Standard Life Investments Property Income Trust Limited

Interim Report & Consolidated Accounts
Half year ended 30 June 2019

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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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Objective and Investment Policy

OBJECTIVE

To provide shareholders with an attractive level of income together with the prospect of income and capital growth.

INVESTMENT POLICY

The Directors intend to achieve the investment objective by investing in a diversified portfolio of UK commercial properties. The majority of the portfolio will be invested in direct holdings within the three main sectors of retail, office, and industrial, although the Company 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 is permitted up to a maximum 10% of the property portfolio.

In order to manage risk, without compromising flexibility, the Directors apply the following restrictions to the 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 Company's rent roll.
- The Board's current intention is that the loan to value ("LTV") ratio (calculated as borrowings less all cash as a proportion of property portfolio valuation) will not exceed 45%. Borrowings as a percentage of gross assets will not exceed 65%.

An analysis of how the portfolio was invested as at 30 June 2019 is contained within the Investment Manager's Report.


WALTON SUMMIT INDUSTRIAL ESTATE, PRESTON

Performance Summary

Financial Highlights for six months to 30 June 2019

NAV total return
2.7 PERCENT

Positive NAV total return in the six month period of 2.7% generated by like for like portfolio growth combined with profits on sales of assets and strong income generation. Over five years the Company has produced a NAV total return of 71.6% compared with AIC UK Commercial Property sector total return of 52.6%.

Loan to value
23.4 PERCENT

23.4% – Prudent LTV remains one of the lowest in the peer group and wider REIT sector.

Share price total return
18.9 PERCENT

Share price total return of 18.9% in period compared to FTSE All-Share REIT Index total return of 9.7% and FTSE All-Share Index total return of 13.0%. Over five years the Company has delivered a share price total return of 61.6% (FTSE All-Share REIT Index of 24.5%, FTSE All-Share Index of 35.8%) demonstrating consistent long term performance of the Company's shares.

Dividend cover
101 PERCENT

(June 2018: 83 percent)

Equates to EPRA earnings per share of 2.42p, an increase of 22% compared to first six months of 2018.

Revolving Credit Facility ("RCF")
£37m

The Company has unutilised RCF of £37 million available for investment in opportunities that may arise.

Dividend yield
5.1 PERCENT

Dividend yield - FTSE All-Share REIT Index
4.5 PERCENT

Dividend yield - FTSE All-Share Index
4.1 PERCENT

Dividend yield
(based on share price at 30 June 2019 of 94.2p).

Performance Summary

Portfolio Highlights for six months to 30 June 2019

Occupancy rate

93.7 PERCENT

Occupancy rate of 93.7%, as successful asset management initiatives and strategic sales continued to maintain high occupancy levels compared to benchmark occupancy of 92.8%.

6 new lettings securing

£970,000

per annum in rent.

Restructured 4 leases to secure longer term income on

£242,000

per annum of rent.

Rent collection

99 PERCENT

Rent collection of 99% within 21 days (excluding tenants in administration and on repayment plans) for first six months of 2019.

Portfolio total return

3.3%

Portfolio total return of 3.3% significantly ahead of MSCI IPD benchmark total return of 0.9% as strategic overweight position to industrial sector and successful asset management initiatives continued to drive strong portfolio outperformance.

0.9%

MSCI IPD Benchmark

Portfolio biased to outperforming sectors

Company's Industrial Weighting

52.8%

Benchmark Industrial Weighting

29.5%

Company's Retail Weighting

9.0%

Benchmark Retail Weighting

30.2%

Strategic Report
Performance Summary

Earnings & Dividends	30 June 2019	30 June 2018
EPRA earnings per share (p) (excl capital items & swap movements)*	2.42	1.98
Dividends declared per ordinary share (p)	2.38	2.38
Dividend cover (%)*	101.5	82.8
Dividend yield (%)**	5.1	5.1
FTSE All-Share Real Estate Investment Trusts Index Yield (%)	4.5	3.9
FTSE All-Share Index Yield (%)	4.1	3.6

Capital Values & Gearing	30 June 2019	31 December 2018	Change %
Total assets (£million)	514.3	512.2	0.4
Net asset value per share (p)	91.1	91.0	0.1
Ordinary Share Price (p)	94.2	81.1	16.2
Premium/(Discount) to NAV (%)	3.4	(10.9)	
Loan to Value (%)†	23.4	24.4	

Total Return	6 months % return	1 year % return	3 year % return	5 year % return
NAV‡	2.7	6.5	31.4	71.6
Share Price‡	18.9	6.5	39.4	61.6
FTSE All-Share Real Estate Investment Trusts Index	9.7	(5.2)	13.6	24.5
FTSE All-Share Index	13.0	0.6	29.5	35.8

Property Returns & Statistics (%)	30 June 2019	30 June 2018
Property income return	2.7	2.4
MSCI IPD benchmark income return	2.3	2.3
Property total return	3.3	4.7
MSCI IPD benchmark total return	0.9	4.2
Void rate	6.3	7.2

*
Calculated as revenue earnings per share (excluding capital items & swaps breakage costs) as a percentage of dividends declared per ordinary share.

**
Based on an annual dividend of 4.76p and the share price at 30 June 2019.

†
Calculated as bank borrowings less all cash (including cash held at solicitors) 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, Investment Property Databank ("IPD").

Alternative Performance Measures ("APMs") including NAV total return, share price total return, dividend cover, dividend yield and portfolio total return are defined in the glossary on pages 36 to 37.

Strategic Report
Chairman's Statement

BACKGROUND

In what has been the theme for over three years, the UK continues to be gripped by political uncertainty. The Conservative Party election of a new leader, and therefore Prime Minister, and his promise to leave the European Union by 31 October 2019 may at least clarify matters one way or another. However, there remains uncertainty as at to how this situation will evolve.

Despite all of the uncertainty, the economy has proved remarkably resilient through this period but the holding back of planned investment until the political situation becomes clearer, combined with headwinds caused by the US/China trade dispute, has resulted in an economy that is now stagnating and on the verge of technical recession.

Against this background, UK commercial real estate, even with a continuing fall in investment volumes, has held up well producing positive returns over the first half of 2019. The Company's benchmark (Quarterly version of MSCI IPD Monthly Index Funds) produced a total return of 0.9% over this six month period as declining capital values of 1.3% were more than offset by the attractive income returns of 2.3% that the UK commercial real estate market continues to generate. The polarisation of the industrial and retail sectors continued apace with industrials producing a total return of 3.3% compared to the retail total return of -2.5%, a trend that suits your Company given its overweight position to industrials and low weighting to retail. Offices also produced a positive total return of 1.9% underpinned by take-up from flexible office providers.

Strategic Report
Chairman's Statement

CONTINUED PORTFOLIO AND CORPORATE OUTPERFORMANCE

The Company continued to produce positive performance during the six months to 30 June 2019 at both a portfolio and corporate level. The portfolio delivered a total return of 3.3%, significantly above that of the benchmark. The portfolio also delivered positive capital performance of 0.6%, as the 52.8% exposure to the industrial sector (benchmark – 29.5%) and 9.0% exposure to the poorly performing retail sector (benchmark – 30.2%) provided a structural tailwind to performance with the Company's office portfolio broadly static. On the income side, the portfolio delivered an income return of 2.7%, again in excess of the benchmark, underpinned by a strong tenant base that has paid 99% of rent due within 21 days.

These returns, combined with the prudent use of the Company's flexible gearing in the period helped deliver a NAV total return of 2.7% (the EPRA NAV total return excluding the movement in the swap liability was higher at 3.2%).

The Company's share price also improved over the six month period as the shares traded at a premium to NAV of 3.4% as at 30 June 2019 compared to a 10.9% discount as at 31 December 2018. This resulted in a share price total return of 18.9% over the period compared to 13.0% from the FTSE All-Share Index and 9.7% from the FTSE All-Share REIT Index.

Over the longer term the Company has also delivered outperformance with a NAV total return over five years of 71.6%, in excess of the AIC Direct Property sector weighted average return of 52.6%. The share price total return of 61.6% compares to the FTSE All-Share Index return of 35.8% and the FTSE All-Share REIT Index of 24.5%.

Strategic Report
Chairman's Statement continued

EARNINGS AND DIVIDENDS

As mentioned in the Annual Report to 31 December 2018, a key focus of the Board is income generation in order to support dividend cover. It is therefore pleasing to report that EPRA earnings per share for the six month period were 2.42p compared to 1.98p at this point in 2018. This equates to dividend cover for the six months of 101% as a number of successful asset management initiatives were completed with the occupancy rate of the portfolio now standing at 93.7%. While there will undoubtedly be fluctuations in earnings as assets are bought and sold and leases expire, the Board is encouraged that earnings and hence dividend cover has improved in the period.

Dividends totalling 2.38p per share were paid to shareholders in the period. Based on an annualised dividend of 4.76p and the share price at 30 June 2019 of 94.2p, the Company's shares yielded 5.1%. This yield compares favourably to the yield on the FTSE All-Share and FTSE All-Share REIT Indices (4.1% and 4.5% respectively).

FINANCIAL RESOURCES

As at 30 June 2019, the Company's LTV was a prudent 23.4% which is towards the lower end of the Company's peer group and also the wider REIT sector. The Company's debt profile is now made up of a £110 million term loan and revolving credit facilities ("RCF") of up to £55 million following the decision to increase the RCF with The Royal Bank of Scotland International Limited by £20 million, as announced in June 2019. As at 30 June 2019, the Company had drawn £18 million of its RCF, resulting in a blended rate of interest of 2.65%. Given the portfolio net initial yield is 5.2%, the use of debt is highly income accretive and supportive of dividend cover. In addition, it provides flexible resources to take advantage of opportunities which will inevitably arise in the current uncertain environment. With cash of £11.7 million as at 30 June, the Company continues to be in a strong financial position with significant firepower to invest at the opportune time.

BOARD CHANGES

In line with the strategy of refreshing the Board composition on a regular basis and having been on the Board since 2014 and Chair since 2016, it is my intention to retire from the Board of the Company at the Annual General Meeting in June 2020. I will be succeeded as Chairman by James Clifton-Brown who was appointed to the Board in August 2017 and has considerable real estate experience. I am confident that James will provide wise leadership of the Board during these uncertain times.

The Board has commenced a search to recruit an additional non-executive director and I hope to be in a position to provide an update on the search in due course. It is expected that the new Director will succeed James as Chair of the Property Valuation Committee.

INVESTMENT MANAGEMENT FEE

The Board, through its Management Engagement Committee, conducts an annual exercise to benchmark its management fees against various comparators. As a result of this exercise the Board has agreed a change in its management fee with Aberdeen Standard Investments. From 1 July 2019 the annual management fee will be calculated on a tiered basis as follows:

- 0.70% per annum on total assets up to £500 million
- 0.60% per annum on total assets over £500 million

This compares to the current management fee of 0.75% on total assets up to £200 million, 0.70% on total assets between £200 million and £300 million and 0.65% on total assets in excess of £300 million. This revised arrangement simplifies the fee structure and will result in a lower fee should the Company continue to grow.

INVESTMENT OUTLOOK

The UK economy continues to be affected by political and macroeconomic uncertainty centred around Brexit, which looks likely to persist in the near term, holding back investment and therefore growth. The Company's investment manager is forecasting GDP growth of 1.4% in both 2019 and 2020 in its base case, although it should be highlighted that downside risks exist and leading indicators have weakened in recent months.

Overall, the UK commercial property market is holding up well with positive total returns still forecast. The investment market has been, and will continue to be, muted in 2019 until progress is made on the Brexit conundrum. However, occupier markets are generally faring well, apart from the retail sector which is under severe pressure as the growth in e-commerce continues which, inversely, is boosting the industrial sector. The property market also continues to be underpinned by strong fundamentals – relatively high yields in an environment where there is a suggestion of interest rate cuts, limited development and high occupancy rates.

Given this background, the Board believes that your Company is strategically set to continue producing relative outperformance. The Company is well diversified in both geographic and sector terms but, importantly, has a strategic overweight position to the industrial sector, which is forecast to be the strongest driver of returns over the next three years. Combined with the low retail weighting, the portfolio is appropriately structured to continue delivering positive relative returns albeit secondary assets can be more volatile in nature. With income likely to be the main driver of performance in the medium term, the Company's above benchmark income return will continue to be crucial to future returns, underpinned as it is by a strong tenant base. Linked to this is the proven track record of the Company's Investment Manager in implementing successful asset management initiatives to ensure the Company's occupancy rate remains high. Finally, the Company is in a healthy financial position with a strong balance sheet, prudent, low cost flexible gearing and financial resources to allow it to take advantage of opportunities as and when they arise. Overall, I believe your Company is well positioned to continue delivering value for shareholders.

Robert Peto
Chairman
17 September 2019

TIMBMET, SHELLINGFORD

HOWARD TOWN RETAIL PARK, HIGH PEAK

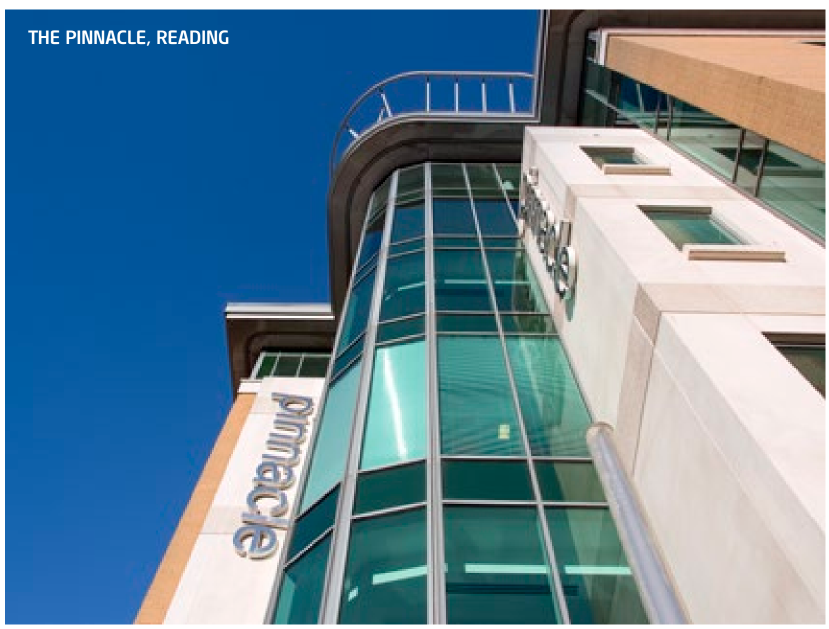
BOURNE HOUSE, STAINES

Strategic Report
Principal Risks and Uncertainties

THE KIRKGATE, EPSOM

The Company's assets consist of direct investments in UK commercial property. Its principal risks are therefore related to the commercial property market in general, but also the particular circumstances of the properties in which it is invested, and their tenants. The 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 Board have carried out an assessment of the risk profile of the Company which concluded that the risks as at 30 June 2019 were not materially different from those detailed in the statutory accounts for the Group for the year ended 31 December 2018.



THE PINNACLE, READING


DENBY 242, DENBY


101 PRINCESS STREET, MANCHESTER

Strategic Report
Investment Manager's Report

Jason Baggaley

ECONOMIC BACKGROUND

Although UK GDP recorded steady growth in Q1, inventory building was key to this, as companies stockpiled resources ahead of the anticipated disruption to supply chains caused by a potential "cliff edge" withdrawal from the EU at the end of March. The eventual six-month extension to Article 50 averted this and Q2 GDP fell as some of that inventory building unwound. With the potential October 31 Brexit deadline looming one can expect further volatility in short term numbers given business investment will remain subdued until there is more clarity.

In spite of a relatively tight labour market, accommodative monetary policy and high corporate profit margins, inflation remains remarkably low. Although the Bank of England has given hawkish signals, it is expected interest rates will remain lower for longer if they are to support the backdrop of decelerating growth, particularly until greater clarity on the UK's future relationship with the EU emerges. Indeed, we no longer have modest tightening cycles in our UK and Eurozone forecasts, with the US Federal Reserve expected to cut interest rates once more this year and monetary policy easing also expected in other major economies. Low inflation globally, slowing growth and trade war uncertainty, on top of the more UK-specific risks, are pointing towards a longer period of ultra-low interest rates.

The Company remains focused on delivering an attractive income to shareholders through investing in a diversified portfolio of UK commercial real estate assets. We target assets that are well located and in good condition, which we believe will appeal to occupiers.
Jason Baggaley

TETRON 93, SWADLINCOTE

UK REAL ESTATE MARKET

According to MSCI, UK real estate capital values are now falling but managed to deliver a positive total return of 0.9% for the first six months of 2019. While retail returns have been negative as expected, and have borne the brunt of the capital decline, growth in the industrial sector has moderated after a period of record capital value gains, but remain positive, resulting in a 3.5% total return within MSCI's index over the six month period.

The second quarter saw a fall in transaction activity to levels last seen in 2012. Overseas investors have been net sellers of the UK office market with Chinese capital controls now appearing to have a significant effect on global real estate markets. Although New York has perhaps borne the brunt of Chinese disinvestment, London is not immune, and there are indications that other global investors are displaying more caution towards London too, which could see London office pricing soften in the second half of the year. The retail sector has a very shallow pool of buyers tending to be opportunistic in nature with a large amount of stock being quietly marketed. The lack of demand in the occupier market and uncertainty about where rental values will settle mean investors are, in many retail sub-sectors, demanding discounts to valuation. The share price discount to net asset value for listed stocks with a high retail weighting also provides an indication of sentiment towards this sector.

Take-up in the office sector remains robust and central London take-up has recovered, following a muted period around the EU referendum, and is now back close to the high watermark set in 2015. However, this is largely driven by flexible office providers; traditional take-up has been broadly flat since early 2016. The now roughly 20% of take-up accounted for by flexible office providers does not actually absorb supply, as it must all be re-let into the market.

Regionally, office headline rents are steadily rising in the big six office markets, boosted by the trend towards consolidation among some of the largest corporate occupiers, as well as the public sector's shift towards large regional hubs. Vacancy rates have been steadily falling in these markets since 2017, with high net absorption pushing rents up and virtually no new construction in the last two years. While supply has tightened, the economic backdrop is expected to affect demand going forward and, therefore, rents. A similar dynamic has been playing out in the South East office markets. While vacancy has not fallen as dramatically, demand has gravitated towards those markets with critical mass, limited new stock and good infrastructure, such as Reading.

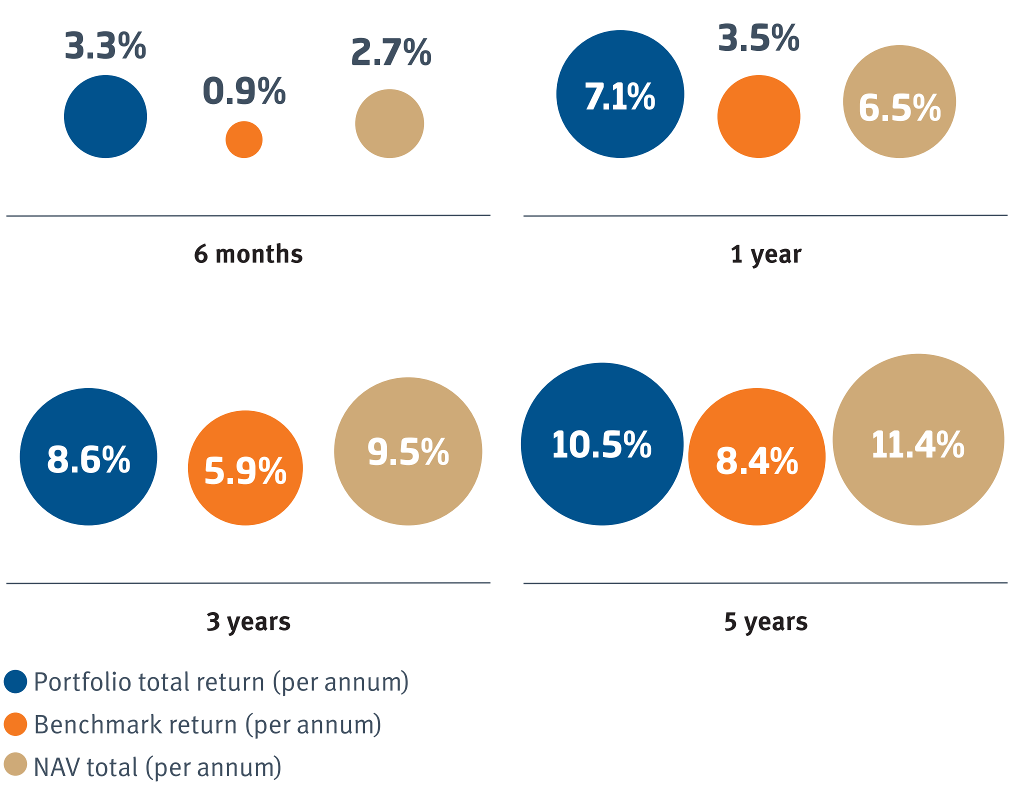
A wave of company voluntary arrangements (CVAs) in retail has put downward pressure on rental values in the sector, and on risk premia requirements, and so also on certain valuations. Industrial demand, however, remains especially high in London and the South East, while logistics has had another strong start to the year with a number of significant lettings of speculatively developed space in core markets.

Strategic Report

Investment Manager's Report continued

ANNUALISED PORTFOLIO TOTAL RETURN

Source: Aberdeen Standard Investments, MSCI IPD



NAV Total Returns to 30 June 2019	6 months (%)	1 year (%)	3 years (%)	5 years (%)
Standard Life Investments Property Income Trust	**2.7**	**6.5**	**31.4**	**71.6**
AIC UK Commercial Property sector (weighted average)	1.2	4.0	22.2	52.6
Investment Association Open Ended Commercial Property Funds sector	0.8	1.9	15.9	29.6
Company's ranking in AIC UK Commercial Property sector	6	6	4	2

Source: Aberdeen Standard Investments, Association of Investment Companies ("AIC")

Share Price Total Returns to 30 June 2019	6 months (%)	1 year (%)	3 years (%)	5 years (%)
Standard Life Investments Property Income Trust	**18.9**	**6.5**	**39.4**	**61.6**
FTSE All-Share Index	13.0	0.6	29.5	35.8
FTSE All-Share REIT Index	9.7	-5.2	13.6	24.5
AIC UK Commercial Property sector (weighted average)	8.4	-0.3	27.2	32.3

Source: Aberdeen Standard Investments, Association of Investment Companies ("AIC")

PERFORMANCE

The Company considers performance at several levels – that of the investment portfolio against the MSCI IPD quarterly index (i.e. like for like property performance), and the NAV Total Return against the MSCI IPD quarterly index, so that the impact of gearing and the costs of running the Company can be seen. The NAV is also compared to the peer group, as is the share price total return, and dividend yield.

PORTFOLIO LEVEL PERFORMANCE

The underlying portfolio has continued to perform well against the MSCI IPD index, with outperformance over the half year (3.3% v 0.9%), which continues the trend over one, three, and five years, as shown across. The portfolio weightings, with very low (9%) exposure to retail and a high (52%) exposure to industrials have contributed to the outperformance. Over the 12 months to end June, the wider retail market fell in value by 9.6% according to MSCI, whilst industrial values grew by 5.8% (offices 1.3%), demonstrating the importance of portfolio structure as well as asset selection. The top five contributors to the Company's performance were all industrial and three of the five had been subject to asset management, with the other two being longer term secure income assets benefitting from indexation linked reviews. Retail assets dominated the poorer performers, along with an office subject to refurbishment and reletting.

NAV PERFORMANCE

The graphic above demonstrates that over most time periods gearing has been accretive to performance, with the NAV total return being greater than the asset level total return. This has reversed in the first half of 2019, mainly due to the increased liability of the interest rate swap as interest rate yields fell. This movement will reverse by maturity of the debt in April 2023.

NAV total return for the Company continues to compare favourably to the peer group as well as the open ended funds sector, as seen in the NAV Total Returns table.

SHARE PRICE RETURN

In many ways share price return is something the Company can influence the least as it is impacted by changes in demand for the Company's shares; however it is an important measure as it best represents the performance to the investor. The table across shows the Company performance against some comparators.

Portfolio value

496.8 MILLION POUNDS

as at 30 June 2019

DIVIDEND YIELD

The Company's clear objective, and therefore the investment manager's main focus, is to provide investors with an attractive level of income. The dividend is paid quarterly and, based on a June 30 share price of 94.2p, the dividend yield was 5.1%. The Board and Investment manager seek to maintain a covered dividend and for the first half achieved this with cover of 101%.

PORTFOLIO VALUATION

The investment portfolio is valued quarterly by Knight Frank. As at 30 June 2019 the portfolio comprised 57 assets valued at a total of £496.8 million, with a cash balance of £11.7 million. This compares to 56 properties valued at £458 million and cash of £23.2 million as at 30 June 2018.

PORTFOLIO STRATEGY

The Company remains focused on delivering an attractive income to shareholders through investing in a diversified portfolio of UK commercial real estate assets. We target assets that are well located and in good condition, which we believe will appeal to occupiers. We actively manage the assets with the aim of renewing and extending leases to give the Company a sustainable and predictable income stream.

Given the continued uncertainty in capital markets we have taken a reducing risk approach, with the focus being on asset management of existing assets. We will look to take further risk off the table through working with our tenants to ensure we maximise occupancy, however we will consider sales of selective assets if we believe they provide too great a risk of voids in income. Subsequent reinvestment will be in assets that will provide the opportunity to grow or secure longer term income.

PORTFOLIO ALLOCATION

The Company is invested in a portfolio of UK commercial real estate assets that provide it with diversity of type, location, and income source. We take a top down approach to consider the macro overlay for the fund which takes into account sector exposures i.e. the strategic decision taken some years ago to be underweight retail and overweight industrial / logistics given the structural change in those sectors. In addition there is a conscious effort to diversify the tenant base with our top ten tenants' only accounting for 32.6% of the total rent roll. Finally, once we have taken macro considerations into account, we take a bottom up approach to selecting individual assets that we believe will meet the Company's needs.

As at 30 June 2019, the Company had a 53% exposure to industrial (which includes logistics), a 31% exposure to offices, a 9% exposure to retail, and a 7% exposure to "other" (leisure and a data centre). The geographical weighting is not something we concentrate on per se, however the South East provides stronger land values and concentration of people and so often has better prospects for rental growth and tenant demand. 37% of the fund is invested in the South East, with a further 5.6% in Central London.

HOLLYWOOD GREEN, LONDON

Strategic Report
Investment Manager's Report continued

INVESTMENT ACTIVITY-PURCHASES

No new purchases were undertaken during the reporting period. The Company was in effect fully invested, and the investment manager did not see stock that it felt was sufficiently attractive to utilise debt from the RCF to invest in. After the period end the Company did however complete on two purchases:

Trafford Park, Manchester
The Company acquired a small industrial unit for £3.5 million with a 5.7% yield. The unit is adjacent to an existing holding, and provides opportunity in the future for a reconfiguration of the site. Although the yield is lower than we normally buy at we believe the asset to be reversionary, so a greater yield will be available in the future.

Causewayside, Edinburgh
The Company acquired a mixed use office and retail unit on the South side of Edinburgh. The ground floor is let to Tesco and a pharmacy, whilst the upper parts provide four floors of multi let offices. The purchase price of £8.7 million reflects a yield of 3.5%, however once rent frees have expired and the vacant suite (4,700 sq ft out of the 33,000 sq ft total) is let the yield is expected to be 7.7%.

SALES

The Company only completed one sale during the first half of 2019, that of a single let office in Milton Keynes for £6 million. The property was subject to a lease expiry in 2021 and the tenant was expected to vacate with the property requiring capex to upgrade it. The sale enabled the Company to take profit whilst reducing risk in 2021.

After the period end the Company completed on the sale of an industrial asset in Milton Keynes for £9.3m. The asset was let to a company engaged in manufacturing envelopes, and the sale was undertaken to reduce exposure to a covenant that we felt to be deteriorating, and we did not want to hold the unit vacant if the tenant failed.

ASSET MANAGEMENT

Actively engaging with our tenants, and investing in our assets to ensure they appeal to occupiers is a central part of how we create value and a sustainable income. We aim to meet with our tenants regularly to understand their needs, and make sure our assets appeal to them. In the office space this generally means providing good quality shower / changing / bike storage facilities, but also trying to create an environment where people want to work. In the industrial / logistics sector we have been discussing the potential for installing PV cells on the roof to provide energy for the tenant – we can generally sell it for the duration of their lease at a lower cost than the grid, and still receive a sufficient return on our investment. This is one of our ESG initiatives, and has enabled some good conversations with tenants.

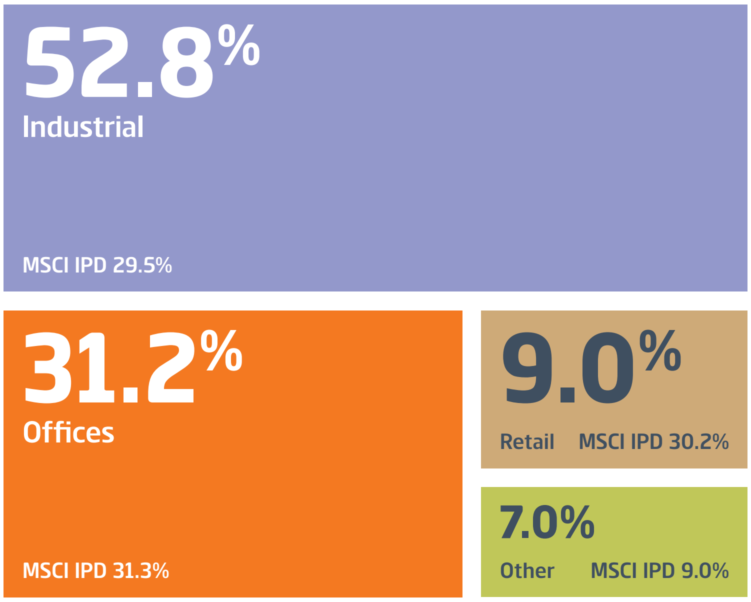
Given the very uncertain outlook many occupiers have with the ongoing Brexit saga, let alone the wider global trade tensions, it is not surprising that companies are delaying making decisions about the property they occupy if they can. We are finding deals with tenants taking longer and longer, although the level of enquiries and viewings on vacant accommodation remains encouraging. During the reporting period we completed six new lettings for a total rent of £970,750pa, three rent reviews were settled increasing the rent by £135,000pa (an increase of 24% on the previous rent), and extended a lease with Tesco on a small unit for a further 10 years, securing a rent of £107,250pa.

The Company had a vacancy rate of 6.3% as at 30 June 2019 (7.2% June 2018). The largest vacancy is an industrial unit in Rugby that became void during the first half of 2019 and is currently being refurbished. The other two largest voids are offices with vacancy at Kirkgate, Epsom and Basinghall Street, London. These three buildings account for over half of the current voids.

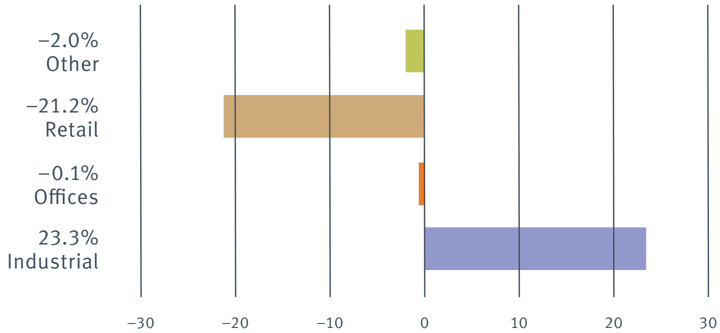
DEBT

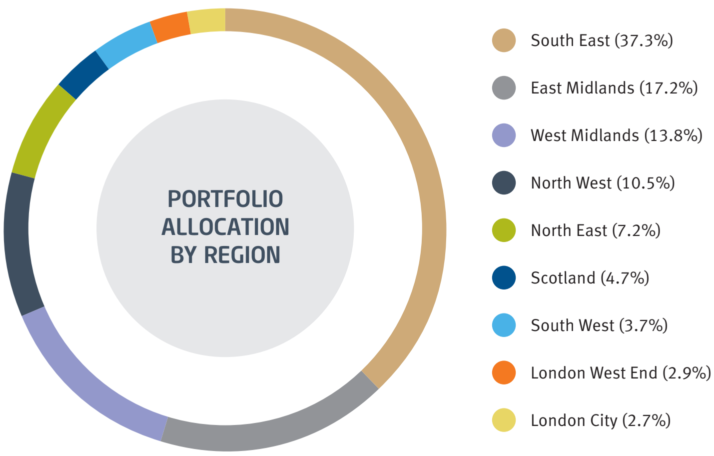
The Company has two debt facilities with RBS. It has a term loan of £110 million, which is due to expire in April 2023 and is fully hedged by way of an interest rate swap. The interest rate swap is held as a liability on the balance sheet (£2.4 million liability as at 30 June 2019). This liability will revert to £0 on maturity of the swap. The Company also has a Revolving Credit Facility (RCF). This was originally for £35 million, with £18 million drawn at the end of June (none of the RCF was drawn down 30 June 2018). During the reporting period the Company extended the RCF by £20 million and it is co-terminous with the term loan. As at 30 June 2019 the LTV was 23.4% (19.0% June 2018). The all in cost of the debt is 2.7%, which compares favourably to the portfolio income yield of 5.2%.

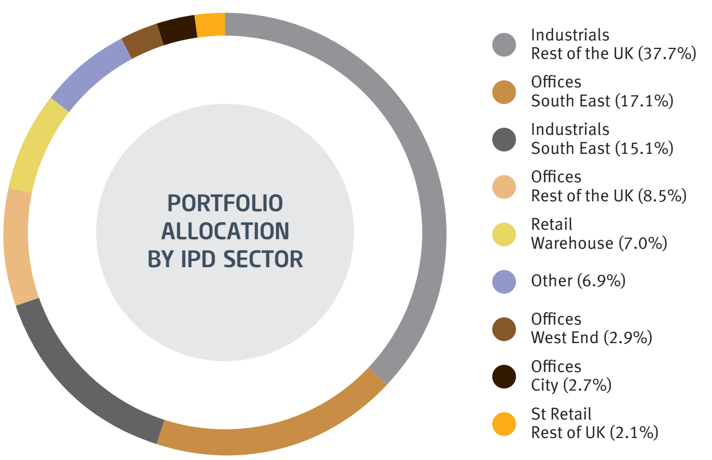
Portfolio allocation by sector



Relative Weighting versus MSCI IPD







INVESTMENT OUTLOOK

The UK economy continues to be affected by political and macroeconomic uncertainty which looks likely to persist in the near term, holding back growth. Aberdeen Standard Investments has revised its GDP growth expectations downwards from 1.9% to 1.4% in both 2019 and 2020 in its base case, although downside risks exist and leading indicators have weakened in recent months. Occupier markets are holding up relatively well with office demand being supported by the rapid expansion of flexible office providers and, in the regions, by corporate and public sector consolidation. The polarisation of retail is an ongoing trend and weaker locations are under increasing pressure, however, the twin engines of urbanisation and the rise of e-commerce continue to propel the industrial sector.

Whilst the investment market has slowed this year, and with political uncertainty causing many to adopt a cautious approach to investment, there remains considerable capital with potential for deployment attracted to UK real estate's income yield and, retail sector aside, good occupational fundamentals. This capital is likely to remain on the side-lines however until greater clarity over Brexit is reached.

Strategic Report
Investment Manager's Report continued

CHESTER HOUSE, FARNBOROUGH

SPEEDY HIRE UNIT, GLASGOW

31/32 QUEEN SQUARE, BRISTOL

GRAND NATIONAL RETAIL PARK, LIVERPOOL

Strategic Report
Investment Manager's Report
continued

TOP TEN TENANTS

	Tenant	Passing Rent	%
1	BAE Systems	Passing Rent: £1,257,640	4.5%
2	Technocargo Logistics Limited	Passing Rent: £1,242,250	4.4%
3	Public sector	Passing Rent: £1,158,858	4.1%
4	The Symphony Group Plc	Passing Rent: £1,080,000	3.9%
5	Jenkins Shipping Group	Passing Rent: £813,390	2.9%
6	Timbmet Limited	Passing Rent: £799,683	2.9%
7	Bong UK Limited	Passing Rent: £771,752	2.7%
8	ATOS IT Services Ltd	Passing Rent: £750,000	2.7%
9	CEVA Logistics Limited	Passing Rent: £652,387	2.3%
10	GW Atkins	Passing Rent: £625,000	2.2%

Total: £9,150,960
Total % of Total Rent: 32.6%

Total Group Passing Rent: £28,071,203

TOP TEN PROPERTIES

	Property	Location	Value	Sector
1	54 Hagley Road	Birmingham	£22m-£24m	Office (4.7%)
2	Denby 242	Denby	£18m-£20m	Industrial (3.8%)
3	Symphony	Rotherham	£18m-£20m	Industrial (3.8%)
4	The Pinnacle	Reading	£14m-£16m	Office (3.1%)
5	Hollywood Green	London	£14m-£16m	Other (3.1%)
6	Marsh Way	Rainham	£14m-£16m	Industrial (3.0%)
7	New Palace Place	London	£14m-£16m	Office (2.9%)
8	Chester House	Farnborough	£14m-£16m	Office (2.9%)
9	Timbmet	Shellingford	£14m-£16m	Industrial (2.9%)
10	15 Basinghall Street	London	£12m-£14m	Office (2.7%)

LEASE EXPIRY PROFILE

Total 5 year band	0–5 years	6–10 years	11–15 years	16–20 years	21–25 years
Initial rent £	28,071,203	–	–	–	–
Rent expiring £	15,035,712	7,160,360	3,683,527	1,243,415	948,183
Rent expiring %	53.6%	25.5%	13.1%	4.4%	3.4%

Strategic Report
Investment Manager's Report
Property Investments as at 30 June 2019

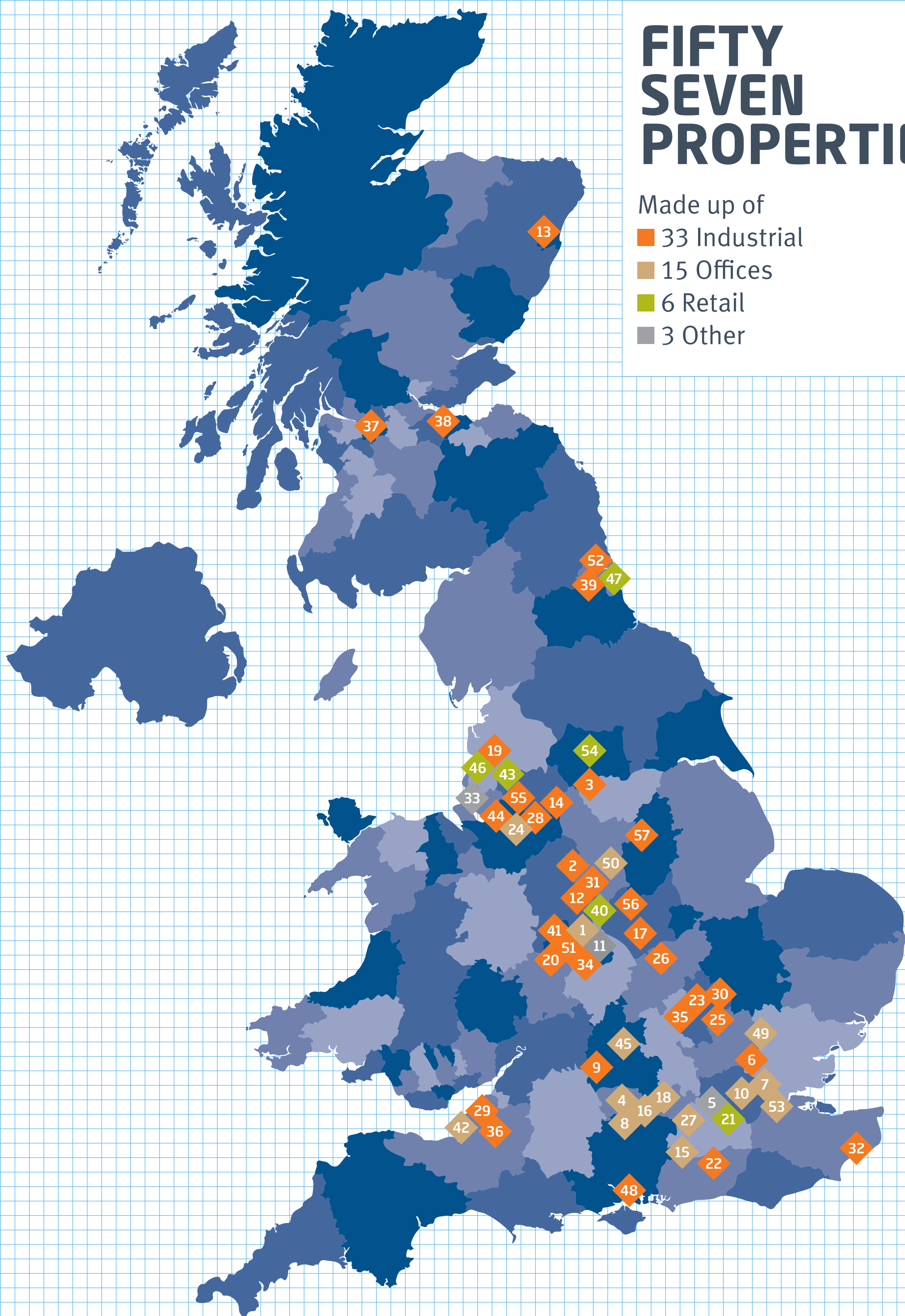
#	Name	Location	Sub-sector	Market value	Tenure	Area sq ft	Occupancy
1	54 Hagley Road	Birmingham	Office	£22m–£24m	Leasehold	141,436	90.7%
2	Denby 242	Denby	Industrial	£18m–£20m	Freehold	242,766	100%
3	Symphony	Rotherham	Industrial	£18m–£20m	Leasehold	364,974	100%
4	The Pinnacle	Reading	Office	£14m–£16m	Freehold	39,032	84.2%
5	Hollywood Green	London	Other	£14m–£16m	Freehold	64,002	100%
6	Marsh Way	Rainham	Industrial	£14m–£16m	Leasehold	82,090	100%
7	New Palace Place	London	Office	£14m–£16m	Leasehold	18,721	98.9%
8	Chester House	Farnborough	Office	£14m–£16m	Leasehold	49,861	100%
9	Timbmet	Shellingford	Industrial	£14m–£16m	Freehold	214,882	100%
10	15 Basinghall Street	London	Office	£12m–£14m	Freehold	17,485	63.7%
11	Atos Data Centre	Birmingham	Other	£12m–£14m	Freehold	40,146	100%
12	Tetron 141	Swadlincote	Industrial	£12m–£14m	Freehold	141,459	100%
13	Ocean Trade Centre	Aberdeen	Industrial	£10m–£12m	Freehold	103,120	95.1%
14	Howard Town Retail Park	High Peak	Industrial	£10m–£12m	Mixed	48,796	100%
15	Explorer 1 & 2 & Mitre Court	Crawley	Office	£10m–£12m	Freehold	43,720	85.4%
16	One Station Square	Bracknell	Office	£10m–£12m	Leasehold	42,429	85.8%
17	CEVA Logistics	Corby	Industrial	£10m–£12m	Freehold	195,225	100%
18	Bourne House	Staines	Office	£10m–£12m	Freehold	26,363	100%
19	Walton Summit Industrial Estate	Preston	Industrial	£10m–£12m	Freehold	147,946	100%
20	Budbrooke Industrial Estate	Warwick	Industrial	£10m–£12m	Freehold	89,939	100%
21	82–84 Eden Street	Kingston Upon Thames	Retail	£10m–£12m	Freehold	24,234	100%
22	Foundry Lane	Horsham	Industrial	£10m–£12m	Freehold	76,535	100%
23	3B – C Michigan Drive	Milton Keynes	Industrial	£8m–£10m	Freehold	128,011	100%
24	101 Princess Street	Manchester	Office	£8m–£10m	Freehold	41,096	100%
25	Foxholes Business Park	Hertford	Industrial	£8m–£10m	Freehold	41,905	75.4%
26	Shield	Kettering	Industrial	£8m–£10m	Freehold	216,753	100%
27	The Kirkgate	Epsom	Office	£8m–£10m	Freehold	26,458	38.6%
28	Broadoak Business Park	Trafford	Industrial	£6m–£8m	Freehold	66,955	100%
29	Kings Business Park	Bristol	Industrial	£6m–£8m	Freehold	58,799	78.6%
30	Flamingo Flowers Limited	Sandy	Industrial	£6m–£8m	Freehold	125,774	100%

Strategic Report
Investment Manager's Report
Property Investments as at 30 June 2019 continued

#	Name	Location	Sub-sector	Market value	Tenure	Area sq ft	Occupancy
31	Tetron 93	Swadlincote	Industrial	£6m–£8m	Freehold	93,836	100%
32	P&O Warehouse	Dover	Industrial	£6m–£8m	Freehold	84,376	100%
33	Grand National Retail Park	Liverpool	Other	£6m–£8m	Freehold	38,223	100%
34	Swift House	Rugby	Industrial	£6m–£8m	Leasehold	100,564	0%
35	Mount Farm	Milton Keynes	Industrial	£6m–£8m	Freehold	74,709	100%
36	Wincanton	Bristol	Industrial	£4m–£6m	Leasehold	196,914	100%
37	Speedy Hire Unit	Glasgow	Industrial	£4m–£6m	Freehold	61,033	100%
38	Units 1 & 2 Cullen Square	Livingston	Industrial	£4m–£6m	Freehold	81,288	100%
39	Stephenson Industrial Estate	Washington	Industrial	£4m–£6m	Freehold	150,257	100%
40	Victoria Shopping Park	Hednesford	Retail	£4m–£6m	Leasehold	37,096	100%
41	Units H1, H2 & G, Nexus Point	Birmingham	Industrial	£4m–£6m	Freehold	46,495	100%
42	31/32 Queen Square	Bristol	Office	£4m–£6m	Freehold	13,124	100%
43	The Point Retail Park	Rochdale	Retail	£4m–£6m	Freehold	42,224	100%
44	Opus 9 Industrial Estate	Warrington	Industrial	£4m–£6m	Freehold	54,904	100%
45	Endeavor House	Kiddlington	Office	£4m–£6m	Freehold	23,414	100%
46	Olympian Way	Leyland, Bradford	Retail	£4m–£6m	Leasehold	31,781	100%
47	Middle Engine Lane	North Shields	Retail	£4m–£6m	Freehold	21,846	100%
48	Unit 2	Fareham	Industrial	£4m–£6m	Leasehold	38,217	100%
49	Anglia House	Herts	Office	£4m–£6m	Freehold	16,982	100%
50	Interfleet House	Derby	Office	£4m–£6m	Freehold	28,735	100%
51	21 Gavin Way	Birmingham	Industrial	£4m–£6m	Freehold	36,376	100%
52	Unit 4 Monkton Business Park	Newcastle	Industrial	£2m–£4m	Freehold	33,021	100%
53	Persimmon House	Dartford	Office	£2m–£4m	Freehold	14,957	100%
54	26–28 Valley Road	Bradford	Retail	£2m–£4m	Freehold	15,998	100%
55	Unit 4 Easter Park	Bolton	Industrial	£2m–£4m	Leasehold	35,534	100%
56	Unit 14 Interlink Park	Bardon	Industrial	£2m–£4m	Freehold	32,747	100%
57	Windsor Court & Crown Farm	Mansfield	Industrial	<£2m	Leasehold	23,574	100%
	Total property portfolio			**496,830,000**			

FIFTY SEVEN PROPERTIES

Made up of
- 33 Industrial
- 15 Offices
- 6 Retail
- 3 Other



Governance

Statement of Directors' Responsibilities

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

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

The Interim Report, for the six months ended 30 June 2019, comprises an Interim Management Report in the form of the Chairman's Statement, the Investment Manager's Report, the Directors' Responsibility Statement and a condensed set of Unaudited Consolidated Financial Statements. The Directors each confirm to the best of their knowledge that:

a. the Unaudited Consolidated Financial Statements are 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

b. the Interim Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties faced.

For and on behalf of the Directors of Standard Life Investments Property Income Trust Limited.

Approved by the Board on
17 September 2019
Robert Peto
Chairman

FINANCIAL STATEMENTS

Financial Statements

Consolidated Statement of Comprehensive Income for the period ended 30 June 2019

	Notes	1 Jan 2019 to 30 Jun 19 £	1 Jan 2018 to 30 Jun 18 £	1 Jan 18 to 31 Dec 2018 £
Rental income		15,360,183	13,402,210	27,773,205
Service charge income		1,196,706	906,711	1,665,737
Valuation gain from investment properties	3	958,500	8,628,067	12,057,044
Gain on disposal of investment properties		867,550	995,922	1,861,161
Investment management fees	2	(1,754,640)	(1,661,767)	(3,381,779)
Valuers fees		(50,346)	(38,184)	(91,396)
Auditor's fees		(40,125)	(37,250)	(78,500)
Directors' fees and expenses		(117,006)	(100,999)	(202,298)
Service charge expenditure		(1,196,706)	(906,711)	(1,665,737)
Other direct property expenses		(1,397,144)	(1,788,188)	(3,154,578)
Other administration expenses		(363,770)	(211,758)	(426,768)
Operating profit		**13,463,202**	**19,188,053**	**34,356,091**
Finance income		7,656	51,302	58,411
Finance costs		(1,841,277)	(1,670,862)	(3,468,125)
Surplus for the period before taxation		**11,629,581**	**17,568,493**	**30,946,377**
Taxation				
Tax charge		—	—	—
Surplus for the period, net of tax		**11,629,581**	**17,568,493**	**30,946,377**
Other Comprehensive Income				
Valuation (deficit)/gain on cash flow hedge		(1,593,258)	1,373,850	1,440,836
Total other comprehensive (deficit)/surplus		**(1,593,258)**	**1,373,850**	**1,440,836**
Total comprehensive surplus for the period, net of tax		**10,036,323**	**18,942,343**	**32,387,213**
Earnings per share		**(p)**	**(p)**	**(p)**
Basic and diluted earnings per share	5	2.87	4.38	7.68
EPRA earnings per share		2.42	1.98	4.22

All items in the above Unaudited Consolidated Statement of Comprehensive Income derive from continuing operations.

The notes on pages 32 to 35 are an integral part of these Consolidated Financial Statements.

Financial Statements

Consolidated Balance Sheet as at 30 June 2019

ASSETS	Notes	30 Jun 19 £	30 Jun 18 £	31 Dec 18 £
Non-current assets				
Investment properties	3	493,897,366	443,256,957	495,245,556
Lease incentives	3	3,898,149	3,478,043	2,896,409
Rental deposits held on behalf of tenants		966,657	961,978	840,633
		498,762,172	**447,696,978**	**498,982,598**
Current assets				
Investment properties held for sale	4	—	11,250,000	—
Trade and other receivables		3,834,177	1,401,392	4,939,071
Cash and Cash equivalents		11,699,447	23,203,967	8,264,972
		15,533,624	**35,855,359**	**13,204,043**
Total Assets		**514,295,796**	**483,552,337**	**512,186,641**
LIABILITIES				
Current liabilities				
Trade and other payables		12,249,103	8,416,847	11,906,363
Interest rate swap	8	595,528	252,383	451,714
		12,844,631	**8,669,230**	**12,358,077**
Non-current liabilities				
Bank borrowings	9	127,203,418	109,148,606	129,249,402
Interest rate swap	8	1,801,693	618,566	352,249
Rent deposits due to tenants		966,657	961,978	840,633
Obligations under finance leases		1,716,391	—	—
		131,688,159	**110,729,150**	**130,442,284**
Total liabilities		**144,532,790**	**119,398,380**	**142,800,361**
Net assets		**369,763,006**	**364,153,957**	**369,386,280**
EQUITY				
Capital and reserves attributable to Company's equity holders				
Share capital		227,431,057	226,001,857	227,431,057
Retained earnings		6,300,815	6,714,960	6,156,881
Capital reserves		38,192,762	33,598,768	37,959,970
Other distributable reserves		97,838,372	97,838,372	97,838,372
Total equity		**369,763,006**	**364,153,957**	**369,386,280**
NAV per share		**91.1**	**90.1**	**91.0**
EPRA NAV per share		**91.7**	**90.3**	**91.2**

The notes on pages 32 to 35 are an integral part of these Consolidated Financial Statements.

Financial Statements
Consolidated Statement of Changes in Equity for the period ended 30 June 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**
Surplus for the period		—	11,629,581	—	—	11,629,581
Other comprehensive income		—	—	(1,593,258)	—	(1,593,258)
Total comprehensive surplus for the period		—	11,629,581	(1,593,258)	—	10,036,323
Dividends paid	7	—	(9,659,597)	—	—	(9,659,597)
Valuation gain from investment properties	3	—	(958,500)	958,500	—	—
Surplus on disposal of investment properties	3	—	(867,550)	867,550	—	—
Balance at 30 June 2019		**227,431,057**	**6,300,815**	**38,192,762**	**97,838,372**	**369,763,006**

	Notes	Share Capital £	Retained Earnings £	Capital Reserves £	Other Distributable Reserves £	Total equity £
Opening balance 1 January 2018		**217,194,412**	**8,364,603**	**22,600,929**	**97,838,372**	**345,998,316**
Surplus for the period		—	17,568,493	—	—	17,568,493
Other comprehensive income		—	—	1,373,850	—	1,373,850
Total comprehensive surplus for the period		—	17,568,493	1,373,850	—	18,942,343
Ordinary shares issued net of issue costs		8,807,445	—	—	—	8,807,445
Dividends paid	7	—	(9,594,147)	—	—	(9,594,147)
Valuation gain from investment properties		—	(8,628,067)	8,628,067	—	—
Gain on disposal of investment properties	3	—	(995,922)	995,922	—	—
Balance at 30 June 2018		**226,001,857**	**6,714,960**	**33,598,768**	**97,838,372**	**364,153,957**

	Notes	Share Capital £	Retained Earnings £	Capital Reserves £	Other Distributable Reserves £	Total equity £
Opening balance 1 January 2018		**217,194,412**	**8,364,603**	**22,600,929**	**97,838,372**	**345,998,316**
Surplus for the year		—	30,946,377	—	—	30,946,377
Other comprehensive income		—	—	1,440,836	—	1,440,836
Total comprehensive surplus for the year		—	30,946,377	1,440,836	—	32,387,213
Ordinary shares issued net of issue costs		10,236,645	—	—	—	10,236,645
Dividends paid	7	—	(19,235,894)	—	—	(19,235,894)
Valuation gain from investment properties		—	(12,057,044)	12,057,044	—	—
Gain on disposal of investment properties	3	—	(1,861,161)	1,861,161	—	—
Balance at 31 December 2018		**227,431,057**	**6,156,881**	**37,959,970**	**97,838,372**	**369,386,280**

The notes on pages 32 to 35 are an integral part of these Consolidated Financial Statements.

Financial Statements

Consolidated Cash Flow Statement for the period ended 30 June 2019

Cash flows from operating activities	Notes	1 Jan 19 to 30 Jun 19 £	1 Jan 18 to 30 Jun 18 £	1 Jan 18 to 31 Dec 18 £
Surplus for the period before taxation		11,629,581	17,568,493	30,946,377
Movement in non-current lease incentives		(784,580)	(396,485)	(735,921)
Movement in trade and other receivables		(941,426)	18,889,516	16,441,217
Movement in trade and other payables		2,185,153	(2,068,406)	1,243,386
Finance costs		1,841,277	1,670,862	3,524,503
Finance income		(7,656)	(51,302)	(58,411)
Valuation surplus from investment properties	3	(958,500)	(8,628,067)	(12,057,044)
Surplus on disposal of investment properties	3	(867,550)	(995,922)	(1,861,161)
Net cash inflow from operating activities		**12,096,299**	**25,988,689**	**37,442,946**
Cash flows from investing activities				
Interest received		7,656	51,302	58,411
Purchase of investment properties		—	(50,212,474)	(64,023,051)
Additions through business acquisition		—	—	(23,913,188)
Capital expenditure on investment properties	3	(1,076,919)	(2,936,163)	(8,170,795)
Net proceeds from disposal of investment properties	3	5,967,550	38,395,922	44,861,161
Net cash inflow/(outflow) from investing activities		**4,898,287**	**(14,701,413)**	**(51,187,462)**
Cash flows from financing activities				
Proceeds on issue of ordinary shares		—	8,874,000	10,314,000
Transaction costs of issue of shares		—	(66,555)	(77,355)
Bank borrowing		—	—	20,000,000
Repayment of RCF		(2,000,000)	—	—
Bank borrowing arrangement costs		(150,000)	(52,500)	(52,490)
Interest paid on bank borrowing		(1,452,231)	(1,167,133)	(2,546,435)
Payments on interest rate swap		(298,283)	(411,478)	(726,842)
Dividends paid to the Company's shareholders	7	(9,659,597)	(9,594,147)	(19,235,894)
Net cash (outflow)/inflow from financing activities		**(13,560,111)**	**(2,417,813)**	**7,674,984**
Net increase/(decrease) in cash and cash equivalents		**3,434,475**	**8,869,463**	**(6,069,532)**
Cash and cash equivalents at beginning of period		8,264,972	14,334,504	14,334,504
Cash and cash equivalents at end of period		**11,699,447**	**23,203,967**	**8,264,972**

The notes on pages 32 to 35 are an integral part of these Consolidated Financial Statements.

Financial Statements

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2019

1 ACCOUNTING POLICIES

The Unaudited Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 'Interim Financial Reporting' and, except as described below, the accounting policies set out in the statutory accounts of the Group for the year ended 31 December 2018. The condensed Unaudited Consolidated Financial Statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended 31 December 2018, which were prepared under full IFRS requirements.

2 RELATED PARTY DISCLOSURES

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

Investment manager

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 is 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 Managers Limited.

Under the terms of the current IMA, the Investment Manager is entitled to receive fees of 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. The total fees charged for the period ended 30 June 2019 amounted to £1,754,640 (period ended 30 June 2018: £1,661,767). The total amount due and payable at the period end amounted to £875,388 excluding VAT (period ended 30 June 2018: £834,388 excluding VAT).

3 INVESTMENT PROPERTIES

Country	UK	UK	UK	UK	
Class	Industrial	Office	Retail	Other	Total
	30 Jun 19	30 Jun 19	30 Jun 19	30 Jun 19	30 Jun 19
Market value as at 1 January	259,150,000	159,630,000	46,530,000	33,800,000	499,110,000
Purchase of investment properties	—	—	—	—	—
Capital expenditure on investment properties	587,649	489,270	—	—	1,076,919
Opening market value of disposed investment properties	—	(5,100,000)	—	—	(5,100,000)
Valuation gain from investment properties	2,406,969	(822,506)	(1,629,850)	1,003,887	958,500
Movement in lease incentives receivable	185,382	633,236	(30,150)	(3,887)	784,581
Market value at 30 June	262,330,000	154,830,000	44,870,000	34,800,000	496,830,000
Right of use asset recognised on leasehold properties	—	1,716,391	—	—	1,716,391
Adjustment for lease incentives	(1,973,247)	(1,786,574)	(274,758)	(614,446)	(4,649,025)
Market value at 30 June	260,356,753	154,759,817	44,595,242	34,185,554	493,897,366

The market value provided by Knight Frank LLP at 30 June 2019 was £496,830,000 (30 June 2018: £457,985,000) however an adjustment has been made for lease incentives of £4,649,025 (30 June 2018: £3,478,043) that are already accounted for as an asset. In addition, as required under IFRS 16 which became effective from 1 January 2019, a right of use asset of £1,716,391 has been recognised in respect of the present value of future ground rents. As required under IFRS 16 an amount of £1,716,391 has also been recognised as an obligation under finance leases in the balance sheet.

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

	1 Jan 19 to 30 Jun 19	1 Jan 18 to 30 Jun 18	1 Jan 18 to 31 Dec 18
Opening market value of disposed investment properties	5,100,000	37,400,000	43,000,000
Surplus on disposal of investment properties	867,550	995,922	1,861,161
Net proceeds from disposed investment properties	**5,967,550**	**38,395,922**	**44,861,161**

4 INVESTMENT PROPERTIES HELD FOR SALE

There were no assets held for sale as at 30 June 2019 (2018: £11,250,000).

5 EARNINGS PER SHARE

The earnings per Ordinary share are based on the net profit for the period of £11,629,581 (30 June 2018: £17,568,493) and 405,865,419 (30 June 2018: 401,011,552) ordinary shares, being the weighted average number of shares in issue during the period.

Earnings for the period to 30 June 2019 should not be taken as a guide to the results for the year to 31 December 2019.

6 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

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

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

7 DIVIDENDS AND PROPERTY INCOME DISTRIBUTION GROSS OF INCOME TAX

	30 Jun 19 £	30 Jun 18 £	31 Dec 18 £
Non property income distributions			
0.668p per ordinary share paid in March 2018 relating to the quarter ending 31 December 2017	—	2,692,811	2,692,811
0.421p per ordinary share paid in November 2018 relating to the quarter ending 30 September 2018	—	—	1,708,693
Property income distributions			
0.552p per ordinary share paid in March 2018 relating to the quarter ending 31 December 2017	—	2,104,263	2,104,262
1.19p per ordinary share paid in May 2018 relating to the quarter ending 31 March 2018	—	4,797,073	4,797,073
1.19p per ordinary share paid in August 2018 relating to the quarter ending 30 June 2018	—	—	4,811,949
0.769p per ordinary share paid in November 2018 relating to the quarter ending 30 September 2018	—	—	3,121,106
1.19p per ordinary share paid in March 2019 relating to the quarter ending 31 December 2018	4,829,799	—	—
1.19p per ordinary share paid in May 2019 relating to the quarter ending 31 March 2019	4,829,798	—	—
	9,659,597	**9,594,147**	**19,235,894**

A property income dividend of 1.19p per share was declared on 8 August 2019 in respect of the quarter to 30 June 2019 – a total payment of £4,829,798. This was paid on 30 August 2019.

Financial Statements

Notes to the Consolidated Financial Statements
for the period ended 30 June 2019 continued

8 FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

Fair values

The fair value of financial assets and liabilities is not materially different from the carrying value in the financial statements.

Fair value hierarchy

The following table shows an analysis of the fair values of investment properties recognised in the balance sheet by the level of the fair value hierarchy:

30 June 2019	Level 1	Level 2	Level 3	Total fair value
Investment properties	—	—	496,830,000	496,830,000

The lowest level of input is the underlying yields on each property which is an input not based on observable market data.

The following table shows an analysis of the fair values of financial instruments recognised in the balance sheet by the level of the fair value hierarchy:

30 June 2019	Level 1	Level 2	Level 3	Total fair value
Loan facilities	—	129,895,646	—	129,895,646

The lowest level of input is the interest rate payable on each borrowing which is a directly observable input.

30 June 2019	Level 1	Level 2	Level 3	Total fair value
Interest rate swap	—	2,397,221	—	2,397,221

Of the figure above, £595,528 is included within current liabilities and £1,801,693 is included within non-current liabilities. The lowest level of input is the three month LIBOR yield curve which is a directly observable input.

There were no transfers between levels of fair value hierarchy during the six months ended 30 June 2019.

Explanation 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.

The fair value of investment properties is calculated using unobservable inputs as described in the annual report and accounts for the year ended 31 December 2018.

Sensitivity of measurement to variance of significant unobservable inputs:

- A decrease in the estimated annual rent will decrease the fair value.
- An increase in the discount rates and the capitalisation rates will decrease the fair value.
- There are interrelationships between these rates as they are partially determined by the market rate conditions.
- The fair value of the derivative interest rate swap contract is estimated by discounting expected future cash flows using current market interest rates and yield curves over the remaining term of the instrument.

The fair value of the loan facilities are estimated by discounting expected future cash flows using the current interest rates applicable to each loan.

9 BANK BORROWINGS

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 consists 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. The Company currently has £18 million undrawn from its existing facility, and has not drawn the new facility, which has an expiry coterminous with the existing debt provided by RBSI, in April 2023. The new facility has a margin of 160bps above Libor.

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.

10 EVENTS AFTER THE BALANCE SHEET DATE

On 30 August 2019, the Company completed the sale of Crown Farm, Mansfield for £900,000.

On 5 September 2019, the Company completed the sale of Michigan Drive, Milton Keynes for £9.3 million.

On 9 September 2019, the Company completed the acquisition of Unit 4 at Broadoak Business Park, Trafford for £3.5 million.

On 13 September 2019, the Company completed the acquisition of Causeway House, Edinburgh for £9.1 million.

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 over the year to 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.
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.
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.

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 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 pages 88 and 89 of the 2018 Annual Report.

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 90 of the 2018 Annual Report.

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 40. 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 Investments 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 Investments 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 Investments 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 2019/2020.

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; Alliance Trust Savings; 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 thewma.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.fca.org.uk/firms/systems-reporting/register/search
Email: register@fca.org.uk

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.

Information for Investors

Directors and Company Information

DIRECTORS

Robert Peto [1]
Huw Evans [2]
Mike Balfour [3]
James Clifton-Brown [4]
Jill May (appointed 12 March 2019)
Sally Ann Farnon (retired 13 June 2019)

REGISTERED OFFICE

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

PO Box 137
Regency Court
Glategny Esplanade
St Peter Port
Guernsey GY1 4HP

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, Canary Wharf
London E14 5LB

1 Chairman of the Board

2 Chairman of the Management Engagement Committee and designated as Senior Independent Director

3 Chairman of the Audit Committee and Nominations Committee

4 Chairman of the of the Property Valuation Committee