings (gross borrowings less cash excluding swap valuation) divided by portfolio value. SWAP valuations at fair value are not considered relevant in gearing calculations (see note 13 for calculation).

NAV	Net Asset Value is the equity attributable to shareholders calculated under IFRS.
NAV total return	The return to shareholders, expressed as a percentage of opening NAV, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in NAV. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs.
Net initial yield (NIY)	The net initial yield of a property is the initial net income at the date of purchase, expressed as a percentage of the gross purchase price including the costs of purchase.
Over-rented	Space where the passing rent is above the ERV.
Passing rent	The rent payable at a particular point in time.
Portfolio fair value	The market value of the Group's property portfolio, which is based on the external valuation provided by Knight Frank LLP.
Portfolio total return	Combining the Portfolio Capital Return (the change in property value after taking account of property sales, purchases and capital expenditure in the period) and Portfolio Income Return (net property income after deducting direct property expenditure), assuming portfolio income is re-invested.
Portfolio yield	Passing rent as a percentage of gross property value.
Premium/Discount to NAV	The difference between the share price and NAV per share, expressed as a percentage of NAV. Premium representing a higher share price compared to NAV per share, discount the opposite.
Rack-rented	Space where the passing rent is the same as the ERV.
REIT	A Real Estate Investment Trust (REIT) is a single company REIT or a group REIT that owns and manages property on behalf of shareholders. In the UK, a company or group of companies can apply for 'UK-REIT' status, which exempts the company from corporation tax on profits and gains from their UK qualifying property rental businesses.
Rent Collection	The percentage of rents paid compared to the rents invoiced over a specified period.
Rent free	A period within a lease (usually from the lease start date on new leases) where the tenant does not pay any rent.
Rent review	A rent review is a periodic review (usually five yearly) of rent during the term of a lease. The vast majority of rent review clauses require the assessment of the open market, or rack rental value, at the review date, in accordance with specified terms, but some are geared to other factors, such as the movement in an Index.
Reversionary yield	Estimated rental value as a percentage of the gross property value.
RICS	The Royal Institution of Chartered Surveyors, the global professional body promoting and enforcing the highest international standards in the valuation, management and development of land, real estate, construction and infrastructure.
Share price	The value of each of the company's shares at a point in time as quoted on the Main Market of the London Stock Exchange.
Share price total return	The return to shareholders, expressed as a percentage of opening share price, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in share price. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs.
Void rate	The quantum of ERV relating to properties which are unlet and generating no rental income. Stated as a percentage of total portfolio ERV.

Information for Investors

Information for Investors

AIFMD/PRE-INVESTMENT DISCLOSURE DOCUMENT ("PIDD")

The Company has appointed Aberdeen Standard Fund Managers Limited as its alternative investment fund manager and Citibank Europe plc as its depositary under the AIFMD. AIFMD requires Aberdeen Standard Fund Managers Limited, as the alternative investment fund manager ("AIFM") of Standard Life Investments Property Income Trust Limited, to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under AIFMD are published in the Company's PIDD, which can be found on its website. The periodic disclosures required to be made by the AIFM under AIFMD are set out on page 97.

INVESTOR WARNING: BE ALERT TO SHARE FRAUD AND BOILER ROOM SCAMS

Aberdeen Standard Investments has been contacted by investors informing them that they have received telephone calls and emails from people who have offered to buy their investment trust shares, purporting to work for Aberdeen Standard Investments.

Aberdeen Standard Investments has also been notified of emails claiming that certain investment companies under their management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be "boiler room" scams where a payment from you is required to release the supposed payment for your shares. These calls/senders do not work for Aberdeen Standard Investments and any third party making such offers/claims has no link with Aberdeen Standard Investments.

Aberdeen Standard Investments does not "cold-call" investors in this way. If you have any doubt over whether a caller is genuine, do not offer any personal information, end the call and contact the Customer Services Department (see below for their contact details).

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

SHARE REGISTER ENQUIRIES

Shareholders who hold their shares in certificated form can check their shareholding with the Registrar.

Notifications of changes of address and all enquiries regarding certificates or dividend cheques should be sent in writing to the Registrar whose details are shown on page 98.

KEEPING YOU INFORMED

The Company's shares are listed on the London Stock Exchange and the share price is quoted daily in the Financial Times.

Details of the Company may also be found on the Company's own dedicated website at: www.slipit.co.uk.

This provides information on the Company's share price performance, capital structure, stock exchange announcement and an Investment Manager's monthly factsheet. Alternatively you can call 0808 500 0040 (free when dialing from a UK landline) for trust information.

If you have any questions about your Company, the Investment Manager or performance, please telephone the Customer Services Department (direct private investors) on 0808 500 0040. Alternatively, please send an email to inv.trusts@aberdeen-asset.com or write to Aberdeen Standard Investments, PO Box 11020, Chelmsford, Essex CM99 2DB.
In the event of queries regarding holdings of shares, lost certificates, dividend payments, registered details, shareholders holding their shares in the Company directly should contact the Registrar, Computershare Investor Services (Guernsey) Limited on +44 (0) 370 707 4040 or by writing to the address on page 94. Calls may be recorded and monitored randomly for security and training purposes. Changes of address must be notified to the Registrar in writing.

HOW TO INVEST IN THE COMPANY

Individual investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through Aberdeen Standard Investments' Plan for Children, Investment Trust Share Plan or Investment Trust ISA.

Aberdeen Standard Investment Plan for Children

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

Aberdeen Standard Investment Trust Share Plan

Aberdeen Standard Investments runs a Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Aberdeen Standard Investment Trust ISA

Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2021/2022.

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

ISA transfer

You can choose to transfer previous tax year investments to the Aberdeen Standard Investments Investment Trust ISA which can be invested in the Company while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

LITERATURE REQUEST SERVICE

For literature and information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer including application forms for the Company and the Manager's investment trust products, please contact:

Aberdeen Standard Investments Trust Administration
PO Box 11020
Chelmsford
Essex CM99 2DB
Tel: 0808 500 00 40
(free when dialling from a UK landline)

Terms and conditions for the Aberdeen Standard Investments managed savings products can also be found under the literature section of www.invtrusts.co.uk.

ONLINE DEALING DETAILS

Investor information

There are a number of other ways in which you can buy and hold shares in this investment company outwith Aberdeen Standard Investments savings products.

Online dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell Youinvest; Barclays Stockbrokers/Smart Investor; Charles Stanley Direct; Equiniti/Shareview; Halifax Share Dealing; Hargreave Hale; Hargreaves Lansdown; iDealing; Interactive Investor/TD Direct; Selftrade; The Share Centre; Stocktrade.

Discretionary private client stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit the Wealth Management Association at www.pimfa.co.uk.

Independent Financial Advisers

To find an adviser who recommends on investment trusts, visit www.unbiased.co.uk.

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:
Tel: 0800 111 6768 or at www.register.fca.org.uk
Email: register@fca.org.uk

Information for Investors

Information for Investors continued

Suitable for Retail/NMPI Status

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

The Company currently conducts its affairs, and intends to continue to do so for the foreseeable future, in order that the shares issued by Standard Life Investments Property Income Trust Limited can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments (NMPIs).

EFFECT OF REIT STATUS ON PAYMENT OF DIVIDENDS

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

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

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

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

RETAIL DISTRIBUTION

On 1 January 2014, the FCA introduced rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes (non-mainstream investment products). UK investment trusts are excluded from these restrictions.

NOTE

Please remember that past performance is not a guide to the future. Stock market movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of real estate investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

AIFMD Disclosures (unaudited)

The Company has appointed Aberdeen Standard Fund Managers Limited as its alternative investment fund manager and Citibank Europe plc as its depositary under the AIFMD. The AIFM and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which can be found on the Company's website www.slipit.co.uk. There have been no material changes to the disclosures contained within the PIDD since its last publication in June 2020.

	Gross method	Commitment method
Maximum level of leverage	400%	250%
Actual level at 31 December 2020	168%	135%

The periodic disclosures as required under the AIFMD to investors are made below:

- Information on the investment strategy, geographic and sector investment focus and principal exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 3 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by ASFML.
- All authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from Aberdeen Standard Fund Managers Limited on request (see contact details on page 98) and the remuneration disclosures in respect of the AIFM's reporting period for the period ended 31 December 2020 are available on the Company's website.

Leverage

The table above sets out the current maximum permitted limit and actual level of leverage for the Company.

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which ASFML may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information on pages 94 to 97 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority.

OTHER INFORMATION

The Company is a member of the Association of Investment Companies. The Association publishes a Monthly Information Service which contains a wide range of detailed information including statistical and performance data on all its members. A sample copy can be obtained free of charge from the AIC, 9th Floor, 24 Chiswell Street, London EC1Y 4YY (telephone: 020 7282 5555) along with full details of other publications available from the AIC. Alternatively, visit their website on www.theaic.co.uk.

Information for Investors
Directors and Company Information

DIRECTORS
Mike Balfour [1]
James Clifton-Brown [2]
Huw Evans [3]
Jill May [4]
Sarah Slater [5]

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

REGISTERED NUMBER
41352

ADMINISTRATOR & SECRETARY
Northern Trust International Fund Administration Services (Guernsey) Limited

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

REGISTRAR
Computershare Investor Services (Guernsey) Limited

Le Truchot
St Peter Port
Guernsey GY1 1WD

INVESTMENT MANAGER
Aberdeen Standard Fund Managers Limited

Bow Bells House
1 Bread Street
London EC4M 9HH

INDEPENDENT AUDITORS
Deloitte LLP
Regency Court
Glategny Esplanade
Guernsey
United Kingdom
GY1 3HW

SOLICITORS
Dickson Minto W.S.

16 Charlotte Square
Edinburgh EH2 4DF

Walkers (Guernsey) LLP

New Street
Guernsey GY1 2PF

BROKER
Winterflood Securities Limited

The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

PRINCIPAL BANKERS
The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR

PROPERTY VALUERS
Knight Frank LLP

55 Baker Street
London W1U 8AN

DEPOSITARY
Citibank Europe plc

Canada Square
London E14 5LB

1. Chair of the Audit Committee
2. Chair of the Board
3. Chair of the Management Engagement Committee and Senior Independent Director
4. Chair of the Nomination Committee and Remuneration Committee
5. Chair of the Property Valuation Committee

Annual General Meeting

Notice of the Annual General Meeting

Notice is hereby given that the Seventeenth Annual General Meeting of Standard Life Investments Property Income Trust Limited ('the Company') will be held at the offices of Dickson Minto, 16 Charlotte Square, Edinburgh EH2 4DF at 09:00am on Wednesday, 16 June 2021 for the following purposes:

At the time of writing, elements of the National Lockdown remain in place and shareholder attendance at AGMs is not legally permissible. It is with regret that the Board has decided that the AGM on 16 June 2021 will, by necessity, be a functional only closed AGM. Please see the Chairman's Statement for information on how to register for the Company's interactive Online Shareholder Presentation on 4 June 2021.

To consider and, if thought fit, pass the following resolutions as ordinary resolutions

1 To receive and approve the Annual Report and Consolidated Financial Statements of the Company for the year ended 31 December 2020.

2 To receive and approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 31 December 2020.

3 To approve the Company's dividend policy to continue to pay a minimum of four quarterly interim dividends per year.

4 To re-appoint Deloitte LLP as Auditor of the Company until the conclusion of the next Annual General Meeting.

5 To authorise the Board of Directors to determine the Auditor's Remuneration.

6 To re-elect Mike Balfour as a Director of the Company.

7 To re-elect James Clifton-Brown as a Director of the Company.

8 To re-elect Huw Evans as a Director of the Company.

9 To re-elect Jill May as a Director of the Company.

10 To re-elect Sarah Slater as a Director of the Company.

To consider and, if thought fit, pass the following resolutions as special resolutions

11 To authorise the Company, in accordance with The Companies (Guernsey) Law, 2008, as amended to make market acquisitions of its own shares of 1 pence each (either for retention as treasury shares for future resale or transfer or cancellation) provided that;

a. the maximum number of ordinary shares hereby authorised to be purchased shall be 14.99 percent of the issued ordinary shares on the date on which this resolution is passed;

b. the minimum price which may be paid for an ordinary share shall be 1 pence;

c. the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be the higher of (i) 105 percent of the average of the middle market quotations (as derived from the Daily Official List) for the ordinary shares for the five business days immediately preceding the date of acquisition and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out; and

d. unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, prior to such expiry, enter into a contract to acquire ordinary shares under such authority and may make an acquisition of ordinary shares pursuant to any such contract.

12 That the Directors of the Company be and they are hereby generally empowered, to allot ordinary shares in the Company or grant rights to subscribe for, or to convert securities into, ordinary shares in the Company ("equity securities") for cash, including by way of a sale of ordinary shares held by the Company as treasury shares, as if any pre-emption rights in relation to the issue of shares as set out in the listing rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000, as amended, did not apply to any such allotment of equity securities, provided that this power:

a. expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

b. shall be limited to the allotment of equity securities up to an aggregate nominal value of £396,922 being approximately 10 percent of the nominal value of the issued share capital of the Company, as at 29 April 2021.

By Order of the Board
For and on behalf of
Northern Trust International Fund Administration Services (Guernsey) Limited
Secretary
29 April 2021

Annual General Meeting

Notes to the notice of Annual General Meeting

At the time of writing, elements of the National Lockdown remain in place and shareholder attendance at AGMs is not legally permissible. It is with regret that the Board has decided that the AGM on 16 June 2021 will, by necessity, be a functional only closed AGM. Please see the Chairman's Statement for information on how to register for the Company's interactive Online Shareholder Presentation on 4 June 2021.

1 A form of proxy is enclosed with this notice. A Shareholder entitled to attend, speak and vote is entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the Meeting. A proxy need not be a Shareholder of the Company. If you wish to appoint a person other than the Chairman of the Meeting, please insert the name of your chosen proxy holder in the space provided on the enclosed form of proxy.

2 In the case of joint holders such persons shall not have the right to vote individually in respect of an ordinary share but shall elect one person to represent them and vote in person or by proxy in their name. In default of such an election, the vote of the person first named in the register of members of the Company tendering a vote will be accepted to the exclusion of the votes of the other joint holders.

3 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different ordinary shares. You may not appoint more than one proxy to exercise rights attached to any one ordinary share. To appoint more than one proxy you may photocopy the enclosed form of proxy. Please indicate the proxy holder's name and the number of ordinary shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of ordinary shares held by you). Please also indicate if the proxy instruction is one of multiple instructions given by you. All hard copy forms of proxy must be signed and should be returned together in the same envelope.

4 The form of proxy should be completed and sent, together with the power of attorney or authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach Computershare Investor Services (Guernsey) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 09:00 on 14 June 2021.

5 Completing and returning a form of proxy will not prevent a member from attending the Meeting in person. If you have appointed a proxy and attend the Meeting in person your proxy appointment will remain valid and you may not vote at the Meeting unless you have provided a hard copy notice to revoke the proxy to Computershare Investor Services (Guernsey) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 09:00 a.m. on 14 June 2021.

6 To have the right to attend, speak and vote at the Meeting (and also for the purposes of calculating how many votes a member may cast on a poll) a member must first have his or her name entered on the register of members not later than 09:00 a.m. on 14 June 2021. Changes to entries in the register after that time shall be disregarded in determining the rights of any member to attend, speak and vote at such Meeting.

7 The Directors' letters of appointment will be available for inspection for fifteen minutes prior to the Meeting and during the Meeting itself.

8 By attending the Meeting a holder of ordinary shares expressly agrees they are requesting and willing to receive any communications made at the Meeting.

9 If you submit more than one valid form of proxy, the form of proxy received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which form of proxy was last validly received, none of them shall be treated as valid in respect of the same.

10 A quorum consisting of one or more Shareholders present in person, or by proxy, and holding five percent or more of the voting rights is required for the Meeting. If, within half an hour after the time appointed for the Meeting, a quorum is not present the Meeting shall be adjourned for seven days at the same time and place or to such other day and at such other time and place as the Board may determine and no notice of adjournment need be given at any such adjourned meeting. Those Shareholders present in person or by proxy shall constitute the quorum at any such adjourned meeting.

11 The resolutions to be proposed at the Meeting will be proposed as ordinary and special resolutions which, to be passed, must receive the support of a majority (in the case of the ordinary resolutions) and not less than seventy five percent (in the case of the special resolutions) of the total number of votes cast for, or against, the ordinary and special resolutions respectively.

12 As at 29 April 2021, the latest practicable date prior to publication of this document, the Company had 396,922,386 ordinary shares in issue with a total of 396,922,386 voting rights.

13 Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.