Standard Life Investments Property Income Trust Limited

Interim Report
30 June 2017

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Standard Life Investments Property Income Trust Limited

Objective and Investment Policy

Objective

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

Investment Policy

The Directors intend to achieve the investment objective by investing in a diversified portfolio of UK commercial properties. The majority of the portfolio will be invested in direct holdings within the three main sectors of retail, office, and industrial, although the Company may also invest in other commercial property such as hotels, nursing homes and student housing. Investment in property development and investment in co-investment vehicles is permitted up to a maximum 10% of the property portfolio.

In order to manage risk, without compromising flexibility, the Directors apply the following restrictions to the portfolio in normal market conditions:

- No property will be greater by value than 15% of total assets.
- No tenant (excluding the Government) will be responsible for more than 20% of the Company's rent roll.
- 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 ("LTV") ratio (calculated as borrowings less all cash as a proportion of property portfolio valuation) will not exceed 45%.

An analysis of how the portfolio was invested as at 30 June 2017 is contained within the Investment Manager's Report.

Standard Life Investments Property Income Trust Limited

Financial Highlights

- NAV total return of 6.6% in the six month period, driven by above benchmark valuation increases and successful asset management activity.
- Strong share price total return over the period of 6.0% compared to total return on FTSE All-Share Index of 5.5% and FTSE All-Share REIT Index of 3.5% with the Company's shares trading at a premium to NAV of 6.4% as at 30 June 2017.
- The Company has continued to reduce gearing as proceeds from £22.3 million of sales was used to reduce LTV to 19.9% at period end (31 Dec 2016: 26.0%). Post the period end, significant net investment has been made into the portfolio but with LTV still remaining prudent at 23.6% as at 23 August 2017.
- Dividend cover of 111% over the period (103% if one-off dilapidation receipts excluded) as successful asset management activity helped negate effect of sales.
- The yield on the Company's share price as at 30 June 2017 stood at 5.3% which compares favourably to the FTSE All-Share Index (3.6%) and FTSE All-Share REIT Index (3.6%) at the same date.
- A total of 8.125 million shares were issued under the Company's blocklisting facility in the six month period generating net proceeds of £6.9 million for investment into the portfolio.
- Overall, the Company, with a market capitalisation of £347 million as at 30 June 2017, has a secure and growing balance sheet, significant financial resources and a portfolio of assets that continues to underpin an attractive and covered dividend for shareholders.

Property Highlights

- As at 30 June 2017, the portfolio was valued at £418.1 million and yielded 5.9%.
- Property total return for the period was 5.6%, significantly ahead of the IPD Quarterly version of Monthly Index total return of 4.5%. The capital return of 2.2% and the income return of 3.3% from the portfolio both continued to outperform the comparative benchmark figures (2.0% and 2.4% respectively).
- Net sales totalled £22.3 million in the period, including the Company's largest and only City of London asset at White Bear Yard, in order to realise profit and remove the risk of potential future underperformance.
- Post the period end, significant net investment was made into the portfolio of £14.2 million in a number of income accretive assets, across the industrial and office sectors, that offer asset management opportunities to enhance both income and capital returns.
- A number of successful asset management initiatives, contributing to income and capital values, completed during the period including:
  - 7 new lettings completed during the year securing £519,000 of rent
  - 7 rent reviews resulting in additional income of £111,000 per annum
- Void rate of 6.7% as at period end (31 Dec 2016: 3.3%) with main voids relating to an industrial unit in Rainham, where there is an interested party and an opportunity to capture significant reversionary potential and also Oldham, where terms have been agreed to sell the unit.
- Positive rent collection rates of 99% within 21 days highlighting the continued strength of tenant covenants in an environment where income will be the key component of returns going forward.

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Performance Summary

Earnings & Dividends	30 June 2017	30 June 2016
EPRA earnings per share	2.64	2.64
Dividends declared per ordinary share (p)	2.380	2.351
Dividend cover (%)*	111	111
Dividend Yield (%)**	5.3	6.0
FTSE Real Estate Investment Trusts Index Yield (%)	3.6	3.7
FTSE All-Share Index Yield (%)	3.6	3.7

Capital Values & Gearing	30 June 2017	31 December 2016	% Change
Total assets (£million)	447.6	445.7	0.4
Net asset value per share (p)	83.9	81.0	3.6
Ordinary Share Price (p)	89.25	86.50	3.2
Premium/(Discount) to net asset value (%)	6.4	6.8	–
Loan to Value (%) ***	19.9	26.0	–

Total Return %	6 month	1 year	3 year	5 year
NAV****	6.6	8.7	42.0	93.3
Share Price****	6.0	19.1	38.1	92.2
FTSE Real Estate Investment Trusts Index	3.5	9.2	19.6	78.3
FTSE All-Share Index	5.5	18.1	23.9	65.2

Property Returns & Statistics %	Period ended 30 June 2017	Period ended 30 June 2016
Property income return	3.3	3.1
IPD property income monthly index	2.4	2.3
Property total return	5.6	3.9
IPD property total return monthly index	4.5	2.5
Void rate	6.7	3.8

* Calculated as revenue earnings per share (excluding capital items & swap breakage costs) as a percentage of dividends declared in the period.
** Based on an annual dividend of 4.76p and the share price at 30 June.
*** 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 period.
**** Assumes re-investment of dividends excluding transaction costs.

Sources: Standard Life Investments, Investment Property Databank (“IPD”)

Standard Life Investments Property Income Trust Limited

Chairman's Statement

Robert Peto
Chairman

I am pleased to report that your Company continued to perform well in the six month period to 30 June 2017 against a backdrop of ongoing political uncertainty. The property portfolio delivered an above benchmark performance which underpinned a robust NAV total return. In addition, the Company produced a strong share price total return as the Company maintained its premium rating. The number of shares in issue increased marginally through the judicious use of its blocklisting facility and, as at 30 June, your Company was capitalised at £347 million.

Background

In what is becoming a common theme, uncertainty again took hold in the UK in the first six months of 2017. Following on from the surprise EU referendum outcome in 2016, the UK general election, called with the intention of strengthening the Government's hand in Brexit negotiations, unexpectedly produced a hung parliament. This result, on top of the fact that Brexit negotiations have started with vastly differing views on what the eventual outcome will mean for the UK, has resulted in a background of political uncertainty not seen in this country for a generation.

While it is too early to say what the impact, if any, of the election result will be on the UK economy, the resilience of the economy post the EU referendum vote has started to wane. A weaker consumer sector, impacted by rising inflation which has put a squeeze on spending power, caused the rate of growth to slow to 0.3% in the second quarter of 2017 compared to 0.7% recorded in Q4 2016. The rise in inflation has put the spotlight on interest rates although it is still very much expected that these will remain close to the historical low levels experienced since the financial crisis for a prolonged period.

Against this economic background, the real estate sector has held up well. The Company's benchmark, (MSCI/IPD Quarterly version of Monthly Index) delivered a total return of 4.5% over the first six months of 2017 with both market conditions and sentiment stabilising over the period following the volatility experienced after the EU Referendum in 2016.

Performance

The Company produced a NAV total return of 6.6% over the six months to 30 June 2017 driven by the property portfolio which has continued the outperformance that has been delivered over recent years. The portfolio total return was 5.6% which compares favourably to the benchmark return referred to above with both the capital and income returns from the portfolio delivering above benchmark levels. Capital return of 2.2% was driven by strong returns from the Company's industrial assets, the best performing sector of the market and an area where the portfolio is 25% overweight compared to the benchmark. The property income return was relatively stable at 3.3% for the period which bodes well in an environment where income returns are expected to be the main driver of performance going forward. It should also be highlighted that, over the longer term, the Company has consistently produced attractive returns with a NAV total return of 93.3% over five years, again driven by a portfolio which has produced a total return of 68.6% over the same period compared to the benchmark total return of 57.6%.

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Chairman's Statement
(continued)

The share price total return for the six months was 6.0%, above that of both the FTSE All-Share Index (5.5%) and the FTSE All-Share REIT Index (3.5%). This return resulted in the premium at which the Company's shares trade above net asset value being 6.4% as at 30 June. Over a five year period the shares have produced a total return of 92.2%, again outperforming the FTSE All-Share Index (65.2%) and the FTSE All-Share REIT Index (78.3%).

As mentioned in the Annual Report, in order to ensure that the premium does not become excessive, the Company has issued shares under a blocklisting facility. Up to 23 August, 11.425 million shares had been issued under this blocklisting facility raising £9.9 million, all at prices that are accretive to NAV per share for existing shareholders.

Dividends

The Company has paid out dividends totalling 2.380p per share for the six month period. This equates to an annual dividend yield of 5.3% based on the share price as at 30 June 2017, significantly above the yield on the FTSE All-Share Index and FTSE All-Share REIT Index (both 3.6%). It should also be highlighted that the dividend paid by the Company is fully covered, with dividend cover for the six month period (excluding one-off dilapidation receipts) of 103%. This was achieved despite net property sales of £22.3m in the period and is testament to the successful asset management activity undertaken by the Investment Manager.

Borrowings

In April 2016, the Company restructured its debt to include a revolving credit facility ("RCF") in addition to a term loan. This introduced flexibility into the capital structure and has proved to be invaluable in providing the Investment Manager the ability tactically to increase or decrease the level of debt as both purchase or sales opportunities arise. This is demonstrated by the fact that, at the period end, the Company's LTV was a prudent 19.9% (31 Dec 2016: 26.0%) as the proceeds from the £22.3 million of net sales referred to above were used to repay all of the Company's RCF. Since then the RCF has been utilised a number of times to acquire investments and then subsequently reduced as planned sales were executed. As at 23 August, the LTV was 23.6% at an attractive interest rate of 2.73%.

Investment Manager

The Board notes the recently completed merger between Standard Life and Aberdeen Asset Management. It is too early in the integration process of the two companies to comment on what, if any, implications this will have for the Company. The Board continues to monitor developments very closely.

Outlook

The political uncertainty that has surrounded the UK since the EU referendum vote has been ramped up with the result of the UK general election. The focus for the next few years will undoubtedly be on the twists and turns in the Brexit negotiations and what this may mean for politics in the UK. However, while the economy has so far managed to shrug off this unprecedented level of uncertainty, there can be no doubt that the devaluation of the pound following the Brexit vote has led to an increase in the rate of inflation and has hit consumer confidence. The benefits for manufacturing of a lower pound have taken longer to come through which has also contributed to the slowdown in the economy. With UK GDP growth forecasts for 2017 and 2018 now being pared back, how the UK economy reacts to the ongoing political uncertainty combined with inflationary pressures and the implications this may have for interest rates will determine the extent of the slowdown.

In relation to the UK real estate market, normality has returned following the volatility experienced after the EU referendum vote with the sector continuing to provide a yield profile that is attractive when compared to other asset classes. Looking forward, the fundamentals of the sector remain robust with lending to the sector at a lower level than in 2007/2008, relatively limited development and vacancy levels which are below the long term average. Furthermore, unlike in the Financial Crisis, liquidity remains reasonable. In this environment, the steady secure income component, with a yield that continues to provide a significant margin compared to other asset classes, is likely to be the key driver of returns going forward.

Standard Life Investments Property Income Trust Limited

Chairman's Statement
(continued)

Against this background your Company's portfolio is well positioned. While properties of a more secondary nature may experience more volatility in the current risk averse environment, the portfolio is well diversified in terms of sector coverage with a bias towards industrials which is expected to be the best performing sector over the medium term. From a geographic point of view, the portfolio has no exposure to the City of London, forecast to be one of the weakest markets due to the uncertainties over how Brexit will affect the financial services industry. Finally, although void rates have increased over the period, the portfolio still produces an above benchmark income return which, combined with a strong tenant base and strong rent collection profile, underpins the Company's attractive dividend yield in a world where income is still very much in demand. With a debt structure that remains prudent while providing the resource and flexibility to act quickly should opportunities arise and an Investment Manager which has a proven track record of delivering above benchmark returns, I continue to believe that your Company is well placed to meet the challenges that lie ahead.

Robert Peto
Chairman
30 August 2017

Standard Life Investments Property Income Trust Limited

Principal Risks and Uncertainties

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

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

The Board 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, leading to a widening discount.

  This risk is mitigated through regular contact with shareholders, a regular review of share price performance and the level of the discount or premium at which the shares trade to NAV and regular meetings with the Company's broker to discuss these points and address any issues that arise.

- Net revenues fall such that the Company cannot sustain its level of dividend, for example due to tenant failure or inability to let properties.

  This risk is mitigated through regular review of forecast dividend cover and regular review of tenant mix, risk and profile. Due diligence work on potential tenants is undertaken before entering into new lease arrangements and tenants are kept under constant review through regular contact and various reports both from the managing agents and the Investment Manager's own reporting process. Contingency plans are put in place at units that have tenants that are believed to be in financial trouble. The Company subscribes to the IPD 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.

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

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

  The Board continues to closely monitor progress with the UK's exit from the EU, the effect this may have on property values and the impact of any resultant regulatory changes that may affect the Company.

- Breach of loan covenants.

  This risk is mitigated by the Investment Manager monitoring the loan covenants on a regular basis and providing a quarterly certificate to the bank confirming compliance with the covenants. Compliance is also reviewed by the Board each quarter and there is regular dialogue between the Investment Manager and the bank on Company activity and performance.

- Loss on financial instruments.

  The Company has entered into an interest rate swap arrangement. This swap instrument is valued and monitored on a daily basis by the counterparty bank. The Investment Manager checks the valuation of the swap instrument internally to ensure this is accurate. In addition, the credit rating of the bank that the swap is taken out with is assessed regularly.

Standard Life Investments Property Income Trust Limited

Principal Risks and Uncertainties
(continued)

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.

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.

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Investment Manager's Report

Jason Baggaley
Fund Manager

UK Real Estate Market

The resilience of the UK economy post the EU referendum vote in 2016 has started to fade in 2017. A weaker consumer sector, impacted by a squeeze on spending power, caused the economy to grow by only 0.3% in the second quarter of 2017, a pronounced slowdown from the 0.7% growth recorded in Q4 2016. Expectations are for slower growth in 2017 compared to 2016. Although economic growth is moderating, the property sector (as measured by MSCI/IPD) recorded a reasonable total return of 4.8% over the first six months of 2017. Market conditions and sentiment have stabilised in recent months following the capital decline after the referendum. Capital values rose by 2.0% in the first six months of 2017 and rents also grew by 0.7% over this timeframe. As for the equity markets, total returns from the FTSE All Share and the FTSE 100 were 5.5% and 4.7% respectively over the period. For listed real estate equities, total returns were 4.0% over the first six months of 2017.

As was the case in 2016, the Industrial sector remained the best performing of the main sectors, driven predominantly by the logistics market. Retail recorded a 3.6% total return in the first six months of 2017 compared to 3.7% for offices. Industrials though had a total return of 8.6% in the first half of 2017. Industrial values rose by 5.7% from the end of December 2016 to the end of June 2017. Retail capital growth continued to be the weakest with values rising by 0.6% p.a. over the first six months of the year, whilst office values rose by 1.3%. In line with the strong returns for industrials, the sector also recorded the strongest rental growth over the last six months at 2.0%. This compares to 0.4% and 0.2% rental growth respectively for offices and retail over this period.

Investment Outlook

UK real estate continues to provide an elevated yield compared to other assets and the market has stabilised following the post Brexit upheaval last year. Furthermore, lending to the sector is at a lower level than in the Financial Crisis of 2007/2008 and liquidity remains reasonable. Additionally, development continues to be relatively constrained by historic standards, and existing vacancy rates are below average levels in most markets, which should all help to maintain the positive returns the sector is currently recording. In this environment, the steady and predictable income component generated by the asset class is likely to be the key driver of returns going forward. The market is likely to continue to be sentiment driven in the short term as the politics and economic impact associated with the UK's withdrawal from the EU continue to evolve. The retail sector continues to face a series of headwinds that may hold back recovery in weaker locations due to oversupply and structural issues. Given the backdrop of continued macro uncertainty, investors are becoming more risk averse and better quality assets are once again broadly outperforming those of poorer quality.

Performance

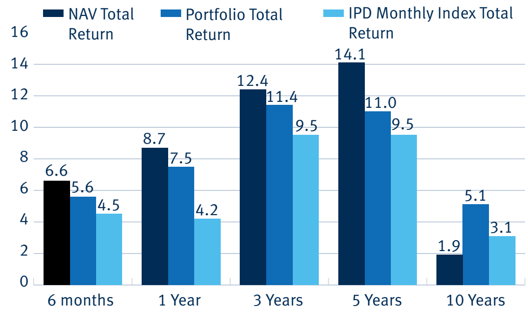
Given the nature of the underlying asset class and the Company you are invested in, it is important to look at performance at four levels; the underlying portfolio versus a property benchmark, the NAV total return against the peer group, the share price total return against the market and real estate companies, and finally, given the income focus of the Company, the dividend yield.

Standard Life Investments Property Income Trust Limited

Investment Manager's Report
(continued)

Portfolio level performance

Over the six month reporting period, the Company's underlying investment portfolio of UK commercial real estate has performed well, with a total return of 5.6% against the IPD/MSCI quarterly version of monthly valued funds benchmark of 4.5%. The Company's portfolio has also performed well over longer time periods, with top quartile performance over one, five and ten years against the benchmark. The chart below shows this, and also the relationship between the underlying asset level performance and NAV performance.



Source: SLI Annualised performance to 30 June 17

NAV performance

The Company has a strong NAV total return track record over most time periods. The main influences on the NAV total return are the impact of the interest rate swap, the impact of gearing and, of course, the performance of the underlying portfolio. The table below shows how the Company's NAV total return compares to the peer group.

NAV performance chart	6 mths	1 yr	3 yr	5 yr
Schroder Real Estate	6.9%	7.2%	44.8%	69.4%
Standard Life Investments Property Income	**6.6%**	**8.7%**	**42.0%**	**93.3%**
Picton Property	6.4%	12.9%	62.7%	100.0%
F&C UK Real Estate	5.6%	6.2%	40.5%	80.9%
Custodian	5.5%	8.9%	25.2%	n/a
UK Commercial Property	5.3%	7.2%	29.6%	61.3%
F&C Commercial Property	5.2%	8.7%	39.2%	82.2%
Ediston	4.3%	7.5%	n/a	n/a

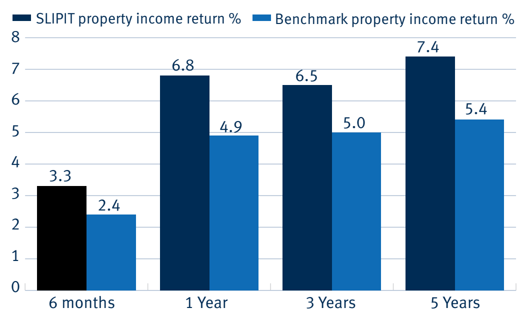
Share Price Total return

Of all the measures reported here, the share price total return is the one the investment manager has the least control over. Your Company has consistently traded on a greater premium than the sector average over the reporting period, to some extent reflecting the level of dividends paid and longer term performance.

Share Price Total Returns	6 mths	1 yr	3 yr	5 yr
Schroder Real Estate	14.6	32.2	39.2	157.7
Picton Property	12.2	31.3	54.7	169.6
UK Commercial Property	11.4	33.6	28.9	71.0
F&C UK Real Estate	10.4	26.8	48.1	124.0
Custodian	10.2	20.5	25.2	n/a
F&C Commercial Property	8.8	33.5	38.7	77.7
Ediston	8.4	14.8	n/a	n/a
Standard Life Investments Property Income	**6.0**	**19.1**	**38.1**	**92.2**
FTSE All-Share Index	5.5	18.1	23.9	65.2
FTSE All-Share REIT Index	3.5	9.2	19.6	78.3

Dividend

The Company's main focus is on providing its investors with an attractive income return. In order to do this, with the discipline of a covered dividend policy, it is important that the Company maintains a high income level from its portfolio, which the chart below demonstrates is the case.



Based on the share price at 30 June (89.25p) and the annualised dividend of 4.76p the dividend yield was 5.3%, which compares favourably to the yield on the FTSE All-Share REIT Index (3.6%) and the FTSE All Share Index (3.6%) as at the same date.

Standard Life Investments Property Income Trust Limited

Investment Manager's Report
(continued)

Over the reporting period the Company had a dividend cover of 111% (103% excluding non-recurring income).

Portfolio Valuation

The portfolio is valued quarterly. Since the acquisition of the Pearl portfolio in December 2015 the Company had two valuers, with JLL valuing the original portfolio, and Knight Frank the Pearl portfolio. For 30 June 2017 and thereafter Knight Frank will be the sole valuer to improve efficiency.

As at 30 June 2017 the portfolio comprised 56 properties valued at a total of £418.1 million with a cash balance of £26.7 million. This compares to 60 assets, valued at £450.1 million and cash of £18.3 million as at 30 June 2016.

Investment Strategy

The Company remains focused on delivering an attractive income to investors through investing in a diversified portfolio of UK commercial real estate assets. We target assets that are well located and are in good condition, which we believe will appeal to occupiers. We aim to actively manage the assets to renew and extend leases to give the Company a sustainable income to support its covered dividend policy.

With continued uncertainty in capital markets, and an expectation tenant demand could dampen over the next 12 months given the ongoing Brexit negotiations, we are focused on understanding our tenants' requirements and trying to address lease events early. If we believe a property will appeal to other investors and has a significant void risk or capex requirement then we will consider a sale to reduce that risk, however we still believe that having good quality buildings in strong locations means we can retain tenants and increase income.

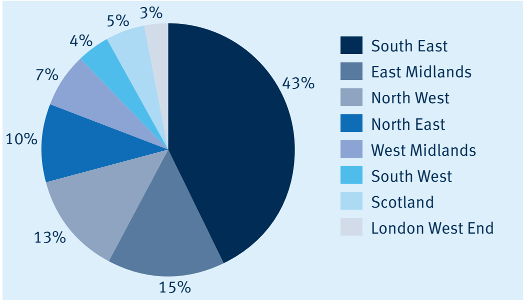
Portfolio Allocation

The Company is invested in a portfolio of commercial real estate assets that provide it with diversification by asset, sector, geography and income source.

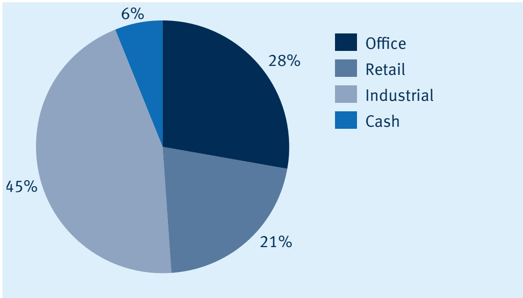
As the Company has a focus on providing an attractive income yield it is currently overweight in industrials and underweight in retail. The underlying reason for this position is that only prime retail is likely to perform as fundamental shifts in retail habits means the sector is very over supplied with rental values likely to fall, if replacement tenants can be found at all.

Although prime retail will do well, it is very low yielding (circa 4.25%) and so does not support the Company's covered dividend. The office sector remains attractive, although we have gone underweight in Central London with the Company selling its largest asset in March 2017 as we believe London is a market that is most likely to be adversely affected by Brexit. When investing in the office market we favour vibrant towns and city centre locations, with good Universities, and supportive public transport with nearby housing. We are less keen on out of town business parks. The overweight position in industrials has benefited the Company, and is likely to continue to do so in the short to medium term, but even then it is important to identify units that meet tenants' locational and operational needs.

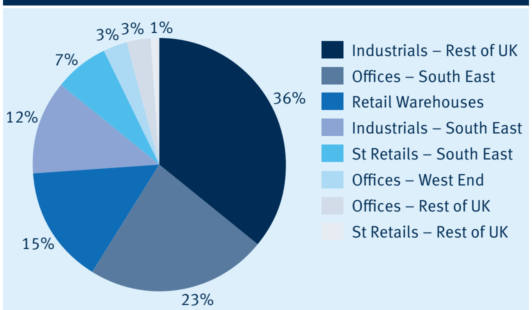
Portfolio allocation by Region



Portfolio allocation by Sector – including cash



Portfolio allocation by IPD sub-sector



Investment Manager's Report
(continued)

Investment activity

Purchases

During the reporting period the Company completed on two industrial purchases:

- Kings Park Bristol – a multi let industrial estate close to the city centre purchased for £5.3 million, an initial yield of 6.4%
- Snop Sunderland – a single let industrial building located close to the Nissan plant in Teesside. The unit was bought for £5.5 million reflecting a yield of 6.3%.

After the reporting period the Company completed the purchase of three further investments:

- Pinnacle House Reading – a multi let office close to Reading train station with prospects for asset management, purchased for £13.1 million, and a yield of 6.75%.
- Princes St Manchester – a multi let office in a converted listed mill building close to the city centre and let off very low rents, purchased for £8.1 million, with a yield of 6.4%.
- Nexus Point Birmingham – a single let industrial unit close to an existing holding, and recently let on a new 15 year lease, purchased for £4.6 million, and a yield of 5.75%.

Sales

The Company completed the sale of three assets in the reporting period, with three further sales in July and August.

- White Bear Yard, London – Sold for £19.0 million. The property was the largest investment in the Company's portfolio and the sale was driven by concerns over the effect of Brexit on the London office market, combined with reletting risk in 2019 and the impact on rental values of the rates revaluation in the neighbourhood.
- Quadrangle Cheltenham – sold for £11.1 million. The property had a lease expiry in 2018 when the tenant will depart and substantial capex will be required. The sale, above valuation, was undertaken to avoid the development and letting risk.
- Matalan, Bradford – sold for £3.8 million. Although let on a long lease, decided to reduce Company exposure to regional retail.
- Travis Perkins Cheltenham – Sold for £2.2 million in July. This small asset was let on a long lease to Travis Perkins but the unit was in poor condition and we agreed a sale, above valuation, that gives the tenant the ability to demolish the unit and rebuild as it sees fit.
- IT Centre York – Sold for £4.4 million in August. This out of town office was let on a short lease and we were not confident of reletting or rental prospects, and so sold at a premium to valuation.
- The Range, Southend-on-Sea – Sold for £5.0 million in August. The sale was to the local Council and realised a profit that we were not confident could be achieved through future asset management.

Asset Management

In a period where income returns are a significant contributor to the total return it is important to concentrate on asset management. In the first half of the year the sales were part of reducing risk in the portfolio. However, ongoing there are also a number of assets being prepared for refurbishment where we want to be able to take on the letting risk at expiry as we believe the assets will perform well in the future.

Although voids increased during the reporting period to 6.7%, this level is still below the IPD market average. We completed seven lettings over the period, for a total rent of £519,000pa, and agreed terms to sell the largest void. The main increase in the void level was from three lease expiries at the end of the reporting period. We are refurbishing these units, or have strong interest in their current condition to relet them.

In addition, we have been able to settle a number of rent reviews at an uplift to the old rent – a total of seven reviews were settled.

Borrowings

The Company has two debt facilities from RBS. The first is a £110m term loan, which is due to expire in April 2023, and a revolving credit

Standard Life Investments Property Income Trust Limited

Investment Manager's Report
(continued)

facility (RCF) of £35 million, which expires in April 2021 but with options to extend.

As at the reporting date and 23 August 2017 the RCF was undrawn, however inbetween it was used to help finance recent purchases.

As at 30 June the LTV for the Company was 19.9% (with a bank covenant of 60%). The all in interest rate cost at that date was 2.73%.

Health and Safety

Following the tragic events of the Grenfell Tower the investment manager, like most real estate investors, undertook a review of its managed assets. Your Company does not own any assets that caused a concern from the review, as it does not invest in high rise, or residential assets, and where it has multi let assets they all have a thorough Health and Safety audit in place.

Standard Life Investments Property Income Trust Limited

Investment Manager's Report
(continued)

Top 10 Properties

Property Name	Market Value £	Sector	% of Portfolio (excl. cash)
Denby 242, Denby	18-20m	Industrial	4.3
Elstree Tower, Borehamwood	18-20m	Office	4.3
Symphony, Rotherham	16-18m	Industrial	4.0
DSG, Preston	14-16m	Retail	3.7
Chester House, Farnborough	14-16m	Office	3.7
New Palace Place, London	12-14m	Office	3.2
Howard Town Retail Park, Glossop	12-14m	Retail	2.9
Charter Court, Slough	12-14m	Office	2.9
Hollywood Green, London	12-14m	Retail	2.9
82-84 Eden Street, Kingston upon Thames	10-12m	Retail	2.8
			34.7

Interest Rate Swaps

Start Date	Maturity Date	Notional Principal Amount £	Swap Rate %	30-Jun-17 Valuation £	30-Jun-16 Valuation £	31-Dec-16 Valuation £
27/04/2016	27/04/2023	110,000,000	1.35	(2,593,022)	(5,428,637)	(3,562,542)
				(2,593,022)	**(5,428,637)**	**(3,562,542)**

Top 10 Tenants

Tenant Group	Passing Rent £	As % of Total Rent
Sungard Availability Services	1,320,000	4.7
BAE Systems plc	1,257,640	4.5
Technocargo Logistics Limited	1,242,250	4.4
DSG Retail Limited	1,177,677	4.2
The Symphony Group PLC	1,080,000	3.8
Bong UK Limited	741,784	2.7
Euro Car Parts Limited	736,355	2.7
Ricoh UK Limited	696,995	2.5
CEVA Logistics Limited	614,937	2.2
Thyssenkrupp Materials (UK) Limited	590,000	2.1
	9,457,638	33.8
Total Fund Passing Rent	**27,978,184**	

Standard Life Investments Property Income Trust Limited

Investment Manager's Report
(continued)

Property Investments as at 30 June 2017

Name	Location	Sub-sector	Market Value £	Tenure	Area sq ft	Occupancy Rate % area sq ft
Denby 242	Denby	Industrials – Rest of UK	18-20m	Freehold	242,766	100
Elstree Tower	Borehamwood	Offices – South East	18-20m	Freehold	80,713	100
Symphony	Rotherham	Industrials – Rest of UK	16-18m	Leasehold	364,974	100
DSG, Blackpool Road	Preston	Retail Warehouses	14-16m	Freehold	40,997	100
Chester House	Farnborough	Offices – South East	14-16m	Leasehold	49,861	100
New Palace Place	London	Offices – West End	12-14m	Leasehold	18,594	99
Howard Town Retail Park	Glossop	Retail Warehouses	12-14m	Mixed	51,301	95
Charter Court	Slough	Offices – South East	12-14m	Freehold	45,554	93
Hollywood Green	London	St Retails – South East	12-14m	Freehold	64,002	100
Eden Street	Kingston Upon Thames	St Retails – South East	10-12m	Freehold	24,234	100
3B – C Michigan Drive	Milton Keynes	Industrials – South East	10-12m	Freehold	128,011	100
Bourne House	Staines	Offices – South East	10-12m	Freehold	26,363	100
Ocean Trade Centre	Aberdeen	Industrials – Rest of UK	10-12m	Freehold	103,120	93
Budbrooke Industrial Estate	Warwick	Industrials – Rest of UK	10-12m	Mixed	89,939	99
CEVA Logistics	Corby	Industrials – Rest of UK	8-10m	Freehold	195,225	100
Explorer 1 & 2, Mitre	Crawley	Offices – South East	8-10m	Freehold	46,205	64
Foxholes Business Park	Hartford	Industrials – South East	8-10m	Freehold	41,901	70
Tetron 141	Swadlincote	Industrials – Rest of UK	8-10m	Freehold	141,450	100
Walton Summit Industrial Estate	Preston	Industrials – Rest of UK	8-10m	Freehold	147,946	100
Foundry Lane	Horsham	Industrials – South East	8-10m	Freehold	76,535	100
The Kirkgate	Epsom	Offices – South East	6-8m	Freehold	26,454	100
Swift House	Rugby	Industrials – Rest of UK	6-8m	Leasehold	100,564	100
Marsh Way	Rainham	Industrials – South East	6-8m	Leasehold	82,090	0
P&O Warehouse	Dover	Industrials – South East	6-8m	Freehold	84,376	100
Tetron 93	Swadlincote	Industrials – Rest of UK	6-8m	Freehold	93,836	100
Victoria Shopping Park	Hednesford	Retail Warehouses	6-8m	Leasehold	37,096	96
Unit 6 Broadgate	Oldham	Industrials – Rest of UK	4-6m	Leasehold	103,605	0
Bathgate Retail Park	Bathgate	Retail Warehouses	4-6m	Freehold	45,168	100
Broadoak Business Park	Manchester	Industrials – Rest of UK	4-6m	Freehold	66,955	100
Mount Farm	Milton Keynes	Industrials – South East	4-6m	Freehold	74,712	100
Stephenson Industrial Estate	Washington	Industrials – Rest of UK	4-6m	Freehold	150,257	100
Wincanton	Bristol	Industrials – Rest of UK	4-6m	Leasehold	196,914	100
The Point Retail Park	Rochdale	Retail Warehouses	4-6m	Freehold	42,224	100
Kings Business Park	Bristol	Industrials – Rest of UK	4-6m	Freehold	59,000	100
Units 1 & 2 Olympian Way	Leyland	Retail Warehouses	4-6m	Leasehold	31,781	100

Standard Life Investments Property Income Trust Limited

Investment Manager's Report
(continued)

Property Investments as at 30 June 2017

Name	Location	Sub-sector	Market Value £	Tenure	Area sq ft	Occupancy Rate % area sq ft
Middle Engine Lane	North Shields	Retail Warehouses	4-6m	Freehold	21,846	100
Valley Road and North Brook Street	Bradford	St Retails - South East	4-6m	Freehold	28,915	100
Dorset Street	Southampton	Offices – South East	4-6m	Freehold	25,101	100
Silbury House	Milton Keynes	Offices – South East	4-6m	Freehold	25,205	100
Endeavor House	Kiddlington	Offices – South East	4-6m	Freehold	23,414	100
Interfleet house	Derby	Offices – Rest of UK	4-6m	Freehold	28,735	100
The Range	Southend-on-Sea	Retail Warehouses	4-6m	Freehold	30,427	100
Anglia House	Bishops Stratford	Offices – South East	4-6m	Freehold	16,982	100
Matalan	Kings Lynn	St Retails – South East	4-6m	Leasehold	33,991	100
31/32 Queen Square	Bristol	Offices – Rest of UK	4-6m	Freehold	13,124	100
Deans Industrial Estate, Units 1&2 Cullen Square	Livingston	Industrials – Rest of UK	4-6m	Freehold	81,735	100
The IT Centre, York Science Centre	York	Offices – Rest of UK	4-6m	Leasehold	25,419	100
Opus 9 Industrial Estate	Warrington	Industrials – Rest of UK	4-6m	Freehold	54,904	100
Persimmon House	Dartford	Offices – South East	4-6m	Freehold	14,957	100
Unit 2 Brunel Way	Fareham	Industrials – South East	2-4m	Leasehold	38,217	100
21 Gavin Way	Birmingham	Industrials – Rest of UK	2-4m	Freehold	36,376	100
Unit 4 Monkton Business Park	Newcastle	Industrials – Rest of UK	2-4m	Freehold	63,223	100
Unit 4 Easter Park	Bolton	Industrials – Rest of UK	2-4m	Leasehold	35,534	100
Unit 14 Interlink Park	Bardon	Industrials – Rest of UK	2-4m	Freehold	32,747	100
Travis Perkins	Cheltenham	Industrials – Rest of UK	2-4m	Freehold	51,148	100
Windsor Court & Crown Farm	Mansfield	Industrials – Rest of UK	0-2m	Leasehold	23,574	100
Total property portfolio			**418,060,000***			

* This is the open market value unadjusted for lease incentives at the Balance Sheet date.

Standard Life Investments Property Income Trust Limited

Directors' Responsibility Statement

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

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

The Interim Report, for the six months ended 30 June 2017, comprises an Interim Management Report in the form of the Chairman's Statement, the Investment Manager's Report, the Directors' Responsibility Statement and a condensed set of Unaudited Consolidated Financial Statements.

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

a. the Unaudited Consolidated Financial Statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and

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

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

Robert Peto
Chairman
30 August 2017

Standard Life Investments Property Income Trust Limited

Unaudited Consolidated Statement of Comprehensive Income

for the period ended 30 June 2017

	Notes	1 Jan 17 to 30 Jun 17 £	1 Jan 16 to 30 Jun 16 £	1 Jan 16 to 31 Dec 16 £
Rental income		14,794,656	14,918,244	30,414,862
Surrender premium income		–	–	81,500
Valuation gain/(loss) from investment properties	3	9,501,318	2,716,962	(5,300,992)
(Loss)/gain on disposal of investment properties		(470,987)	94,361	1,067,395
Investment management fees	2	(1,536,615)	(1,620,379)	(3,157,399)
Valuers' fees		(34,686)	(53,745)	(99,001)
Audit fees		(34,622)	(45,714)	(73,695)
Directors' fees and subsistence		(97,315)	(75,326)	(164,225)
Other direct property expenses		(976,737)	(526,659)	(1,372,597)
Other administration expenses		(232,431)	(226,067)	(445,144)
Operating profit		**20,912,581**	**15,181,677**	**20,950,704**
Finance income		746	16,103	30,536
Finance costs		(1,670,820)	(2,341,813)	(4,047,594)
Loss on derecognition of interest rate swaps		–	(2,735,000)	(2,735,000)
Profit for the period before taxation		**19,242,507**	**10,120,967**	**14,198,646**
Taxation				
Tax charge		–	–	–
Profit for the period, net of tax		**19,242,507**	**10,120,967**	**14,198,646**
Other comprehensive income				
Net change in fair value of swaps reclassified to profit and loss		–	2,735,000	2,735,000
Valuation gain/(loss) on interest rate swap		969,520	(6,078,345)	(4,212,250)
Total other comprehensive income/(loss)		**969,520**	**(3,343,345)**	**(1,477,250)**
Total comprehensive income for the period, net of tax		**20,212,027**	**6,777,622**	**12,721,396**
Earnings per share:		pence	pence	pence
Basic and diluted earnings per share	5	4.98	2.66	3.73
Adjusted (EPRA) earnings per share		2.64	2.64	5.56

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

The notes on pages 24 to 31 are an integral part of these Unaudited Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Unaudited Consolidated Balance Sheet

as at 30 June 2017

	Notes	30 Jun 17 £	30 Jun 16 £	31 Dec 16 £
ASSETS				
Non-current assets				
Investment properties	3	385,014,067	437,297,884	395,782,781
Lease incentives	3	3,965,933	3,267,928	4,187,219
		388,980,000	440,565,812	399,970,000
Current assets				
Investment properties held for sale	4	29,080,000	8,886,675	29,975,000
Trade and other receivables		2,858,245	2,900,839	2,723,757
Cash and Cash equivalents		26,685,541	18,257,372	13,054,057
		58,623,786	30,044,886	45,752,814
Total Assets		**447,603,786**	**470,610,698**	**445,722,814**
LIABILITIES				
Current liabilities				
Trade and other payables		8,425,360	12,804,358	8,784,217
Interest rate swap	8	1,040,745	990,627	1,341,101
		9,466,105	13,794,985	10,125,318
Non-current liabilities				
Bank borrowings	9	109,075,233	140,389,061	124,001,828
Interest rate swap	8	1,552,277	4,438,010	2,221,441
Rent deposits due to tenants		1,162,161	434,425	936,668
		111,789,671	145,261,496	127,159,937
Total liabilities		**121,255,776**	**159,056,481**	**137,285,255**
Net assets		**326,348,010**	**311,554,217**	**308,437,559**
EQUITY				
Capital and reserves attributable to Company's equity holders				
Share capital		211,762,335	204,820,219	204,820,219
Retained earnings		8,500,932	5,470,281	7,532,448
Capital reserves		8,246,371	3,425,345	(1,753,480)
Other distributable reserves		97,838,372	97,838,372	97,838,372
Total equity		**326,348,010**	**311,554,217**	**308,437,559**
NAV per share				
NAV		83.9	81.8	81.0
EPRA NAV		84.6	83.3	82.0

The notes on pages 24 to 31 are an integral part of these Unaudited Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Unaudited Consolidated Statement of Changes in Equity

for the period ended 30 June 2017

	Notes	Share capital £	Retained earnings £	Capital reserves £	Other distributable reserves £	Total equity £
Opening balance at 1 January 2017		204,820,219	7,532,448	(1,753,480)	97,838,372	308,437,559
Profit for the period		–	19,242,507	–	–	19,242,507
Other comprehensive income		–	–	969,520	–	969,520
Total comprehensive income for the period		–	19,242,507	969,520	–	20,212,027
Ordinary shares issued net of issue costs		6,942,116	–	–	–	6,942,116
Dividends paid	7	–	(9,243,692)	–	–	(9,243,692)
Valuation gain from investment properties	3	–	(9,501,318)	9,501,318	–	–
Loss on disposal of investment properties		–	470,987	(470,987)	–	–
Balance at 30 June 2017		**211,762,335**	**8,500,932**	**8,246,371**	**97,838,372**	**326,348,010**

The notes on pages 24 to 31 are an integral part of these Unaudited Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Unaudited Consolidated Statement of Changes in Equity (continued)

for the period ended 30 June 2016

	Notes	Share capital £	Retained earnings £	Capital reserves £	Other distributable reserves £	Total equity £
Opening balance at 1 January 2016		204,820,219	6,167,329	3,957,367	97,838,372	312,783,287
Profit for the period		–	10,120,967	–	–	10,120,967
Other comprehensive income		–	–	(3,343,345)	–	(3,343,345)
Total comprehensive income for the period		–	10,120,967	(3,343,345)	–	6,777,622
Dividends paid	7	–	(8,006,692)	–	–	(8,006,692)
Valuation gain from investment properties		–	(2,716,962)	2,716,962	–	–
Profit on disposal of investment properties		–	(94,361)	94,361	–	–
Balance at 30 June 2016		**204,820,219**	**5,470,281**	**3,425,345**	**97,838,372**	**311,554,217**

The notes on pages 24 to 31 are an integral part of these Unaudited Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Unaudited Consolidated Statement of Changes in Equity (continued)

for the year ended 31 December 2016

	Notes	Share capital £	Retained earnings £	Capital reserves £	Other distributable reserves £	Total equity £
Opening balance at 1 January 2016		204,820,219	6,167,329	3,957,367	97,838,372	312,783,287
Profit for the year		–	14,198,646	–	–	14,198,646
Other comprehensive income		–	–	(1,477,250)	–	(1,477,250)
Total comprehensive income for the year		–	14,198,646	(1,477,250)	–	12,721,396
Dividends paid	7	–	(17,067,124)	–	–	(17,067,124)
Valuation loss from investment properties		–	5,300,992	(5,300,992)	–	–
Profit on disposal of investment properties		–	(1,067,395)	1,067,395	–	–
Balance at 31 December 2016		**204,820,219**	**7,532,448**	**(1,753,480)**	**97,838,372**	**308,437,559**

The notes on pages 24 to 31 are an integral part of these Unaudited Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Unaudited Consolidated Cash Flow Statement

for the period ended 30 June 2017

	Notes	1 Jan 17 to 30 Jun 17 £	1 Jan 16 to 30 Jun 16 £	1 Jan 16 to 31 Dec 16 £
Cash flows from operating activities				
Profit for the period/year before taxation		19,242,507	10,120,967	14,198,646
Movement in non-current lease incentives		41,416	(189,660)	(816,862)
Movement in trade and other receivables		(134,488)	(41,988)	135,094
Movement in trade and other payables		(133,364)	(297,315)	(3,690,397)
Loss on derecognition of interest rate swaps		–	2,735,000	2,735,000
Finance costs		1,670,820	2,341,813	4,047,594
Finance income		(746)	(16,103)	(30,536)
Valuation (gain)/loss from investment properties	3	(9,501,318)	(2,716,962)	5,300,992
Loss/(gain) on disposal of investment properties	3	470,987	(94,361)	(1,067,395)
Net cash inflow from operating activities		11,655,814	11,841,391	20,812,136
Cash flows from investing activities				
Interest received		746	16,103	30,536
Purchase of investment properties	3	(11,285,362)	–	–
Capital expenditure on investment properties	3	(1,394,736)	(888,612)	(1,479,788)
Net proceeds from disposal of investment properties		33,554,013	6,219,361	20,192,395
Net cash inflow from investing activities		20,874,661	5,346,852	18,743,143
Cash flows from financing activities				
Proceeds on issue of ordinary shares		6,994,575	–	–
Transaction costs of issue of shares		(52,459)	–	–
Repayment of bank borrowing		–	–	(139,432,692)
Bank borrowing		–	1,340,213	145,000,000
Repayment of RCF		(15,000,000)	–	(20,000,000)
Bank borrowing arrangement costs		–	–	(1,138,458)
Interest paid on bank borrowing		(1,052,219)	(1,476,865)	(2,594,070)
Payments on interest rate swap		(545,196)	(448,043)	(929,394)
Swap breakage costs		–	(2,735,000)	(2,735,000)
Dividends paid to the Company's shareholders	7	(9,243,692)	(8,006,692)	(17,067,124)
Net cash outflow from financing activities		(18,898,991)	(11,326,387)	(38,896,738)
Net increase in cash and cash equivalents		**13,631,484**	**5,861,856**	**658,541**
Cash and cash equivalents at beginning of period/year		13,054,057	12,395,516	12,395,516
Cash and cash equivalents at end of period/year		**26,685,541**	**18,257,372**	**13,054,057**

The notes on pages 24 to 31 are an integral part of these Unaudited Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements

for the period ended 30 June 2017

1 Accounting Policies

The Unaudited Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 'Interim Financial Reporting' and, except as described below, the accounting policies set out in the statutory accounts of the Group for the year ended 31 December 2016. The condensed Unaudited Consolidated Financial Statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended 31 December 2016, which were prepared under full IFRS requirements.

2 Related Party Disclosures

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

Investment manager
Under the terms of the current Investment Management Agreement ("IMA"), the Investment Manager is entitled to receive fees of 0.75% of total assets up to £200 million; 0.70% of total assets between £200 million and £300 million; and 0.65% of total assets in excess of £300 million. The total fees charged for the period ended 30 June 2017 amounted to £1,536,615 (period ended 30 June 2016: £1,620,379). The total amount due and payable at the period end amounted to £775,590 excluding VAT (period ended 30 June 2016: £807,041 excluding VAT).

3 Investment Properties

Country	UK	UK	UK	
Class	Industrial	Office	Retail	Total
	30 Jun 17	30 Jun 17	30 Jun 17	30 Jun 17
	£	£	£	£
Market value at 1 January	181,735,000	150,475,000	97,735,000	429,945,000
Purchase of investment properties	11,285,362	–	–	11,285,362
Capital expenditure on investment properties	1,291,505	–	103,231	1,394,736
Opening market value of disposed investment properties	–	(29,975,000)	(4,050,000)	(34,025,000)
Valuation gain from investment properties	6,089,855	3,366,437	45,026	9,501,318
Movement in lease incentives receivable	128,278	(216,437)	46,743	(41,416)
Market value at 30 June	200,530,000	123,650,000	93,880,000	418,060,000
Investment property recognised as held for sale	(7,850,000)	(12,050,000)	(9,180,000)	(29,080,000)
Market value net of held for sale at 30 June	192,680,000	111,600,000	84,700,000	388,980,000
Adjustment for lease incentives	(849,376)	(1,813,515)	(1,303,042)	(3,965,933)
Carrying value at 30 June	191,830,624	109,786,485	83,396,958	385,014,067

The market value of the investment properties provided by Knight Frank LLP at 30 June 2017 was £418,060,000 (30 June 2016: £450,051,000); however an adjustment has been made for lease incentives of £3,965,933 (30 June 2016: £3,557,116) that are already accounted for as an asset.

In the consolidated Cash Flow Statement, (loss)/gain from disposal of investment properties comprise:

	1 Jan 17 to 30 Jun 17	1 Jan 16 to 30 Jun 16	1 Jan 16 to 31 Dec 16
Net proceeds from disposed investments properties	33,554,013	6,219,361	20,192,395
Less: opening market value of disposed investment properties	(34,025,000)	(6,125,000)	(19,125,000)
(Loss)/gain on disposal of investment properties	(470,987)	94,361	1,067,395

4 Investment Properties Held For Sale

As at the 30 June 2017 the Group was actively seeking a buyer for the following six properties:

- Matalan, Kings Lynn
- Travis Perkins, Cheltenham
- Unit 6, Broadgate, Oldham
- The IT Centre, York Science Centre
- The Kirkgate, Epsom
- The Range, Southend-on-Sea

The Group completed the sale of Travis Perkins, Cheltenham on 26 July 2017 for a price of £2.175 million, the sale of The IT Centre, York Science Centre on 4 August 2017 for a price of £4.35 million and the sale of The Range, Southend-on-Sea on 18 August 2017 for a price of £5 million.

Notes to the Unaudited Consolidated Financial Statements (continued)

for the period ended 30 June 2017

5 Earnings Per Share

The earnings per Ordinary share are based on the net profit for the period of £19,242,507 (30 June 2016: £10,120,967) and 386,333,375 (30 June 2016: 380,690,419) ordinary shares, being the weighted average number of shares in issue during the period.

Earnings for the period to 30 June 2017 should not be taken as a guide to the results for the year to 31 December 2017.

6 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 share capital of Huris (Farnborough) Limited, a company incorporated in the Cayman Islands whose principal business is property investment. During the period ended 30 June 2017 the Group initiated the process to liquidate Huris (Farnborough) Limited.

The group undertakings consist of the following 100% owned subsidiaries at the Balance Sheet Date:

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

Notes to the Unaudited Consolidated Financial Statements (continued)

for the period ended 30 June 2017

7 Dividends and Property Income Distribution Gross Of Income Tax

	30 Jun 17	30 Jun 16	31 Dec 16
	£	£	£
Non Property Income Distributions			
0.561p per ordinary share paid in March 2016 relating to the quarter ending 31 December 2015	–	1,679,695	1,679,695
0.84p per ordinary share paid in March 2017 relating to the quarter ending 31 December 2016	3,258,910	–	–
Property income distributions			
0.600p per ordinary share paid in March 2016 relating to the quarter ending 31 December 2015	–	1,796,781	1,796,781
1.19p per ordinary share paid in May 2016 relating to the quarter ending 31 March 2016	–	4,530,216	4,530,216
1.19p per ordinary share paid in August 2016 relating to the quarter ending 30 June 2016	–	–	4,530,216
1.19p per ordinary share paid in November 2016 relating to the quarter ending 30 September 2016	–	–	4,530,216
0.35p per ordinary share paid in March 2017 relating to the quarter ending 31 December 2016	1,357,879	–	–
1.19p per ordinary share paid in May 2017 relating to the quarter ending 31 March 2017	4,626,903	–	–
	9,243,692	8,006,692	17,067,124

A property income dividend of 1.19p per share was declared on 9 August 2017 in respect of the quarter to 30 June 2017 – a total payment of £4,666,173. This will be paid on 31 August 2017.

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements (continued)

for the period ended 30 June 2017

8 Financial Instruments and Investment Properties

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

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

30 June 2017	Level 1	Level 2	Level 3	Total fair value
Investment properties	–	–	414,094,067	414,094,067

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

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

30 June 2017	Level 1	Level 2	Level 3	Total fair value
Loan Facilities	–	112,064,817	–	112,064,817

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

30 June 2017	Level 1	Level 2	Level 3	Total fair value
Interest rate swap	–	2,593,022	–	2,593,022

The lowest level of input is the three month LIBOR yield curve which is a directly observable input.

There were no transfers between levels of fair value hierarchy during the six months ended 30 June 2017.

Explanation of the fair value hierarchy:
Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of investment properties is calculated using unobservable inputs as described in the annual report and accounts for the year ended 31 December 2016.

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements (continued)

for the period ended 30 June 2017

Sensitivity of measurement to variance of significant unobservable inputs:

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

9 Bank Borrowings

On 28 April 2016 the Company entered into a new agreement to extend £145 million of its existing £155 million debt facility with RBS. The debt facility consists of a £110 million seven year term loan facility and a £35 million five year RCF. The RCF may by agreement be extended by one year on two occasions. During the year to 31 December 2016 £20 million of the RCF was repaid, with the balance of £15 million remaining drawn down by the Group at 31 December 2016. During the period to 30 June 2017, the remaining £15 million RCF was repaid. Interest is payable on the Term Loan at 3 month LIBOR plus 1.375% and on the RCF at LIBOR plus 1.2%. This equates to a rate of 2.725% on the Term Loan as at 30 June 2017.

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

10 Events After the Balance Sheet Date

Purchases

On 7 July 2017, the Group completed the purchase of Pinnacle, Reading, an office building for £13.1 million excluding costs.

On 18 July 2017, the Group completed the purchase of 101 Princess Street, Manchester for £8.1 million excluding costs.

On 4 August 2017, the Group completed the purchase of Nexus Point, Birmingham for £4.6 million excluding costs.

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements (continued)

for the period ended 30 June 2017

Sales

On 26 July 2017, the Group sold Travis Perkins, Cheltenham for £2.2 million.

On 4 August 2017, the Group sold The IT Centre, York Science Centre for £4.4 million.

On 18 August 2017, the Group sold The Range, Southend-on-Sea for £5.0 million.

Dividends

On 9 August 2017, the Company declared a property income dividend in respect of the quarter to 30 June 2017 of 1.19 pence per share which will be paid on 31 August 2017.

Share Issues

During the period from 1 July 2017 to 23 August 2017 the Group has raised £2.95 million through the issue of 3.3 million shares.

Standard Life Investments Property Income Trust Limited

Information for Investors

Share Register Enquiries

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

Notifications of changes of address and all enquiries regarding certificates or dividend cheques should be sent in writing to the Registrars.

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.

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

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

Directors and Company Information

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Sally-Ann Farnon [2]
Huw Evans [3]
Mike Balfour [4]
James Clifton-Brown [5]

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Investment Manager

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1 Chairman of the Nomination Committee
2 Chairman of the Audit Committee and designated as Senior Independent Director
3 Chairman of the Management Engagement Committee
4 Chairman of the Remuneration Committee
5 Chairman of the Property Valuation Committee

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