Standard Life Investments Property Income Trust Limited

Annual Report and Financial Statements
Year ended 31 December 2015

Contents

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Standard Life Investments Property Income Trust Limited

Strategic Report

Financial Highlights

- The company has grown by over 70% in the year with NAV now standing at £312.8m (2014: £184.4m) driven by portfolio capital growth, NAV accretive share issuance and successful asset management initiatives;
- NAV total return of 15.5% and share price total return of 15.5% in the year, both outperforming the FTSE REIT Index total return of 10.6% and FTSE All Share Index of 1.0%;
- NAV accretive share issuance of £110m in the year the proceeds of which have been timeously invested;
- In order to help finance the purchase of the portfolio of assets described below, the Company increased its borrowing facilities from £84.4million to £139.4million in the form of an additional term loan of £40.6million and a revolving credit facility of £14.4million. As at 31 December 2015 this resulted in a loan to value of 28.1% (31 Dec 2014: 29.2%) and a weighted average interest rate on loan facilities as at 31 December 2015 of 2.7% (31 Dec 2014: 3.66%).
- In the absence of unforeseen circumstances it is the intention of the Company to increase the annual dividend in 2016 to 4.76p, an increase of 2.5%. This equates to a yield of 5.5% based on the share price as at 31 March 2016 compared to the FTSE All-Share REIT Index of 3.3% and the FTSE All-Share Index of 3.8% at the same date;
- Ongoing charges of 1.1% as at 31 December 2015 (2014: 1.6%) underlining the benefits of the significant rise in the Company's NAV in the year and strong cost control.

Property Highlights

- As at 31 December 2015, the portfolio was valued at £452m;
- Portfolio total return for the year of 13.1%, just ahead of the IPD Quarterly version of Monthly Index total return of 13.0% .The standing portfolio (assets held throughout the period) had a total return of 14.7% against a benchmark return of 13.3%;
- Acquired £217m of assets in the year, including a portfolio of 22 assets for £165m in December 2015 which complemented the existing portfolio, will strengthen dividend cover and provide a number of asset management opportunities;
- Sales totalling £55m in the year undertaken to realise profits as well as remove future underperformance risk from the portfolio;
- A number of successful asset management initiatives, contributing to income and capital values, completed during the year including:
    - five new lettings completed during the year securing £0.8m pa of new rent
    - nine lease extensions agreed with existing tenants securing £2.2m pa
    - Successful lease renewals and lettings at White Bear Yard, an office investment in London which is the Company's largest asset, to drive performance
    - Multi let industrial estate in Aberdeen fully let at year end with two large lettings for ten years to the Scottish Ministers and CCF adding to income security.
- Void rate of 1.1% at 31 December 2015 (1.4% in 2014), significantly below the benchmark figure of 8.4%;
- Continuing strong rent collection rates of 100% within 28 days highlighting the continued strength of tenant covenants and the Investment Manager's credit management process for rent collection.

Standard Life Investments Property Income Trust Limited

Strategic Report
Performance Summary

Capital Values & Gearing	31 December 2015	31 December 2014	% Change
Total assets (£m)	467.3	278.7	67.7
Net asset value per share (p)	82.2	75.5	8.9
Ordinary Share Price (p)	84.5	78.3	7.9
Premium/(Discount) to net asset value (%)	2.8	3.7	
Loan to Value*	28.1	29.2	

Total Return	1 year % return	3 year % return	5 year % return
NAV**	15.5	78.1	84.8
Share Price**	15.5	77.3	84.3
FTSE Real Estate Investment Trusts Index	10.6	63.6	94.8
FTSE All-Share Index	1.0	23.4	33.8

Property Returns & Statistics (%)		Year ended 31 December 2015	Year ended 31 December 2014
Property income return		6.1	7.5
IPD property income monthly index		4.9	5.6
Property total return		13.1	18.0
IPD property total return monthly index		13.0	17.9
Void rate		1.1	1.4

Earnings & Dividends		31 December 2015	31 December 2014
Dividends declared per ordinary share (p)		4.644	4.616
Dividend Yield (%)***		5.5	5.9
FTSE Real Estate Investment Trusts Index Yield (%)		3.0	3.0
FTSE All-Share Index Yield (%)		3.7	3.4
Ongoing Charges******			
As a % of average net assets including direct property cost		1.5	2.3
As a % of average net assets excluding direct property cost		1.1	1.6

* 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.
*** Based on an annual dividend of 4.644p and the share price at 31 December.
**** Calculated as investment manager fees, auditor's fees, directors' fees and other administrative expenses divided by the average NAV for the year.

Sources: Standard Life Investments, Investment Property Databank ("IPD").

Standard Life Investments Property Income Trust Limited

Strategic Report
Chairman's Statement

Richard Barfield
Chairman

In what has been a transformational year, I have much pleasure in reporting that the net asset value of your Company grew by 70% in its first full year as a REIT. This growth was achieved through the issue of over £110million of shares in the year to fund acquisitions combined with continued growth in the property portfolio, which comfortably beat its benchmark over the 12 month period. The Company has also announced an increase in its dividend for 2016.

Property Portfolio

In December 2015, the Company announced that it had acquired a portfolio of 22 assets for £165 million funded through a mixture of equity issuance, debt and existing cash resources. The successful acquisition of this portfolio further diversifies the sector, tenant and regional exposure of the Company, offers significant asset management opportunities to create further value and will enhance dividend cover going forward. In addition to this, the Company acquired a further 9 properties in the year for £49.5million and disposed of 10 properties for a total of £58.7million. As a result of this activity the portfolio is now valued at £452million, an increase of £182million in the year. Further details on the portfolio can be found in the Investment Manager's report.

Share Issuance

As part of the portfolio acquisition above, the Company issued shares to the value of £75.7million at a premium to NAV. In addition, in the first half of the year, the Company issued shares to the value of £34.8million at a minimum premium to NAV of 5%, all of which was efficiently invested into the portfolio to help generate positive returns and minimise cash drag. The share issuance programme the Company has undertaken has helped the Company grow significantly in the year, boosting the liquidity of the Company's shares and resulting in the ongoing charges of the Company falling from 1.6% at the end of December 2014 to 1.1% at the end of 2015 with a further fall expected in 2016.

Performance

The Company has delivered both strong NAV and share price performance over the year. The NAV total return for the year was 15.5%, driven by strong capital growth in the property portfolio. The share price total return was 15.5% and the Company's shares continued to trade at a premium to NAV of 2.8% as at 31 December 2015. Both the NAV and share price total return outperformed the FTSE All-Share REIT index total return of 10.6% and the FTSE All-Share Index of 1.0%.

Debt

In order to help fund the acquisition of the portfolio mentioned above the Company restructured its borrowings with RBS in December 2015. The Company increased its borrowing facilities from £84.4million to £139.4million. The additional borrowing was in the form of an additional term loan of £40.6million and a revolving credit facility ("RCF") of £14.4million (with the potential to draw a further £15.6million of the RCF) all of which is due to expire in June 2017. As at 31 December the loan to value ratio (assuming

Standard Life Investments Property Income Trust Limited

Strategic Report

Chairman's Statement (continued)

all cash is placed with RBS as an offset to the loan balance) was 28.1%. The bank covenant level is 65%.

The Company is in advanced negotiations to refinance all its existing loan facilities on favourable terms and expects to make a further announcement on this shortly.

Dividends

The Company paid dividends totalling 4.644p relating to the 2015 financial year. Subsequent to the acquisition of the portfolio described above, which should boost dividend cover going forward in the absence of unforeseen circumstances, the Board announced their intention to increase the dividend by 2.5% in 2016 to four quarterly payments of 1.19p. Based on the share price as at 31 March 2016 this equates to a yield of 5.5% which compares favourably to the yield on both the FTSE All Share REIT Index of 3.3% and the FTSE All-Share Index of 3.8% at the same date.

Board Changes

As announced in the Interim Report it is my intention to stand down from the Board at the AGM in June 2016, to be replaced by Robert Peto. I am also pleased to report that, subsequent to the year end, the Company has appointed Mike Balfour as a new director. He was previously Chief Executive Officer of Thomas Miller Investment Management and has a wealth of experience in investment management and closed ended funds.

Base Erosion and Profit Shifting

In early October 2015, the OECD published guidance relating to base erosion and profit shifting ("BEPS"). In light of this guidance, the recent budget introduced changes to the rules on interest deductibility for tax purposes which will come into force in 2017. It is too early to be definitive as to the impact, if any, that this change will have on the Company given its REIT status. However, the Company and its advisers will continue to closely monitor the situation.

Outlook

The UK economy is expected to continue to grow, although at below trend levels, despite elevated risks both at home and abroad. Occupier markets remain relatively strong which should maintain rental growth momentum over the next few years, although there are signs of some occupiers putting decisions on hold pending greater certainty on the outcome of the EU referendum. However, given the fall in yields for real estate in recent years, which is not expected to continue, and the recent 1% stamp duty rise in the budget, it is anticipated that commercial property returns will moderate with total returns being driven by income.

Against this background, the Company's portfolio is well positioned to continue to grow. The portfolio acquisition in December 2015 increased the scale and diversity of the portfolio and will give rise to further asset management opportunities which will be crucial in an environment where yield compression is limited. Importantly, the new portfolio should also boost income generation at a time when income is becoming the main driver of performance. Combined with the upcoming refinancing of the Company's debt facilities, which should generate significant interest savings, your Company is in a strong position for the future.

Richard Barfield
Chairman
18 April 2016

Standard Life Investments Property Income Trust Limited

Strategic Report
Strategic Overview

Objective

The objective of the Company 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 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, 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 Company'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 Company'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 Standard Life Investments (Corporate Funds) Limited ('Investment Manager').

Strategy

During the year, the Board reassessed its strategy, 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.

At property level, it is intended that the Company remains primarily invested in the commercial sector, while keeping a watching brief on other classes such as student accommodation and care homes. The Company is principally invested in office, industrial and retail properties and intends to remain so. In all sectors, poor secondary and tertiary locations are regarded as high risk and will be avoided.

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 within the Investment Manager can be used to beneficial effect. The Board will continue to have very careful regard to tenant profiles.

The Board continues to seek out opportunities for further growth in the Company and achieved this during 2015 by raising an additional £110m of capital through new share issues, as detailed in the Chairman's Statement.

The maintenance of a tax efficient structure was achieved by converting the Company to a UK REIT on 1 January 2015.

The Board

The Board currently consists of a non-executive Chairman and four non-executive Directors. The names and biographies of those directors who held office at 31 December 2015 and at the date of this report appear on page 17 and indicate their range of property, investment, commercial and professional experience. There is also a commitment to achieve the proper levels of diversity. At the date of this report, the Board consisted of one female and four male Directors. The Company does not have any employees.

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Strategic Report
Strategic Overview (continued)

Key Performance Indicators

The Board meets quarterly and at each meeting reviews performance against a number of key measures:

- Property income and total return against the Quarterly Version of the Investment Property Databank Balanced Monthly Funds Index ('the Index').

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

- Property voids

Property voids are unlet properties. The Board reviews the level of property voids within the Company's portfolio on a quarterly basis and compares the level to the market average, as measured by the Investment Property Databank. The Board seeks to ensure that proper priority is being given by the Investment Manager to replacing the Company's income.

- Rent collection dates

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 total return reflects both the net asset value growth of the Company 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 net asset value total return of the Company over various time periods (quarter, annual, three years, five years) and compares the Company'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 net asset value and believes that a key driver to the level of the premium or discount is the Company's long term investment performance. However, there can be short term volatility in the premium or discount and the Board takes powers at each AGM to enable it to issue or buy back shares with a view to limiting this volatility.

- Dividend per share and dividend yield

A key objective of the Company 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 yield, 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 are disclosed in the Financial Highlights, Chairman's Statement and Investment Manager's Report.

Principal Risks and Uncertainties

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.

Standard Life Investments Property Income Trust Limited

Strategic Report
Strategic Overview (continued)

The Board has also identified a number of other specific risks that are reviewed at each Board meeting. These are as follows:

- The Company and its objectives become unattractive to investors. This 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 Company's broker to discuss these points and address any issues that arise.
- Poor selection of new properties for investment. A comprehensive and documented initial due diligence process, which will filter out properties that do not fit required criteria, is carried out by the Investment Manager. Where appropriate, this is followed by detailed review and challenge by the Board prior to a decision being made to proceed with a purchase. This process is designed to mitigate the risk of poor property selection.
- Tenant failure or inability to let property. Due diligence work on potential tenants is undertaken before entering into new lease arrangements. In addition, 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 Company subscribes to the Investment Property Databank 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.
- Breach of loan covenants. The Investment Manager monitors the loan covenants on a regular basis and provides a monthly 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 the bank on Company activity and performance.
- Loss on financial instruments. The Company has entered into a number of interest rate swap arrangements. These swap instruments are valued and monitored on a monthly basis by the counterparty bank. The Investment Manager checks the valuations of the swap instruments internally to ensure they are accurate. In addition, the credit rating of the bank that the swaps are taken out with is assessed regularly.

Other risks faced by the Company include the following:

- Strategic – incorrect strategy, including sector and property allocation and use of gearing, could all lead to poor return for shareholders.
- Tax efficiency – the structure of the Company or changes to legislation could result in the Company no longer being a tax efficient investment vehicle for shareholders.
- Regulatory – breach of regulatory rules could lead to the suspension of the Company'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.
- Economic – inflation or deflation, economic recessions and movements in interest rates could affect property valuations and also bank borrowings.
- Geopolitical – geopolitical instability or change could have an adverse affect on UK real estate and stock markets.

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Strategic Report

Strategic Overview (continued)

The implementation of AIFMD during 2014 and the conversion of the Company to a UK REIT on 1 January 2015 have introduced additional regulatory risks to the Company in the form of ensuring compliance with the respective regulations. In relation to AIFMD, the Board receives regular reporting from the AIFM and the depositary to ensure both are meeting their regulatory responsibilities in respect of the Company. In relation to UK REIT status, the Board has put in place a system of regular reporting to ensure that the requirements of the UK REIT regime are being adequately monitored and fully complied with.

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 Company's property portfolio, levels of gearing and the overall structure of the Company.

Details of the Company's internal controls are described in more detail in the Corporate Governance Report on page 24.

Social, Community and Employee Responsibilities

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

Environmental Policy

The Investment Manager acquires and manages properties on behalf of the Company. It is recognised that these activities have both direct and indirect environmental impacts.

The Board has endorsed the Investment Manager's own environmental policy which is to work in partnership with contractors, suppliers, tenants and consultants to minimise those impacts, seeking continuous improvements in environmental performance and conducting regular reviews.

The Investment Manager's policy focuses on energy conservation, mitigating greenhouse gas ('GHG') emissions, maximising waste recycling and water conservation.

As an investment company, the Company's own direct environmental impact is minimal and GHG emissions are therefore negligible. Information on the GHG emissions in relation to the Company's real estate portfolio is disclosed in the Standard Life Investments annual Sustainable Real Estate Investment report, a copy of which can be obtained on request from the Investment Manager. The Company was awarded Green Star ranking from the Global Real Estate Sustainability Benchmark for 2015.

Viability Statement

The Board considers viability as part of its ongoing programme of monitoring risk. The Board considers five years to be a reasonable time horizon over which to review the continuing viability of the Company, although it does have regard to viability over the longer term, in particular to key points outside this time frame, such as the due dates for the repayment of long-term debt.

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

In assessing the Company's viability, the Board has carried out thorough reviews of the following:

- Detailed NAV, cash resources and income forecasts, prepared by the Investment Manager, for a five year period under both normal and stressed conditions;

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Strategic Report

Strategic Overview (continued)

- The Company's ability to pay its operational expenses, bank interest and dividends over a five year period;
- Future debt repayment dates and debt covenants, in particular those relating to LTV and interest cover; and
- The valuation and liquidity of the Company's property portfolio, Investment Manager's portfolio strategy for the future and the market outlook.

The Board has also carried out a robust assessment of the principal risks faced by the Company, as detailed on page 7. The Board takes any potential risks to the ongoing success of the Company and its ability to perform, including the refinancing of its current debt facility, very seriously and works hard to ensure that risks are kept to a minimum at all times.

Based on the results of the analysis outlined above, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of its assessment.

Approval of Strategic Report

The Strategic Report comprises the Financial Highlights, Chairman's Statement, Strategic Overview and Investment Manager's Report. The Strategic Report was approved by the Board on 18 April 2016 and signed on its behalf by:

Richard Barfield
Chairman
18 April 2016

Standard Life Investments Property Income Trust Limited

Strategic Report

Investment Manager's Report

Jason Baggaley

Fund Manager

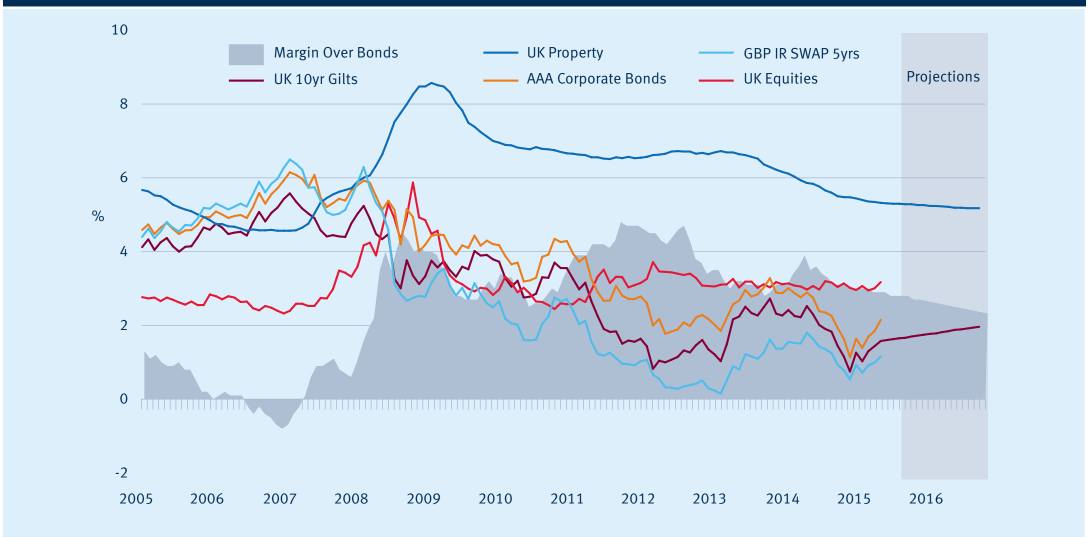
UK Real Estate Market

Despite recent market volatility the UK economic fundamentals remain intact, providing a solid base for real estate occupier demand. A key risk to the outlook remains weak global growth particularly among emerging markets and an appreciating currency could weigh on the UK recovery further out. The uncertainty surrounding a vote on Brexit also has scope to disrupt both the economy and investment markets. Returns for the real estate asset class continue to moderate but remain compelling relative to other asset classes. Over the twelve months to 31 December 2015, all Property recorded a total return of 13.0% p.a. according to the quarterly version of the IPD Monthly Index whilst rental growth continued to improve at 4.2% p.a. in the twelve months period.

UK listed real estate equities total returns were 10.6% over the year to 31 December 2015, outperforming the FTSE100 which fell by 1.3% in total return terms and the FTSE All Share which rose by 1.0%.

In the year to end December, the office sector continued to generate the highest returns. The sector recorded a total return of 17.2% whilst the industrial sector recorded the next strongest returns at 16.6%. Retail remains the laggard sector with a total return of 8.1% in the year. As in 2014 capital growth was fuelled by falling yields, driven mainly by the weight of money, and

Yields on Different Assets



Source: IPD, Thomson Reuters, Standard Life Investment Real Estate Research, July 2015

Standard Life Investments Property Income Trust Limited

Strategic Report

Investment Manager's Report (continued)

the relatively attractive yield on real estate. Over the last three months of 2015 (and continuing into 2016) the rate of capital growth slowed and yield compression appears to have stopped.

Investment Outlook

Total returns for UK real estate look to have peaked for this cycle and income is likely to be the main component of returns going forward as opposed to capital growth which has been a key element of returns over the past few years. During the last three months of 2015 yield compression slowed as investors expectations of interest rate rises grew. That sentiment moderated in the first two months of 2016, to be replaced by a concern over global growth, and the impact that will have on occupier demand. Despite heightened global uncertainty, projections for UK economic growth are likely to remain in positive territory and provide a reasonable backdrop for the domestic real estate outlook. Relative to longer term government bonds, the yield gap remains significant by historic standards, and that should lead to continued investor demand for real estate as investors search for attractive, stable and predictable sources of income. Indeed, the sector remains attractive from a fundamental point of view, with reasonable economic drivers and a limited pipeline of future new developments expected to maintain rental growth. We anticipate reasonable positive total returns for investors on a three year hold period due to the elevated yield and income growth prospects.

The great unknown at the time of writing is what the outcome, and impact, of the referendum on EU membership will be. At the very least one can expect a slowdown in occupier demand in the lead up to it, especially in central London. In the short term at least the rest of the UK is likely to be insulated to some degree. If the vote is to remain in the EU then this slowdown in demand is likely to be temporary. If the vote is to leave, then the impact is not possible to predict currently due to the range of possible outcomes, but will be negative on pricing for the short to medium term at least.

Investment Management Strategy

The investment strategy remains focused on achieving the Company's objective of producing an attractive income return with the prospect of income and capital growth. During the year the Company's NAV per share grew by 8.9%. At the year end share price of 84.5p the dividend yield was 5.5%. The Company's Board continues to target a covered dividend.

2015 was another year of growth for the Company. An important part of the growth strategy was to protect and enhance existing shareholders interests. This was done by issuing shares at a reasonable premium to the then NAV (normally 5%), and minimising cash drag by only raising funds when we were confident the money could be deployed in a reasonable time period on attractive investments.

At the end of the reporting period the Company undertook a large transaction whereby it bought a fund of 22 assets ('the new portfolio') for £165m using a combination of new equity, debt, and existing cash. No stamp duty was payable on the purchase and the new equity was raised at a premium of 2.8%.

Even during times of growth it is important to manage existing assets, and we remained focussed on regearing leases and disposing of assets that have specific risk to the fund; more details of which can be found below.

Standard Life Investments Property Income Trust Limited

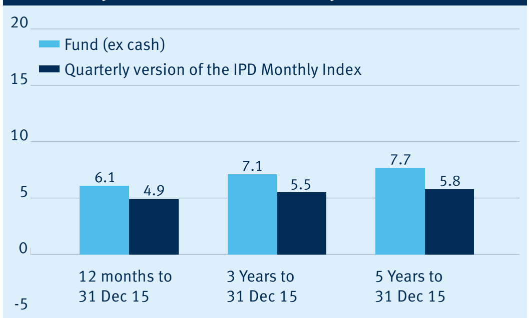
Strategic Report
Investment Manager's Report (continued)

Performance

The Company's aim is to provide investors with an attractive income return, with potential for growth in income and capital.

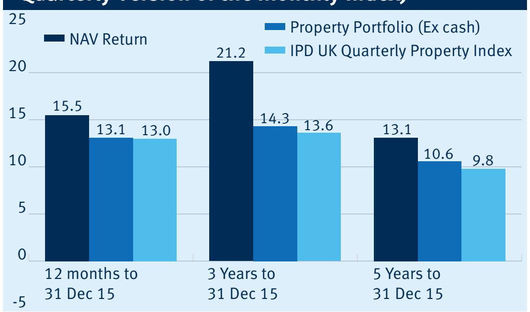
The income yield on the portfolio has to be sufficient to maintain the covered dividend, and the chart below demonstrates the consistently higher income yield from the Company's portfolio than the more general market as recorded by the IPD monthly index.

Property Income Return (measured against the IPD Quarterly Version of the Monthly Benchmark)



Although income is a key focus for us, the NAV total return to investors is also important. The chart below demonstrates the importance of raising new equity at a reasonable premium to the then NAV so that purchase costs do not negatively impact existing shareholders. It is also important, when raising equity in a rising market to try and avoid cash drag by not raising too much at one time and being unable to invest it. The cash drag impacts both capital returns and also the ability to maintain a covered dividend.

Property Total Return (measured against the IPD Quarterly Version of the Monthly Index)



The table below puts the Company's performance into perspective with similar companies in the sector.

NAV Total Returns to 31 December 2015	1 Year (%)	3 Years (%)	5 Years (%)
Standard Life Investments Property Income	15.5	78.1	84.8
F&C Commercial Property	16.1	60.7	85.2
F&C UK Real Estate	15.9	66.1	72.0
Picton Property	20.1	73.8	68.5
Schroder Real Estate	16.0	57.0	68.8
UK Commercial Property	9.1	47.9	53.6
Custodian	8.8	–	–

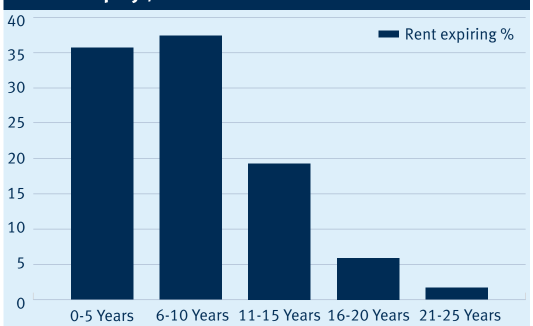
Portfolio Valuation

The Company's investment portfolio was valued by Jones Lang La Salle on a quarterly basis throughout 2015. For the December valuation (and ongoing valuations) the new portfolio was valued by Knight Frank. At the year end the total portfolio was valued at £452.0m, and the Company held £12.4m of cash. This compares to £270.1m (this is the open market value adjusted for anticipated sales costs on properties held for sale) and £5.4m respectively as at end 2014.

Lease Expiry Profile

The Company has an average unexpired lease term to the earliest of lease end or tenant break of 5.8 years. This compares to the IPD average of 7.5 years (excluding leases over 35 years). The portfolio before the purchase of the new portfolio had an unexpired lease term of 7.2 years, and one of the attractions of buying the new portfolio was the opportunity for asset management. Approximately 10% of the Company's income is subject to a lease expiry or break in 2016, and 9% in 2017.

Lease Expiry / Break Profile



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Strategic Report
Investment Manager's Report (continued)

Purchases

The philosophy of the Company is to acquire assets that offer an attractive income return and have good medium/long term prospects. We like to be able to add value through asset management, and seek to buy in lot sizes where there is less competition. We focus on good quality assets, in good locations, let to good tenants. We are less concerned about lease length, as past experience has shown tenant retention is high where the assets are of good quality and meet occupier needs.

During the first nine months of the year the Company acquired 9 assets for a total of £49.5m excluding costs.

In the final quarter the Company completed the purchase of the new portfolio – 22 assets for £165m excluding costs. The portfolio was a very good fit for the Company as it had a similar structure with over exposure to office and industrial, and an underweight position to retail. The geographical split was also beneficial with nothing in central London but 28% in Greater London and a further 27% in the South East. The new portfolio has plenty of opportunity for asset management, with a number of shorter leases, and with an initial yield of 5.9% there is scope to increase rents in the short term.

Sales

The Company undertook several sales to reduce specific expiry risk, exiting some smaller assets that we felt would not perform in line with expectations, and taking profit from others. We completed on the sale of 10 assets for a total of £58.7m

Asset Management

Asset management is central to how we run the portfolio. We like to meet with our tenants and make sure that the property we own meets occupiers needs. During the course of 2015 we completed 6 new lettings and 8 lease regears. As a result we ended the year with voids of just 1.1%, well below the IPD benchmark level of 8.4%.

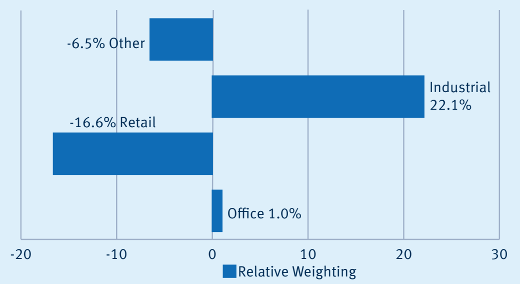
It is noticeable that in many parts of the UK the supply of good quality accommodation is limited, with increasing tenant demand. This is leading to rental growth from competition between tenants. In this environment it is important to understand tenant needs to maintain income security, and to add value through lease regears and taking surrenders to refurbish space and upgrade it.

Portfolio allocation by Region	%
South East	41
Scotland	5
South West	6
North West	12
London West End	2
East Midlands	14
London City	5
North East	9
West Midlands	6

Portfolio allocation by IPD sub-sector	%
Standard Retails – South East	7
Standard Retails – Rest of UK	1
Shopping Centres	–
Retail Warehouses	15
Offices – City	5
Offices – West End	2
Offices – South East	23
Offices – Rest of UK	6
Industrials – South East	11
Industrials – Rest of UK	30

Portfolio allocation by sector – including cash	%
Office	35
Retail	22
Industrial	40
Other	–
Cash	3

Relative Weighting versus IPD



Standard Life Investments Property Income Trust Limited

Strategic Report
Investment Manager's Report (continued)

Top Ten Properties

Property Name	Market Value Band £	Sector	% of Portfolio (excl. cash)
White Bear Yard, London	>18m	Office	5
Elstree Tower, Borehamwood	16-18m	Office	4
DSG, Blackpool Road, Preston	16-18m	Retail	4
Denby 242, Denby	14-16m	Industrial	4
Symphony, Sheffield Road, Rotherham	14-16m	Industrial	4
Chester House, Farnborough	14-16m	Office	3
Charter Court, Slough	12-14m	Office	3
3B-3C Michigan Drive, Milton Keynes	12-14m	Industrial	3
Ocean Trade Centre, Aberdeen	10-12m	Industrial	3
Hollywood Green, London	10-12m	Retail	3

The ten largest investments represent 34% of the portfolio value, which has a total of 62 assets, giving good diversification across sector, geography and tenant.

Top Ten Tenants

Tenant Group	Passing Rent £	As % of Total Rent
Sungard Availability Services (UK) Ltd	1,320,000	4.6
BAE Systems	1,257,640	4.4
DSG	1,177,677	4.1
The Symphony Group Plc	1,080,000	3.8
Banner Business Services	854,626	3.0
Bong UK	712,980	2.5
Royal Bank of Scotland Plc	700,000	2.4
Matalan	696,778	2.4
Grant Thornton	680,371	2.4
Euro Car Parts Ltd	635,216	2.2
Total	**9,115,288**	**31.8**

Standard Life Investments Property Income Trust Limited

Strategic Report
Investment Manager's Report (continued)

Property Investments as at 31 December 2015

Name	Location	Sub-sector	Market Value £	Tenure	Area sq ft	Occupancy Rate (sq ft)
White Bear Yard	London	Offices - City	>18m	Freehold	21,232	100%
Elstree Tower	Borehamwood	Offices - South East	16-18m	Freehold	80,713	100%
DSG, Blackpool Road	Preston	Retail Warehouses	16-18m	Freehold	40,997	100%
Denby 242	Denby	Industrials - Rest of UK	14-16m	Freehold	242,766	100%
Symphony, Sheffield Road	Rotherham	Industrials - Rest of UK	14-16m	Leasehold	364,974	100%
Chester House	Farnborough	Offices - South East	14-16m	Leasehold	49,861	100%
Charter Court	Slough	Offices - South East	12-14m	Freehold	45,554	93%
3B-3C, Michigan Drive	Milton Keynes	Industrials - South East	12-14m	Freehold	128,011	100%
Ocean Trade Centre	Aberdeen	Industrials - Rest of UK	10-12m	Freehold	103,120	100%
Hollywood Green	London	St Retails - South East	10-12m	Freehold	64,003	100%
Bourne House, Staines	Staines	Offices - South East	10-12m	Freehold	26,363	100%
New Palace Place	London	Offices - West End	10-12m	Leasehold	18,596	99%
Howard Town Retail Park	Glossop	Retail Warehouses	10-12m	Mixed	50,116	91%
82-84 Eden Street	Kingston-upon-Thames	St Retails - South East	10-12m	Freehold	24,235	95%
The Quadrangle	Cheltenham	Offices - Rest of UK	8-10m	Freehold	58,920	100%
Tetron 141	Swadlincote	Industrials - Rest of UK	8-10m	Freehold	141,450	100%
CEVA Logistics	Corby	Industrials - Rest of UK	8-10m	Freehold	195,225	100%
Explorer 1 & 2, Mitre Court	Crawley	Offices - South East	8-10m	Freehold	46,205	100%
The Kirkgate	Epsom	Offices - South East	8-10m	Freehold	26,454	100%
Budbrooke Industrial Estate	Warwick	Industrials - Rest of UK	8-10m	Leasehold	88,551	84%
Walton Summit Industrial Estate	Preston	Industrials - Rest of UK	8-10m	Freehold	147,946	100%
Foxholes Business Park	Hertford	Industrials - South East	6-8m	Freehold	41,988	100%
Swift House	Rugby	Industrials - Rest of UK	6-8m	Leasehold	99,781	100%
Marsh Way	Rainham	Industrials - South East	6-8m	Leasehold	82,090	100%
P&O Warehouse	Dover	Industrials - South East	6-8m	Freehold	84,376	100%
Victoria Shopping Park	Hednesford	Retail Warehouses	6-8m	Leasehold	37,096	96%
Tetron 93	Swadlincote	Industrials - Rest of UK	6-8m	Freehold	93,836	100%
Dorset Street	Southampton	Offices - South East	6-8m	Freehold	25,101	100%
Bathgate Retail Park	Bathgate	Retail Warehouses	6-8m	Freehold	45,168	100%
Causeway House	Teddington	Offices - South East	6-8m	Freehold	19,296	100%
The Point Retail Park	Rochdale	Retail Warehouses	4-6m	Freehold	42,224	100%
Middle Engine Lane	North Shields	Retail Warehouses	4-6m	Freehold	21,846	100%
Foundry Lane	Horsham	Industrials - South East	4-6m	Freehold	76,535	100%
Units 1 & 2 Olympian Way	Leyland	Retail Warehouses	4-6m	Leasehold	31,781	100%
26-28 Valley Road	Bradford	St Retails - Rest of UK	4-6m	Mixed	28,915	100%
Silbury House	Milton Keynes	Offices - South East	4-6m	Freehold	25,205	100%

Standard Life Investments Property Income Trust Limited

Strategic Report
Investment Manager's Report (continued)

Property Investments as at 31 December 2015 (continued)

Name	Location	Sub-sector	Market Value £	Tenure	Area sq ft	Occupancy Rate (sq ft)
Matalan, Blackfriar's Road	Kings Lynn	St Retails - South East	4-6m	Leasehold	33,991	100%
Unit 6 Broadgate, Broadway Business Park	Oldham	Industrials - Rest of UK	4-6m	Leasehold	103,605	100%
Garanor Way, Portbury	Bristol	Industrials - Rest of UK	4-6m	Leasehold	196,884	100%
Endeavour House	Kidlington	Offices - South East	4-6m	Freehold	23,414	100%
Broadoak Business Park	Manchester	Industrials - Rest of UK	4-6m	Freehold	65,778	88%
The Range	Southend-on-Sea	Retail Warehouses	4-6m	Freehold	30,427	100%
Interfleet House	Derby	Offices - Rest of UK	4-6m	Freehold	28,735	100%
Mount Farm	Milton Keynes	Industrials - South East	4-6m	Freehold	74,712	100%
The IT Centre, Innovation Way	York	Offices - Rest of UK	4-6m	Leasehold	25,419	100%
Interplex 16, Ash Bridge Road	Bristol	Industrials - Rest of UK	4-6m	Freehold	86,548	100%
Anglia House	Bishops Stortford	Offices - South East	4-6m	Freehold	16,982	100%
Matalan, Mayo Avenue	Bradford	Retail Warehouses	4-6m	Leasehold	25,282	100%
Unit 1-4, Opus 9 Industrial Estate	Warrington	Industrials - Rest of UK	4-6m	Freehold	54,904	100%
Units 1 & 2, Cullen Square	Livingston	Industrials - Rest of UK	4-6m	Freehold	81,735	100%
Persimmon House, Crossways Business Park	Dartford	St Retails - South East	4-6m	Freehold	14,957	100%
31/32 Queen Square	Bristol	Offices - Rest of UK	2-4m	Freehold	13,124	100%
Unit 2, Brunel Way	Fareham	Industrials - South East	2-4m	Leasehold	38,217	100%
Farrah Unit, Crittall Road,	Witham	Industrials - South East	2-4m	Freehold	57,328	100%
Unit 4, Monkton Business Park	Newcastle Upon Tyne	Industrials - Rest of UK	2-4m	Freehold	33,021	100%
Unit 4, Easter Park	Bolton	Industrials - Rest of UK	2-4m	Leasehold	35,534	100%
Turin Court, Stockport	Manchester	Offices - Rest of UK	2-4m	Freehold	23,881	100%
21 Gavin Way, Nexus Point	Birmingham	Industrials - Rest of UK	2-4m	Freehold	36,376	100%
Ceres Court	Kingston Upon Thames	St Retails - South East	2-4m	Leasehold	4,343	100%
Unit 14 Interlink Park	Bardon	Industrials - Rest of UK	2-4m	Freehold	32,747	100%
Travis Perkins	Cheltenham	Industrials - Rest of UK	1-2m	Freehold	51,148	100%
Windsor Court & Crown Farm	Mansfield	Industrials - Rest of UK	0-1m	Leasehold	23,574	100%
Total property portfolio			**451,985,000***			**94%**

* This is the open market value unadjusted for lease incentives.

Standard Life Investments Property Income Trust Limited

Governance
Board of Directors

Richard Barfield, Richard Barfield is a UK resident. He is a trustee and Chairman of the Investment Sub Committee of British Coal Staff Superannuation Scheme, Chairman of the Investment Sub Committee of the Rio Tinto Pension Fund, a member of the Supervisory Committee of Scottish Life and a member of the Investment committee of the Royal Society of Edinburgh.

Sally Ann (Susie) Farnon, is a resident of Guernsey. She is a chartered accountant and was a banking and finance Partner with KPMG Channel Islands from 1990 until 2001, Head of Audit KPMG Channel Islands and a former member of The States of Guernsey Public Accounts Committee. She was Vice-Chairman of The Guernsey Financial Services Commission until 31 March 2015 and is a non executive director of Ravenscroft Ltd, Breedon Aggregates Ltd, HICL Infrastructure Company Ltd, Threadneedle UK Select Trust Ltd and Apax Global Alpha Ltd.

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, including BH Macro Ltd.

Robert Peto, is a UK resident. He is Chairman of DTZ Investment Management Ltd, is a non-executive director of Lend Lease Europe GP Limited (Retail Fund), Western Heritable Company Ltd and the commercial subsidiary of the Royal Bath & West Society and is non-executive chairman of GCP Student Living Plc. He was Global President of RICS in 2010 - 2011, a member of the Bank of England Property Advisory Group from 2007 to 2011, chairman of DTZ UK from 1998 to 2008 and a member of the board of DTZ Holdings Plc from 1998 to 2009.

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 2016. 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 2016. He is also a director of Martin Global Portfolio Trust Plc and Murray Income Trust Plc.

Standard Life Investments Property Income Trust Limited

Governance
Directors' Report

The Directors of Standard Life Investments Property Income Trust Limited ("the Company") present their Annual Report and Audited Financial Statements for the year ended 31 December 2015.

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).

On 1 January 2015 the Company became a UK REIT.

The Company's registered number is 41352.

The Group

At 31 December 2015, the Group consisted of the Company and six subsidiaries: Standard Life Investments Property Holdings Limited, a company with limited liability incorporated in Guernsey; Standard Life Investments SLIPIT Unit Trust, a Jersey Property Unit Trust domiciled in Jersey; 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 the United Kingdom; Standard Life Investments SLIPIT (Nominee) Limited, a company with limited liability incorporated in the United Kingdom; and Ceder Court Property Limited, a company of limited liability incorporated in the United Kingdom.

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.

Substantial Shareholdings

As at 31 December 2015 and 31 March 2016, the following entities had a holding of 3% or more of the Company's issued share capital.

	% holding	
	31/12/2015	31/3/2016
Brewin Dolphin	16.1	16.1
Standard Life Investments	9.0	9.0
Heartwood Group	8.0	7.4
Hargreaves Lansdown	4.5	4.6
Legal & General	3.2	3.1
Blackrock	3.2	3.4

Directors

The names and short biographies of the Directors of the Company at the date of this Report, all of whom served throughout the year ended 31 December 2015, save for Mike Balfour who was appointed on 10 March 2016, are shown on page 17.

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

	Ordinary Shares held	
	31/12/2015	31/12/2014
Richard Barfield	83,128	70,128
Sally-Ann Farnon	30,000	30,000
Huw Evans	60,000	30,000
Robert Peto	57,435	27,435

There have been no changes in the above interests between 31 December 2015 and 18 April 2016.

Directors' Indemnity

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company. The Company's Articles of Association provide, subject to the provisions of Guernsey legislation, for the Company 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 Financial Statements are approved, the following applies:

Standard Life Investments Property Income Trust Limited

Governance
Directors' Report (continued)

- so far as the Director is aware, there is no relevant audit information of which the Company'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 Company's auditor is aware of that information.

Going Concern

The Company'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 Company'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. They have not identified any material uncertainties 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 financial statements. The Directors have satisfied themselves that the Company 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 financial statements.

Corporate Governance

The Directors report on Corporate Governance is detailed on pages 21 to 25 and forms part of the Directors' Report.

Share Capital and Voting Rights

As at 31 December 2015, and at the date of this report, there were 380,690,419 ordinary shares of 1p each in issue. 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

The independent auditor, Ernst and Young LLP, has indicated its willingness to continue in office, and a resolution that it will be reappointed will be proposed at the Annual General Meeting.

Annual General Meeting

The notice of the Annual General Meeting, which will be held this year at 11.30am on 2 June 2016, may be found on pages 85 to 90.

Among the resolutions being put to the Annual General Meeting, the following resolutions will be proposed.

Directors Authority to Buy Back Shares (resolution 10)

The Company did not purchase any shares for cancellation during the financial year ending 31 December 2015. 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 10 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 per cent. of the issued ordinary share capital, such authority to last until the earlier of 2 December 2017 and the Annual General Meeting in 2017. 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 per cent 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 11)

Resolution 11 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 2017 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, up to an aggregate nominal amount of £380,690. This is equivalent to approximately 10% of the issued ordinary share capital of the Company as at 18 April 2016. 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.

Amendments to the Memorandum and Articles of Association (resolutions 12 to 15)

It is proposed in Resolutions 12 to 15 to amend the existing Memorandum of Association of the Company ('Memorandum') and to adopt new Articles of Association of the Company ('Articles') in order to update the Company's current Memorandum and Articles to comply with the Companies (Guernsey) Law, 2008, as amended.

A further change is also proposed to the Articles in relation to the maximum permitted level of aggregate Directors' fees per annum. The Articles currently provide that the amount Directors may be paid by way of fees shall not exceed in aggregate £150,000 per annum. It is proposed to increase the aggregate amount that Directors may be paid per annum for their services as Directors from £150,000 to £250,000. The Board is very conscious of the principles of good corporate governance, the requirement for a balanced Board with an appropriate number of Directors and for planned and progressive refreshing of the Board. Therefore, if resolution 14 is passed, the Board will continue to have the ability to attract candidates of sufficient quality and to manage succession planning on an ongoing basis.

The proposed changes to the Memorandum are detailed in resolutions 12 to 14. Resolution 15 proposes the adoption of the new Articles and the proposed changes are listed in the Appendix to the notice of Annual General Meeting, along with an explanatory note.

The amended Memorandum and the new Articles, showing all changes to the current Memorandum and Articles, are available for inspection as stated in the notes to the Notice of the Annual General Meeting.

Recommendation

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 18 April 2016
Richard Barfield
Chairman

Standard Life Investments Property Income Trust Limited

Governance
Corporate Governance Report

Introduction

As a company incorporated in Guernsey with a premium listing of equity shares on the London Stock Exchange, the Company is required to comply with the UK Corporate Governance Code 2014 (the "UK Code") or explain any non-compliance. The Board believes that the Company has complied throughout the accounting period with the provisions set out in the UK Code, subject to the statements made in the Corporate Governance Report below.

The Guernsey Financial Services Commission published its Code of Corporate Governance (the "Guernsey Code") in September 2011. This code came into effect on 1 January 2012. By complying with the UK Code, the Company is deemed to have met the requirements of Guernsey Code and has therefore not reported further on its compliance with that code.

The Board has considered the principles and recommendations of the AIC's Code of Corporate Governance (the "AIC Code") and follows the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"), which provides a framework of best practice for investment companies. The Financial Reporting Council has confirmed that, by following the AIC Guide, investment company boards should fully meet their obligations in relation to the UK Code.

The AIC Code and the AIC Guide are available on the AIC's website, www.theaic.co.uk. The UK Code is available on the Financial Reporting Council's website, www.frc.org.uk. The Guernsey Code is available on the Guernsey Financial Services Commission's website, www.gfsc.gg.

The Board considers that it is appropriate to report against the principles and recommendations of the AIC Code by reference to the AIC Guide (which incorporates the UK Code). Except as disclosed in the following paragraph, the Company complied throughout the year with the recommendations of the AIC Code and the relevant provisions of the UK Code.

The UK Code contains provisions in relation to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

The Board considers that 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 on these provisions.

The Board

The Board comprises solely of non-executive Directors of which Richard Barfield is Chairman and Sally-Ann Farnon has been designated as Senior Independent Director. Biographical details of each Director are shown on page 17. 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.

Mike Balfour was appointed as a Director on 10 March 2016. Richard Barfield will retire from the Board on 2 June 2016 and will be replaced as Chairman by Robert Peto.

The Board has delegated day-to-day management of the assets to the Investment Manager. 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 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 Company's strategy.

Individual Directors are entitled to have access to independent professional advice at the Company's expense where they deem it necessary to discharge their responsibilities as Directors. The Company 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 Fund Administration Services (Guernsey)

Governance
Corporate Governance Report (continued)

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 Company 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.

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; and
- 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 Company. These contracts are reviewed regularly by the Management Engagement Committee. Key members of staff from the Investment Manager and Company Secretary regularly attend appropriate 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, hosted by the Investment Manager, at www.standardlifeinvestments.com/its.

Property Valuation Committee

The Property Valuation Committee, chaired by Robert Peto, 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 Chairman of the Property Valuation Committee meets with the independent property valuer at least annually.

Audit Committee

The Audit Committee, chaired by Sally-Ann Farnon, comprises the full Board and meets at least three times a year. The Board is satisfied that all members of the Committee have sufficient level of recent and relevant financial experience. The Audit Committee has set out a formal report on pages 26 to 28.

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.

Standard Life Investments Property Income Trust Limited

Governance

Corporate Governance Report (continued)

Nomination Committee

The Nomination Committee, chaired by Richard Barfield, comprises the full Board and meets at least once a year. 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 Company does not have a formal policy on diversity, consideration of Board diversity forms part of the responsibilities of the Committee.

Remuneration Committee

The Remuneration Committee is chaired by Huw Evans, comprises the full Board and meets at least once a year. 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

Future Board appointments will normally be made for a maximum of three 3 year terms. There is a commitment to refresh the Board at regular intervals.

There are no service contracts in existence between the Company 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.

Richard Barfield was appointed as a Director of the Company on 18 November 2003. Sally-Ann Farnon was appointed on 1 July 2010, Huw Evans was appointed on 11 April 2014 and Robert Peto was appointed on 28 May 2014. Mike Balfour was appointed as a Director on 10 March 2016.

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 and the UK Code, the Board has agreed that all Directors will retire annually and, if appropriate, will seek re-election.

Sally-Ann Farnon, Huw Evans and Robert Peto will stand for re-election at the forthcoming Annual General Meeting. The Board has reviewed the skills and experience of each and has no hesitation in recommending their re-election to shareholders. Mike Balfour, who was appointed to the Board on 10 March 2016, will stand for election at the forthcoming Annual General Meeting. The Board has reviewed the skills and experience of Mr Balfour and has no hesitation in recommending his election to shareholders. Richard Barfield will retire on 2 June 2016 and so will not stand for re-election.

Performance of the Board

During the year the performance of the Board, committees and individual Directors was evaluated through an assessment process, led by the Chairman. The performance of the Chairman was evaluated by the other Directors.

This sought to identify whether the Board demonstrates sufficient collective skill and expertise, independence and knowledge of the Company and that each Director exhibits the commitment required for the Company to achieve its objective.

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

Standard Life Investments Property Income Trust Limited

Meeting Attendance

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

	Full board	Audit Committee	Property Valuation Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee
Richard Barfield	4 (4)	3 (3)	4 (4)	2 (2)	2 (2)	1 (1)
Sally-Ann Farnon	4 (4)	3 (3)	4 (4)	2 (2)	2 (2)	1 (1)
Huw Evans	4 (4)	3 (3)	4 (4)	2 (2)	2 (2)	1 (1)
Robert Peto	4 (4)	3 (3)	4 (4)	2 (2)	2 (2)	1 (1)

In addition to the scheduled meetings detailed above, there were a further 19 board and committee meetings held during the year.

Investment Management Agreement

Since December 2003, investment management services have been provided to the Company by Standard Life Investments (Corporate Funds) Limited.

Up to 7 July 2014, this appointment was under the terms of an Investment Management Agreement ('IMA') dated 19 December 2003. A new IMA was entered into on 7 July 2014, appointing Standard Life Investments (Corporate Funds) Limited as the Company's Alternative Investment Fund Manager ('AIFM'), as required by the Alternative Investment Fund Managers Directive ('AIFMD').

Under the terms of the IMA, the Investment Manager is entitled to an annual management fee of 0.75% of total assets up to £200million, 0.70% of total assets between £200 million and £300 million and 0.65% of total assets in excess of £300 million.

In respect of the annual management fee for the year ended 31 December 2015, the Investment Manager agreed to rebate £400,000 of the fee following the successful completion of the fund raising and new property portfolio acquisition in December 2015.

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 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 and Risk Management

The Board is ultimately responsible for the Company'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 Company in accordance with the Financial Reporting Council publication – Guidance on Risk Management, Internal Control and Related Financial and Business Reporting ('the FRC Guidance').

This process has been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements, 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.

Standard Life Investments Property Income Trust Limited

Governance

Corporate Governance Report (continued)

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 Audit Committee reviewed the AAF 01/06 internal controls report issued by the Investment Manager, for the period from 1 October 2014 to 30 September 2015 along with additional confirmation for the period to 31 December 2015. This report sets out the Investment Manger's internal control policies and procedures with respect to the management of their clients' assets and contains a report from independent external accountants.

At each Board meeting, the Board monitors the investment performance of the Company in comparison to its stated objective and against comparable companies. The Board also reviews the Company'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 Company.

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 Company entered into arrangements to comply with AIFMD. The Company appointed Standard Life Investments (Corporate Funds) Limited as its AIFM and Citibank Europe plc as its Depositary.

The Depositary's responsibilities include cash monitoring, safe keeping of any financial instruments held by the Company and monitoring the Company'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

The Board welcomes correspondence from shareholders, addressed to the Company's registered office. All shareholders have the opportunity to put questions to the Board at the Annual General Meeting. This year's AGM is being held on Thursday 2 June 2016 at 11.30am at the Investment Manager's offices at 30 St Mary Axe, London EC3A 8EP. The Board hopes that as many shareholders as possible will be able to attend the meeting, which will include a 'Meet the Manager' session.

To promote a clear understanding of the Company, its objectives and financial results, the Board aims to ensure that information relating to the Company 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.standardlifeinvestments.co.uk/its.

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 Financial Statements is on page 32, the Statement of Going Concern is included in the Directors' Report on page 19 and the Viability Statement can be found on page 8. The Independent Auditor's Report is on pages 33 to 40.

Richard Barfield
Chairman
18 April 2016

Standard Life Investments Property Income Trust Limited

Governance
Audit Committee Report

Role of the Audit Committee

The main responsibilities of the Audit Committee are:

- monitoring the integrity of the financial statements of the Company and any public announcements relating to the Company's financial performance and reviewing significant reporting judgements contained in them;
- reviewing the effectiveness of the Company's internal financial controls and risk management systems and bringing material issues to the attention of the Board;
- 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 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 financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's 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, all of whom are independent and have recent and relevant financial experience. Three members of the Audit Committee are Chartered Accountants.

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 Company's financial statements.

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 Company'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 Jones Lang LaSalle and 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 financial statements.

As rental income is the Company's major source of revenue and a significant item in the Statement of Comprehensive Income, a key risk relates to the recognition of rental income.

Standard Life Investments Property Income Trust Limited

Governance

Audit Committee Report (continued)

Specifically the risk is that the Company does not recognise rental income in line with its stated policy on rental income recognition. The Audit Committee reviews the controls in place at the Investment Manager in respect of recognition of rental income on a six monthly basis and, along with the external auditor, reviews the rental income policy, the pattern of rental income received and the amount recognised in the financial statements at each year end.

Review of Activities

The Audit Committee met three times during the year under review, on 11 March 2015, 19 August 2015 and 19 November 2015. Following the year end, the Audit Committee met on 10 March 2016.

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

- a review of the Company's Risk Register, the main tool for the on-going identification, evaluation and management of the significant risks facing the Company;
- a review of Investment Manager's internal controls report;
- a review of the Company's anti-bribery policy and those of its service providers; and
- a review of the Investment Manager's arrangements for staff to escalate concerns, in confidence, of possible improprieties.

At each March meeting, the Audit Committee reviews the Annual Report and 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 Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model 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 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. 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.

At least once a year, the Audit Committee also has the opportunity to discuss any aspect of the auditor's work with the auditor in the absence of the Investment Manager.

Auditor assessment and independence

The Audit Committee reviews the performance, cost effectiveness 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.

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.

Standard Life Investments Property Income Trust Limited

Governance

Audit Committee Report (continued)

The Company's external auditor is Ernst & Young LLP ('EY'). The Company first appointed EY as auditor for the year ended 31 December 2009, following a tender process carried out during 2009. In accordance with regulatory requirements, EY 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 2015, EY received fees of £159,050 in relation to non-audit services (2014: £126,000). This was made up of £110,000 in relation to due diligence on asset acquisitions, £47,000 for prospectus work, £1,100 in relation to Directors taxation and £950 for advice on REIT distribution rules. The Audit Committee does not consider that the provision of such non-audit services is a threat to the objectivity and independence of the conduct of the audit.

On the recommendation of the Audit Committee, the Board has concluded that the external auditor is independent of the Company and that a resolution should be put to the shareholders at the AGM on 2 June 2016 for the re-appointment of Ernst & Young LLP, as external auditor.

Sally-Ann Farnon
Audit Committee Chairman
18 April 2016

Standard Life Investments Property Income Trust Limited

Governance

Directors' Remuneration Report

Remuneration Committee

The Remuneration Committee comprises the full Board and is chaired by Huw Evans. 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 Company's remuneration policy, as detailed below, and in accordance with the UK Corporate Governance Code.

Remuneration Policy

The Company's remuneration policy is that fees payable to Directors should reflect the time spent by the Board on the Company'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 Company 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 present limit is an aggregate of £150,000 per annum and may not be changed without seeking shareholder approval at general meeting. At the AGM on 2 June 2016, the Board is requesting approval from shareholders to increase this limit to £250,000.

The Board is very conscious of the principles of good corporate governance, the requirement for a balanced Board with an appropriate number of Directors and for planned and progressive refreshing of the Board. The Board is requesting approval from shareholders to increase the aggregate Directors' fees limit in order to continue to have the ability to attract candidates of sufficient quality and to manage succession planning on an ongoing basis.

The Board has not received any views from the Company's shareholders in respect of the levels of Directors' remuneration.

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 Company 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 consideration of the appropriate level of fees 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.

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 28 May 2014 and it is the Board's intention that the Remuneration Policy will be put to a shareholder's vote at least once every three years. As a result of the proposed change to the limit on aggregate Directors' fees, an ordinary resolution for the approval of the Remuneration Policy will be put to shareholders at the forthcoming Annual General Meeting.

Standard Life Investments Property Income Trust Limited

Governance

Directors' Remuneration Report (continued)

Directors' Fees

The Directors who served during the year received fees as shown in the table below.

	Year to 31 December 2015	Year to 31 December 2014
Richard Barfield (Chairman)	£33,000	£31,223
Sally Ann Farnon (Audit Committee Chairman)	£28,500	£29,500
Huw Evans	£26,000	£26,500
Robert Peto (appointed 28 May 2014)	£26,000	£16,736
Shelagh Mason (retired 31 December 2014)	n/a	£26,500
Paul Orchard-Lisle (retired 28 May 2014)	n/a	£13,107
Total	**£113,500**	**£143,556**

The Directors fees for the year to 31 December 2014 include additional remuneration of £2,500 per Director (with the exception of Paul Orchard-Lisle). The Board, on the recommendation of the Remuneration Committee, agreed to pay each Director an additional fee of £2,500 for the work undertaken on the fund raising, the REIT conversion and implementation of AIFMD during 2014.

The Directors' fees for the forthcoming financial year have been agreed by the Board, on the recommendation of the Remuneration Committee, as follows: £35,000 for the Chairman (2015: £33,000), £30,500 for the Audit Committee Chairman (2015: £28,500) and £28,000 for each of the other Directors (2015: £26,000).

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

	Year to 31 December 2015	Year to 31 December 2014
Aggregate Directors' Remuneration	£113,500	£143,566
Aggregate Shareholder Distributions	£12,745,106	£8,015,357

At the Annual General Meeting in May 2015 the results in respect of the resolution to approve the Directors' Remuneration Report were as follows:

Percentage of votes cast for	Percentage of votes cast against	Number of votes withheld
99.9	0.1	nil

At the Annual General Meeting in May 2014 the results in respect of the resolution to approve the Directors' Remuneration Policy were as follows:

Percentage of votes cast for	Percentage of votes cast against	Number of votes withheld
99.9	0.1	nil

Directors' Shareholdings

The Directors who served during the year held the following interests in the Company's ordinary shares at the year end:

	Ordinary Shares held	
	31/12/2015	31/12/2014
Richard Barfield	83,128	70,128
Sally Ann Farnon	30,000	30,000
Huw Evans	60,000	30,000
Robert Peto	57,435	27,435

There have been no changes in the above interests between 31 December 2015 and 18 April 2016.

Standard Life Investments Property Income Trust Limited

Governance

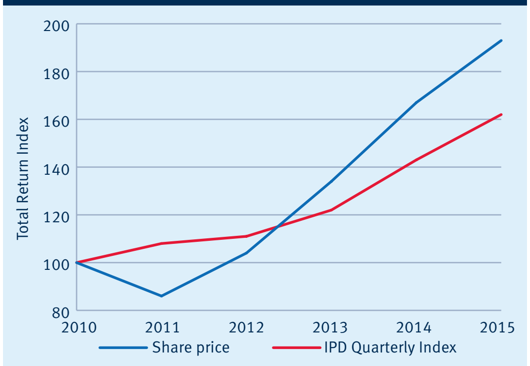
Directors' Remuneration Report (continued)

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through the investment management agreement, as referred to in the Corporate Governance Report on page 24.

The graph below compares the total return (assuming all dividends re-invested) to ordinary shareholders compared with the total return on the IPD Quarterly Index over the five years to 31 December 2015.

Total Return Index



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 18 April 2016
Huw Evans
Director

Standard Life Investments Property Income Trust Limited

Governance

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group 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.

The Directors are required to prepare Group financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the financial performance and cash flows of the Group for that period. In preparing those 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 financial statements; and
- prepare the Group 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 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; 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 Financial Statements since they were initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors' in respect of the Consolidated Annual Report

Statement 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 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 performance, business model and strategy.

Approved by the Board on 18 April 2016
Richard Barfield
Chairman

Standard Life Investments Property Income Trust Limited

Financial Statements

Independent Auditor's Report to the Members of Standard Life Investments Property Income Trust Limited

Our opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies (Guernsey) Law 2008.

What we have audited

Standard Life Investments Property Income Trust Limited's financial statements comprise:

- Consolidated Statement of Comprehensive Income for the year ended 31 December 2015
- Consolidated Balance Sheet as at 31 December 2015
- Consolidated Statement of Changes in Equity for the year ended 31 December 2015
- Consolidated Cash Flow Statement for the year ended 31 December 2015
- Related notes 1 to 25 to the financial statements

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Overview of our audit approach

Risks of material misstatement	• Incorrect valuation and existence of the property portfolio (Significant risk) • Incorrect recognition of rental income (Significant risk and Fraud risk)
Audit scope	• We performed an audit of the financial statements of Standard Life Investments Property Income Trust Limited, and its subsidiaries, (together 'the Group') for the year ended 31 December 2015
Materiality	• Materiality of £3.1m which represents 1% of total equity (2014: £1.8m).

Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Standard Life Investments Property Income Trust Limited

Financial Statements

Independent Auditor's Report to the Members of Standard Life Investments Property Income Trust Limited (continued)

Risk	Our response to the risk	What we concluded to the Audit Committee
Incorrect valuation and existence of the property portfolio (Significant risk) (as described on page 26 in the Audit Committee Report). The valuation of the portfolio at 31 December 2015 was £449m (2014: £262m). The valuation of the properties held in the investment portfolio is the key driver of the Group's net asset value and total return. Incorrect property valuation could have a significant impact on the portfolio's valuation and, therefore, the return generated for shareholders.	We performed the following procedures: We identified and performed walk-throughs on controls over the valuation process operated by the Manager, as described in their AAF 01/06 Internal Controls report dated 30 September 2015, in order to gain an understanding of the process and identify the key points in the process where the valuation and title of investment properties could be materially misstated. This is for the period 1 January 2015 to 30 September 2015. For the period 1 October 2015 to 31 December 2015 we enquired of management and observed the quarter end valuation process, to confirm that no substantive changes had occurred in the valuation process since 30 September 2015. We agreed the value of all the properties held at 31 December 2015 to the open market valuations included in the valuation reports provided by the Group's independent valuers. We read third party valuation reports to agree the appropriateness and suitability of the reported values and the changes in value from the previous accounting period. We assessed the independence and competence of the valuers. We engaged our own valuation experts to discuss and challenge the valuation of a sample of properties by assessing the reasonableness of the valuation methodologies used and challenging the key inputs and assumptions relating to equivalent yield and rental rates with reference to published market data and comparable transaction evidence through market activity.	In relation to the AAF 01/06 Internal Controls report, through our walkthroughs we confirmed that the valuation process was operating as described by the Manager for the period to 30 September 2015. In addition it was confirmed that there were no substantive changes to the valuation process between 1 October 2015 and 31 December 2015. For all properties, we noted no differences in agreeing the market value to the independent valuer's report. For all properties there were no issues noted following our review of the third party valuation reports. We found the valuation methodologies used to be in line with market practice and key inputs and assumption relating to equivalent yield and rental rates used were by reference to published market data and comparable transaction evidence through market activity.

Financial Statements

Independent Auditor's Report to the Members of Standard Life Investments Property Income Trust Limited (continued)

Risk	Our response to the risk	What we concluded to the Audit Committee
Incorrect recognition of rental income (Significant and Fraud risk) (as described on pages 26-27 in the Audit Committee Report). During the year, the Group recognised £20m (2014: £16m) of rental income. Rental income received by the Group during the period directly drives the Group's ability to make a dividend payment to shareholders. Incomplete or inaccurate rental income recognition could have a significant impact on profit or loss of the Group, which could then impact the dividend paid to shareholders.	We performed the following procedures: We identified and performed walk-throughs on controls over the rental income process operated by the Manager, as described in their AAF 01/06 Internal Controls report dated 30 September 2015, in order to gain an understanding of the process and identify the key points in the process where the valuation and title of investment properties could be materially misstated. This is for the period 1 January 2015 to 30 September 2015.	In relation to the AAF 01/06 Internal Controls report, through our walkthroughs we confirmed that the valuation process was operating as described by the Manager for the period to 30 September 2015. In addition it was confirmed that there were no substantive changes to the rental income process between 1 October 2015 and 31 December 2015. We noted no issues in agreeing the sample of rental rates to tenancy agreements.
	For the period 1 October 2015 to 31 December 2015 we enquired of management and observed the month end rental income process, to confirm that no substantive changes had occurred in the valuation process since 30 September 2015. We performed detailed analytical review procedures on rental income to identify any items that did not meet our expectations formed on the underlying agreements and previous period experience. On a sample basis, we agreed rental rates to tenancy agreements. On a sample basis, we agreed rental income received to bank statements. For a sample of tenancy agreements, we assessed the appropriateness of the accounting treatment in accordance with IFRSs as adopted by the European Union.	We noted no issues in agreeing the rental income to bank statement. We have noted no issues in relation to the accounting treatment of rental income.

Standard Life Investments Property Income Trust Limited

Financial Statements

Independent Auditor's Report to the Members of Standard Life Investments Property Income Trust Limited (continued)

The scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Group. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. The Group consists of the Company and its wholly owned subsidiary which are both subject to a full audit by the audit team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined planning materiality for the Group to be £3.1m (2014: £1.8m), which is 1% of total equity. This provided a basis for determining the nature, timing and extent of our risk assessment procedures, identifying and assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We derived our materiality calculation from a proportion of total equity as we consider that to be the most important financial metric on which shareholders judge the performance of the Group.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group should be 75% of planning materiality, being £2.3m (2014: 75% of materiality, namely £1.4m). Our objective in adopting this approach was to ensure that total undetected and uncorrected audit differences in all accounts did not exceed our planning materiality level. We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the audit committee that we would report all audit differences in excess of £156,000 (2014: £90,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations.

Standard Life Investments Property Income Trust Limited

Financial Statements

Independent Auditor's Report to the Members of Standard Life Investments Property Income Trust Limited (continued)

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 32, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Group'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 Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Financial Statements

Independent Auditor's Report to the Members of Standard Life Investments Property Income Trust Limited (continued)

Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.	We have no exceptions to report.
Companies (Guernsey) Law 2008 reporting	We are required to report to you if, in our opinion: • adequate accounting records have not been kept; or • the Company financial statements are not in agreement with the accounting records and returns; or • we have not received all the information and explanations we require for our audit.	We have no exceptions to report.

Standard Life Investments Property Income Trust Limited

Financial Statements

Independent Auditor's Report to the Members of Standard Life Investments Property Income Trust Limited (continued)

Listing Rules review requirements	We are required to review: • the directors' statement in relation to going concern set out on page 19, and longer-term viability, set out on page 8; and • the 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	We have no exceptions to report.

Statement on the Directors' Assessment of the Principal Risks that Would Threaten the Solvency or Liquidity of the Entity

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; • the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and.	We have nothing material to add or to draw attention to.

Standard Life Investments Property Income Trust Limited

Financial Statements

Independent Auditor's Report to the Members of Standard Life Investments Property Income Trust Limited (continued)

ISAs (UK and Ireland) reporting	• the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	

Andrew Jonathan Dann, FCA
for and on behalf of
Ernst & Young LLP
Guernsey, Channel Islands
18 April 2016

Standard Life Investments Property Income Trust Limited

Financial Statements

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

	Notes	2015 £	2014 £
Rental income		20,142,180	16,145,930
Surrender premium income		120,000	38,469
Valuation gain from investment properties	7	17,636,973	21,197,869
Costs on business acquisition	10	(1,942,498)	–
(Loss)/gain on asset acquisition	9	(75,181)	136,938
Profit/(loss) on disposal of investment properties		3,024,748	(1,840,412)
Investment management fees	4	(2,105,104)	(1,690,233)
Other direct property operating expenses		(929,165)	(1,000,785)
Directors' fees and expenses	23	(124,296)	(145,997)
Valuer's fee	4	(92,324)	(56,542)
Auditor's fee	4	(82,308)	(46,513)
Other administration expenses		(376,776)	(358,161)
Operating profit		**35,196,249**	**32,380,563**
Finance income	5	68,186	72,326
Finance costs	5	(3,324,782)	(3,282,172)
Profit for the year before taxation		**31,939,653**	**29,170,717**
Taxation			
Tax charge	6	–	(587,315)
Profit for the year, net of tax		**31,939,653**	**28,583,402**
Other comprehensive income			
Valuation gain/(loss) on cash flow hedges	15	589,647	(2,643,942)
Total comprehensive income for the year, net of tax		**32,529,300**	**25,939,460**
Earnings per share:		pence	pence
Basic and diluted earnings per share	19	11.39	15.40
Adjusted (EPRA) earnings per share	19	4.05	4.90

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

The notes on pages 47 to 81 are an integral part of these Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Financial Statements

Consolidated Balance Sheet

as at 31 December 2015

	Notes	2015 £	2014 £
ASSETS			
Non-current assets			
Investment properties	7	448,616,754	261,672,121
Lease incentives	7	3,457,588	2,436,976
		452,074,342	264,109,097
Current assets			
Investment properties held for sale	8	–	6,550,100
Trade and other receivables	11	2,858,851	2,660,440
Cash and cash equivalents	12	12,395,516	5,399,095
		15,254,367	14,609,635
Total assets		**467,328,709**	**278,718,732**
LIABILITIES			
Current liabilities			
Trade and other payables	13	12,788,999	7,205,415
Interest rate swaps	15	908,751	1,386,451
Other liabilities		–	500
		13,697,750	8,592,366
Non-current liabilities			
Bank borrowings	14	139,048,848	83,980,382
Interest rate swaps	15	1,176,541	1,288,488
Other liabilities		–	6,094
Rent deposits due to tenants		622,283	483,880
		140,847,672	85,758,844
Total liabilities		**154,545,422**	**94,351,210**
Net assets		**312,783,287**	**184,367,522**

Standard Life Investments Property Income Trust Limited

Financial Statements

Consolidated Balance Sheet

as at 31 December 2015 (continued)

	Notes	2015 £	2014 £
EQUITY			
Capital and reserves attributable to Company's equity holders			
Share capital	17	204,820,219	96,188,648
Retained earnings	18	6,167,329	7,634,503
Capital reserves	18	3,957,367	(17,294,001)
Other distributable reserves	18	97,838,372	97,838,372
Total equity		**312,783,287**	**184,367,522**
Net Asset Value (NAV) per share			
NAV	21	82.2p	75.5p
EPRA NAV	21	82.7p	76.6p

Approved by the Board of Directors on 18 April 2016 and signed on its behalf by:

Richard Barfield
Director

The notes on pages 47 to 81 are an integral part of these Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Financial Statements

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

	Notes	Share capital £	Retained earnings £	Capital reserves £	Other distributable reserves £	Total equity £
Opening balance 1 January 2015		96,188,648	7,634,503	(17,294,001)	97,838,372	184,367,522
Profit for the year		–	31,939,653	–	–	31,939,653
Valuation gain on cash flow hedges	15	–	–	589,647	–	589,647
Total comprehensive gain for the year		–	31,939,653	589,647	–	32,529,300
Ordinary shares issued net of issue costs	17	108,631,571	–	–	–	108,631,571
Dividends paid	20	–	(12,745,106)	–	–	(12,745,106)
Valuation gain of investment properties	7	–	(17,636,973)	17,636,973	–	–
Profit on disposal of investment properties		–	(3,024,748)	3,024,748	–	–
Balance at 31 December 2015		**204,820,219**	**6,167,329**	**3,957,367**	**97,838,372**	**312,783,287**

The notes on pages 47 to 81 are an integral part of these Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Financial Statements

Consolidated Statement of Changes in Equity (Continued)

for the year ended 31 December 2014

	Notes	Share capital £	Retained earnings £	Capital reserves £	Other distributable reserves £	Total equity £
Opening balance 1 January 2014		31,337,024	6,560,853	(34,144,454)	97,838,372	101,591,795
Profit for the year		–	28,583,402	–	–	28,583,402
Valuation loss on cash flow hedges	15	–	–	(2,643,942)	–	(2,643,942)
Total comprehensive gain for the year		–	28,583,402	(2,643,942)	–	25,939,460
Ordinary shares issued net of issue costs	17	64,851,624	–	–	–	64,851,624
Dividends paid	20	–	(8,015,357)	–	–	(8,015,357)
Valuation gain of investment properties	7	–	(21,197,869)	21,197,869	–	–
Gain on asset acquisition		–	(136,938)	136,938	–	–
Loss on disposal of investment properties		–	1,840,412	(1,840,412)	–	–
Balance at 31 December 2014		**96,188,648**	**7,634,503**	**(17,294,001)**	**97,838,372**	**184,367,522**

The notes on pages 47 to 81 are an integral part of these Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Financial Statements

Consolidated Cash Flow Statement

for the year ended 31 December 2015

	Notes	2015 £	2014 £
Cash flows from operating activities			
Profit for the year before taxation		31,939,653	29,170,717
Movement in non-current lease incentives		270,464	(1,290,976)
Movement in trade and other receivables		1,230,084	(1,354,916)
Movement in trade and other payables		3,735,996	2,917,533
Finance costs	5	3,324,782	3,282,172
Finance income	5	(68,186)	(72,326)
Valuation gain from investment properties	7	(17,636,973)	(21,197,869)
Loss/(gain) on asset acquisition	9	75,181	(136,938)
(Profit)/loss on disposal of investment properties		(3,024,748)	1,840,412
Net cash inflow from operating activities		19,846,253	13,157,809
Cash flows from investing activities			
Interest received	5	68,186	72,326
Purchase of investment properties	7	(52,198,123)	(97,853,799)
Business acquisition net of cash acquired	10	(165,060,458)	–
Capital expenditure on investment properties	7	(1,144,434)	(2,708,022)
Net proceeds from disposal of investment properties	7	57,854,848	26,759,588
Net cash outflow from investing activities		(160,479,981)	(73,729,907)
Cash flows from financing activities			
Proceeds on issue of ordinary shares	17	110,462,680	65,868,956
Transaction costs of issue of shares	17	(1,831,109)	(1,017,332)
Bank borrowing	14	55,000,000	–
Bank borrowing arrangement costs	14	(173,450)	–
Interest paid on bank borrowing	5	(1,869,338)	(1,931,665)
Payments on interest rate swaps	5	(1,213,528)	(1,236,719)
Dividends paid to the Company's shareholders	20	(12,745,106)	(8,015,357)
Net cash inflow from financing activities		147,630,149	53,667,883
Net increase/(decrease) in cash and cash equivalents in the year		**6,996,421**	**(6,904,215)**
Cash and cash equivalents at beginning of year		5,399,095	12,303,310
Cash and cash equivalents at end of year	12	**12,395,516**	**5,399,095**

The notes on pages 47 to 81 are an integral part of these Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Financial Statements

Notes to the Consolidated Financial Statements

for the year ended 31 December 2015

1 GENERAL INFORMATION

Standard Life Investments 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 Trafalgar Court, Les Banques, St Peter Port, Guernsey.

These audited Consolidated Financial Statements were approved for issue by the Board of Directors on 18 April 2016.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The audited Consolidated Financial Statements of the Group have been prepared in accordance with and comply 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.

Changes in accounting policy and disclosure

The accounting policies adopted are consistent with those of the previous financial year. The following amendments to existing standards and interpretations were effective for the year, but either they were not applicable to or did not have a material impact on the group:

- Annual Improvements to IFRSs 2011–2013 Cycle
- IFRIC 21 Levies

New and amended standards and interpretations not applied

The following new and amended standards and interpretations in issue are adopted by the EU but are not yet effective and have not been applied by the Group:

	Effective date
IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions (Amendments)	1 February 2015
Annual Improvements to IFRSs 2010–2012 Cycle	1 February 2015
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to IAS 1: Disclosure Initiative	1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016

The directors do not expect the adoption of these standards and interpretations to have a material impact on the consolidated or company financial statements in the period of initial application.

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, uncertainty 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.

Financial Statements

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 December 2015

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 independent real estate valuation experts using recognised valuation techniques. The fair values are determined based on recent real estate transactions with similar characteristics and locations to those of the Group's assets.

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 67 (note 7) details the decrease in the valuation of investment properties if equivalent yield increases by 25 basis points or rental rates (ERV) decreases by 5%.

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 54 (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.

Business Combinations

During the year the Group acquired subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiaries. The Group assessed the acquisition of Aviva Investors UK Real Estate Recovery II Unit Trust (the "Unit Trust" or "UT"), a Jersey Property Unit Trust "JPUT", as detailed in note 10, in the current year as a purchase of a business because the strategic management function and associated processes were purchased along with the investment properties.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

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.

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 pounds 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 2015 were £120,000 (2014: £38,469) 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 when the significant risks and returns have been transferred to the buyer. This will normally take place on exchange of contracts unless there are significant conditions attached. For conditional exchanges, sales are recognised when these conditions are satisfied.

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). Portrack Interchange in Stockton On Tees did not earn any income until it was sold on 2 September 2015 (2014: no non-income producing properties).

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 equity is recognised in equity and not in the income statement. Positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation 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. Where 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 tax assets and liabilities are recognised on a net basis to the extent they relate to the same fiscal unity and fall due in approximately the same period.

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 independent 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 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 the 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.

Financial Statements
Notes to the Consolidated Financial Statements (Continued)
for the year ended 31 December 2015

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 Non-current assets 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 less costs to sell.

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 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 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.

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

Derivatives 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 offsetting 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 expense is 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 hedged instrument is classified consistent with the classification of the underlying hedged item.

L Service charge

The Company has appointed a managing agent to deal with the service charge at the investment properties and the Company is acting as an agent for the service charge and not a principal. As a result the Group recognises void expenses in the Consolidated Statement of Comprehensive Income. The table in note 22 is a summary of the service charge during the year. It shows the amount the service charge has cost the tenants for the 12 months to 31 December 2015, the amount the tenants have been billed based on the service charge budget and the amount the Group has paid in relation to void units over the year. The table also shows the balancing service charge that is due back to the tenants as at the Balance Sheet date.

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 13 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, other than derivatives, 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 pounds 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 derivative financial instruments.

i) Interest Rate risk

As described on page 55 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 14 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 15). The Group has floating rate borrowings of £72,000,000 and £12,432,692, all of which has been fixed via interest rate swaps. The Group increased borrowings by £55,000,000 on 22 December 2015 to fund the purchase of the units in Aviva Investors UK Real Estate Recovery II Unit Trust. As a result of this the margin interest rate on borrowings decreased from 1.65% to 1.25% from 22 December 2015. The terms of the interest rate swap were unchanged from the existing agreement and resulted in an ineffective hedge from 22 December 2015.

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 swaps 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 following tables set out the carrying amount of the Group's financial instruments excluding the amortisation of borrowing costs as outlined in note 5. Bank borrowings have been fixed due to interest rate swaps and are detailed further in note 15:

As at 31 December 2015	Fixed rate	Variable rate	Weighted average interest rate
	£	£	£
Cash and cash equivalents	–	12,395,516	0.402%
Bank borrowings	72,000,000	–	3.302%
Bank borrowings	12,432,692	–	3.021%
Bank borrowings	–	55,000,000	1.753%

As at 31 December 2014	Fixed rate	Variable rate	Weighted average interest rate
	£	£	£
Cash and cash equivalents	–	5,399,095	0.645%
Bank borrowings	72,000,000	–	3.802%
Bank borrowings	12,432,692	–	3.521%

At 31 December 2015, if market rate interest rates had been 100 basis points higher with all other variables held constant, the profit for the year would have been £183,654 higher (2014: £182,269 higher profit) as a result of the higher interest income on cash and cash equivalents. Other Comprehensive Income and the Capital Reserve would have been £2,266,614 higher (2014: £2,313,008 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 2015, 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 £183,654 lower (2014: £127,268 lower profit) as a result of the lower interest income on cash and cash equivalents. Other Comprehensive Income and the Capital Reserve would have been £2,350,900 lower (2014: £3,254,898 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:

a) The cost of the 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 below). 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).

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 £1,696,704 (2014: £1,738,063) as detailed in note 11 on page 71.

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 2015 £7,821,163 (2014:£4,634,184) was placed on deposit with The Royal Bank of Scotland plc ("RBS"), £1,193,437 (2014: £764,911) was held with Citibank and £3,380,916 was held with RBS on behalf of Standard Life Investments Unit Trust and Standard Life Investment Limited Partnership, two subsidiaries as mentioned in note 9. 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-3 Positive by Standard & Poor's and NP Positive 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.

Year ended 31 December 2015

	On demand	12 months	1 to 5 years	>5 years	Total
	£	£	£	£	£
Interest-bearing loans	–	2,565,213	140,715,298	–	143,280,511
Interest rate swaps	–	1,201,368	2,398,705	–	3,600,073
Trade and other payables	5,309,803	–	–	–	5,309,803
Rental deposits due to tenants	–	173,072	611,458	10,825	795,355
	5,309,803	3,939,653	143,725,461	10,825	152,985,742

Year ended 31 December 2014

	On demand	12 months	1 to 5 years	>5 years	Total
	£	£	£	£	£
Interest-bearing loans	–	1,868,495	90,038,178	–	91,906,673
Interest rate swaps	–	1,223,953	3,665,814	–	4,889,767
Leasehold obligations	–	500	2,000	52,500	55,000
Trade and other payables	2,066,393	–	–	–	2,066,393
Rental deposits due to tenants	–	155,728	386,380	97,500	639,608
	2,066,393	3,248,676	94,092,372	150,000	99,557,441

The disclosed amount for interest rate swaps in the above 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.

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 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 net debt divided by gross assets. Net debt is calculated as total borrowings less cash and cash equivalents. Gross assets are calculated as non-current assets and current assets as shown in the Consolidated Balance Sheet.

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for the year ended 31 December 2015

The gearing ratios at 31 December 2015 and at 31 December 2014 were as follows:

	2015 £	2014 £
Total Borrowings (excluding amortisation of arrangement fees)	139,432,692	84,432,692
Less: cash and cash equivalents	(12,395,516)	(5,399,095)
Net debt	127,037,176	79,033,597
Gross Assets	467,328,709	278,718,732
Gearing ratio	27%	28%

Gearing, calculated as net debt as a percentage of gross assets at 31 December 2015 was 27% and must not exceed 65%. The Board's current intention is that the Company's loan to value ratio (calculated as borrowings less all cash as a proportion of the property portfolio valuation) will not exceed 45%.

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	
	2015 £	2014 £	2015 £	2014 £
Financial Assets				
Cash and cash equivalents	12,395,516	5,399,095	12,395,516	5,399,095
Trade and other receivables	2,858,851	2,660,440	2,858,851	2,660,440
Financial Liabilities				
Bank borrowings	139,048,848	83,980,382	139,415,524	84,202,020
Interest rate swaps	2,085,292	2,674,939	2,085,292	2,674,939
Trade and other payables	6,105,159	2,706,001	6,105,159	2,706,001

The fair value of the financial assets and liabilities are included at an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

- Cash and cash equivalents, trade and other receivables 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 2014.

- 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 2014. The definition of the valuation techniques are explained in the significant accounting judgements, estimates and assumptions on page 47.

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*:

31 December 2015	Level 1	Level 2	Level 3	Total fair value
Interest rate swaps	–	2,085,292	–	2,085,292

31 December 2014	Level 1	Level 2	Level 3	Total fair value
Interest rate swaps	–	2,674,939	–	2,674,939

*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.

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").

Under the terms of the IMA dated 19 December 2003, the Investment Manager was entitled to receive a fee at the annual rate of 0.85% of the total assets, payable quarterly in arrears except where cash balances exceed 10% of the total assets. The fee applicable to the amount of cash exceeding 10% of total assets was altered to be 0.20% per annum, payable quarterly in arrears. The Investment Manager also agreed to reduce its charge to 0.75% of the total assets of the Group until such time as the net asset value per share returns to the launch level of 97p. This was applicable from the quarter ending 31 December 2008 onwards and did not affect the reduced fee of 0.20% on cash holdings above 10% of total assets.

Under the terms of the IMA dated 7 July 2014, the above fee arrangements apply up to 31 July 2014. From 1 August 2014, the fee was changed 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. The total fees charged for the year ended 31 December 2015 amounted to £2,105,104 (year ended 31 December 2014: £1,690,233). The amount due and payable at the year end amounted to £400,767 excluding VAT (year ended 31 December 2014: £500,165 excluding VAT).

In respect of the annual management fee for the year ended 31 December 2015, the Investment Manager agreed to rebate £400,000 of the fee following the successful completion of the fund raising and new property portfolio acquisition in December 2015.

Administration, secretarial and registrar 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 ended 31 December 2015 amounted to £82,046 (2014: £82,927). The amount due and payable at the year end amounted to £18,331 (2014:£nil).

Valuer's fee

Jones Lang LaSalle and Knight Frank ("the Valuers"), independent international real estate consultants, were appointed as valuers in respect of the assets comprising the property portfolio. The total valuation fees charged for the year ended 31 December 2015 amounted to £92,324 (2014: £56,542) of which minimum fees of £2,500 per property (2014: £2,500) were incurred for new properties added to the portfolio. The amount due and payable at the year end amounted to £12,727 excluding VAT (2014: £10,590 excluding VAT).

Auditor's fee

At the year end date Ernst & Young LLP continued as independent auditor of the Group. The auditor's fees for the year ended 31 December 2015 amounted to £82,308 (2014: £46,513) and relate to audit services provided for the 2015 financial year. Ernst & Young LLP also provided non-audit services in 2015 in respect of advice relating to the social security position of the Group's directors of £1,100 (2014; £nil) and advice in relation to the UK REIT distribution rules of £950 (2014; £nil). Ernst & Young LLP also provided non-audit services in respect of due diligence costs for asset acquisitions and tax accounting advice for the prospectus in 2015 amounting to £110,000 (2014: £32,000) and £47,000 (2014: £nil) respectively. Total non-audit fees incurred up to the Balance Sheet date amounted to £159,050 (2014: £126,000).

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5 FINANCE INCOME AND COSTS

	2015 £	2014 £
Interest income on cash and cash equivalents	68,186	72,326
Finance income	68,186	72,326
Interest expense on bank borrowings	1,869,338	1,931,665
Payments on interest rate swaps	1,213,528	1,236,719
Amortisation of arrangement costs (See Note 14)	241,916	113,788
Finance costs	3,324,782	3,282,172

6 TAXATION

Current income tax

The major components of income tax expense for the years ended 31 December are:

	2015 £	2014 £
Consolidated Income Statement		
Current Income Tax		
Current Income Tax Charge	–	–
Deferred Income Tax		
Utilisation of deferred tax asset	–	587,315
Income Tax charge reported in the income statement	–	587,315

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A reconciliation between the tax charge/(credit) and the product of accounting profit multiplied by the applicable tax rate for the year ended 31 December 2015 and 2014 is, as follows:

	2015 £	2014 £
Profit before tax	31,939,653	29,170,717
Tax calculated at UK statutory income tax/corporation tax rate of 20.25% (2014: 20%)	6,467,780	5,834,143
UK REIT exemption on net income and gains	(3,304,893)	–
Valuation gain in respect of investment properties not subject to tax	(3,571,487)	(4,266,961)
Profit/(loss) on disposal of investment properties not subject to tax	15,244	368,082
Income not subject to tax	–	(716,760)
Expenditure not allowed for corporation tax/income tax purposes	393,356	86,711
Tax loss utilised	–	(1,305,215)
Utilisation of Deferred Tax Asset	–	587,315
Current income tax charge	–	587,315

	Consolidated Balance Sheet		Consolidated Income Statement	
	2015 £	2014 £	2015 £	2014 £
Deferred income tax assets				
Losses available for offset against future taxable income	–	–	–	587,315
Deferred income tax asset/(credit)	–	–	–	587,315

Unrecognised deferred tax

As at 31 December 2015, the Group had an unrecognised deferred tax asset of £nil (2014: £2,075,946). Tax losses of the Group generated prior to entry to the UK REIT regime can no longer be utilised and are lost. If a UK REIT sells a property within 3 years of completion of development, the REIT tax exemption does not apply. There were no such properties at 31 December 2014 or 31 December 2015.

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.

The Company and its material Guernsey subsidiaries 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.

7 INVESTMENT PROPERTIES

Country Class	UK Industrial 2015 £	UK Office 2015 £	UK Retail 2015 £	Total 2015 £
Market value as at 1 January	108,660,000	114,265,100	47,125,000	270,050,100
Purchase of investment properties	11,217,775	19,005,390	21,974,958	52,198,123
Acquired through business combination (note 10)	69,050,000	59,850,000	36,100,000	165,000,000
Capital expenditure on investment properties	1,034,205	72,989	37,240	1,144,434
Carrying value of disposed investment properties	(11,405,000)	(38,325,100)	(5,100,000)	(54,830,100)
Valuation gain from investment properties	8,404,316	8,529,645	703,012	17,636,973
Movement in lease incentives receivable	108,704	666,976	9,790	785,470
Market value at 31 December	187,070,000	164,065,000	100,850,000	451,985,000
Adjustment for lease incentives*	(353,854)	(2,383,140)	(631,252)	(3,368,246)
Carrying value at 31 December	186,716,146	161,681,860	100,218,748	448,616,754

*Lease incentives are split between non current assets of £3,457,588 and current liabilities of £89,342 (note 13).

The valuations were performed by Jones Lang Lasalle and Knight Frank, accredited independent valuers with a recognised and relevant professional qualification 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 Jones Lang Lasalle and Knight Frank at the year end was £451,985,000 (2014: £270,225,000) however an adjustment has been made for lease incentives of £3,368,246* (2014: £1,834,473) that are already accounted for as an asset. In accordance with the accounting policy in note 2.3, in order to arrive at fair value the market values of leasehold investment properties have been adjusted to reflect the fair value of finance lease obligations. 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 (completed and under construction) held at the end of the reporting period.

At 31 December 2014 the Group disclosed a number of post balance sheet events including the sale and purchase of investment properties. During the year the Group completed the purchase of DSG in Preston for £15.8m excluding costs and the sale of De Ville Court in Weybridge for £3.15m excluding costs.

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for the year ended 31 December 2015

County	UK	UK	UK	
Class	Industrial	Office	Retail	Total
	2014	2014	2014	2014
	£	£	£	£
Market value as at 1 January	48,175,000	79,945,000	48,295,000	176,415,000
Purchase of investment properties	72,084,707	15,097,439	10,671,653	97,853,799
Capital expenditure on investment properties	29,971	2,779,559	(101,508)	2,708,022
Carrying value of disposed investment properties	(14,550,000)	–	(14,050,000)	(28,600,000)
Valuation gain from investment properties	2,961,019	16,132,344	2,104,506	21,197,869
Movement in lease incentives receivable	(40,697)	310,758	205,349	475,410
Investment properties recategorised as held for sale	–	(6,550,100)	–	(6,550,100)
Market value at 31 December	108,660,000	107,715,000	47,125,000	263,500,000
Adjustment for lease incentives	(462,673)	(800,767)	(571,033)	(1,834,473)
Adjustment for finance lease obligations	–	6,594	–	6,594
Carrying value at 31 December	108,197,327	106,920,827	46,553,967	261,672,121

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

	2015	2014
	£	£
Carrying value of disposed investment properties	54,830,100	28,600,000
Profit/(loss) on disposal of investment properties	3,024,748	(1,840,412)
Net proceeds from disposal of investment properties	57,854,848	26,759,588

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 valuer has 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 valuer has made allowances for voids and rent free periods 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 the 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 valuer on a quarterly basis to ensure the valuer is 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 valuer to ensure correct factual assumptions are made. The valuer reports 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 22. The Committee reviews the quarterly property valuation report produced by the Valuer (or such other person as may from time to time provide such property valuation services to the Company) before its submission to the Board, focussing 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.

There are currently no restrictions on the realisability of investment properties or the remittance of income and proceeds of disposal.

The table on page 66 outlines the valuation techniques used to derive Level 3 fair values for each class of investment properties:

- 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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Country & Class	Fair Value £	Valuation Technique	Key Unobservable input	Range (weighted average)
UK Industrial Level 3	186,716,146	Income Capitalisation	Initial Yield	0% to 15.84% (5.88%)
			Reversionary Yield	5.53% to 10.65% (6.91%)
			Equivalent Yield	5.65% to 9.09% (6.60%)
			Estimated rental value per Sq. m	£19.15 to £132.76 (£58.45)
UK Office Level 3	161,681,860	Income Capitalisation	Initial Yield	0% to 12.04% (5.87%)
			Reversionary Yield	5.62% to 10.78% (6.81%)
			Equivalent Yield	4.74% to 9.01% (6.25%)
			Estimated rental value per Sq. m	£137.47 to £669.67 (£276.85)
UK Retail Level 3	100,218,748	Income Capitalisation	Initial Yield	2.79% to 9.47% (6.31%)
			Reversionary Yield	3.85% to 8.23% (5.85%)
			Equivalent Yield	5.55% to 7.92% (6.50%)
			Estimated rental value per Sq m.	£95.24 to £834.77 (£173.14)
	448,616,754			

Standard Life Investments Property Income Trust Limited

Financial Statements

Notes to the Consolidated Financial Statements (Continued)

for the year ended 31 December 2015

Descriptions and definitions

The table on page 66 includes the following descriptions and definitions relating to valuation techniques and key unobservable 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 to ERV at the next review, but with no further rental growth.

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.

	2015 £	2014 £
ERV p.a.	32,111,174	20,460,185
Area sq. ft.	3,933,195	2,736,927
Average ERV per sq. ft.	£8.16	£7.48
Initial Yield	5.97%	6.59%
Reversionary Yield	4.97%	5.13%

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of completed investment property.

	2015 £	2014 £
Increase in equivalent yield of 25 bps	(18,600,000)	(10,100,000)
Decrease in rental rates of 5% (ERV)	(17,700,000)	(10,100,000)

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 2015 the Group had no investment properties classified as held for sale.

As at 31 December 2014 the Group had exchanged contracts with third parties for the sale of De Ville Court, Weybridge for a price of £3,150,000 and Chancellors Place, Chelmsford for £3,525,000. The sale of De Ville Court completed on 20 January 2015 and the sale of Chancellors Place completed on 30 June 2015. The independently assessed market value of De Ville Court as at 31 December 2014 was £3,150,000 and the independently assessed market value of Chancellors Place as at 31 December 2014 was £3,575,000. As at 31 December 2014 the carrying value of De Ville Court was £3,038,250 (net of transaction costs of £111,750) and the carrying value of Chancellors Place was £3,511,850 (net of transaction costs of £63,150).

Reconciliation of investment properties held for sale to independent valuers report:

	2015 £	2014 £
De Ville Court	–	3,150,000
Chancellors Place	–	3,575,000
Less: transaction costs	–	(174,900)
Adjusted Market Value at 31 December	–	6,550,100

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.

The Group, through its subsidiary, owns 100 per cent of the issued ordinary share capital of Huris (Farnborough) Limited, a company incorporated in the Cayman Islands whose principal business is property investment.

The Group, through its subsidiary, owns 100 per cent of the issued ordinary share capital of HEREF Eden Main Limited, a company incorporated in Jersey whose principal business is property investment.

The acquisitions of Huris (Farnborough) Limited and HEREF Eden Main Limited were accounted for as acquisitions of assets in 2014 which generated a loss of £75,181 (2014: £136,938 gain) in the year ended 31 December 2015 as detailed in the Consolidated Statement of Comprehensive Income on page 41. The directors believe that such treatment is appropriate as it better reflects the substance of the transactions i.e. the acquired companies are shell companies which hold investment properties and had immaterial other net assets. The investment properties owned by Huris (Farnborough) Limited and HEREF Eden Main Limited were transferred to Standard Life Investments Property Holdings Limited in 2014. The remaining assets of both companies total £59,727 (2014: £44,273 liability) at the Balance Sheet date and have been included in trade and other receivables.

During the year the Group acquired 100% of the units in Aviva Investors UK Real Estate Recovery II Unit Trust (the “Unit Trust” or “UT”), a Jersey Property Unit Trust “JPUT”. The acquisition included the entire issued share capital of a General Partner which holds, through a Limited Partnership, the new 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 entities 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 Unit Trust, a Jersey Property Unit Trust domiciled in Jersey, Channel Islands (formerly Aviva Investors UK Real Estate Recovery II Unit Trust).
- Standard Life Investments (SLIPIT) Limited Partnership, a limited partnership established in England (formerly Aviva Investors UK Real Estate Recovery II Limited Partnership).
- Standard Life Investments SLIPIT (General Partner) Limited, a company with limited liability incorporated in the United Kingdom (formerly Aviva Investors UK Real Estate Recovery II (General Partner) Limited).
- Standard Life Investments SLIPIT (Nominee) Limited, a company with limited liability incorporated and domiciled in the United Kingdom (formerly Aviva Investors UK Real Estate Recovery II (Nominee) Limited).
- Ceres Court Properties Limited, a company with limited liability incorporated and domiciled in the United Kingdom.

10 BUSINESS COMBINATIONS

On 23 December 2015, the Group acquired 100% of the shares of Aviva Investors UK Real Estate Recovery II Unit Trust (the “Unit Trust” or “UT”), a Jersey Property Unit Trust “JPUT”. The acquisition included the entire issued share capital of Standard Life Investments SLIPIT (General Partner) Limited which holds, through Standard Life Investments (SLIPIT) Limited Partnership, the new portfolio of 22 UK real estate assets. Standard Life Investments Limited Partnership (previously Aviva Investors UK Real Estate Recovery II Limited Partnership) holds a portfolio of retail, office and industrial buildings let under operating leases and the acquisition was made to give the Group access to those assets. The existing strategic management function and associated processes were acquired with the property and, as such, the Directors consider this transaction the acquisition of a business, rather than an asset acquisition.

The fair value of the identifiable assets and liabilities of Aviva Investors UK Real Estate Recovery II Unit Trust (now re-named Standard Life Investments SLIPIT Unit Trust) as at the date of acquisition were:

	Fair value recognised on acquisition £
Investment property	165,000,000
Trade receivables	1,428,495
Cash and cash equivalents	132,045
	166,560,540
Trade payables	(1,368,037)
	165,192,503

The purchase consideration of £165,192,503 for the 100% interest acquired consists of £75,027,974 raised from issuing new shares net of costs, borrowings of £54,826,550 net of loan arrangement costs and £35,337,979 from existing cash reserves. The due diligence costs of £1,942,498 incurred in connection with the acquisition have been expensed and are included in the Consolidated Statement of Comprehensive Income on page 41. From the date of acquisition, Standard Life Investments Unit Trust has contributed £582,685 to the profit after tax of the Group and revenues of £350,212 in the form of property rental income. If the acquisition had occurred on 1 January 2015 the Standard Life Investments SLIPIT Unit Trust would have contributed £29,053,934 to the profit after tax of the Group and £11,013,373 revenues in the form of property rental income.

11 TRADE AND OTHER RECEIVABLES

	2015 £	2014 £
Trade receivables	1,710,199	1,745,004
Less: provision for impairment of trade receivables	(13,495)	(6,941)
Trade receivables (net)	1,696,704	1,738,063
Rental deposits held on behalf of tenants	795,355	639,608
Other receivables	366,792	282,769
Total trade and other receivables	2,858,851	2,660,440

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

	2015 £	2014 £
Opening balance	(6,941)	(114,622)
Charge for the year	(13,495)	(6,941)
Reversal of provision	6,941	114,622
Closing balance	(13,495)	(6,941)

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 of 31 December 2015, trade receivables of £13,495 (2014: £6,941) were considered impaired and provided for.

The ageing of these receivables is as follows:

	2015 £	2014 £
0 to 3 months	12,905	1,562
3 to 6 months	352	5,379
Over 6 months	238	–
	13,495	6,941

As of 31 December 2015, trade receivables of £1,696,704 (2014: £1,738,063) were less than 3 months past due but considered not impaired.

12 CASH AND CASH EQUIVALENTS

	2015 £	2014 £
Cash held at bank	4,574,353	764,911
Cash held on deposit with RBS (see note 14)	7,821,163	4,634,184
	12,395,516	5,399,095

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.

13 TRADE AND OTHER PAYABLES

	2015 £	2014 £
Trade payables	541,091	553,969
Other payables	4,768,713	1,512,424
VAT payable	680,674	473,469
Deferred rental income	6,536,107	3,907,322
Rental deposits due to tenants	173,072	155,728
Lease incentives due within one year	89,342	602,503
	12,788,999	7,205,415

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

14 BANK BORROWINGS

	2015 £	2014 £
Loan facility and drawn down outstanding balance	139,432,692	84,432,692
Opening carrying value	83,980,382	83,866,594
Borrowings during the year	55,000,000	–
Arrangement costs of additional facility	(173,450)	–
Amortisation of arrangement costs	241,916	113,788
Closing carrying value	139,048,848	83,980,382

On 20 January 2012 the Company completed the drawdown of £84,432,692 loan with The Royal Bank of Scotland plc ("RBS"). The facility was repayable on 16 December 2018, however this date was re-negotiated during the year as detailed below. Interest is payable at a rate equal to the aggregate of 3 month Libor, a margin of 1.65% (below 40% LTV) or 1.75% (40% to 60% LTV inclusive) or 1.95% (above 60% LTV) until 21 December 2015.

On 22 December 2015 the Company increased its borrowing facilities from £84,432,692 to £139,432,692. The additional borrowing was in the form of an additional term loan of £40,567,308 and a revolving credit facility ("RCF") of £14,432,692 (with the potential to draw a further £15,567,308 of the RCF) all of which is due to expire in June 2017. Interest from 22 December 2015 is payable at a rate equal to the aggregate of 3 month Libor, a margin of 1.25%.

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 loan to value percentage. The loan agreement notes that the loan to value 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 65% for the period to and including 22 December 2016 and should not exceed 60% after 22 December 2016 to maturity.

	2015 £	2014 £
Loan amount	139,432,692	84,432,692
Cash deposited within the security of RBS	(7,821,163)	(4,634,184)
	131,611,529	79,798,508
Investment properties valuation	451,985,000	270,225,000
Loan to value percentage	29.1%	29.5%
Loan to value percentage covenant	65.0%	65.0%
Loan to value percentage if all cash is deposited within the security of RBS	28.1%	29.2%

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 45% 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 did not default on any of its obligations under its loan agreement.

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

15 INTEREST RATE SWAPS

The Company has 2 interest rate swap agreements with RBS which both have a maturity date of 16 December 2018.

On 20 January 2012 the Company completed an interest rate swap of a notional amount of £12,432,692 with RBS. This interest rate swap has a maturity of 16 December 2018. 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 1.77125%.

On 20 January 2012 the Company completed an interest rate swap of a notional amount of £72,000,000 with RBS which replaces the interest rate swap entered into on 29 December 2003. This interest rate swap effective date is 29 December 2013 and has a maturity date of 16 December 2018. 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 2.0515%.

	2015 £	2014 £
Opening fair value of interest rate swaps at 1 January	(2,674,939)	(30,997)
Valuation gain/(loss) on interest rate swaps	589,647	(2,643,942)
Closing fair value of interest rate swaps at 31 December	(2,085,292)	(2,674,939)
Interest rate swaps due:		
Less than one year	(908,751)	(1,386,451)
Between one and five years	(1,176,541)	(1,288,488)
Closing fair value of interest rate swaps at 31 December	(2,085,292)	(2,674,939)

The individual swap assets and liabilities are listed below:

	2015 £	2014 £
Interest rate swap with a start date of 20 January 2012 maturing on 16 December 2018	(220,107)	(278,270)
Interest rate swap with a start date of 29 December 2013 maturing on 16 December 2018	(1,865,185)	(2,396,669)
	(2,085,292)	(2,674,939)

16 LEASE ANALYSIS

Lessor length

The Group has entered into leases on its property portfolio. This property portfolio as at 31 December 2015 had an average lease expiry of 5 years and 10 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:

	2015 £	2014 £
Within one year	26,596,634	17,200,407
After one year, but not more than five years	85,580,067	54,964,023
More than five years	52,490,484	48,214,243
Total	164,667,185	120,378,673

The largest single tenant at the year end accounts for 4.6% (2014: 6.7%) 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. As at 31 December 2015 there were 380,690,419 ordinary shares of 1 pence each in issue. 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.

Allotted, called up and fully paid:	2015 £	2014 £
Opening balance	96,188,648	31,337,024
Shares issued between 25 February 2015 and 21 December 2015 at a price of between 78.1p and 82.0p per share	110,462,680	–
Shares issued between 7 March 2014 and 19 November 2014 at a price of between 71.5p and 76.0p per share	–	65,868,956
Issue costs associated with new ordinary shares	(1,831,109)	(1,017,332)
Closing balance	204,820,219	96,188,648

	2015 Number of Shares	2014 Number of Shares
Opening balance	244,216,165	154,994,237
Issued during the year	136,474,254	89,221,928
Closing balance	380,690,419	244,216,165

18 RESERVES

Retained earnings

This is a distributable reserve and represents the cumulative revenue earnings of the Group less dividends declared as payable 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. This reserve also represents the realised gain on the acquisition of two subsidiaries during the year to 31 December 2014 as detailed in note 9.

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. This balance has been reduced by the allocation of preference share finance costs.

The detailed movement of the above reserves for the years to 31 December 2015 and 31 December 2014 can be found in the Consolidated Statement of Changes in Equity on pages 44 and 45.

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

	2015 £	2014 £
Profit for the year net of tax	31,939,653	28,583,402

	2015 Number of Shares	2014 Number of Shares
Weighted average number of ordinary shares outstanding during the year	280,330,039	185,548,062
Profit per ordinary share	11.39p	15.40p

EPRA publishes guidelines for calculating adjusted earnings that represent earnings from the core operational activities. Therefore, it excludes the effect of movements in the fair value of, and results from sales of, investment properties together with the effect of movements in the fair value of financial instruments.

	2015 £	2014 £
Profit for the year net of tax	31,939,653	28,583,402
Less: revaluation movements on investment properties	(17,636,973)	(21,197,869)
Less: loss/(gain) on asset acquisition	75,181	(136,938)
Less: (profit)/loss on disposal of investment properties	(3,024,748)	1,840,412
Adjusted (EPRA) profit for the year	11,353,113	9,089,007

	2015 Number of Shares	2014 Number of Shares
Weighted average number of ordinary shares outstanding during the year	280,330,039	185,548,062
Adjusted (EPRA) profit per share	4.05p	4.90p

20 DIVIDENDS AND PROPERTY INCOME DISTRIBUTION GROSS OF INCOME TAX

	2015 £	2014 £
Non Property Income Distributions		
1.161p per ordinary share paid in February relating to the quarter ending 31 December (2014: 1.133p)	2,835,350	1,756,085
1.161p per ordinary share paid in May relating to the quarter ending 31 March (2014: 1.161p)	–	1,865,834
1.161p per ordinary share paid in August relating to the quarter ending 30 June (2014: 1.161p)	–	1,865,834
1.161p per ordinary share paid in November relating to the quarter ending 30 September (2014: 1.161p)	2,220,581	2,527,604
Property Income Distributions		
1.161p per ordinary share paid in May relating to the quarter ending 31 March	3,213,406	–
1.161p per ordinary share paid in August relating to the quarter ending 30 June	3,348,175	–
1.161p per ordinary share paid in November relating to the quarter ending 30 September	1,127,594	–
	12,745,106	8,015,357

On 1 January 2015 the Company converted to a UK REIT from a Guernsey Investment Company (GIC). The payment in February 2015 is the dividend relating to the period prior to REIT conversion for the quarter ended 31 December 2014 and relates to when the Company was a GIC. The payment in May 2015 is the first property income distribution (gross of income tax) following REIT conversion for the quarter ended 31 March 2015.

21 RECONCILIATION OF CONSOLIDATED NET ASSET VALUE TO PUBLISHED NET ASSET VALUE

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

	2015 Number of Shares	2014 Number of Shares
Number of ordinary shares at the reporting date	380,690,419	244,216,165

	2015 £	2014 £
Total equity per audited consolidated financial statements	312,783,287	184,367,522
Net asset value per share	82.2p	75.5p

The EPRA publishes guidelines for calculating adjusted NAV. EPRA NAV represents the fair value of an entity's equity on a long-term basis. Items that EPRA considers will have no impact on the long term, such as fair value of derivatives, are therefore excluded.

	2015 £	2014 £
Total equity per audited consolidated financial statements	312,783,287	184,367,522
Adjustments:		
Add: fair value of derivatives	2,085,292	2,674,939
EPRA net asset value	314,868,579	187,042,461
EPRA net asset value per share	82.7p	76.6p

22 SERVICE CHARGE

The Company has appointed an agent to manage the service charge at the investment properties. The table below is a summary of the service charge during the year. The table shows the service charge cost to the tenants, the amount the tenants have been billed based on the service charge budget and the amount the Company has paid in relation to void units over the year. The table also shows the balancing service charge that is due to/from the tenants as at the Balance Sheet date.

	2015 £	2014 £
Total service charge expenditure incurred	1,685,569	1,557,269
Total service charge billed to tenants excluding void units and service charge caps	1,492,339	1,663,864
Service charge billed to the Group in respect of void units and service charge caps	74,448	120,164
Service charge due from/(to) tenants as at 31 December	118,782	(226,759)
	1,685,569	1,557,269

23 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.

Ordinary share capital

Standard Life Assurance Limited held 34,439,001 (2014: 19,644,001) of the issued ordinary shares at the Balance Sheet date on behalf of its Unit Linked Property Funds. This equates to 9.0% (2014: 8.0%) of the ordinary share capital in issue at the Balance Sheet date.

Directors remuneration

The remuneration of the key management personnel is detailed below which includes pay as you earn tax and national insurance contributions. Further details on the key management personnel can be found in the Director's Remuneration Report and The Corporate Governance Report.

	2015	2014
	£	£
Richard Barfield (appointed chairman 29 May 2014)	33,000	31,223
Sally-Ann Farnon (appointed 16 July 2010)	28,500	29,500
Shelagh Mason (retired 31 December 2014)	–	26,500
Huw Evans (appointed 11 April 2013)	26,000	26,500
Robert Peto (appointed 28 May 2014)	26,000	16,736
Paul Orchard-Lisle (retired 28 May 2014)	–	13,107
Employers national insurance contributions	5,872	–
	119,372	143,566
Directors expenses	4,924	2,431
	124,296	145,997

Investment Manager

Management of the property portfolio is contractually delegated to Standard Life Investments (Corporate Funds) Limited as Investment Manager and the contract with the Investment Manager can be terminated by the Company. Transactions with the Investment Manager in the year are detailed in note 4.

24 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.

25 EVENTS AFTER THE BALANCE SHEET DATE

On 29 February 2016 the Group started the process of liquidating Standard Life Investments SLIPIT Unit Trust. As part of the liquidation process the trustees of the Standard Life Investments SLIPIT Unit Trust distributed the interests in the Standard Life Investments (SLIPIT) Limited Partnership to Standard Life Investments Property Holdings Limited (99%) and Standard Life Investments Property Income Trust Limited (1%).

On 31 March 2016 a fourth interim dividend for the period 1 October 2015 to 20 December 2015 of 1.022 pence per share was paid. The dividend was split as a property income dividend of 0.528 pence per share and an ordinary dividend of 0.494 pence per share.

On 31 March 2016 a fifth interim dividend for the period 21 December 2015 to 31 December 2015 of 0.139 pence per share was paid. The dividend was split as a property income dividend of 0.072 pence per share and an ordinary dividend 0.067 pence per share.

Standard Life Investments Property Income Trust Limited

Additional Information

Information for Investors

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.

Share Information

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 Investment Manager's website which can be found at: www.standardlifeinvestments.com/its, at Interactive Investor Investment Trust Service, website address: www.iii.co.uk and on TrustNet, website address: www.trustnet.co.uk.

Ordinary shares may be purchased or sold through a stockbroker, financial adviser or via an investment platform.

The net asset value per ordinary share is calculated on a quarterly basis and is published on the London Stock Exchange where the latest live ordinary share price is also displayed, subject to a delay of 15 minutes. "SLI" is the code for the ordinary shares which may be accessed at www.londonstockexchange.com.

Savings Scheme and ISA

The Standard Life Investments Savings Scheme and ISA was closed on 5 June 2015 and transferred to Alliance Trust Savings. Investor enquiries about administration and applications should now be directed to Alliance Trust Savings on 01382 573737 or contact@alliancetrust.co.uk.

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.

Having taken legal advice, and on the basis that the Board conducts the affairs of the Company as if it would be an investment trust if it was resident in the UK, the Board believes that the Company's shares are excluded securities under the new rules and, as a result, the FCA's restrictions on retail distribution do not apply.

Alternative Investment Fund Managers ('AIFM') Directive

In accordance with the AIFM Directive, information in relation to the Company's leverage and the remuneration of the Company's AIFM, Standard Life Investments (Corporate Funds) Limited ('SLI(CF)'), is required to be made available to investors.

Standard Life Investments Property Income Trust Limited

Additional Information

Information for Investors (continued)

Leverage

The Company's maximum and average actual leverage levels at 31 December 2015 are shown below

Leverage exposure	Gross method	Commitment method
Maximum Limit	400%	250%
Actual	171%	145%

For the purposes of the AIFM Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of Company's exposure to its net asset value and is calculated on both a gross and commitment method. Under the gross method, exposure represents the sum of the Company's positions without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated after certain hedging and netting positions are offset against each other.

The leverage limits are set by the AIFM and approved by the Board. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

Remuneration

The Company's AIFM, SLI(CF), is subject to the Remuneration requirements of the AIFM Directive on a proportionate basis in respect of its activities as AIFM for a range of Alternative Investment Funds (AIFs). Total assets under management of SLI (CF) were £12.04billion at 31 December 2015, of which £4.58billion of assets were AIFs subject to the AIFM Directive. The NAV of the Company was £312.78million as at December 2015.

SLI (CF) does not employ any direct staff. The board of the AIFM are employees of Standard Life Investments Limited (SLI) and are subject to the SLI and Standard Life Group policies as regulated by the Financial Conduct Authority (FCA). SLI is subject to the FCA's Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU) Remuneration Requirements under SYSC 19C on a proportionate basis. The board of SLI(CF) has responsibility for the risk management arrangements as they relate to the AIFM fund range.

The investment processes are subject to the governance structure of SLI and the board of SLI(CF) monitors the effectiveness in meeting strict criteria at an AIF level. The board of SLI(CF) discharges its duties via regular reporting and review at board meetings and via allocation of executive responsibilities, in relation to SLI(CF), within the SLI management team.

The AIFM has no identified staff out with its board. The board of the AIFM has three individuals who are AIFM Remuneration Code Staff "AIFM Code Staff", i.e. individuals whose activities have a material impact on the risk profile of the AIFM, or the AIFs that it manages. The aggregate remuneration for these three individuals, apportioned for the AIFM duties they have performed, for the year 2015 is £429,512.

AIFM Code Staff are monitored in respect of their performance in line with the SLI Remuneration Policy which is designed to meet the regulatory requirements of BIPRU and the AIFM Directive. The Remuneration Committees of SLI and Standard Life plc review and approve remuneration for AIFM Code Staff. More information on the remuneration policies of Standard Life plc are disclosed on the following web page:

http://www.standardlife.com/about/governance-remuneration-code.html

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 Association. Alternatively, visit their website on www.theaic.co.uk.

Standard Life Investments Property Income Trust Limited

Additional Information

Directors and Company Information

Directors

Richard Arthur Barfield (Chairman) 1
Sally-Ann Farnon 2
Huw Griffith Evans 3
Robert Peto 4
Mike Balfour

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

Standard Life Investments (Corporate Funds) Limited
1 George Street
Edinburgh EH2 2LL
Telephone: 0845 60 60 062

1 Chairman of the Nomination Committee

2 Chairman of the Audit Committee and designated as Senior Independent Director.

3 Chairman of the Remuneration Committee and the Management Engagement Committee

4 Chairman of the Property Valuation Committee

Independent Auditors

Ernst & Young LLP
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey GY1 4AF

Solicitors

Dickson Minto W.S.
16 Charlotte Square
Edinburgh EH2 4DF

Mourant Ozannes
PO Box 186
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP

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

Jones Lang LaSalle Limited
22 Hanover Square
London W1A 2BN

Knight Frank LLP
55 Baker Street
London W1U 8AN

Depositary

Citibank Europe plc
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Standard Life Investments Property Income Trust Limited

Additional Information

Notice of Annual General Meeting

Notice is hereby given that the Twelfth Annual General Meeting of Standard Life Investments Property Income Trust Limited ('the Company') will be held at 30 St Mary Axe, London EC3A 8EP on Thursday 2 June 2016 at 11.30am for the following purposes:

ORDINARY BUSINESS

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

Resolution 1 To receive and approve the Annual Report and Financial Statements of the Company for the year ended 31 December 2015.

Resolution 2 To receive and approve the Directors' Remuneration Report for the year ended 31 December 2015.

Resolution 3 To receive and approve the Directors' Remuneration Policy.

Resolution 4 To re-appoint Ernst & Young LLP as Auditor of the Company until the conclusion of the next Annual General Meeting.

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

Resolution 6 To re-elect Sally-Ann Farnon as a Director of the Company.

Resolution 7 To re-elect Huw Evans as a Director of the Company.

Resolution 8 To re-elect Robert Peto as a Director of the Company.

Resolution 9 To elect Mike Balfour as a Director of the Company.

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

Resolution 10 To authorise the Company, in accordance with The Companies (Guernsey) Law, 2008, as amended (the "Law") 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 per cent 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 1p;

c. the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be the higher of (i) 105 per cent 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 on 2 December 2017 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2017, 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.

Additional Information

Notice of Annual General Meeting (continued)

Resolution 11 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"), 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 Services 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 £380,690 being approximately 10 per cent of the nominal value of the issued share capital of the Company, as at 18 April 2016.

SPECIAL BUSINESS

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

Resolution 12 That in accordance with section 38(5) of the Law, paragraph 3 (including, for the avoidance of any doubt, all sub-paragraphs) of the Company's existing memorandum of association (the Memorandum) be deleted in its entirety and replaced by the insertion of the following new paragraph 3: *"The objects and powers of the Company are not restricted."*

Resolution 13 That in accordance with regulation 2(1)(a) of the Companies (Transitional Provisions) Regulations, 2008 (the Regulations), a new paragraph 5 be inserted into the Memorandum which reads: *"The Company is a non-cellular company.",* in accordance with the requirements of section 15(2)(c) of the Law.

Resolution 14 That in accordance with regulation 2(1)(b) of the Regulations, paragraphs 5 to 7 of the Memorandum be deleted in their entirety.

Resolution 15 That in accordance with section 42(1) of the Law, the new Articles of Incorporation of the Company produced to the meeting and, for the purpose of identification, initialled by the Chairman be approved (the New Articles) and adopted as the New Articles, in substitution for and to the exclusion of all existing Articles of Incorporation of the Company, which are hereby deleted in their entirety. The specific amendments are listed in the Appendix.

By Order of the Board
For and on behalf of
Northern Trust International Fund Administration Services (Guernsey) Limited
Secretary
18 April 2016

Additional Information

Notice of Annual General Meeting (continued)

Notes

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 his 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 11.30am on 31 May 2016.

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 11.30am on 31 May 2016.

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 11.30am on 31 May 2016. 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.

Standard Life Investments Property Income Trust Limited

Additional Information

Notice of Annual General Meeting (continued)

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 per cent 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 per cent (in the case of the special resolutions) of the total number of votes cast for, or against, the ordinary and special resolutions respectively.

12. Copies of the new Memorandum and Articles of Incorporation of the Company showing all changes to the current Memorandum and Articles of Incorporation will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) until the close of the Annual General Meeting at the registered office of the Company.

13. As at 18 April 2016, the latest practicable date prior to publication of this document, the Company had 380,690,419 ordinary shares in issue with a total of 380,690,419 voting rights.

14. 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 and Transparency Rules.

Standard Life Investments Property Income Trust Limited

Additional Information

Notice of Annual General Meeting (continued)

Appendix: Adoption of the New Articles and amendments to the existing Memorandum

The Companies (Guernsey) Law 2008 was amended by the Companies (Guernsey) Law, 2008 (Amendment) Ordinance, 2015 on 3 September 2015 to provide clarification to the 2008 law and, increase operational efficiency and flexibility for Guernsey companies. The Company proposes to amend its articles of association to implement the relevant beneficial provisions of the amendments to the 2008 law which include principally the removal of certain statutory restrictions in respect of the issue of shares, the implementation of changes to the notice provisions making communications with shareholders more expeditious, and the simplification of directors' disclosure of their interests. Further, the Board is proposing that the aggregate maximum remuneration of directors be increased from £150,000 to £250,000 per annum to enable it to continue to have the ability to attract candidates of sufficient quality and to manage succession planning on an ongoing basis.

The following amendments to the Articles of Association are listed herein:

1. The wording under the "Law" definition under Article 2 *"Interpretation"* will be changed to *"The Companies (Guernsey) Law, 2008 as amended, extended or replaced and any Ordinance, statutory instrument or regulation made thereafter and references to sections thereof shall refer to such sections as amended or renumbered from time to time."*

2. The last three sentences will be removed from Article 4.1.2. which read as follows:

   "To the extent required by Sections 292 and 293 of the Law and subject to the provisions of these Articles, the Board is authorised to allot, issue or otherwise dispose of 10,000 Ordinary Shares (or grant options, warrants or other rights in respect of shares) to such persons on such terms and conditions and at such times as the Board determines but so that no share shall be issued at a discount except in accordance with the Law and so that the amount payable on application on each share shall be fixed by the Board, which authority shall expire five (5) years after 24 May 2011. In the event that the restrictions in Section 292(3)(a) and/or (b)(i) are amended or removed, such authority shall be to the extent and for as long as is legally permissible. This authority may be further extended in accordance with the provisions of the Law."

3. The following wording shall be added as Article 4.1.4.:

   "The unissued shares shall be at the disposal of the Board which is authorised to allot, grant options, warrants or other rights over or otherwise dispose of them to such persons on such terms and conditions and at such times as the Board determines but so that no share shall be issued at a discount except in accordance with the Law and so that the amount payable on application on each share shall be fixed by the Board."

4. Article 10.4.2. will be deleted in its entirety and replaced with:

   "subject to Article 10.5., subdivide all or any of its shares into shares of a smaller amount;"

5. Article 10.4.5. will have "and" added at the end of it.

6. Article 10.4.6. will be added and will read as follows; *"convert shares into stock and vice versa."*

7. The current Article 10.5. which reads *"The Board on any consolidation of shares may deal with fractions of shares in any manner."* will be changed to 10.6 and the following wording shall be added as Article 10.5.:

   "In any subdivision under Article 10.4.2., the proportion between the amount, if any, unpaid on each reduced share shall be the same as that proportion in the case of the share from which the reduced share was derived."

Additional Information

Notice of Annual General Meeting (continued)

8. The following article will be added as Article 10.7. and will read as follows:

   "The Company may reduce its share capital, any capital account or any share premium account in any manner and with and subject to any authorisation or consent required by the Law."

9. Article 13.1. will be updated to include *"(if required)"* after the sentence which reads: *"The ordinary business of a general meeting shall be to receive and consider the profit and loss account and the balance sheet of the Company and the reports"*

10. Directors' remuneration fees at Article 16.2.1. will be changed from *"£150,000"* to *"£250,000"*.

11. Articles 19.5.1. (a) and (b) will be deleted in their entirety and *"the nature and extent of that interest"* shall be added at the end of 19.5.1.

12. *"and"* will be replaced with *"or"* in the first sentence of *Article 19.5.4.*

13. *Article 23.2.* will be amended to read:

    "A Secretary shall have such duties as may be agreed by the Board and the Secretary and, in the absence of such agreement, those duties shall include the duties set out in section 171 of the Law."

14. Article 31.1. will be amended to read:

    "A notice or other communication may be given by the Company to any Member by any means as set out in section 523 of the Law."

15. Articles 31.2. 31.3. and 31.4. will be deleted in their entirety and replaced with:

    "31.2. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the Register in respect of the share.

    31.3. Any notice or other communication sent to the address of any Member shall, notwithstanding the death, disability or insolvency of such Member and whether the Company has notice thereof, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder and such service shall, for all purposes, be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in any such share.

    31.4. All Members shall be deemed to have agreed to accept communication from the Company by electronic means in accordance with Sections 524 and 526 and Schedule 3 of the Law unless a Member notifies the Company otherwise. Notice under this Article must be in writing and signed by the Member and delivered to the Company's Office or such other place as the Board directs."

16. Article 31.5 shall be added and shall read as follows:

    "Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register of members, has been duly given to a person from which he derives his title."