Standard Life Investments Property Income Trust Limited

Annual Report & Consolidated Accounts
Year ended 31 December 2021

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

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Strategic Report
2021 Financial Review

Financial resources*
50 MILLION POUNDS

Financial resources of £50 million as at 31 December 2021 (2020: £55 million) available for investment to enhance earnings in the form of the Company's low cost revolving credit facility.

Loan-to-Value*
19.2 PERCENT

Low Loan-to-value of 19.2% (2020: 23.0%) at the year end with scope to increase gearing through available revolving credit facilities.

Dividends paid*
3.7725p

Dividends paid of 3.7725p in the year (2020: 3.8080p) with a further increase announced for Q4 2021 to an annualised rate of 4.0p per share. Dividends paid in 2021 equated to a yield of 4.6% based on the share price at 31 December 2021, compared to the FTSE Index yield of 3.1% and the FTSE All-Share REIT Index yield of 2.6%.

Dividend yield*
4.6 PERCENT

Dividend yield - FTSE All-Share Index
3.1 PERCENT

Dividend yield - FTSE All-Share REIT Index
2.6 PERCENT

2021 NAV total return*
28.6 PERCENT

NAV total return of 28.6% (2020: −4.6%) as valuations recovered. NAV has outperformed the AIC peer group over the longer term delivering a total return of 188.9% compared to AIC peer group total return of 54.6% over 10 years.

2021 Share price total return*
43.4 PERCENT

Share price total return of 43.4% (2020: −29.8%) as sentiment improved towards the UK commercial real estate sector. The share price has delivered strong returns over the longer term with a share price total return over 10 years of 184.8% compared to the AIC peer group of 40.9%.

Share buybacks
6 MILLION POUNDS

Share buybacks totalling £6m in 2020 and 2021 at significant discounts to NAV which are accretive to both NAV performance and earnings.

Yields based on stats at 31 December 2021
(based on share price at 31 December 2021 of 81.5p).

* These Alternative Performance Measures ("APMs") are defined in the glossary on pages 104 to 105.

Strategic Report

2021 Portfolio Review

2021 Portfolio total return*

22.6 PERCENT

Portfolio total return of 22.6% (2020: –1.8%) well ahead of the MSCI benchmark return of 18.6% and the Company has outperformed its benchmark over all time periods.

Rent collection*

96 PERCENT

Rent collection for 2021 of 96% of rent due (2020: 93.6%) as rent collection rates began to normalise towards the end of 2021.

Occupancy rate

90.3 PERCENT

Occupancy rate of 90.3% (2020: 91.7%) compared to the MSCI rate of 90.0% (2020: 90.8%).

Positive asset management

2.32 MILLION POUNDS

A total of 10 lease renewals and restructurings were undertaken, securing £2,323,217 pa in rent, and a total of 9 lettings securing £1,494,451 pa.

Positive asset management

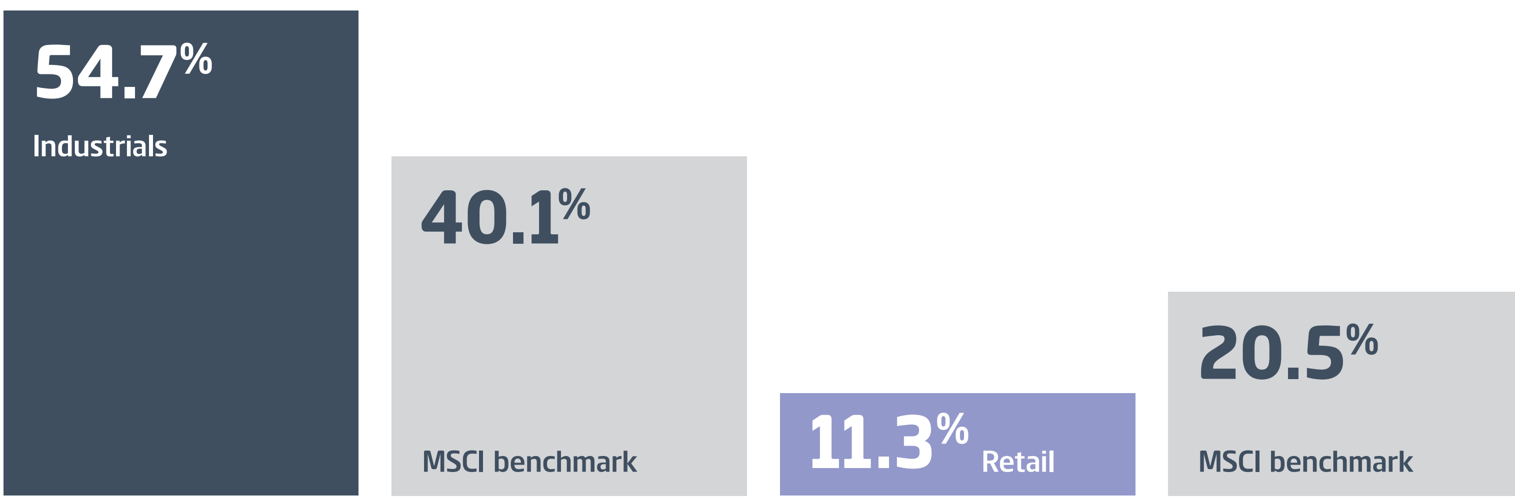
7.4 PERCENT

5 rent reviews were settled with uplifts in rent, securing an additional £106,379 (an average increase of 7.4% on previous rent).

PV schemes

The Company has 6 operational PV schemes totalling 1.2 MWp and is actively engaged in 14 additional schemes that would add a further 4.6 MWp.

Portfolio well positioned



Portfolio is well positioned towards sectors forecast to outperform by our Investment Manager with a 54.7% (2020: 48.2%) weighting in Industrials (MSCI benchmark: 40.1%, 2020: 35.1%).

11.3% weighting in Retail (2020: 11.7%) (MSCI benchmark: 20.5%, 2020: 22.8%) with 9.6% positioned in Retail Warehousing (MSCI benchmark: 11.7%), a sector that is expected to outperform the benchmark.

* These Alternative Performance Measures ("APMs") are defined in the glossary on pages 104 to 105.

Strategic Report
Performance Summary

Earnings, Dividends & Costs	31 December 2021	31 December 2020
IFRS Earnings per share	21.54	(3.88)
EPRA earnings per share (excl capital items & swap movements)*	3.69	4.10
Dividends paid per ordinary share (p)	3.7725	3.8080
Dividend cover (%)	98	108
Dividend Yield (%)**	4.6	6.3
FTSE All-Share Real Estate Investment Trusts Index Yield (%)	2.6	3.1
FTSE All-Share Index Yield (%)	3.1	3.4
Ongoing Charges***		
As a % of average net assets including direct property costs	2.2	2.0
As a % of average net assets excluding direct property costs	1.2	1.2

Capital Values & Gearing	31 December 2021	31 December 2020	Change %
Total assets (£million)	526.6	459.6	14.6
Net asset value per share (p) (note 22)	101.0	82.0	23.2
Ordinary Share Price (p)	81.5	60.0	35.8
(Discount)/Premium to NAV (%)	(19.3)	(26.8)	
Loan-to-value (%)†	19.2	23.0	

Total Return	1 year % return	3 year % return	5 year % return	10 year % return
NAV‡	28.6	27.7	60.1	188.9
AIC Property Direct – UK Commercial (weighted average) NAV Total Return	17.0	20.3	23.4	54.6
Share Price‡	43.4	18.8	23.9	184.8
AIC Property Direct – UK Commercial (weighted average) Share Price Total Return	26.5	20.7	9.8	40.9
FTSE All-Share Real Estate Investment Trusts Index	29.4	41.8	39.3	177.1
FTSE All-Share Index	18.3	27.2	30.2	110.7

Portfolio Returns & Statistics (%)	31 December 2021	31 December 2020
Portfolio income return	4.7	4.9
MSCI Benchmark income return	4.4	4.7
Portfolio total return	22.6	(1.8)
MSCI Benchmark total return	18.6	(1.6)
Void rate	9.7	8.3

*
Calculated as profit for the period before tax (excluding capital items & swaps costs) divided by weighted average number of shares in issue in the period (see page 91 for further details). EPRA stands for European Public Real Estate Association.

**
Based on dividend paid of 3.7725p and the share price at 31 December 2021 of 81.5p.

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

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

‡
Assumes re-investment of dividends excluding transaction costs.

Sources: abrdn, MSCI.

Alternative Performance Measures ("APMs") including NAV total return, share price total return, dividend cover, Loan-to-value dividend yield and portfolio total return are defined in the glossary on pages 104 to 105.

Strategic Report
Chairman's Statement

James Clifton-Brown

BACKGROUND

The COVID-19 pandemic continued to affect all of our lives in 2021. The summer relaxation of restrictions was relatively short lived as new variants caused renewed Government intervention. The extent of the vaccine roll-out, however, meant that the impact on the economy, and by extension the real estate market, was very different from 2020. In April 2022 it appears we are learning how to live with the virus whilst maintaining more normality in our day-to-day lives. At this time, we are also seeing the distressing consequences of the war in Ukraine. The human devastation is clear and, economically, further increases in global inflation, and supply chain issues are inevitable.

REAL ESTATE MARKET

The pandemic has had a significant impact on the UK real estate market, but the Company's portfolio has been well positioned to benefit from some of the structural changes. In particular, the industrial sector has benefited from the surge in online retail, accelerating a trend that had begun already. With many people likely to continue to work from home at least partially, this trend is likely to continue, as the thorny problem of the last mile delivery is solved by having someone to answer the door. We expect the outperformance of industrial properties to continue, given continued occupational demand, and a restricted supply response.

The boom in online retail has, of course, been at the expense of physical retail. In particular, high street and shopping centre investments have suffered, and we do not yet think they will recover in the short term. Retail warehouse investments, however, have already seen a pick-up in demand and values, and this should continue throughout 2022.

Demand for offices remains an area of great debate as many people became used to working from home. It will take several years to fully play out, but hybrid working appears to be here to stay, and many employers are looking to upgrade their offices to attract and encourage skilled employees to come into the office. The Board and Investment Manager have reviewed the Company's office holdings to focus on assets that will continue to meet occupier needs. Four office disposals were made during the year to realign the portfolio.

Strategic Report
Chairman's Statement continued


KIRKGATE, EPSOM

Environmental, Social and Governance (ESG) issues have continued to increase in importance and focus. SLIPIT has actively embraced this, through activities at asset level, investment decisions, and the purchase of land for reforestation. The Board has created a Sustainability Committee that sits alongside the Audit and Property Valuation Committees to give greater focus to the Company's activities and responsibilities in this space.

Inflation has started to rear its ugly head again, something we have not had to contend with for many years now. Real estate can offer a partial hedge against inflation as a real asset, with some leases having rents linked to CPI or RPI. Owning good quality assets with prospects for rental growth is, in my opinion, one of the best defences against inflation.

PORTFOLIO AND CORPORATE PERFORMANCE

The Company provided shareholders with a share price total return of 43.4% over the 12 months of 2021, which was ahead of the NAV total return of 28.6% for the same period as the share price discount to NAV reduced. The real estate investment portfolio returned 22.6%, which compared favourably to the MSCI benchmark return of 18.6%. The Company's portfolio has outperformed the MSCI quarterly version of the monthly index benchmark over 1, 3, 5 and 10 years.

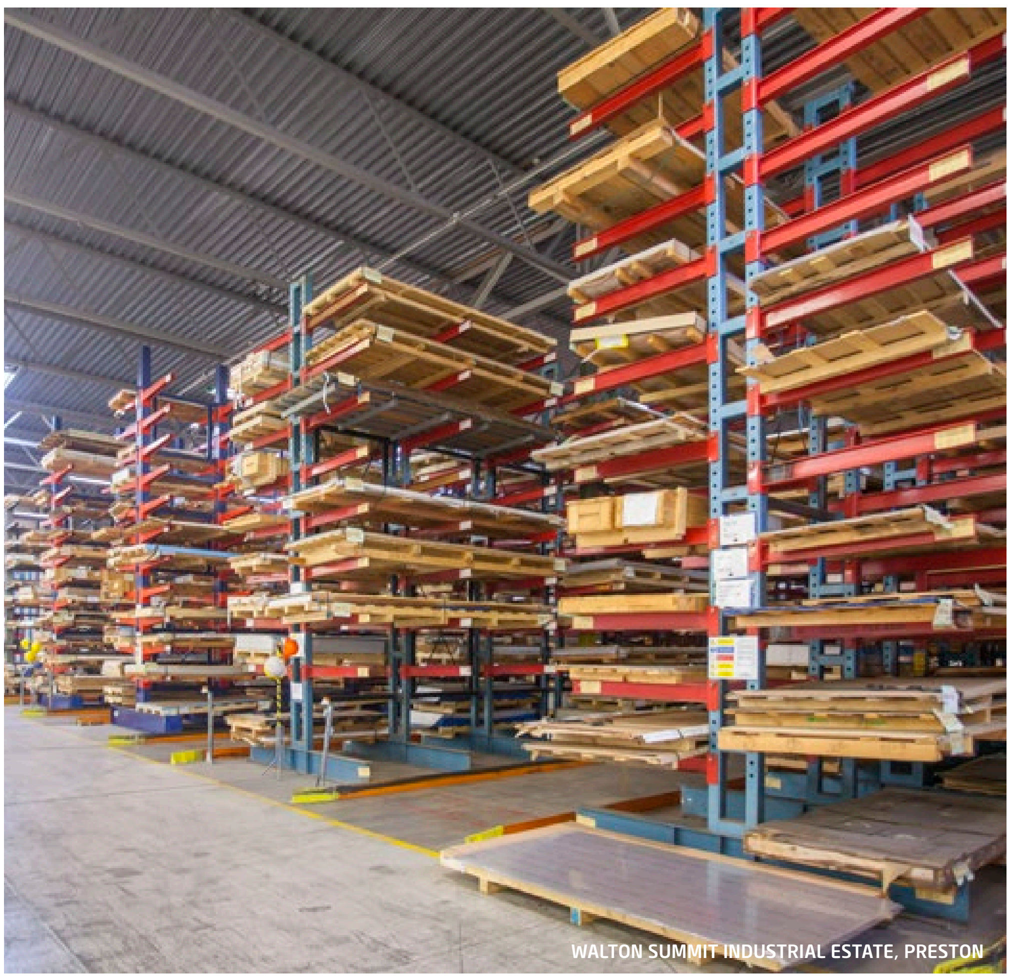
Although the discount to NAV reduced during the year, the Company's shares traded on a discount for the whole period. The Board pursued its share buyback programme into early 2021 and bought a total of 7.4m shares at an average discount of 25.2%. The Board continues to monitor, as a priority, the discount of the share price against NAV.

IFRS earnings have increased significantly, to 21.54p per share from -3.88p for 2020. This reflects the significant recovery in valuations during the year. EPRA earnings have, however, fallen from 4.10p to 3.69p per share largely reflecting the impact of disposals in 2020 on rental income. The Company is seeking to reinvest in assets with a better outlook in order to grow the earnings per share again.

188.9 PERCENT

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

ONE STATION SQUARE, BRACKNELL
Fitted suites ready for occupation



WALTON SUMMIT INDUSTRIAL ESTATE, PRESTON

Strategic Report
Chairman's Statement continued

RENT COLLECTION

The Board and its Investment Manager have been conscious of their ESG obligations to act as a responsible landlord throughout the pandemic. We have worked closely with tenants who have suffered acute financial pressures and negotiated with them on rental assistance where appropriate, whilst balancing the Company's and shareholder's interests. Wherever possible, revised terms exchanged short-term assistance for longer lease commitments, to enhance returns.

As we closed 2021, rent collection rates were beginning to normalise, reflecting the constructive relationships developed with our tenants during this time. This has allowed us to announce a further increase in our dividend, paid in February 2022.

DIVIDENDS

The Board is aware that many of the Company's shareholders have invested in SLIPIT because of the attractive level of income generated. The Board aims to invest in good quality assets that have the potential to provide an above market level of total return as well as an attractive level of income that has scope to grow. The Board paid out a top-up dividend in respect of the 2020 financial year and, as rent collections recovered in 2021, increased the dividend twice in 2021. In the first quarter the dividend was increased by 25%, and by a further 12% in the fourth quarter to an annualised rate of 4p per share.

PINNACLE, READING
Fitted suites ready for occupation

19.2 PERCENT

Loan-to-value (LTV)

SPEEDYHIRE FULLARTON DRIVE, GLASGOW

The Company previously announced a dividend cover figure of 102% for 2021, however, following an adjustment for lease incentives as set out on page 73, the figure has been finalised as 98%. Full details of the calculation are set out on page 104.

The new dividend level is still below pre-pandemic levels, and further growth is likely to be dependent on reinvesting capital from the sales undertaken over the last 18 months. New purchases, however, are likely to be in lower-yielding assets as the Company positions itself for the next real estate cycle, where high quality assets with strong ESG credentials will provide greater income security prospects for rental and capital growth.

FINANCIAL RESOURCES & PORTFOLIO ACTIVITY

The Company continues to be in a strong financial position with significant unutilised financial resources of approximately £50m available for investment in the form of its low cost, revolving credit facility net of existing cash and financial commitments.

The low Loan-to-value ("LTV") ratio of 19.2% at the year end, means the Company is well placed to deploy capital into accretive assets which fit the portfolio strategy. Discussions have begun to renew this facility and the term loan, both of which are due to expire in 2023.

ANNUAL GENERAL MEETING ("AGM")

In a return to the familiar arrangements prior to the disruption caused by COVID-19, the Annual General Meeting ("AGM") will be held at 10.30am on Wednesday 15 June 2022 in the Manager's offices at Bow Bells House, 1 Bread Street, London EC4M 9HH. The Board looks forward to welcoming shareholders in person where they will have the opportunity to put questions to the Board and/or the Manager. Shareholders are also invited to submit questions to property.income@abrdn.com.

The Board has decided to hold an interactive Online Shareholder Presentation at 2.00pm on Tuesday 14 June 2022. As part of the presentation, shareholders will receive updates from the Chairman and Manager as well as the opportunity to participate in an interactive question and answer session. Further information on how to register for the event can be found on www.workcast.com/register?cpak=4656942387252659

THE BOARD

Huw Evans will be standing down at the forthcoming AGM, having spent nine years on the Board. Huw has provided valuable advice and knowledge to the Board and Investment Manager, as well as to me personally as I stepped up to the role of Chairman in 2020. I am pleased his role as Senior Independent Director will be taken on by Jill May. I am also pleased that Mike Bane has joined the Board to replace Huw. Mike has had a distinguished career as both auditor and advisor to financial services and real estate businesses and brings much knowledge to the role. I would like to thank all the Board for their contribution this last year: we have had more meetings than normal as a result of the challenges of COVID-19 but were able to hold two of the main Board meetings in person.


RALIA ESTATE, NEWTONMORE

INVESTMENT POLICY

The Board is proposing to amend its existing Investment Policy by extending the main commercial property sectors within which the Company can hold the majority of its portfolio. The proposed amendments, to be voted on at the AGM, relate to the 'other' sector, including leisure, data centres, student house, hotels, (and apart-hotels) and healthcare. The amendment would allow the Company to adapt to some of the key changes in the UK commercial property industry.

COMPANY NAME

The Investment Manager has changed its name to abrdn, and has sold the rights to use the name Standard Life. The Board has considered a number of options and is recommending to shareholders a change of name to abrdn Property Income Trust Limited. By aligning its name with the Investment Manager, the Company should be able to benefit from brand awareness and the marketing spend of the abrdn Group.

OUTLOOK

Over the last five years all companies have faced a number of challenges, including political uncertainty, Brexit, a global pandemic and now inflation. Your Company has weathered these storms, and I believe is well positioned to face the future. The Board and Investment Manager will continue to manage the portfolio actively so that it is structured to benefit from change. We will continue to put ESG at the forefront of our decision making, as we believe it to be intrinsically linked to maximising returns in the future, and therefore providing the best opportunity to grow value, rents and, in turn, dividends.

27 April 2022
James Clifton-Brown
Chairman

Strategic Report
Investment Manager's Review

MARKET REVIEW

Although 2021 was again impacted heavily by the COVID-19 pandemic, it was a year of recovery for the wider UK economy, and for real estate. Structural changes continued to drive returns, with the industrial sector again leading the way.

JASON BAGGALEY

2021 was once again a year characterised by the COVID-19 pandemic, and the key theme for the year was recovery. As the year progressed and the vaccine roll out continued apace, positive economic momentum returned, but was quickly dented by the emergence of the Delta variant, followed by Omicron towards the end of the year. However, the economy recovered once more and, by November 2021, UK GDP was above the level seen pre-pandemic. Overall, the UK economy grew by 7.5% over the course of the year.

The UK real estate market also recovered in 2021, with a total return of 16.5% according to the MSCI Quarterly Index, a level of performance not seen since 2014. Transaction volumes reached £73.9 billion over the course of the year, which was ahead of 2019 (prior to the outbreak of the pandemic). Indeed, the fourth quarter of 2021 was the strongest quarter since the same period in 2019. However, this recovery was highly polarised and the spread between the best and worst performing sectors was the highest on record.

As measured by the MSCI quarterly index, the industrial and logistics sector again produced the best performance, achieving a total return of 36.4%, whereas shopping centres achieved a total return of -5.2% and was the worst performing sector over the course of 2021. The office sector again underperformed against the Index with a total return of 5.3%.

Retail continues to be the sector most negatively affected, as restrictions and changing consumer habits accelerated the pace of structural change already present prior to the pandemic. However, whilst high street and discretionary based retailers have struggled, retail warehouse assets showed a significant recovery in the latter half of the year. Polarisation within sectors is evident elsewhere, including within the office sector. As occupiers and investors have become more mindful of ESG considerations, their focus has increasingly narrowed to best-in-class assets and, as a result, we have seen demand for secondary accommodation weaken.

Following a poor year in 2020, the FTSE UK REIT index returned to positive territory and recorded a strong total return of 28.9% in 2021. This outperformed the FTSE UK All-Share Index, which recorded a total return of 18.3%. Following a significant sell off in September 2021, UK REITs broadly recovered and finished the year at, or close to, all-time highs. The hierarchy of favoured sectors remained broadly the same as in recent years, with the industrial and logistics sector leading the way. However, overall sentiment was positive for all sectors towards the end of the year, with the exception of secondary offices with which there are broad structural concerns. New capital raising has been predominantly tilted towards the industrial sector and, increasingly, the alternatives sector.

101 PRINCES STREET, MANCHESTER

Strategic Report

Investment Manager's Review continued

OFFICES

The office sector delivered a total return of 5.3% to December 2021 according to the MSCI Quarterly Index, an improvement on the -1.7% recorded in 2020. However, office capital values were relatively stagnant over the course of 2021, with growth of just 1.3%. The worst performing sector geographically was the North East where capital values fell by -3.6%. Once again, the performance of the office market was significantly impacted by the COVID-19 pandemic. As restrictions eased over the course of 2021, occupiers began returning to workplaces. However, the outbreak of the Omicron variant and the subsequent reintroduction of working from home guidance further emphasised the pressure the sector faces. The rise of hybrid working has led occupiers to re-evaluate their office accommodation requirements and, whilst vacancy rates began to show signs of stabilisation, levels of occupation remain far below pre-pandemic levels.

In Central London by the end of 2021, availability remained 71% higher than the ten-year average. However, take-up did recover somewhat, and 9.1m sq ft of accommodation was let during the year. This was 63% above the total for 2020, but down 25% on the long-term average. Polarisation within the sector, however, is becoming ever more apparent as occupier focus pulls towards best-in-class assets with strong ESG and wellbeing credentials. Second-hand availability in central London has almost doubled from pre-pandemic levels and in Q4 2021 accounted for 74% of total office supply.

Occupier demand is therefore focused on a relatively small section of the market. As a result, we expect this trend to drive an increasing wedge between rental growth for the best and the rest across the UK's major office markets. We expect investor appetite to follow a similar pattern, with those assets not meeting current occupational demand at risk of significant value erosion.

RETAIL

Following a number of years of poor performance, the retail sector showed some signs of recovery in 2021, despite continued structural headwinds. However, we believe this is driven primarily by market factors and is a product of the market cycle, rather than sector-specific confidence. As a result, performance was highly polarised within the sector. As was expected, those assets deemed as "essential retail" showed strong performance over the year, whereas retailers selling discretionary items, and those susceptible to greater online penetration, struggled once more against the backdrop of the pandemic.

Whilst retail warehouse assets experienced a strong recovery, particularly in the second half of the year, recording a total return of 21.9% for retail parks, shopping centres continued to drag on the sector and provided a total return of -5.2% in 2021. High Street shops also showed continued poor performance as retailers struggled with ongoing restrictions and a consumer shift to e-commerce. Capital values for retail assets within Central London fell by -5.8%, continuing the trend seen in 2020.

The reintroduction of restrictions towards the end of the year also put further pressure on high streets, as footfall once again fell. On the other hand, supermarkets again provided robust performance due to an increase in consumer spending and their embracing online deliveries. Supermarkets provided a total return of 15.7%, predominantly driven by yield compression, as investors were attracted by secure, index linked, long income.

Consumer habits have changed over the course of the pandemic and it is clear from footfall data that many now prefer to visit units which provide 'drive to convenience' and perceived safety from COVID-19. As a result, investor attention also turned to retail warehouse accommodation, with those assets led by discount or DIY operators. In response, yields within this sector reduced by between 150-250bps during 2021.

Schemes with significant exposure to fashion-led retailers have, however, generated less interest as occupational concerns remain. From an owner's perspective, the situation remains fragile, as government support is withdrawn and the risk of further retailer defaults remains elevated. The prospect for rental growth across the sector is remote. Moving forward, the sector is likely to remain highly polarised but overall retail performance is anticipated to improve when compared to 2021, as the shopping centre and high street retail sectors stabilise.

INDUSTRIAL

Once again, the industrial and logistics market retained its position as the best performing UK commercial real estate sector delivering a total return of 36.4%. Sentiment remained extremely positive over the course of the year as investors were attracted by a wide supply-demand imbalance with consequential rental growth across the sector. This was most keenly felt in supply constrained locations such as London, which remained the best performing market, with total returns for London industrial achieving 43.1% over the year.

As investors have sought to buy into the sector, transactional volumes totalled £17.3bn, the highest level ever recorded, and 80% higher than the total transacted in 2020. As a result, transactions involving the sector accounted for 25.6% of total UK real estate investment activity. From an occupational perspective, demand for accommodation remains extremely high, with take up in 2021 totalling over 55m sq ft, another new all-time record. Distribution and online retailers continue to dominate take-up and, with the UK-wide vacancy rate now below 2.0%, the market fundamentals remain supportive for continued strong rental growth.

Moving forward, rental growth is likely to be the predominant driver of returns as further yield compression, which has been the key driver over the course of 2021, is unsustainable, and particularly so in the prime sector of the market. Yields reduced by between 50-125bps during 2021 across the sector, and prime London estates are now commanding yields of 3.10%, and arguably lower for best-in-class assets, according to Cushman & Wakefield. Sentiment remains very strong for the industrial and logistics market and the sector is well placed structurally to see continued robust growth.

ALTERNATIVES

The UK real estate alternative sector, or "Other Property" as it is categorised by MSCI, represents real estate which falls outside the traditional 'Retail', 'Office' or 'Industrial' definitions. Investor interest in the alternatives sector has increased and a total of £15.7 billion was transacted over the course of 2021, up 25.2% on 2020 and 37.0% above the 10-year average. Total return within this sector was 9.2% which, whilst below the all property total return, was a significant improvement on the total return achieved in 2020 of -5.3%. The reasons for this were largely the result of ongoing restrictions and a change in consumer habits as a result of the COVID-19 pandemic.

The leisure and hotel sectors, which form a large component of the "Other Property" sector, suffered at the beginning of 2020 due to strict government restrictions, with many operators not reopening until Q2 2021 or later. Over the remainder of the year, however, the sector underwent a gradual recovery and regional hotels in particular experienced record bookings, as international travel restrictions boosted the demand for domestically driven 'staycations.' As a result, total returns in the hotel and leisure sectors for 2021 were 7.7% and 7.8% respectively. Healthcare also finished the year in a strong position and recorded a total return of 9.5%.

Investor appetite for the Build to Rent (BTR) residential sector also continued its strong trajectory and a record of £4.1 billion was invested into the sector over the course of 2021, beating the previous record of £3.5 billion achieved in 2020. The Purpose Built Student Accommodation (PBSA) sector also performed well in 2021, despite a muted start to the year. Large platform deals have placed further downward pressure on yields, with those assets with index-linked leases now commanding yields of 3.0% according to CBRE. However, performance is polarised, with those assets serving the UK's top universities best placed to outperform. Moving forward, the 'alternatives' sector is likely to become more 'mainstream' as it grows in prominence due to its continued resilient performance.

MARKET OUTLOOK 2022

It is clear that we have entered 2022 with significant uncertainty, as geopolitical concerns weigh on the global economy. Whilst it appears we have now passed the worst of the COVID-19 pandemic, the outbreak of conflict in Ukraine in February 2022 has sent shockwaves throughout the world. Whilst the conflict has not materially altered our outlook for UK real estate in 2022, new considerations have emerged as a result. The initial impacts of the Russian invasion of Ukraine, and the subsequent sanctions placed on the Russian economy, are expected to be negligible, primarily as a result of Russian capital having little exposure to UK commercial real estate. This should mean there is a limited impact on market liquidity and a low risk of depressed asset values as a result. In fact, due to increased volatility in other financial markets, UK real estate may benefit due to being viewed as a 'safe haven' investment destination.

However, the Ukraine conflict is likely to have wider consequences and the position of UK real estate must be set in the context of the macroeconomic environment. Prior to the outbreak of conflict, there were already significant concerns over rising inflation and tightening of monetary policy, and the conflict has skewed risks even further to the upside.

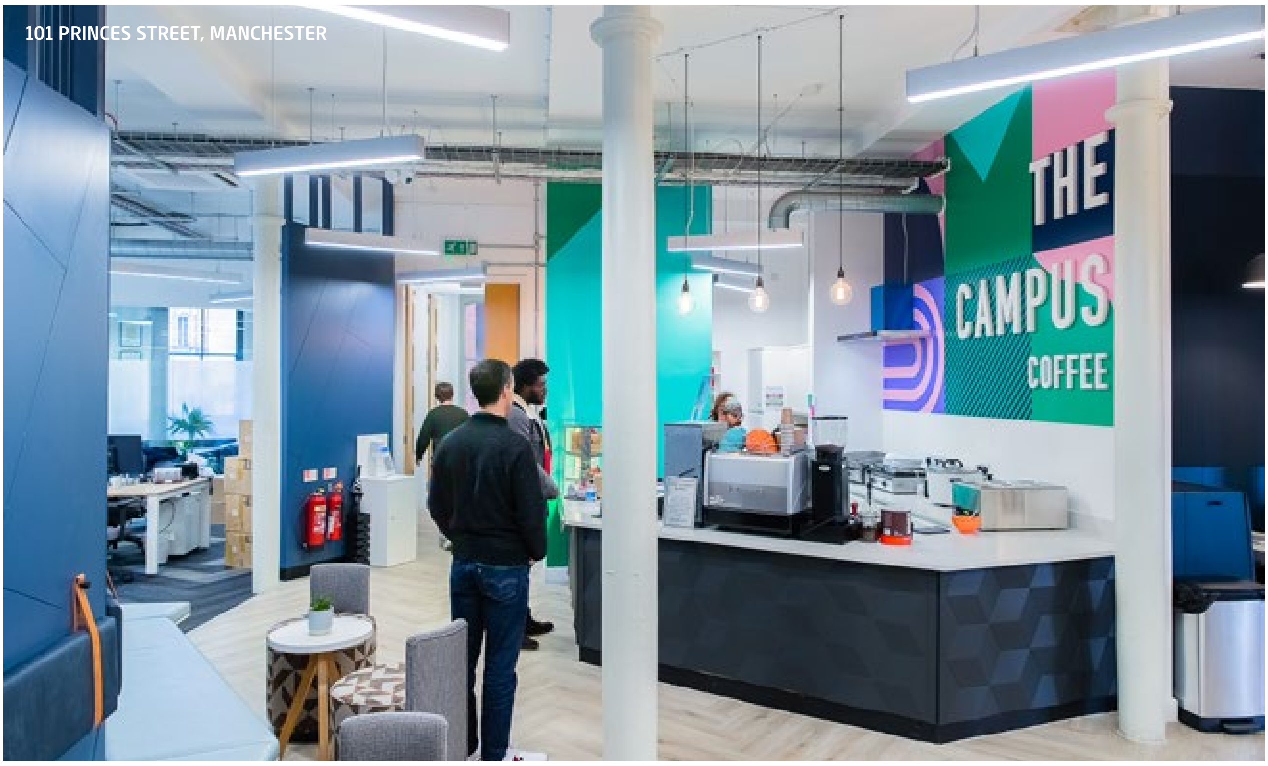
We now expect inflation to peak around 8.00% in April, before declining through the second half of this year, largely as a result of mechanical base effects. We forecast that the UK CPI rate for 2022 will be significantly over 6.0%, illustrating that inflationary pressures are likely to moderate in the latter half of the year, but remain significantly above the Bank of England's target rate. There are also significant risks that inflation could remain higher for a more prolonged period of time, particularly as the war in Ukraine, and sanction measures on the Russian economy, impact on pricing in the energy sector and on key raw materials.

The high inflation environment is likely to have an effect on households across the UK and we expect consumer sentiment and real wage growth to suffer as a result; however, a build-up in household savings over the course of the previous two years will help to cushion this impact. That said, the distribution of these savings tends to be very heavily skewed towards high income households, with increased pressure on low income households possibly translating to weakening overall consumer consumption.

In response to these inflationary factors, the Bank of England is expected to continue tightening monetary policy over the course of the year, with the base rate expected to reach 1.25% by the end of 2022. The base rate is then expected to peak at 1.75% in 2023, but there is an elevated risk that this could surprise to the upside and peak above 2.00%. Although low in a historical context, base rates and the feed through to the bond market has the potential to act as a natural cap on any further yield compression, particularly for the lower yielding areas of the real estate market. Despite this, a healthy margin between bonds and real estate will be maintained, and investors should continue to view UK real estate as an attractive investment destination, becoming more selective when approaching investment decisions at both the sector and asset level.

Strategic Report
Investment Manager's Review continued

101 PRINCES STREET, MANCHESTER



Prior to the Russian invasion of Ukraine, GDP growth was forecast to be closer to 4.4% in 2022 but we now expect economic growth to be relatively subdued. This leads to the possibility that we face an environment of weakening economic growth at a time when inflation is running considerably above target. This is likely to impact more heavily on the UK real estate sector as a result of depressed job growth and falling disposable incomes, weighing on the office and retail sectors in particular.

As such, the bifurcation of the office sector is likely to become more pronounced. Demand for prime assets should remain robust but weaker for secondary accommodation. Those office assets not deemed to be "future fit" are likely to see limited occupational and investor demand as ESG considerations become more prominent in investor decision making.
The industrial and logistics market is anticipated to remain robust in 2022 but unlikely to match the extremely strong performance achieved over the course of 2021. The prospect of further yield compression, particularly on prime assets, is limited and rental growth is expected to be the main driver of performance in this sector. Demand continues to outstrip supply and although there has been a pick-up in supply in the sector, increasing land values, a shortage of suitable development sites, and increasing build costs mean there are no signs of a correction in the short term.

We still expect the recovery in the retail sector to continue, primarily driven by market factors rather than sector specific confidence. Investor demand will remain focused on discount and food led retail warehouse schemes whilst the occupational market will continue to be heavily impacted by the pandemic induced change in consumer habits and the continued growth of e-commerce. As discussed above, the impact of inflation on household disposable incomes is also likely to weigh heavily on the retail sector, and particularly on discretionary based retailers, throughout the course of 2022 and the prospect of rental value growth remains remote. The alternatives sector will build on strong transactional volumes achieved in 2021 and will grow more prominent in investor focus. We expect the hotel sectors to recover over the course of 2022 as travel and other restrictions ease. The Purpose Built Student Accommodation (PBSA) and build-to-rent (BtR) residential sectors will continue their positive momentum.

Overall, we expect a positive year for UK real estate but the spread in performance seen in 2021 is unlikely to be repeated and sector performance will begin to converge in 2022, predominantly as a result of where we are in the UK real estate cycle. Geopolitical events, inflationary and base rate pressures are likely to weigh and, as a result, more care will be required when assessing any investment decisions in the year ahead.

PERFORMANCE

There are a number of different measures of performance one can employ, from individual assets to shareholder return. These are detailed below:

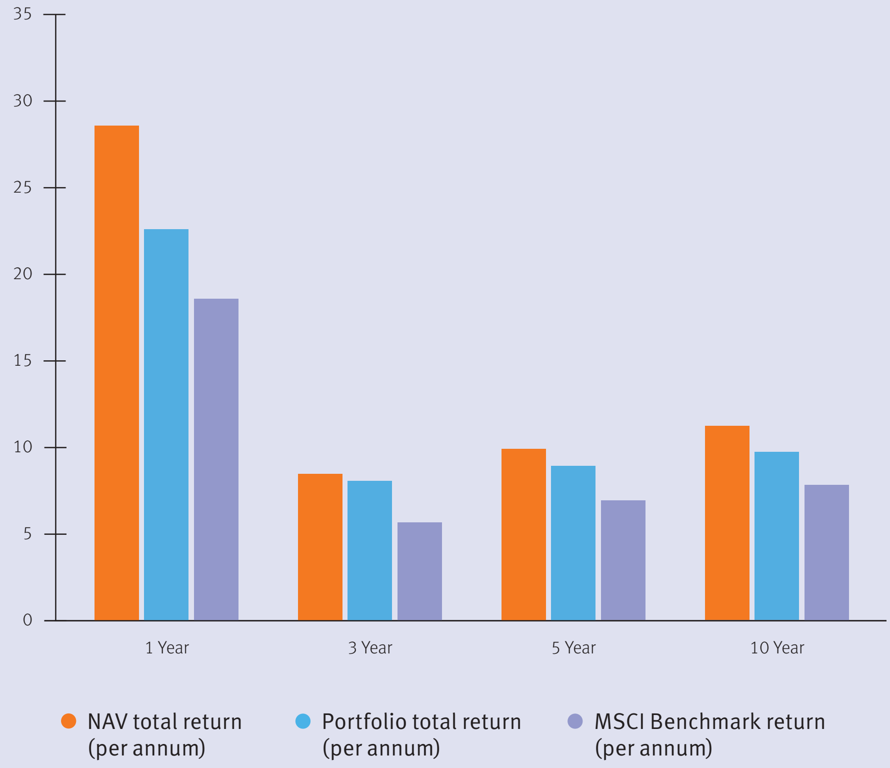
Portfolio return:

The Company uses a MSCI Benchmark to measure performance of the underlying assets against the general market. The portfolio is not constructed with reference to the MSCI index, but it can be useful to measure the performance of the Investment Manager. Against this measure, the portfolio demonstrates strong performance relative to the market over 1, 3, 5 and 10 years.

The outperformance results from a combination of structure (having a greater exposure to strongly performing sectors and low exposure to poorly performing sectors), and the active approach to managing the portfolio. Turnover in the portfolio has been higher than the market, indicating a willingness to take profits and reinvest in new productive assets.

PORTFOLIO TOTAL RETURN

Source: MSCI, abrdn



NAV return:

The NAV total return is perhaps the best indication of the Company's performance, rather than just the property portfolio, as it takes all costs and manager-controlled factors (such as borrowing) into account. The chart above shows NAV total returns alongside the portfolio and market returns. The table compares the NAV total return of SLIPIT against the AIC peer group, and as a further source of comparison against the IA open ended fund sector average.

NAV Total Returns to 31 December 2021	1 year (%)	3 years (%)	5 years (%)	10 years (%)
Standard Life Investments Property Income Trust	28.6	27.7	60.1	188.9
AIC Property UK Commercial (weighted average)	17.0	20.3	23.4	54.6
Investment Association Open Ended Commercial Property Funds sector	9.6	7.1	18.2	56.4

Source: AIC, abrdn

Share Price:

For the investor, share price total return is the real measure of their experience, measuring the share price performance along with the dividends they received. The Company's market capitalisation at 31 December 2021 was £323.5m against £242.6m a year earlier.

Share Price Total Returns to 31 December 2021	1 year (%)	3 years (%)	5 years (%)	10 years (%)
Standard Life Investments Property Income Trust	**43.4**	**18.8**	**23.9**	**184.8**
FTSE All-Share Index	18.3	27.2	30.2	110.7
FTSE All-Share REIT Index	29.4	41.8	39.3	177.1
AIC Property UK Commercial (weighted average)	26.5	20.7	9.8	40.9

Source: AIC, abrdn

Strategic Report

Investment Manager's Review continued


SYMPHONY, ROTHERHAM

VALUATION

The portfolio is valued quarterly by Knight Frank LLP under the provisions of the RICS Red Book. As at 31 December 2021 the portfolio, including the Ralia Estate, was valued at £499.9m (£437.7m at 31 December 2020) and the Company held cash of £13.8m (£9.4m at 31 December 2020). The portfolio consisted of 48 assets at year end (51 assets at 31 December 2020).

INVESTMENT STRATEGY

The Company has a clearly stated investment strategy: "To provide investors with an attractive income return, with the prospect of income and capital growth, through investing in a diversified portfolio of commercial real estate assets in the UK". The word "Income" features in both the Company's name, and prominently in the investment strategy.

Our investment activities are centred around providing an attractive level of income. However, you will read throughout the report about the importance of ESG in future returns. The Investment Manager and Board want to provide a level of income that is attractive to investors today, that is sustainable and has scope to grow in the future. We also want to provide a reasonable total return (i.e. not sacrifice capital value to deliver an unsustainable level of income).

We had already begun the process of repositioning the portfolio through the sale of assets in 2019 and 2020 with poorer ESG credentials and this will continue as we invest in better quality assets with improved prospects of future income and capital growth.

ESG

ESG is central to our investment philosophy and, to reflect its importance, the Annual Report now includes a dedicated section on pages 22 to 31 and we have also adopted early Taskforce for Climate-related Financial Disclosures on pages 32 and 33.

PURCHASES

During 2021 the Company made three investments, two into commercial real estate assets, and one land purchase (detailed under the Carbon Offsetting section on page 26).

Glass Futures, St Helens:
The Company is funding the development of a 101,085 sq ft industrial facility that will be let for 15 years to St Helens Borough Council at an initial rent of £658,000 pa. The total cost to SLIPIT will be £15.05m. The property will be occupied by Glass Futures in early 2023, a not-for-profit organisation seeking to develop lower carbon solutions for the manufacture of glass.

Griffiths Textiles, Washington:
The Company acquired a 96,693 sq ft industrial unit with 3.5 acres of unused land. The unit was recently let for 15 years to a carpet manufacturer. As part of the purchase process we engaged with the tenant about ESG enhancements including PV on the roof, which would take the EPC from its current B to an A. The vacant land had no value attributed to it in our appraisal, but provides a number of opportunities. The purchase price of £7.7m reflected an income yield of 5.75%.

Subsequent to the year end, the Company has made one further investment into commercial real estate assets:

Motorpoint, Stockton-on-Tees:
In April 2022, the Company completed the purchase of the Motorpoint car showroom in Stockton-on-Tees for £5m. The transaction was a sale and leaseback, with Motorpoint selling the property and simultaneously taking a lease over it for a period of 25 years, with the option to end the lease after 15 and 20 years. The annual rent will be £350,000 and the lease includes 5-yearly CPI-linked rent reviews. The property itself extends to just over 46,500 sq ft on a 5.2 acre site.

SALES

The Company sold six assets in 2021 for a total of £31.8m. Four office assets were sold for £21m. The decision to sell these properties was based on a comprehensive review of the portfolio in light of the changes in the office market we expect as a result of COVID-19. Several of the assets had recently had the leases extended, providing the optimum exit point to maximise returns.

One industrial unit was sold as it had poor ESG credentials, and we believed that would impact future performance. In addition, a small retail warehouse unit was sold for £2.65m as we felt the rents were relatively unsustainable.

DEBT

The Company has two debt facilities, both with the Royal Bank of Scotland. The term loan of £110m is fully drawn and is subject to an interest rate swap to fix the cost at a rate of 2.725%. The swap value is marked to market each quarter in the NAV and at 31 December 2021 a liability was recorded of £568,036 (down from £3,735,254 in the prior year). The Company also has a revolving credit facility (RCF) of £55m that is currently undrawn. The facility was undrawn throughout 2021. At year end the gearing level or LTV was 19.2%. This is below the target range of 25% – 35% that the Board has set. It is anticipated that the RCF will be utilised again in 2022 to fund new purchases.

Both loan facilities mature in April 2023 and the Investment Manager and Board are in the process of finding a new facility. Early conversations have been encouraging, although with rising interest rates there is a risk that the cost of debt may increase from the current 2.725%.

ASSET MANAGEMENT

The disruption caused by the pandemic impacted on tenants' ability to pay rent, their desire to make decisions on future occupancy, and in many cases led to changes in the contacts we had at different properties. In this difficult context, the Company's asset managers worked hard to maintain good communication lines with tenants, and delivered strong returns through lease regears. It was necessary to give further rent concessions to some tenants where trade was constrained by restrictions imposed by the Government. However, supporting tenants where required is in the best interests of the Company compared with the prospect of tenant failure.

Over the course of 2021 ten leases were renewed or regeared to extend the term, with a rental value of £2,323,217 pa. Five rent reviews were settled, generating an increase in income of £106,379 pa, and nine lettings completed, securing £1,494,451 pa of new rent. Since the year end a further three lettings have been completed, securing an additional £353,600 pa.

The portfolio vacancy rate at the end of 2021 was 9.7%. This is higher than the Investment Manger targets (5%) and is predominantly within the office portfolio. With a return to the office expected from spring onwards, and with the affordable, good quality fitted suites on offer within our portfolio, we expect to see further progress in reducing vacancy rates over the course of 2022.

Rent collection remained an area of focus. Various restrictions/lockdowns impacted our tenants and their businesses, but we continued to have a flexible approach. We aim to work with tenants based on their individual circumstances. Bad debt provisions increased by £0.4m during the year, against a £2.4m increase for 2020, with the fall in the charge to earnings reflecting the improving rent collection rates. In total, 96% of the rent due in 2021 has been collected, with several tenants repaying arrears on agreed plans over the next couple of years. This compares to 98% for 2020. We anticipate further improvements in the 2021 recovery rate from repayment plans, and additional expected receipts.

Rent Collection	Quarter	% Received
2020	1	99%
	2	98%
	3	98%
	4	96%
	2020 FY	**98%**
2021	1	96%
	2	95%
	3	96%
	4	97%
	2021 FY	**96%**

OUTLOOK AND FUTURE STRATEGY

With the increasing importance of ESG driven by both legislation and corporate / individual commitments, the Company will continue to seek to provide buildings that enable tenant businesses to perform well. The current high exposure to the industrial sector is likely to remain beneficial and we will seek to maintain it, although we might rotate out of some assets. We will selectively seek to buy into the retail warehouse sector, and into alternatives such as apart-hotels, student housing, and hotels. The office sector continues to undergo change, and although four assets have already been sold, we will monitor how our retained assets are meeting the future needs of occupiers and investors.

Inflation is of course a significant concern at the moment. The Company has approximately 21% of its leases (by rental value) subject to fixed or indexed rent reviews, however the Investment Manager also expects rental growth to continue from the industrial sector, providing some mitigation against the impacts of inflation. We will continue to seek to hold assets where we can grow rents.

Strategic Report
Investment Manager's Review
continued

TOP TEN TENANTS

		Passing Rent	
1	B&Q Plc	£1,560,000	6.1%
2	The Symphony Group Plc	£1,225,000	4.8%
3	Schlumberger Oilfield UK PLC	£1,138,402	4.4%
4	Jenkins Shipping Group Ltd	£843,390	3.3%
5	CEVA Logistics Ltd	£840,000	3.3%
6	Timbmet Limited	£799,683	3.1%
7	ATOS IT Services UK Ltd	£780,727	3.0%
8	Public Sector	£732,210	2.9%
9	Time Wholesale Services (UK) Ltd	£656,056	2.6%
10	Thyssenkrupp Materials (UK) Ltd	£643,565	2.5%

Total: £9,219,033
% of Total Rent: 36.0%

Total Group Passing Rent: £25,631,828

TOP TEN PROPERTIES

1	54 Hagley Road	Birmingham	£26m-£28m	Office (5.3%)
2	Mucklow Hill	Halesowen	£24m-£26m	Retail (5.0%)
3	Symphony	Rotherham	£24m-£26m	Industrial (4.8%)
4	Marsh Way	Rainham	£20m-£22m	Industrial (4.1%)
5	Timbmet	Shellingford	£18m-£20m	Office (3.6%)
6	Atos Data Centre	Birmingham	£14m-£16m	Other (3.2%)
7	Tetron 141	Swadlincote	£14m-£16m	Industrial (3.2%)
8	Walton Summit Ind Est	Preston	£14m-£16m	Industrial (3.1%)
9	Hollywood Green	London	£14m-£16m	Other (2.9%)
10	The Pinnacle	Reading	£14m-£16m	Office (2.9%)

LEASE EXPIRY PROFILE

Total 5 year band	0–5 years	6–10 years	11–15 years	16–20 years	21–25 years
Rent expiring £	14,637,593	7,311,966	1,684,835	766,915	1,230,519
Rent expiring %	57.1%	28.5%	6.6%	3.0%	4.8%

Strategic Report
Investment Manager's Review
Property Investments as at 31 December 2021 continued

Rank	Name	Location	Sub-sector	Market value	Tenure	Area sq ft	Occupancy
1	54 Hagley Road	Birmingham	Office	£26m–£28m	Leasehold	136,959	70.8%
2	Mucklow Hill	Halesowen	Retail	£24m–£26m	Freehold	92,400	100%
3	Symphony	Rotherham	Industrial	£24m–£26m	Leasehold	364,974	100%
4	Marsh Way	Rainham	Industrial	£20m–£22m	Leasehold	82,090	100%
5	Timbmet	Shellingford	Industrial	£18m–£20m	Freehold	214,882	100%
6	Atos Data Centre	Birmingham	Other	£14m–£16m	Freehold	40,146	100%
7	Tetron 141	Swadlincote	Industrial	£14m–£16m	Freehold	141,459	100%
8	Walton Summit Industrial Estate	Preston	Industrial	£14m–£16m	Freehold	147,946	100%
9	Hollywood Green	London	Other	£14m–£16m	Freehold	64,503	100%
10	The Pinnacle	Reading	Office	£14m–£16m	Freehold	39,447	82.2%
11	Badentoy	Aberdeen	Industrial	£14m–£16m	Freehold	67,843	100%
12	CEVA Logistics	Corby	Industrial	£12m–£14m	Freehold	195,225	100%
13	New Palace Place	London	Office	£12m–£14m	Leasehold	18,723	86.6%
14	15 Basinghall Street	London	Office	£12m–£14m	Freehold	17,485	62.9%
15	Tetron 93	Swadlincote	Industrial	£10m–£12m	Freehold	93,836	100%
16	P&O Warehouse	Dover	Industrial	£10m–£12m	Freehold	84,376	100%
17	Ocean Trade Centre	Aberdeen	Industrial	£10m–£12m	Freehold	103,120	83.6%
18	Swift House	Rugby	Industrial	£10m–£12m	Leasehold	100,564	100%
19	Flamingo Flowers Limited	Sandy	Industrial	£10m–£12m	Freehold	125,774	100%
20	One Station Square	Bracknell	Office	£8m–£10m	Freehold	42,429	61.8%
21	Explorer 1 & 2 & Mitre Court	Crawley	Office	£8m–£10m	Freehold	43,533	49.8%
22	Causeway House	Edinburgh	Office	£8m–£10m	Freehold	39,522	100%
23	Kings Business Park	Bristol	Industrial	£8m–£10m	Freehold	58,413	100%
24	Mount Farm	Milton Keynes	Industrial	£8m–£10m	Freehold	74,709	100%
25	101 Princess Street	Manchester	Office	£8m–£10m	Freehold	41,096	51.0%
26	The Kirkgate	Epsom	Office	£8m–£10m	Freehold	26,333	69.4%
27	82–84 Eden Street	Kingston Upon Thames	Retail	£8m–£10m	Freehold	24,234	100%
28	Howard Town Retail Park	High Peak	Retail	£8m–£10m	Mixed	48,796	100%
29	Alston Road	Washington	Industrial	£8m–£10m	Freehold	96,693	100%
30	Speedy Hire Unit	Glasgow	Industrial	£8m–£10m	Freehold	61,033	100%

Strategic Report

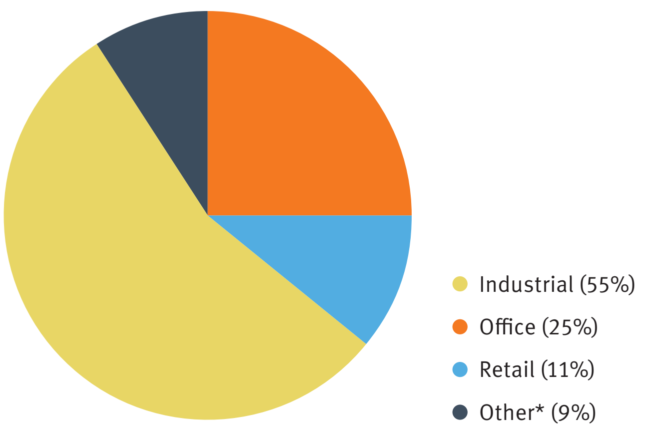
Investment Manager's Review

Property Investments as at 31 December 2021 continued

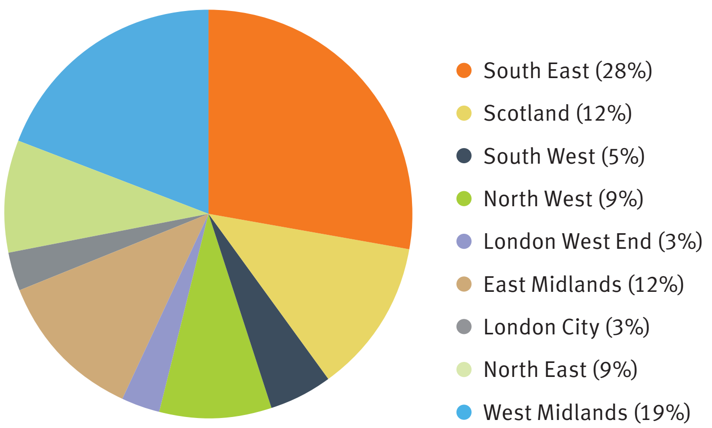
#	Name	Location	Sub-sector	Market value	Tenure	Area sq ft	Occupancy
31	Wincanton	Bristol	Industrial	£8m–£10m	Leasehold	196,914	100%
32	Units 1 & 2 Cullen Square	Livingston	Industrial	£6m–£8m	Freehold	81,288	100%
33	Ralia Estate, Newtonmore	Ralia	Land	£6m–£8m	Freehold	N/a*	100%
34	Opus 9 Industrial Estate	Warrington	Industrial	£6m–£8m	Freehold	54,904	100%
35	Endeavor House	Kiddlington	Office	£6m–£8m	Freehold	23,414	100%
36	Units H1, H2 & G, Nexus Point	Birmingham	Industrial	£6m–£8m	Freehold	46,495	100%
37	Stephenson Industrial Estate	Washington	Industrial	£6m–£8m	Freehold	150,257	100%
38	Unit 2	Fareham	Industrial	£6m–£8m	Freehold	38,217	100%
39	31–32 Queen Square	Bristol	Office	£4m–£6m	Freehold	13,124	100%
40	Victoria Shopping Park	Hednesford	Retail	£4m–£6m	Leasehold	37,096	100%
41	Grand National Retail Park	Liverpool	Other	£4m–£6m	Leasehold	38,223	100%
42	The Point Retail Park	Rochdale	Retail	£4m–£6m	Freehold	42,224	100%
43	21 Gavin Way	Birmingham	Industrial	£4m–£6m	Freehold	36,376	100%
44	Unit 4 Monkton Business Park	Newcastle	Industrial	£4m–£6m	Freehold	33,021	100%
45	Olympian Way	Leyland, Bradford	Retail	£4m–£6m	Leasehold	31,781	100%
46	Unit 14 Interlink Park	Bardon	Industrial	£2m–£4m	Freehold	32,747	100%
47	Unit 4 Easter Park	Bolton	Industrial	£2m–£4m	Leasehold	35,534	100%
48	Stadium Way	St Helens	Industrial	£2m–£4m	Freehold	101,085	100%
	Total property portfolio, including Ralia (not classified as an Investment Property)			**499,915,250**			

*The land at Ralia Estate, Newtonmore covers an area of 1,471 hectares.

Portfolio allocation by Sector

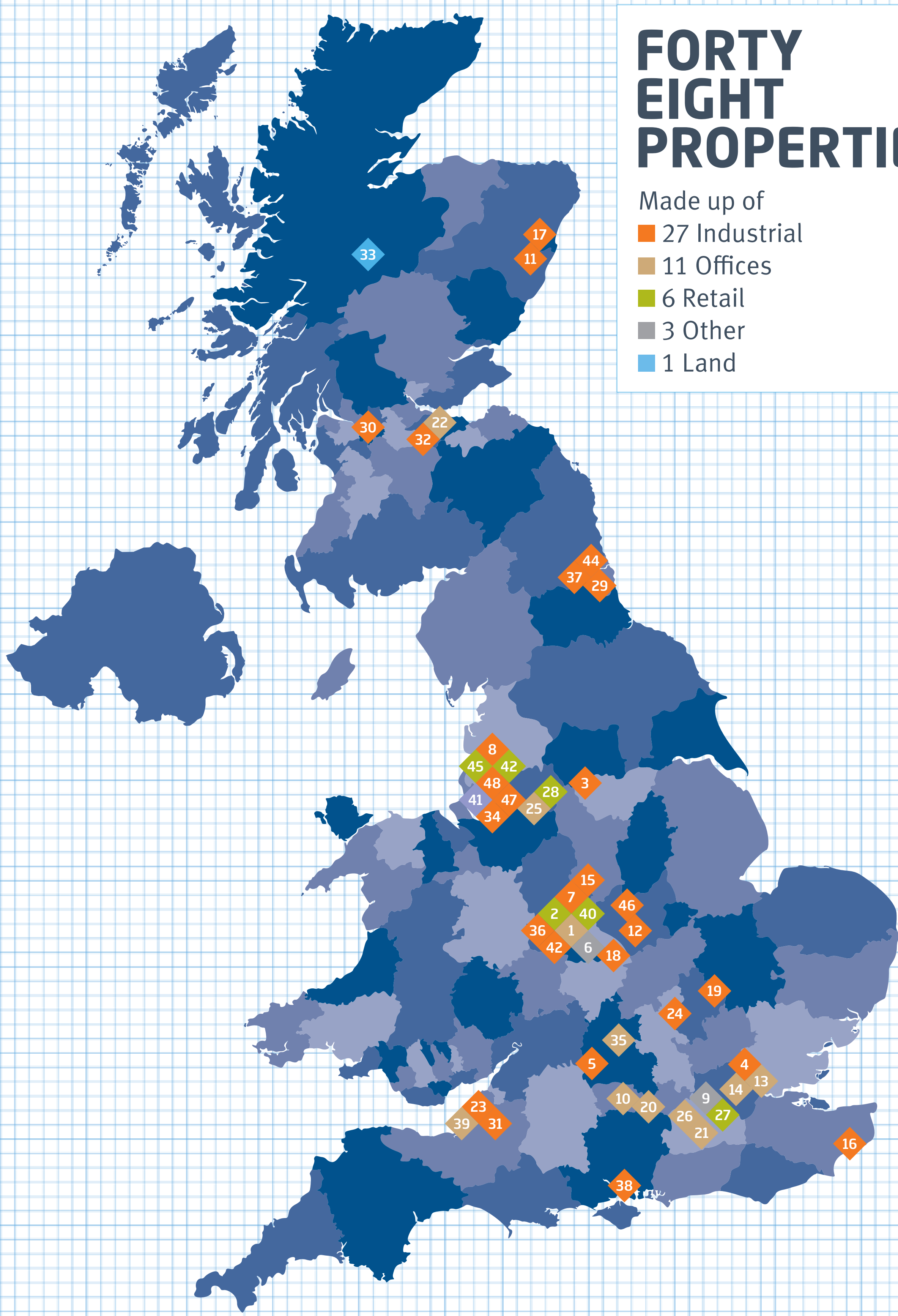


Portfolio allocation by Region



* Other includes land at Ralia

Source: abrdn, 31 December 2021



FORTY EIGHT PROPERTIES

Made up of
- 27 Industrial
- 11 Offices
- 6 Retail
- 3 Other
- 1 Land

Strategic Report
Environmental, Social and Governance (ESG)

ESG

ESG is central to our investment philosophy, where we seek to invest in assets that tenants want to occupy and where their businesses can thrive. ESG might not be new, but it has grown in scope and importance over the last 12 months. With such a rapid pace of change, it is important to have a considered approach to ESG, based on the best information available. The Company is going through a period of data gathering, and planning of future initiatives, as well as implementing strategies now. Reflecting the importance of ESG, the Annual Report now has this dedicated section on these matters where we set out what we are doing to protect and enhance future shareholder value.

ESG POLICY

ESG Strategy.

ESG factors have come to the fore during the recent pandemic. The Board and Investment Manager have, over the last 5 years, incorporated ESG into their decision making, however it is now a much more prominent consideration externally as well internally and so deserves a place in the Company's Strategic Report.

The Board has created a separate Sustainability Committee to ensure that sufficient focus is placed on ESG, an area it believes will be fundamental to future corporate performance. ESG might be viewed as a cost today, but in the future, it will be viewed as business as usual, and underinvestment today will adversely impact value tomorrow. As such, the Company is actively seeking to embrace ESG and to enhance fund performance through adopting a calculated programme of upgrades to its assets.

ESG Priorities.

The Company has identified two main areas of focus that have the most relevance for the activities it undertakes – Planet and People.

Under Planet, the Company has a primary focus on Energy and Carbon; Climate resilience; and Biodiversity. The report below provides details on the approach and measures, with a particular focus on Energy and Carbon.

People involves our tenants and the users of our properties. It is a wide-ranging theme, covering wellness, supplier management, community engagement, social values, and tenant engagement.

Energy efficiency and decarbonisation.

In 2021, COP26 served to reinforce the need for the rapid decarbonisation of the global economy. The Board and Investment Manager believe the real estate sector has made some progress in the past, but the pace must accelerate from here.

The Company has an active approach to managing carbon emissions across the portfolio and has been implementing energy efficiency improvements and renewable energy projects for several years.

In 2021, we undertook work to establish the operational carbon footprint baseline of the portfolio and model our pathway to net zero. This involved benchmarking the performance of each asset, modelling our future footprint including embodied and operational carbon and identifying the types of measures necessary to fully decarbonise the portfolio by 2050.

Operational Performance Summary.

The Investment Manager has processes in place to ensure operational sustainability performance is monitored and actions are implemented to drive continual improvement. The effect of COVID-19 on occupancy has had an impact on energy consumption and greenhouse gas emissions. It is unfortunately not possible to fully disaggregate this impact from improvement measures undertaken at assets. The performance figures for 2021 should be viewed in this context. Full details of performance against material EPRA sBPR indicators are included on pages 98 to 103.

EPRA Sustainability Best Practice Recommendations Guidelines.

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

A full outline of the scope of reporting and materiality review in relation to EPRA sBPR indicators is included on pages 98–103, which also provides disclosures required under Streamlined Energy and Carbon Reporting (SECR).

GRESB 2021

2021 GRESB Assessment

The GRESB Assessment is the leading global sustainability benchmark for real estate vehicles. The Company has been submitted to GRESB since 2012. In the 2021 assessment, the Company achieved a three star rating, an improvement on 2020's two stars.

373,000 CARBON CREDITS

The potential carbon credits over the lifetime of the Ralia reforestation and peatland restoration.

GENERATE ELECTRICITY EQUIVALENT TO BOILING A KETTLE 32,745,455 TIMES

Our pipeline of solar PV opportunities would generate electricity equivalent to boiling a kettle 32,745,455 times.

Climate Resilience:

As described in the section on TCFD disclosures (pages 32 and 33) the Company considers the risks and impact of climate change on the portfolio. At a portfolio level we already monitor the flood risk for each asset and how that might change over time. We have also recently completed a study to quantify the value at risk resulting from physical climate impacts and changes to heating and cooling demand under a high emissions scenario of 4.3°C of warming by 2100. The results are summarised in the TCFD section (pages 32 and 33).

Biodiversity:

Biodiversity is a relatively new focus for the Company. We have initiated a programme of best practice with our managing agents to ensure each asset is assessed with a view to optimising landscaping regimes to support greater biodiversity.

The Company's land purchase of Ralia provides an opportunity to consider biodiversity on a greater scale, as we start with a baseline survey to be able to measure net biodiversity gain.

Ralia:

The Company has acquired over 1,400 hectares of unproductive open moorland in the Cairngorm National Park which represents one of the largest afforestation and peatland restoration projects in the UK.

- The aim is to regenerate more than 900ha of woodland, planting over 1.5m trees and to restore at least 150ha of degraded peatland.
- It is estimated the project will deliver up to 195,000 tonnes of claimable carbon to 2060 at a cost of £22 per tonne on a discounted cash flow basis.
- Focusing on native broad-leaved trees and Scots pine, the woodland creation element of the project will improve amenity, enhance biodiversity, mitigate flooding and improve air quality.
- The site was previously used for grouse shooting and some hunting, but that is no longer viable and the land is not productive for farming.
- One aspect of the estate that appealed was that it had no one living on the land, or directly employed on it. The Company will seek to employ local workers and enhance employment on the site through the planned projects.

CLIMATE CHANGE

As part of the Company's investment process we take long term climate impacts into account. For many years, we have been ensuring that we have a clear understanding of the flood risk of an asset, and what flood mitigation there is in place, before we will invest. If our analysis indicates that there is an unacceptable risk of damage or harm to life, then we will not proceed.

With changing weather patterns as a result of climate change, we know we need to not only assess historic incidents of flooding but also understand potential future risks. We are now assessing not only flooding from rivers, sea and surface water, but also other risks including water scarcity, heat stress, extreme wind and fires – issues that in the past may not have been considered a concern in a UK context. With increased modelling out to 2080 we are better able to forecast future changes and adapt our strategies accordingly.

Rising temperatures will, at some point, require increased cooling of workplaces, something that will require increased energy consumption. Our modelling indicates that whilst physical risks present long term concerns, the increased operational costs associated with cooling demands may be far more significant in the future under a high warming scenario. It is for this reason that we are focusing our efforts on improving the design and operation of the buildings in the portfolio to ensure that they are low carbon and fit for the future.

Strategic Report
Environmental, Social and Governance (ESG) continued

GLASS FUTURES, ST HELENS

NET ZERO CARBON

During the course of 2021 the Company undertook a study of its carbon footprint, and what would be required to be net zero by 2050. The key finding was that landlord controlled energy accounts for only 10% of the Company's carbon footprint and we, as landlords, have little direct control over 90% of the output determined by tenants. Following the study, the Company has set a target to be net zero for emissions associated with landlord-procured energy by 2030, and has determined that it will work with tenants to establish a reasonable and realistic target for total carbon emissions over the medium term.

The Company has already taken a number of steps towards achieving its target. All Landlord consumed electricity is certified green energy; and refurbishment decisions are focused around energy performance improvements. The route to net zero for the UK is going to evolve, and so are regulations and solutions/ technology that we can use.

At the moment, the Company's strategy is to focus on ensuring compliance with EPC (Energy Performance Certificates) regulations. At present it is unlawful to lease properties that have an F or G rating. The Government has proposed legislation that will increase the threshold to C in 2027, and B in 2030.

The portfolio currently has a range of EPC ratings and we are working through all assets below C to understand the route to get a C by 2027, and also how to get to B by 2030. Within the office portfolio this takes the form of a detailed maintenance and upgrading programme from now through to 2030 to understand the best times for intervention, and what work will be required.

In most cases, the route to EPC B requires electrification of the buildings. The technology enabling this is developing, and we are identifying the right time for the intervention rather than trying to do everything today, only to find a better solution becomes available in the future.

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

The Company has six demises (out of circa 150) that have an EPC rating of G. Four of them are in Scotland (on a twenty five unit multi let industrial estate), where there is different legislation and the rating does not prevent a letting, one is a small old unit on the edge of a retail park, and the other is a large Cinema complex in North London where we are exploring options.

RENEWABLE ENERGY

One of the ways we can reduce the carbon footprint of the Company is through the use of renewable energy. All landlord supplied energy comes from a green tariff, however on-site generation is even better. We have been working with an external party to increase the provision of on site power in the form of photo voltaic (PV) cells on building roofs.

We have also looked at wind power on a couple of sites, but the planning regime is not supportive.

Progress has been slow. At the end of December 2020, we had six operational schemes totalling 1.2Mwp, but that had not changed by the end of 2021; however, we are actively engaged in 14 new projects, securing grid connections, undertaking structural surveys, and agreeing terms with tenants.

The 14 schemes would add a further 4.6Mwp – enough to power 958 homes for a year, or boil the kettle 32,745,455 times! We have had to put two further schemes on hold because of a lack of Grid capacity – something that is going to limit the speed of electrification possible in the UK.

Proposed SLIPIT Projects	System Size (kWp)	System Output	Panels	Number of Tennis Courts	Kettles Boiled	Households Powered	Electric Cars Charged	Street Lights Powered	CO_2 Emissions Reduced	Trees Planted
Yarm Road, Stockton-on-Tees	168	134,000	420	3	1,218,182	36	59	934	31	1,475
SNOP, Washington	644	508,000	1,610	13	4,618,182	135	224	3,540	117	5,591
Alston Road, Washington	1,177	932,000	2,943	24	8,472,727	248	412	6,495	215	10,257
Speedy, Glasgow	364	271,000	910	7	2,463,636	72	120	1,889	63	2,983
Explorer 1&2, Crawley	75	71,000	188	2	645,455	19	31	495	16	781
Interlink Park, Bardon	112	92,000	280	2	836,364	24	41	641	21	1,013
Drilco, Aberdeen	365	276,000	913	7	2,509,091	73	122	1,923	64	3,038
Unit 4, Easter Park, Bolton	286	210,000	715	6	1,909,091	56	93	1,463	49	2,311
The Point Retail Park, Rochdale	150	78,000	375	3	709,091	21	34	544	18	858
Atos Data Centre, Birmingham	365	306,000	913	7	2,781,818	81	135	2,132	71	3,368
Mount Farm, Milton Keynes	357	233,000	893	7	2,118,182	62	103	1,624	54	2,564
Wincanton, Bristol	150	136,000	375	3	1,236,364	36	60	948	31	1,497
One Station Square, Bracknell	163	150,000	408	3	1,363,636	40	66	1,045	35	1,651
Swift House, Rugby	240	205,000	600	5	1,863,636	55	91	1,429	47	2,256
Total	**4,616**	**3,602,000**	**11,543**	**92**	**32,745,455**	**958**	**1,591**	**25,102**	**832**	**39,643**

Existing SLIPIT Projects (Historical)	System Size (kWp)	System Output	Panels	Tennis Courts Area	Kettles Boiled	Households Powered	Electric Cars Charged	Street Lights Powered	CO_2 Emissions Reduced	Trees Planted
Flamingo Flowers, Great North Road, Sandy (22/06/2020)	918	1,182,267	2,295	19	10,747,882	314	522	8,239	273	13,012
Causewayside House, 160 Causewayside, Edinburgh (27/11/2020)	90	62,722	225	2	570,200	17	28	437	14	690
Pinnacle, 20 Tudor Road, Reading (27/03/2017)	42	150,938	105	1	1,372,164	40	67	1,052	35	1,661
Unit 14, Interlink Park, Bardon (29/03/2019)	50	133,317	125	1	1,211,973	35	59	929	31	1,467
Tetron 141, William Nadin Way, Swadlincote (11/12/2018)	50	135,272	125	1	1,229,745	36	60	943	31	1,489
Unit 2, Brunel Way, Segensworth East, Fareham (20/03/2019)	50	96,515	125	1	877,409	26	43	673	22	1,062
Wingates, Bolton (18/05/2012)	50	395,880	125	1	3,598,909	105	175	2,759	91	4,357
Total	**1,250**	**2,156,911**	**3,125**	**26**	**19,608,282**	**573**	**954**	**15,032**	**497**	**23,738**

Strategic Report
Environmental, Social and Governance (ESG) continued

CARBON OFFSETTING

The Company believes that carbon offsetting is a last resort measure once all other efforts have been made to reduce the carbon emissions of the portfolio. The path to net zero will, however, take time, and some offsetting will be required. During 2021 the Company acquired 1,471 hectares of open moorland in the Scottish Highlands. The intention is a mix of reforestation (planting approximately 1.5m natural broadleaf trees), peatland restoration and other forms of biodiversity gain.

This is a large scale project and we are working with a number of parties to gain approvals for the planting. Where possible, we utilise local labour and expertise, and we have recently been collecting seeds on site to promote regeneration of native trees. The opportunity has the potential to create 373,000 carbon credits over the lifetime of the project at a known fixed cost today. We anticipate significant future cost increases in carbon credits making this asset progressively more valuable economically as well as environmentally.

ELECTRIC VEHICLE CHARGING

Although installing EV charge points does not reduce the Company's energy consumption, it does help with decarbonisation, and provides further amenity to tenants. We have tendered a package of rapid chargers for our retail warehouse parks, where a third party will pay the capital cost of installing the chargers and will operate them, with a small rent coming back to the Company.

In our office properties we are generally installing the chargers directly, mainly offering one or two fast chargers as we see how demand develops. At Hagley Road we have agreed terms for an operator to provide rapid and fast chargers for the public and tenants to use – again adding to the amenity offer at the building.

NET ZERO STRATEGY

Our net zero principles.

Although the goal may seem clear, definitions and standards on net zero and the policy mix to support it remains immature. In this context we have established several key principles that underpin our strategy to ensure it has integrity, is robust and delivers value:

Practical:
- **Asset-level action** – focusing on energy efficiency and renewables is our priority to ensure compliance with energy performance regulations. Our analysis shows that meeting proposed future Energy Performance Certificate standards is a sensible stepping stone towards net zero. This improves the quality of assets for occupiers and reduces the exposure to regulatory and market risk. Our investment in nature-based carbon removal is an addition to asset-level decarbonisation.
- **Timing** – we aim to align improvements at our properties with existing plant replacement cycles and planned refurbishment activities wherever possible. This ensures we are not unnecessarily replacing functional plant ahead of its useful life unless necessary, which reduces cost and embodied carbon.

Realistic:
- **Target** – long-term objectives must be stretching but deliverable and complimented by near-term targets and actions.
- **Policy support** – to fully decarbonise before 2050 the real estate sector requires a supportive policy mix to incentivise action and level the playing field.

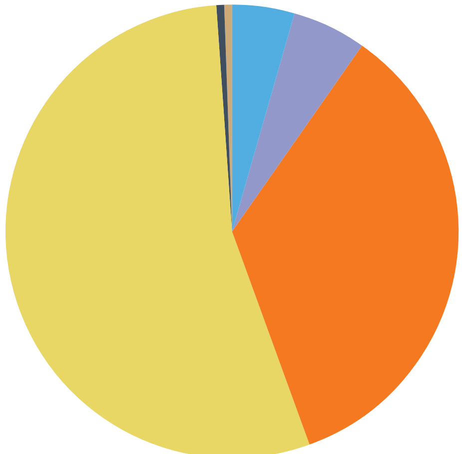
Collaborative:
- **Occupiers** – we recognise that we can't achieve net zero for the portfolio in isolation. We will work closely with occupiers on this journey, many of whom have their own decarbonisation strategies covering their leased space. To put this into context, Scope 3 emissions for the company, i.e. the consumption by our tenants, accounts for 90% of the Company's carbon output.
- **Suppliers** – we will work with our suppliers including property managers and consultants so that everyone is clear on their role in achieving net zero.

Measurable:
- Clear key performance indicators at the asset and portfolio level.

Our baseline.

Our operational carbon footprint for 2019 is shown in the adjacent table. We have used 2019 as a baseline for our work as it was unaffected by changes in occupancy due to COVID-19. This shows a total operational footprint of 20,651 tonnes of carbon dioxide equivalent (Co_2e). Of this, 10% is associated with Scope 1 and 2 emissions that are directly controlled by the Company, with 90% coming from Scope 3 emissions from tenant procured energy.

For 2019 we gathered energy consumption data for 46% of the portfolio by floor area with representative industry standard benchmarks used to estimate the rest. Based on these assumptions for 2019 the energy intensity at the portfolio level was $237kWh/m^2$ and the operational emissions intensity was 45 $kgCO_2e/m^2$ across Scopes 1, 2 and 3. These will be key metrics as we progress with our delivery strategy.



SLIPIT 2019 Carbon Footprint (tCO_2e)

- Landlord Gas (4.5%) – Scope 1
- Landlord Electricity (5.5%) – Scope 2
- Tenant Gas (35%) – Scope 3
- Tenant Electricity (55%) – Scope 3
- Landlord Waste (<0.1%) – Scope 3
- Landlord Water (<0.1%) – Scope 3

Scope 1 and 2 – These are emissions that directly result from the landlord's activities where there is operational control, either through the purchase and consumption of energy or refrigerant losses.

Scope 3 – These are emissions that occur in our supply chains and downstream leased assets (i.e. tenant spaces over which we have a degree of influence but limited control).

Our delivery strategy.

	Near-term (to 2030)	Long-term (2030–2050)
Targets	Achieve net zero emissions for Scope 1 and 2 by 2030. Improve emissions intensity across all scopes by 50% by 2030 from 2019 baseline.	Net zero across all emissions scopes before 2050.
Context	We see these 2030 targets as a sensible stepping-stone towards long-term decarbonisation. In the near term our activities are focused on occupier engagement and compliance with energy performance regulations which will mean significant investment in energy efficiency, heat decarbonisation and renewable energy, whilst acknowledging the Landlord only has direct control over approximately 10% of the energy consumed, it will work with tenants and upgrade properties when it can to try and achieve this challenging target. We anticipate that actions taken to decarbonise heat before 2030 will mean the company has very low Scope 1 emissions at this date.	Buildings in the UK will have to be fully decarbonised by 2050 through energy efficiency and the decarbonisation of heat and electricity. We will aim to reach our long-term target through these measures with as little use of offsets as possible. We will keep our long-term target under review and potentially bring it forward as policy measures and market drivers become clearer in the coming years.
Near-term delivery actions	**Standing portfolio:** ▸ Improve ability to obtain tenant energy data through improved engagement, lease agreements and smart metering ▸ Build improved understanding of tenant decarbonisation strategies and extent of tenant renewable energy procurement ▸ Implement low-carbon refurbishments to ensure regulatory compliance focusing on energy efficiency and heat decarbonisation and start to quantify and reduce embodied carbon ▸ Continue to implement solar PV projects and establish power purchase agreements with occupiers ▸ Progress with nature-based carbon removal strategy in parallel with asset decarbonisation	**Acquisitions and developments:** **In line with the Investment Manager's policies:** ▸ Benchmark assets pre-acquisition, understand costs and build decarbonisation into asset management plan from the start of ownership ▸ Direct development and development funding to be designed to whole life net zero principles
Measurement indicators	▸ % of tenants data coverage ▸ Absolute portfolio emissions (tCO_2e) ▸ Energy and emissions intensity ($kwh/m^2/year$; $kg\ CO_2e/m^2/year$) ▸ Installed solar capacity (MWp) ▸ Embodied carbon of development projects	

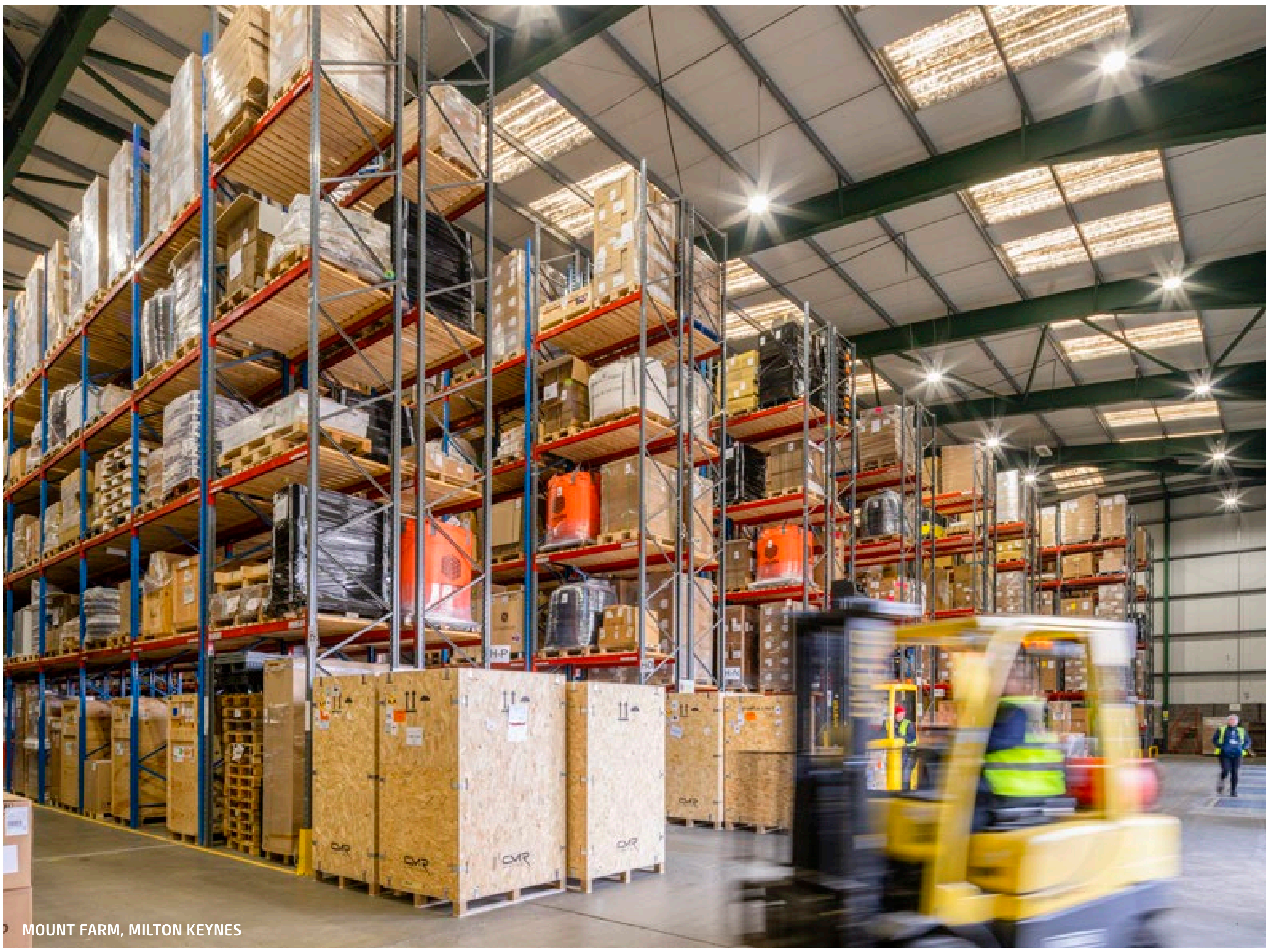
Strategic Report
Environmental, Social and Governance (ESG) continued

	NET ZERO STRATEGY AND OVERSIGHT	KEY IMPLEMENTATION ACTIONS
2021 PROGRESS	‣ Baselining of portfolio ‣ Benchmarking of all assets ‣ High level cost estimates to decarbonise all assets	**Data coverage and occupier engagement** ‣ Data coverage improved to 46% by floor area ‣ Installation of smart meters commenced ‣ Green lease clauses improved to facilitate data sharing **Energy efficiency and heat decarbonisation** ‣ Full, costed retrofit plans established for multi-let offices to achieve regulatory compliance and decarbonise heat ‣ Scale of decarbonisation cost established for all assets ready for refinement **Renewables and electric vehicles** ‣ 14 solar PV and multiple EV schemes in feasibility and design stages **Afforestation** ‣ Implemented strategy to invest in nature-based solutions to deliver income return and offset future residual carbon
2022-2030	‣ Annual review and assessment of progress towards full decarbonisation of Scope 1 and 2 and 50% intensity target ‣ Assessment of all acquisitions / disposals on portfolio footprint and assess asset-level progress towards targets	**Standing portfolio** ‣ Improve ability to obtain tenant energy data through improved engagement, lease agreements and smart metering ‣ Build improved understanding of tenant decarbonisation strategies and extent of tenant renewable energy procurement ‣ Implement low-carbon refurbishments to ensure regulatory compliance focusing on energy efficiency and heat decarbonisation and start to quantify and reduce embodied carbon ‣ Continue to implement solar PV projects and establish power purchase agreements with occupiers ‣ Progress with nature-based carbon removal strategy in parallel with asset decarbonisation **Acquisitions and developments** ‣ In line with the Investment Manager's policies: ‣ Benchmark assets pre-acquisition, understand costs and build decarbonisation into asset management plan from the start of ownership ‣ Direct development and development funding to be designed to whole life net zero principles
2030-2050	**Continue to review policy and market drivers and technological advancements in the context of the Company's long term net zero objective**	

CASE STUDY

Mount Farm, Milton Keynes
SLIPIT owns a logistics unit in Milton Keynes. The building extends to 74,709 sq ft, and was let at a rent of £320,000 pa on a lease expiring in May 2022. Sarah MacDougall, the Asset Manager at abrdn responsible for the asset, met with the tenant early in 2021 and quickly established they wanted to remain in the building, but also wanted to invest in enhancements to the specification. Sarah worked with the tenant and ESG consultants to agree a scope of works to target a minimum EPC B at the unit. SLIPIT agreed to fund some of the works instead of the tenant receiving a rent free period on the new lease. In addition, an agreement was reached for SLIPIT to install PV panels on the roof and to sell the power to the tenant (anticipated installation in the first half of 2022).

The original EPC rating was an F, so the tenant undertook the works of improvement itself to enable the new lease to be entered into. Following the works, the unit has been certified with an EPC rating of A. Both tenant and landlord are happy with the improvements to the property, and the longer agreed lease term. The asset provided a total return of 56.8% in 2021. The new rent is £488,250 pa, and SLIPIT contributed £336,000 to the building upgrade.



MOUNT FARM, MILTON KEYNES

Strategic Report

Environmental, Social and Governance (ESG) continued

HAGLEY ROAD, BIRMINGHAM

CASE STUDY

Hagley Road, Birmingham
Hagley Road, Birmingham is the single biggest investment in the portfolio, comprising an office building of 136,959 sq ft. Cameron Mackay, the Asset Manager at abrdn responsible for the asset, led a team of experts to look at the energy rating, amenity offer, and appeal of the building.

A refurbishment was undertaken of the ground floor to provide high quality shower and changing rooms, secure bike storage, a multi-faith and a mothering room and shared meeting rooms for tenant use (one of which is large enough for social functions and used to offer Yoga classes for the building's occupiers).

The biggest change in appearance was an upgrade of the café and break out space to create a user friendly experience. Several of the vacant office suites were fully fitted as "plug and go" to enable easy and quick access for tenants. As a result, in a difficult year for offices, Cameron completed five new lettings and one lease renewal totalling 15,150 sq ft at rents ahead of the original business plan. The asset provided a total return of 6.1% in 2021 even with the expenditure on the upgrades. Further work is planned for 2022 to move the EPC from a D to a C, in anticipation of expected legislation.

SOCIAL AND WELLNESS

Two of our main principles are to own buildings that work for our tenants, and to do the right thing for people who work at those properties. For example, our supplier agreements for on-site staff require a living wage to be paid. Our property managing agent is JLL, who have a very strong commitment to being an ethical company.

Within the industrial sector we have added new requirements when we undertake refurbishments, to include biodiversity measures and wellness considerations for the workers, as well as the normal PV, LED lighting and general upgrades. Such actions will help our tenants recruit and retain staff, enhancing the appeal of the unit.

The office sector is where we can have the greatest impact, ensuring we create places that attract people to work. This is done by assessing the offering we provide in terms of Flexibility, Amenity, Connectivity, Technology, and Sustainability. As well as providing great on-site amenities such as shower and changing facilities, break out areas with coffee machines and shared meeting rooms, we also try to create a sense of community through seasonal engagement packs, education and support, charity stalls and cake bakes, and local charity involvement.

SOCIAL, COMMUNITY AND EMPLOYEE RESPONSIBILITIES

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

HEALTH & SAFETY

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

Strategic Report
Taskforce for Climate-Related Financial Disclosures

Taskforce for Climate-related Financial Disclosures (TCFD) was established to provide a standardised way to disclose and assess climate-related risks and opportunities. Recommendations are structured around four key topics: Governance, Strategy, Risk Management and Metrics & Targets. The Company is committed to implementing the recommendations of the TCFD to provide investors with information on climate risks and opportunities that are relevant to SLIPIT.

TCFD covers risks and opportunities associated with two overarching categories of climate risk: transition and physical:

- Transition risks are those that relate to an asset, portfolio or company's ability to decarbonise. An entity can be exposed to risks as a result of carbon pricing, regulation, technological change and shifts in demand related to the transition.
- Physical risks are those that relate to an asset's vulnerability to factors such as increasing temperatures and extreme weather events as a result of climate change. Exposure to physical risks may result in, for example, direct damage to assets, rising insurance costs, health and safety or supply chain disruption.

There is still significant uncertainty and methodological immaturity in assessing climate risks and opportunities and there is not yet a widely recognised net zero standard. Nonetheless, as outlined above we have progressed already with work to model the implications of decarbonising the portfolio in line with a 1.5°C scenario and undertaken analysis to understand potential future physical climate risks. This is the first year that the Company is reporting against TCFD recommendations and we expect our disclosures to evolve over time as methodologies improve and our work develops further.

TCFD Recommendation	Company Approach	Further information
Governance		
Board oversight of climate-related risks and opportunities	The Board has created a separate Sustainability Committee to monitor and oversee the Investment Manager's ESG undertakings. This includes the consideration of climate-related risks and opportunities.	Sustainability Committee Report on page 52.
Management's role in assessing and managing climate-related risks and opportunities	At an operational level, the Investment Manager is responsible for integrating a consideration of climate risks and opportunities into the investment and asset management process. In the first instance this is undertaken by adopting abrdn real estate's internal process and policies, and reporting to the Board.	The Company's approach is set out in the Environmental, Social and Governance section on pages 22 to 31.
Risk Management		
The Company's processes for identifying and assessing climate-related risks	Climate-related risks and opportunities are considered and assessed by the Company's Sustainability Committee.	Sustainability Committee Report on page 52 and our approach to environmental risk as set out on page 42.
Metrics and Targets		
The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	We disclose our emissions in line with EPRA Sustainability Best Practices Recommendations. As part of our decarbonisation strategy we will track progress against our long term aim using interim energy and emissions intensity targets at the portfolio and asset levels.	Data on emissions is set out pages 98 to 103.
Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	We disclose our emissions in line with EPRA Sustainability Best Practices Recommendations (see pages 98 to 103). This covers Scope 1 and 2 emissions associated with landlord-procured energy as well as Scope 3 emissions from energy sub-metered to occupiers.	Data on emissions is set out pages 98 to 103.
The targets used by the organisation to manage climate-related risks and opportunities and performance against targets	We have set long term and short term decarbonisation targets and defined a practical delivery strategy and KPIs. The Company aims to achieve net zero emissions for Scope 1 and 2 by 2030 and is also targeting net zero across all scopes before 2050. Whilst acknowledging the Landlord only has direct control over approximately 10% of the energy consumed, it will work with tenants and upgrade properties when it can to target reducing all scopes by 50% by 2030, based upon the 2019 baseline.	Our delivery strategy is set out on page 27.

TCFD Recommendation	Company Approach	Further information
Strategy		
Climate-related risks and opportunities the organisation has identified over the short, medium, and long term	As part of our investment and asset management process we consider climate-related risks and opportunities over a range of timescales. A summary of our initial assessment over the short, medium and long term is as follows. In the short term (0–5 years) we anticipate regulations affecting the energy performance and emissions of buildings to tighten to align more closely with Government targets for economy-wide decarbonisation. Whilst this will provide clarity of direction to the sector it is likely to increase development and refurbishment costs and will start to affect valuations. These trends, however, will also create opportunities to benefit from moving occupier and investor demand to low-carbon, future-fit assets. Over the medium term (5–15 years) these trends will continue, and we expect regulations and market sentiment to further drive energy efficiency and decarbonisation. We anticipate significant technological change in this period particularly in relation to heat pump solutions which will improve the technical and financial feasibility of decarbonising heat in buildings. Over the long term (15+ years) we are likely to see climate-related extreme weather events increase in frequency and severity which may impact built environment assets depending on their location and characteristics.	
The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where material	The Board recognises that climate change will affect the built environment, both through decarbonisation and increased physical risks. The trends summarised above are therefore expected to affect the Company's strategy and operations in the coming years. Alongside our net zero planning, a detailed exercise has been completed by the Manager to assess the portfolio's compliance with anticipated Minimum Energy Efficiency Standards legislation. This reviews the measures and associated costs of compliance and ensures that any necessary interventions can be appraised and included with the individual asset plans. We have also recently completed an assessment of value at risk as a result of physical climate risks under the RCP8.5 climate scenario which implies a 4.3° C temperature rise by 2100. Initial results are described below. In assessing new investment opportunities, and making hold / sell decisions, the Board has adopted the Investment Manager's policy to have a stronger recognition of the potential impact of climate change on the asset's future performance. A particular focus is on flood risk and energy performance.	The EPC profile of the Company's properties is set out on page 101.
The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	We have set out our short-term target to be net zero for company-controlled emissions (Scope 1 and 2) by 2030 and to reduce the emissions intensity of our assets by 50% over the same period. Our long-term target for full decarbonisation aligns with the UK-wide date of 2050 although this will be continually reviewed in the context of the market and policy drivers. We will track progress against our long term aim using interim energy and emissions intensity targets at the portfolio and asset levels. Our work to establish a net zero pathway for the company is informed by industry benchmarks including the Carbon Risk Real Estate Monitor (CRREM) 1.5°C Paris-aligned emissions trajectories. As part of this work we have identified high level cost estimates for transitioning assets to net zero. We consider that the portfolio and Company strategy is well-positioned to decarbonise in line with this trajectory assuming national energy and climate policy is also supportive of this goal. We will continue to engage with industry bodies such as the Better Building Partnership to standardise net zero definitions across the industry. We recognise that we cannot act in isolation and that achieving this level of decarbonisation will require supportive climate policy and the cooperation of our occupiers and suppliers. Our recent work on understanding value at risk as a result of physical climate risk has highlighted the importance of considering changes in wind speeds and flood risk over time as well as the implications of rising temperatures on the demand for cooling within buildings. Our initial assessment of these results is that in general under the RCP8.5 high emissions scenario, physical climate risks generally result in a valuation impact to assets of below 1% by 2080 and there are no meaningful affects until after 2040. Most of the impact is associated with additional cooling demand due to rising temperatures. We consider that our existing portfolio and Company strategy is resilient to physical climate risks in the short to medium term. We will keep this under regular review, particularly as methodologies for physical risk assessment improve.	Our delivery strategy is set out on page 27.

Strategic Report
Stakeholder Engagement

OCEAN TRADE CENTRE, ABERDEEN

15 BASINGHALL STREET, LONDON

This section, which serves as the Company's section 172 statement, explains how the Directors have promoted the success of the Company for the benefit of its members as a whole during the financial year to 31 December 2021, taking into account the likely long term consequences of decisions, the need to foster relationships with all stakeholders and the impact of the Company's operations on the environment, in accordance with the AIC Code on Corporate Governance.

THE ROLE OF THE DIRECTORS

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

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

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

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

STRATEGIC ACTIVITY DURING THE YEAR

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

- All decisions relating to the Company's dividends – the Board recognised the importance of dividends to its shareholders and have increased the dividend from the 0.714p per share paid in respect of Q4 2020 to 1.0p per share which has been paid in respect of Q4 2021 subsequent to the year end. In addition, a top-up dividend of 0.381p per share was paid in relation to 2020.

- Buyback of shares – the Board bought back 7,394,036 ordinary shares into treasury. The Board believes that investment by the Company in its own shares at the levels of discount to net asset value during the year offered an attractive investment opportunity for its shareholders against the financial resources the Company had available.

- Ongoing investment activity – the Company, with oversight from the Board, disposed of six property assets. The disposals reflected concerns over asset-specific matters such as rent sustainability, ESG credentials and also the pandemic-accelerated structural drivers around office demand. Following these sales, the Company invested into two industrial assets with good ESG credentials in addition to the acquisition of open moorland in the Scottish Highlands as part of our Net Zero strategy.

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

Strategic Report
Stakeholder Engagement continued

SHAREHOLDERS

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

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

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

The Company's AGM provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Investment Manager of the Company.

The Board 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 Wednesday 15th June 2022 at 10.30am at the Investment Manager's offices at Bow Bells House, 1 Bread Street, London EC4M 9HH.

The Board hopes that as many shareholders as possible will be able to attend the meeting. As set out in the Chairman's Statement, shareholders are encouraged to submit questions in advance of the AGM by email to:

property.income@abrdn.com

The Board has decided to hold an interactive Online Shareholder Presentation at 2.00pm on Tuesday 14 June 2022. As part of the presentation, shareholders will receive updates from the Chairman and Manager as well as the opportunity to participate in an interactive question and answer session. Further information on how to register for the event can be found on www.workcast.com/register?cpak=4656942387252659

TENANTS

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

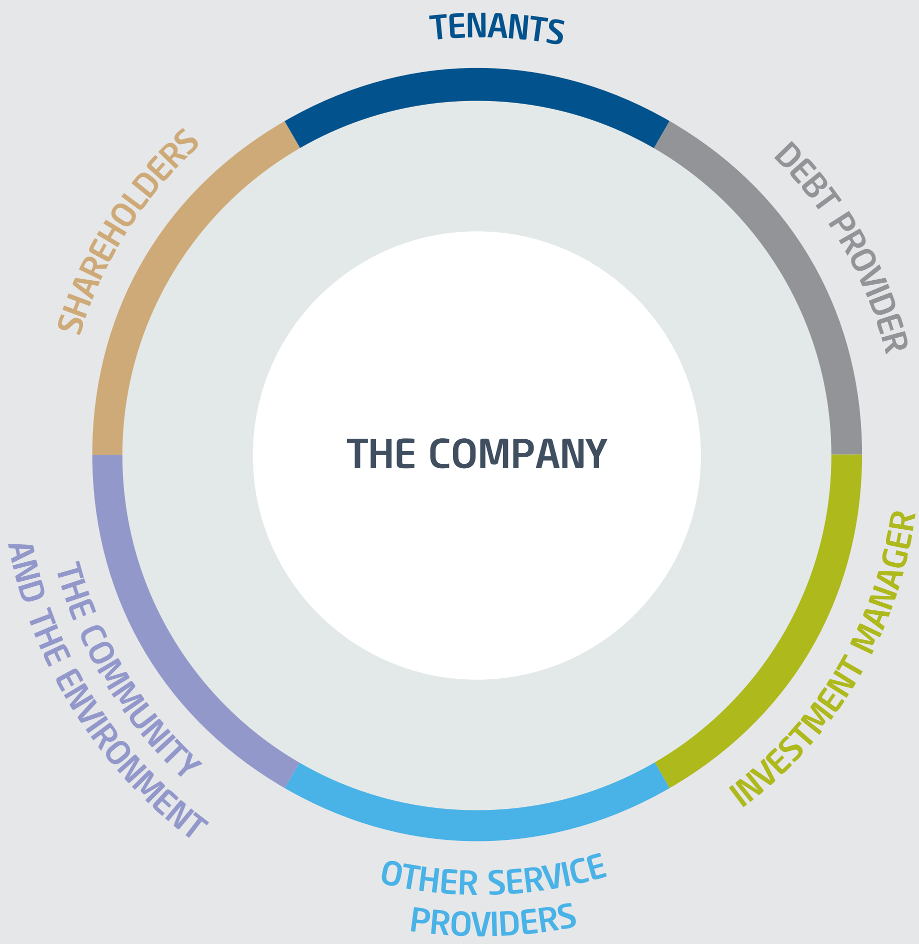
The Board believes that tenants benefit from a trusting and long term working relationship with the Investment Manager, sustainable buildings and tenancies, value for money and a focus on the community, health & safety and the environment.

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

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

DEBT PROVIDER

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



THE COMMUNITY AND THE ENVIRONMENT

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

To reflect the importance of ESG factors, and how they shape the decision making of the Company, the Board has created a Sustainability Committee. This Committee shall give greater focus to the responsibilities and actions of the Company in this critical area.

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

The Company aims to invest responsibly, to achieve environmental and social benefits alongside returns. By integrating ESG factors into the investment process, the Company aims to maximise the performance of the assets and minimise exposure to risk. Please see our section on Environmental, Social and Governance starting on page 22, our Taskforce for Climate-related Financial Disclosures on pages 32 and 33, page 40 of our Strategic Overview and the EPRA Financial and Sustainability Reporting from page 98, for more information on the Company's approach to ESG.

INVESTMENT MANAGER

The Chairman's Statement (pages 5–9) and Investment Manager's Review on pages 10–21 detail the key investment decisions taken during the year and subsequently. The Investment Manager has continued to manage the Company's assets in accordance with the mandate provided by shareholders, with the oversight of the Board. The Board receives presentations from the Investment Manager at every Board meeting to help it to exercise effective oversight of the Investment Manager and the Company's Strategy. The Board formally reviews the performance of the Investment Manager, and the fees it receives, at least annually. More details on the conclusions from the Board's review is set out on page 50.

OTHER SERVICE PROVIDERS

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

Strategic Report
Strategic Overview

OBJECTIVE

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

INVESTMENT POLICY AND BUSINESS MODEL

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

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

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

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

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

PROPOSED CHANGE TO INVESTMENT POLICY

Since the formal investment policy was put in place the real estate market has changed in structure and the Company has matured. As part of a review the Board is proposing to change the Company's investment policy, as follows:

"The Directors intend to achieve the investment objective by investing in a diversified portfolio of UK real estate assets in the industrial, office, retail and 'other' sectors, where 'other' includes leisure, data centres, student housing, hotels (and apart-hotels) and healthcare.

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.

PINNACLE, READING

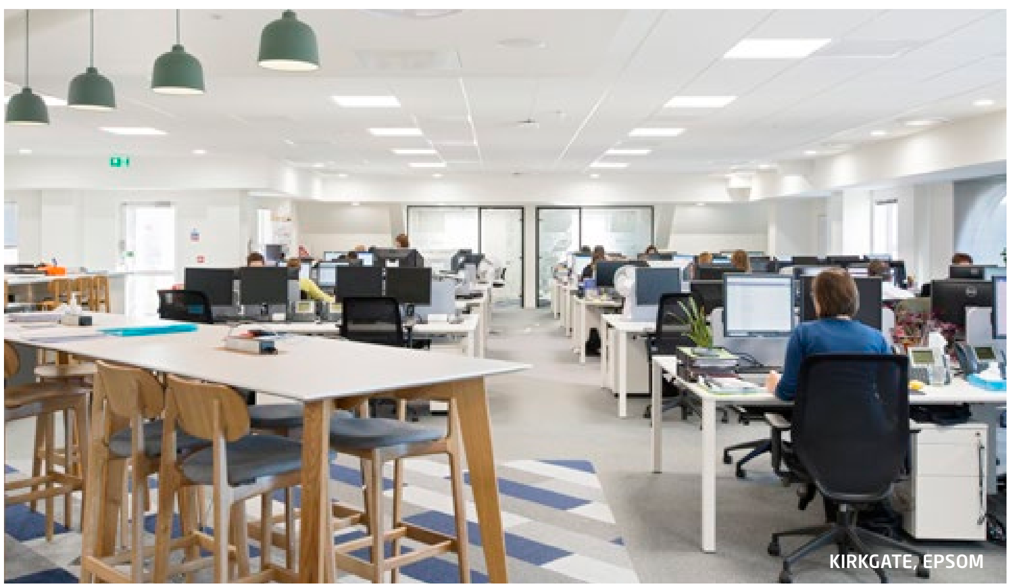
In order to manage risk in the Company, without compromising flexibility, the Directors apply the following restrictions to the Property Portfolio:

- No property will be greater by value than 15% of total assets.
- No tenant (with the exception of the Government) shall be responsible for more than 20% of the Company's rent roll.
- Gearing, calculated as borrowings as a percentage of the Group's gross assets, may not exceed 65%. The Board's current intention is that the Company's gearing will not exceed 45%.

All investment restrictions apply at the time of investment. The Company will not be required to dispose of an asset or assets as a result of a change in valuation.

Any material change to the investment policy of the Company may only be made with the prior approval of its Shareholders."

The Board is seeking shareholder approval to the new investment policy under Resolution 12 at the AGM to be held on 15 June 2022.


KIRKGATE, EPSOM

STRATEGY

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

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

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

An ordinary resolution has been proposed to modernise the Investment Policy, which previously referred to the three main sectors of office, industrial and retail. As retail has diminished in importance so the “Other” sector has increased, and the Company is actively seeking investments in this area, including hotels, apart-hotels, data centres and student housing – some of which will be more operational in nature. The Company is also undertaking some development to ensure its assets meet the highest standards and will perform well. The development risk is split between pre-let developments and speculative developments (where there is no lease in place for the completed unit). Speculative development will not exceed 10% of the fund.

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

SWIFT HOUSE, RUGBY

As part of this investment strategy, the Group recognises that tenants are a key stakeholder and an important objective is therefore to foster a culture whereby the experience of tenants is seen as paramount to the future success of the Group.

The Investment Manager works closely with tenants to understand their needs through regular communication and visits to properties.

The Board recognises the importance of strong ESG credentials within the portfolio. The Investment Manager provides the Board with frequent updates regarding ongoing work to enhance the ESG attributes of the existing portfolio as well as consideration for all acquisition opportunities.

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

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

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


NEXUS POINT, BIRMINGHAM

THE BOARD

As at 31 December 2021, the Board consisted of a Non-Executive Chairman and four Non-Executive Directors. Mike Bane has since been appointed to the Board on 31 January 2022 and brings a wealth of industry experience and skills which will complement the existing Board. The names and biographies of those Directors who held office at 31 December 2021 and at the date of this report appear on pages 44 and 45 and indicate their range of property, investment, commercial and financial experience. There is also a commitment to achieve the proper levels of diversity.

Strategic Report
Strategic Overview continued

KEY PERFORMANCE INDICATORS

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

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

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

ESG

The Board and Investment Manager strive to position SLIPIT as a leader in ESG. The Company has undertaken an initial assessment of its carbon footprint to inform decision making as the Company progresses to net zero. A programme is underway to fully understand the pathway to have all assets EPC B rated within 5 years, and a clear framework for refurbishment and development standards is in place. The Company now has a separate Sustainability Committee made up of the Non-Executive Directors to monitor progress against the ESG targets set.

Property voids.

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

Rent collection.

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

Net asset value total return.

The net asset value ("NAV") total return reflects both the net asset value growth of the Group and also the dividends paid to shareholders. The Board regards this as the best overall measure of value delivered to shareholders. The Board assesses the NAV total return of the Group over various time periods (quarter, annual, three years, five years and ten years) and compares the Group's returns to those of its peer group of listed, closed-ended property investment companies, as set out on page 15.

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

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

Dividend per share and dividend cover.

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

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

A record of these measures is disclosed in the Financial and Portfolio Review, Chairman's Statement and Investment Manager's Review.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

The overarching risk throughout 2021 was COVID-19, which impacted all areas of society in the UK and abroad. This pandemic caused significant loss of life and global economic disruption. It arguably affects all areas of risk on which the Company reports and maintained the increased risk profile, from the prior year, of the Company.

Although we have seen the successful vaccination roll-out in the UK, and a return towards pre-pandemic normality, we remain vigilant to further strains of the virus as well as the emerging geopolitical risk that exists at the time of writing this report. In the section following, particular consideration has been given to how COVID-19 and geopolitical threats are impacting on the specific risks that are reviewed at each Board meeting.

The Group and its objectives become unattractive to investors, leading to widening of the discount.
This risk is mitigated through regular contact with shareholders, a regular review of share price performance and the level of the discount or premium at which the shares trade to net asset value and regular meetings with the Group's broker to discuss these points and address any issues that arise. COVID-19 and geopolitical risk have increased the volatility of the Company's share price and, reflecting wider market sentiment, has resulted in the Company's shares trading at a discount to prevailing NAV of 11.9% as at 31 March 2022, in-line with other diversified peers in the Company's AIC peer group.

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

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

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

During 2021, the impact of lockdown restrictions continued to have a severe impact upon retail, particularly traditional, high street locations.

Strategic Report
Strategic Overview continued

The Group has partially mitigated the risk by having an underweight position to the retail sector (11.3%, against the MSCI benchmark of 20.5%). Reflecting the better performing retail warehouse sub-sector, the Group has a holding of 9.6% which is broadly in line with the 11.7% benchmark level.

As lockdown restrictions were lifted and market uncertainty eased, rent collection rates have improved towards the end of the year and the Board increased the dividend to reflect this. The full extent of the heightened geopolitical risk has yet to be seen but inflationary pressures and vulnerabilities in supply chain could impact upon our tenants' ability to trade profitably.

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

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

The impact of COVID-19 on the UK economy had seen the largest fall in GDP in over 300 years. This impacted both property values and the ability of tenants to pay rent. The success of the vaccination programme and easing of restrictions has seen an improvement in appetite for real estate, reflected in improving property values.

The full macroeconomic impact of the conflict in Ukraine has not yet materialised but will disrupt supply chains and contribute to inflationary pressures. Real estate holdings of good quality and rental growth prospects can appear more attractive at such times to offer a partial hedge against inflationary pressures.

Environmental.

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

Please see the Environmental, Social and Governance Policy section, our Taskforce for Climate-related Financial Disclosures and the Investment Manager's Review for further details on how the Company addresses environmental risk, including climate change.

Other risks faced by the Group include the following:

- **Strategic** – incorrect strategy, including sector and property allocation and use of gearing, could all lead to a poor return for shareholders.
- **Tax efficiency** – the structure of the Group or changes to legislation could result in the Group no longer being a tax efficient investment vehicle for shareholders.
- **Regulatory** – breach of regulatory rules could lead to the suspension of the Group's Stock Exchange Listing, financial penalties or a qualified audit report.
- **Financial** – inadequate controls by the Investment Manager or third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations.
- **Operational** – failure of the Investment Manager's accounting systems or disruption to the Investment Manager's business, or that of third party service providers, could lead to an inability to provide accurate reporting and monitoring, leading to loss of shareholder confidence.
- **Business continuity** – risks to any of the Company's service providers or properties, following a catastrophic event e.g. terrorist attack, cyber-attack, power disruptions or civil unrest, leading to disruption of service, loss of data etc.
- **Refinancing** – risk that the Company is unable to renew its existing facilities, or does so on significantly adverse terms, which does not support the current business strategy.

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

Details of the Group's internal controls are described in more detail in the Corporate Governance Report on pages 48 to 51.

OCEAN TRADE CENTRE, ABERDEEN

VIABILITY STATEMENT

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

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

The Board has also carried out a robust assessment of the principal and emerging risks faced by the Group, as detailed on pages 41 to 42. The main risks which the Board considers will affect the business model are: future performance, solvency, liquidity, tenant failure leading to a fall in dividend cover and macroeconomic uncertainty.

These risks have all been considered in light of the financial and economic impact that arose from COVID-19 and considering the emerging geopolitical risks.

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

- Detailed NAV, cash resources and income forecasts, prepared by the Company's Investment Manager, for a five year period under both normal and stressed conditions;
- The Group's ability to pay its operational expenses, bank interest, tax and dividends over a five year period;
- Future debt repayment dates and debt covenants, in particular those in relation to LTV and interest cover;
- The ability of the Company to refinance its debt facilities in April 2023;
- Demand for the Company's shares and levels of premium or discount at which the shares trade to NAV;
- Views of shareholders; and
- The valuation and liquidity of the Group's property portfolio, the Investment Manager's portfolio strategy for the future and the market outlook.

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

APPROVAL OF STRATEGIC REPORT

The Strategic Report comprises the Financial and Portfolio Review, Performance Summary, Chairman's Statement, Investment Manager's Review, Environmental, Social and Governance, Taskforce for Climate-related Financial Disclosures, Stakeholder Engagement and Strategic Overview. The Strategic Report was approved by the Board and signed on its behalf by:

27 April 2022
James Clifton-Brown
Chairman

Governance
Board of Directors

James Clifton-Brown
Chairman

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

Contribution: The Board, through the Nomination Committee, has reviewed the contribution of James Clifton-Brown in light of his forthcoming re-election at the AGM in June 2022 and has concluded that he remains a strong Chair of the Company and continues to provide excellent strategic and investment insights into portfolio management and wider corporate strategy.

Sarah Slater
Board member

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

Contribution: The Board, through the Nomination Committee, has reviewed the contribution of Sarah Slater in light of her forthcoming re-election at the AGM in June 2022 and has concluded that she brings valuable property expertise and insight into the outlook for property to the Board, and continues to Chair the Property Valuation Committee strongly.

Jill May
Board member

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

Contribution: The Board, through the Nomination Committee, has reviewed the contribution of Jill May in light of her forthcoming re-election at the AGM in June 2022 and has concluded that she continues to provide excellent strategic, risk and investment management insight to the Board discussions.

Huw Evans

Board member

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

Contribution: The Board, through the Nomination Committee, has reviewed the contribution of Huw Evans and has concluded that he continues to chair the Management Engagement Committee effectively, is a strong Senior Independent Director and brings strategic insights into Board discussions. Huw will be retiring at the AGM in June 2022 having served nine years on the Board.

Mike Balfour

Board member

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

Contribution: The Board, through the Nomination Committee, has reviewed the contribution of Mike Balfour in light of his forthcoming re-election at the AGM in June 2022 and has concluded that his chairmanship of the Audit Committee is strong, particularly during the financial challenges arising from COVID-19. Mike has also led the Board in the establishment of the newly created Sustainability Committee, and he continues to provide the Board with expert knowledge of investment companies, financing and capital markets.

Mike Bane

Board member

Mike Bane is a resident of Guernsey. Mike is a member of the Institute of Chartered Accountants of England & Wales and retired as an assurance partner in Ernst & Young LLP ("EY") in 2018. He has over 35 years' experience in practice with a focus on the asset management and real estate industries. He was a member of EY's EMEIA Wealth and Asset Management Board and was responsible for EY's services to those industries in the Channel Islands. Mike is a Non-Executive Director and Chairman designate, of HICL plc. In addition, he is a Non-Executive Director of The Health Improvement Commission for Guernsey & Alderney LBG.

Contribution: The Board, through the Nomination Committee, has reviewed the contribution of Mike Bane in light of his forthcoming election at the AGM in June 2022 and has concluded that his industry experience benefits the Audit Committee in particular alongside his knowledge of the real estate sector and the regulatory and operating environment in Guernsey.

Governance
Directors' Report

The Directors of Standard Life Investments Property Income Trust Limited ("the Company") present their Annual Report and Audited Consolidated Financial Statements for the year ended 31 December 2021.

PRINCIPAL ACTIVITY AND STATUS

The Company was incorporated in Guernsey on 18 November 2003 and commenced activities on 19 December 2003. The Company is a closed ended investment company and is registered under the provisions of The Companies (Guernsey) Law, 2008 (as amended). The principal activity and status of the Company's subsidiaries is set out in note 10 on page 86.

The Company's registered number is 41352.

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

LISTING

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

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

THE GROUP

At 31 December 2021, the Group consisted of the Company and five subsidiaries: Standard Life Investments Property Holdings Limited, a company with limited liability incorporated in Guernsey; Standard Life Investments (SLIPIT) Limited Partnership, a limited partnership established in England; Standard Life Investments SLIPIT (General Partner) Limited, a company with limited liability incorporated in England; Standard Life Investments SLIPIT (Nominee) Limited, a company with limited liability incorporated in England; and Hagley Road Limited, a company incorporated in Jersey.

RESULTS AND DIVIDEND

The Group generated an IFRS profit of £85.7 million (2020: Loss £15.8 million) in the year equating to earnings per share of 21.54p (2020: -3.88p). In addition the Group generated cash of £4.4 million (2020: generated cash of £2.9 million) in the year and had cash at the year-end of £13.8 million (2020: £9.4 million). The Group paid out dividends totalling £15.0 million (2020: £15.5 million) in the year which were substantially covered by the net income of the Group.

SUBSTANTIAL SHAREHOLDINGS

As at 31 December 2021 and 31 March 2022, the following entities had notified the Company of a holding of 3% or more of the Company's issued share capital.

	Holdings (%)	
	31.12.21	**31.03.22**
Hargreaves Lansdown	10.1	10.3
Mattioli Woods	9.4	9.2
Interactive Investor	7.8	7.9
Brewin Dolphin	6.3	5.9
AJ Bell	5.6	5.7
BlackRock	4.6	4.7
Handelsbanken	4.5	4.5
Brooks Macdonald	N/A	3.1

DIRECTORS

The names and short biographies of the Directors of the Group at the date of this Report, are shown on pages 44 and 45.

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

	Ordinary Shares held	
	31.12.21	**31.12.20**
Huw Evans	60,000	60,000
James Clifton-Brown	21,500	21,500
Jill May	128,592	128,592
Mike Balfour	125,000	125,000
Robert Peto	—	57,435*
Sarah Slater	—	—
Mike Bane	—	—

*As at date of retirement on 25 August 2020

There have been no changes in the above interests between 31 December 2021 and 27 April 2022.

DIRECTORS' INDEMNITY

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

- So far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

GOING CONCERN

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

The Directors have reviewed detailed cash flow, income and expense projections in order to assess the Group's ability to pay its operational expenses, bank interest and dividends for the foreseeable future. The Directors have examined significant areas of possible financial risk including cash and cash requirements and the debt covenants, in particular those relating to LTV and interest cover.

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

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

CORPORATE GOVERNANCE

The Directors report on Corporate Governance is detailed on pages 48 to 51 and forms part of the Directors' Report.

CRIMINAL FINANCES ACT

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

SHARE CAPITAL AND VOTING RIGHTS

At 31 December 2021 there were 396,922,386 ordinary shares of 1p each in issue and 9,943,033 ordinary shares held in treasury.

During the year, the Company bought back 7,394,036 ordinary shares of 1p each into treasury.

There have been no changes to the ordinary shares in issue, or treasury, since the year end. All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of ordinary shares in the Company, no special rights with regard to control attached to the ordinary shares, no agreements between holders of ordinary shares regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid.

ISSUE OF SHARES

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

INDEPENDENT AUDITOR

A resolution to re-appoint Deloitte LLP as the Group's auditor will be proposed to the shareholders at the AGM on 15 June 2022.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting, which will be held this year at Bow Bells House, 1 Bread Street, London EC4M 9HH on Wednesday 15 June 2022 at 10:30am may be found on pages 111 and 112.

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.

The Board hopes that as many shareholders as possible will be able to attend the meeting.

The Board has decided to hold an interactive Online Shareholder Presentation at 2.00pm on Tuesday 14 June 2022. As part of the presentation, shareholders will receive updates from the Chairman and Manager as well as the opportunity to participate in an interactive question and answer session. Further information on how to register for the event can be found on www.workcast.com/register?cpak=4656942387252659

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

Dividend policy (resolution 4)

As a result of the timing of payment of the Company's quarterly dividends in February, May, August and November, it is impractical for the Company's shareholders to approve a final dividend each year. As an alternative, the Board puts forward the Company's dividend policy to shareholders for approval on an annual basis.

Resolution 4 which is an ordinary resolution, relates to the approval of the Company's dividend policy which is to pay four quarterly interim dividends with the ability to pay further interim dividends should the need arise i.e. to comply with the REIT rules.

Proposed change to the investment policy (resolution 12)

The Board is seeking, under ordinary resolution 12, shareholders' approval of a revised investment policy. Additional information may be found in the Chairman's Statement on page 9 and in the Strategic Overview on page 38.

Directors authority to buy back shares (resolution 13)

During the year to 31 December 2021, the Company bought back 7,394,036 ordinary shares of 1p each into treasury. Unless renewed, the current authority of the Company to make market purchases of shares expires at the end of the Annual General Meeting.

Consequently, special resolution 13 as set out in the notice of the Annual General Meeting seeks authority for the Company to make market purchases of up to 14.99 percent of the issued ordinary share capital, such authority to last until the conclusion of the annual general meeting in 2023 or if earlier on the expiry of 15 months from the passing of the resolution. Any buy back of ordinary shares will be made subject to Guernsey law, the UKLA's Listing Rules and within any guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board.

Purchases of ordinary shares will only be made through the market for cash at prices below the prevailing net asset value of the ordinary shares (as last calculated) where the Directors believe such purchases will enhance shareholder value. The price paid will not be less than the nominal value of 1p per share.

Such purchases will also only be made in accordance with the rules of the UK Listing Authority which provide that the price to be paid must not be more than the higher of; (i) 105 percent of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the ordinary shares for the five business days before the shares are purchased; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out. Any shares purchased under the authority will be cancelled or held in treasury.

Directors authority to allot shares on a non pre-emptive basis (resolution 14)

Resolution 14 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 2023 or if earlier on the expiry of 15 months from the passing of the special resolution, the necessary authority to either allot securities or sell shares held in treasury, otherwise than to existing shareholders on a pro-rata basis, for cash, up to an aggregate nominal amount of £396,922. This is equivalent to approximately 10% of the issued ordinary share capital of the Company as at 27 April 2022. It is expected that the Company will seek this authority on an annual basis. The Directors will only exercise this authority if they believe it advantageous and in the best interests of shareholders and in no circumstances would result in a dilution to the net asset value per share.

The Directors believe that the resolutions being put to the shareholders at the Annual General Meeting are in the best interests of the shareholders as a whole. Accordingly the Directors recommend that shareholders vote in favour of all of the resolutions to be proposed at the Annual General Meeting, as the Directors intend to do in respect of all of their own beneficial shareholdings.

Change of Company Name (resolution 15)

Resolution 15, which will be proposed as a special resolution, seeks shareholder approval to change the Company's name to "abrdn Property Income Trust Limited". The change of name is proposed in order to align the Company's name with the Manager's business, which changed name in 2021. If shareholders approve Resolution 15, the Board will effect the change in name as soon as practicable following the Annual General Meeting.

Approved by the Board on

27 April 2022
James Clifton-Brown
Chairman

Governance

Corporate Governance Report

INTRODUCTION

The Company is committed to high standards of corporate governance.

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

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

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

- Interaction with the workforce (provisions 2, 5 and 6);
- The role and responsibility of the Chief Executive (provisions 9 and 14);
- Previous experience of the Chairman of a Remuneration Committee (provision 32); and
- Executive Directors' remuneration (provisions 33 and 36 to 40).

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

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

THE BOARD

The Board comprises solely Non-Executive Directors of which James-Clifton Brown is Chairman and Huw Evans is Senior Independent Director. Biographical details of each Director are shown on pages 44 and 45.

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

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

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

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

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

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

CHAIRMAN AND SENIOR INDEPENDENT DIRECTOR

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

The Senior Independent Director acts as a sounding board for the Chairman and acts as an intermediary for other directors, when necessary. Working closely with the Nomination Committee, the Senior Independent Director takes responsibility for an orderly succession process for the Chairman, and leads the annual appraisal of the Chairman's performance. The Senior Independent Director is also available to shareholders to discuss any concerns they may have. Huw Evans is the Senior Independent Director and, following his retirement at the AGM on 15 June 2022, will be succeeded by Jill May.

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
- Company secretarial and administration services
- Shareholder registration services

The contracts, including the investment management agreement with the Investment Manager, were entered into after full and proper consideration by the Directors of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the Group. These contracts are reviewed regularly by the Management Engagement Committee.

Key members of staff from the Investment Manager and Company Secretary attend Board meetings to brief the Directors on issues pertinent to the services provided.

BOARD COMMITTEES

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

Property Valuation Committee

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

Audit Committee

The Audit Committee, chaired by Mike Balfour, comprises the full Board, apart from the Board Chair, and meets at least three times a year. James Clifton-Brown, Chair of the Board, attends the Audit Committee by invitation. The Audit Committee has set out a formal report on pages 54 and 55.

Management Engagement Committee

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

Nomination Committee

The Nomination Committee, chaired by Jill May, comprises the full Board and meets at least once a year. The Nomination Committee believes that, given the size of Board, it is appropriate for all Directors to serve as members of the Nomination Committee. Appointments of new Directors are considered by the Committee taking account of the need to maintain a balanced Board.

In respect of the appointment of Mike Bane, who was appointed to the Board as an independent non-executive Director on 31 January 2022, the Board used the services of an external search consultant, Sapphire Partners. Sapphire Partners is independent of the Company and Board of Directors.

New Directors appointed to the Board receive a formal induction and appropriate training is arranged for new and current Directors as required. Although the Group does not have a formal policy on diversity, the Board and Committee are cognisant of the debate around the recommendations of the Davies Report on Women on Boards and the Hampton Alexander Review and recognises the benefits of diversity in its broadest sense and the value this brings to the Company in terms of skills, knowledge and experience.

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

Remuneration Committee

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

Sustainability Committee

The Sustainability Committee, established in November 2021, is chaired by Mike Balfour, comprises the whole Board, and will meet at least twice per year.

The Committee seeks to understand the views of key stakeholders of the Company on ESG matters and takes responsibility for the Company's TCFD reporting and setting and monitoring the Company's ESG strategy and Carbon Net Zero pathway.

Tenure Policy

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

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

The Directors' appointment dates are as follows: Huw Evans (11 April 2013), Mike Balfour (10 March 2016), James Clifton-Brown (17 August 2016), Jill May (12 March 2019), Sarah Slater (27 November 2019) and Mike Bane (31 January 2022).

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

Mike Bane will stand for election and all other Directors will stand for re-election at the forthcoming Annual General Meeting other than Huw Evans, who retires as a Director at the conclusion of the meeting. The Board has reviewed the skills and experience of each Director and believes that each contributes to the long-term sustainable success of the Company. The Board has no hesitation in recommending their re-election to shareholders.

Governance
Corporate Governance Report continued

PERFORMANCE OF THE BOARD

The Committee undertook an annual evaluation of the Chairman of the Board, individual Directors and the performance of Committees and the Board as a whole with respect to the year ended 31 December 2021. This involved the completion of questionnaires by each Director and follow-on discussions between the Chairman and each Director. The appraisal of the Chairman was undertaken by the Senior Independent Director. The collated results of the annual evaluation were discussed by the Committee, following its completion. The Board is satisfied with the performance of the Board, each individual Director and the Chairman. Details of the individual contribution made by each Director may be found on pages 44 and 45.

In relation to the previous year ended 31 December 2020, the Company engaged Lintstock Ltd, an independent external service provider which has no other connection to the Company, to undertake a board evaluation. Assisted by Lintstock Ltd, the Board assessed that it had in place the appropriate balance of skills, experience, length of service and knowledge of the Company, while also recognising the advantages of diversity. The intention is that the annual evaluation is externally facilitated at least every three years, the next such review to be conducted for the year ending 31 December 2023.

MEETING ATTENDANCE

The table below sets out the Directors' attendance at each scheduled quarterly Board and Committee meetings. The number of meetings which the Directors were eligible to attend are shown in brackets. In addition to the scheduled meetings detailed below, there were a further 15 ad hoc Board and Committee meetings held during the year.

INVESTMENT MANAGEMENT AGREEMENT

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

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

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

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

INTERNAL CONTROLS

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

	Board	Audit Committee	Property Valuation Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee
Huw Evans	4/4	4/4	4/4	2/2	2/2	2/2
Mike Balfour	4/4	4/4	4/4	2/2	2/2	2/2
James Clifton-Brown	4/4	–/–*	4/4	2/2	2/2	2/2
Jill May	4/4	4/4	4/4	2/2	2/2	2/2
Sarah Slater	4/4	4/4	4/4	2/2	2/2	2/2

* The Chairman of the Board is not a member of the Audit Committee but may attend meetings at the invitation of the Committee Chairman.

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

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

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

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

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

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

With effect from 7 July 2014, the Group entered into arrangements to comply with AIFMD. The Group appointed Standard Life Investments (Corporate Funds) Limited as its AIFM, which was replaced by Aberdeen Standard Fund Managers Limited on 10 December 2018, and Citibank Europe plc as its Depositary. On 23 October 2021, the Depositary contract was novated to Citibank UK Limited. This novation arose as a result of UK regulatory changes brought about by the UK's decision to leave the European Union.

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

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

RELATIONS WITH SHAREHOLDERS

As set out in the Stakeholder Engagement Section, the Board welcomes correspondence from shareholders, addressed to the Company's registered office or by email to property.income@abrdn.com. This year's AGM is being held at Bow Bells House, 1 Bread Street, London EC4M 9HH on Wednesday 15 June 2022.

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

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

ACCOUNTABILITY AND AUDIT

The Statement of Directors' Responsibilities in respect of the Consolidated Financial Statements is on page 58 and the Statement of Going Concern is included in the Directors' Report on page 46 and the Viability Statement can be found on page 43. The Independent Auditor's Report is on pages 60 to 66.

Approved by the Board on

27 April 2022
James Clifton-Brown
Chairman

Governance
Sustainability Committee Report

ROLE OF THE SUSTAINABILITY COMMITTEE

Established in November 2021, the Sustainability Committee seeks to understand the views of key stakeholders of the Company on ESG matters and takes responsibility for the Company's TCFD reporting, oversight of the Manager's ESG and climate approach, and setting and monitoring the Company's ESG strategy and Carbon Net Zero pathway.

COMPOSITION OF THE SUSTAINABILITY COMMITTEE

The Sustainability Committee is chaired by Mike Balfour, comprises the whole Board, and meets at least twice per year.

The key stakeholders in the Company are considered to be the shareholders, Investment Manager, tenants, debt providers, suppliers, service providers and the community at large.

KEY RESPONSIBILITIES OF THE SUSTAINABILITY COMMITTEE

The Sustainability Committee will discharge its responsibilities in the following areas:

- Assess and monitor culture to ensure alignment with the Company's purpose, values and strategy.
- Oversee and monitor the Company's Health & Safety systems and practices.
- Oversee and monitor the Company's processes and mechanisms for building relationships with shareholders, suppliers and other key stakeholders and understanding their views.
- Understand the impact of the Company's operations on the community and environments
- Along with the Manager, understand the reporting requirements.
- Oversee and monitor the Company's impact on the climate and establish a pathway to net zero by 2050 or preferably sooner.

REVIEW OF ACTIVITIES

Following its establishment in November 2021, the Committee convened formally in April 2022 for the first time and considered its terms of reference, together with the design of the reporting framework required for the Committee to discharge its responsibilities.

The Company has, this year, included a section dedicated to ESG in the Annual Report together with early adoption of the Taskforce for Climate-related Financial Disclosures. The Sustainability Committee looks forward to further developing disclosures in this area as part of its work during 2022.

27 April 2022
Mike Balfour
Sustainability Committee Chairman


31-32 QUEEN SQUARE, BRISTOL

Governance
Audit Committee Report

ROLE OF THE AUDIT COMMITTEE

The main responsibilities of the Audit Committee are:

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

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

COMPOSITION OF AUDIT COMMITTEE

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

REVIEW OF SIGNIFICANT ISSUES AND RISKS

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

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

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

As rental income is the Group's major source of revenue and a significant item in the Statement of Comprehensive Income, a key risk relates to the recognition and collection of rental income. Specifically the risk is that the Group does not recognise rental income in line with its stated policy on rental income recognition. The Audit Committee reviews the controls in place at the Investment Manager in respect of recognition of rental income on a regular basis and, along with the external auditor, reviews the rental income policy, the pattern of rental income received and the amount recognised in the consolidated financial statements at each year end. In addition it considers the detailed process in place at the Investment Manager to identify potential provision for bad debts, also referred to as the impairment of trade receivables, based on the intelligence and knowledge the Manager has of each individual tenant.

REVIEW OF ACTIVITIES

The Audit Committee met four times during the year under review, in April, May, August and November 2021. Following the year end, the Audit Committee met in April 2022.

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

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

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

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

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

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

EXTERNAL AUDIT PROCESS

The Audit Committee meets twice a year with the external auditor. The audit partner for the Company is John Clacy who is in his third year in the audit. The auditor provides a planning report in advance of the annual audit and a report on the annual audit. The Audit Committee has the opportunity to question and challenge the auditor in respect of these reports.

The Audit Committee Chair also meets the audit partner at least twice a year.

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

AUDITOR ASSESSMENT AND INDEPENDENCE

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

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

The Group's external auditor is Deloitte LLP ("Deloitte"). The Company appointed Deloitte as auditor for the year ended 31 December 2019, following a tender process carried out during 2018. Shareholders approved the re-appointment of Deloitte LLP as the Group's auditors at the AGM in June 2021. In accordance with regulatory requirements Deloitte rotates the Senior Statutory Auditor responsible for the audit every five years. There are no contractual obligations which restrict the Audit Committee's choice of external auditor.

During the year ended 31 December 2021, Deloitte received fees of £nil in relation to non-audit services (2020: £nil).

AUDITOR

On the recommendation of the Audit Committee, it is the Board's intention to propose to shareholders at the AGM on 15 June 2022 that Deloitte LLP be re-appointed as the Group's auditor.

27 April 2022
Mike Balfour
Audit Committee Chairman

Governance
Directors' Remuneration Report

REMUNERATION COMMITTEE

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

REMUNERATION POLICY

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

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

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

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

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

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

The fees for 2021 were as follows: £46,000 for the Chairman, increasing to £48,000 from 1 July 2021 (2020: £46,000), £40,000 for the Audit Committee Chairman (2020: £40,000) and £36,000 for each of the other Directors (2020: £36,000).

Following a review by the Remuneration Committee, with consideration to inflation and the fees paid to Directors within the peer group, it was agreed that the Directors' annual fees would be revised to the following rates with effect from 1 January 2022; £50,000 for the Chairman, £41,500 for the Audit Committee Chairman and £37,000 for each other Director.

It is intended that the above Remuneration Policy will continue to apply for the forthcoming financial year and subsequent years. The Remuneration Policy was approved by shareholders at the Annual General Meeting on 13 June 2019. The Remuneration Policy is put to a shareholder's vote at the AGM at least once every three years and, accordingly, Resolution 3 will be put to shareholders at the AGM on 15 June 2022 to approve the Remuneration Policy.

At the Annual General Meeting on 16 June 2021 the results in respect of the resolution to approve the Group's Remuneration Report were as follows:

Percentage of votes cast for	Percentage of votes cast against or abstained
99.5	0.5

DIRECTORS' FEES

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

	2021 £	2020 £	% change in Director fees
Robert Peto*	—	30,077	(100.0%)
Huw Evans	36,000	36,000	0.0%
Mike Balfour	40,000	40,000	0.0%
James Clifton-Brown**	47,000	39,638	18.6%
Jill May	36,000	36,000	0.0%
Sarah Slater	36,000	36,000	0.0%
Employers national insurance contributions	17,338	18,737	
	212,338	236,452	
Directors' expenses	9,404	501	
	221,742	236,953	

* Retired from the Board on 25 August 2020.
** Appointed as Chairman from 25 August 2020.

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

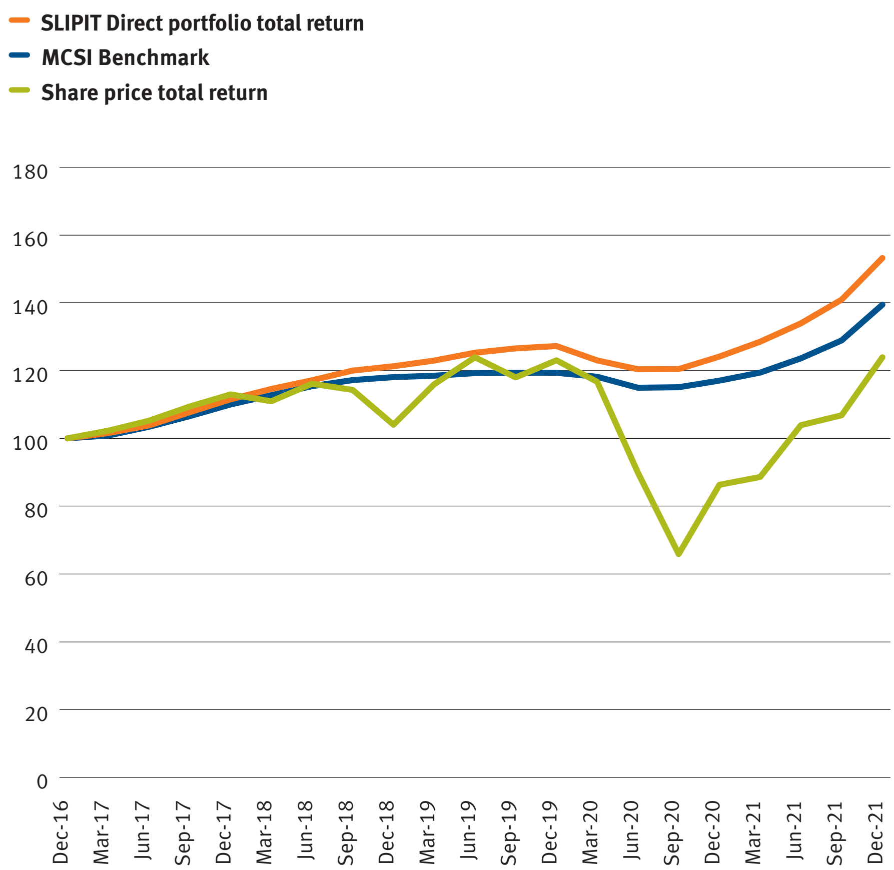
	31/12/2021	31/12/2020
Aggregate Directors' Remuneration	221,742	236,953
Aggregate Shareholder Distributions	15,018,379	15,493,435

DIRECTORS' SHAREHOLDINGS

The Directors' interests in the Company's ordinary shares are shown in the Directors' Report on page 46.

COMPANY PERFORMANCE

The Board is responsible for the Group's investment strategy and performance, although the management of the Group's investment portfolio is delegated to the Investment Manager through the Investment Management Agreement, as referred to in the Corporate Governance Report on page 48. The graph to the right compares the total return (assuming all dividends re-invested) to ordinary shareholders compared with the total return on the MSCI Quarterly Index over the five years to 31 December 2021.



Ordinary resolutions for the approval of the Directors' Remuneration Report and Directors Remuneration policy will be put to shareholders at the forthcoming Annual General Meeting.

Approved by the Board on
27 April 2022
Jill May
Director

Governance

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

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

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

Statement under the UK Corporate Governance Code.

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

Approved by the Board on
27 April 2022
James Clifton-Brown
Chairman

Financial Statements

INDEPENDENT AUDITOR'S REPORT

Financial Statements
Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1 OPINION

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

- Give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of its profit for the year then ended;
- Have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- Have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- The consolidated statement of comprehensive income;
- The consolidated balance sheet;
- The consolidated statement of changes in equity;
- The consolidated cash flow statement; and
- The related notes 1 to 26.

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

2 BASIS FOR OPINION

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

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

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

3 SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: ‣ Investment property valuation; and ‣ Recoverability of rental income receivable.	Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	‣ The materiality that we used for the Group financial statements in the current year was £4.0m which was determined on the basis of 1% of Net Asset Value.	
Scoping	‣ All audit work for the Group was performed directly by the Group engagement team. All of the Group's subsidiaries with the exception of Hagley Road Limited are subject to full scope audits.	
Significant changes in our approach	‣ There were no significant changes in our approach in the current year.	

4 CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

- Challenged management's assessment of going concern and the assumptions, including income, expenditure and cash forecasts, used in their 12 month and 5 year forecast models;
- Evaluated the maturity of group debt and the effect of repayment dates on the going concern assumption and the longer term viability of the Group;
- Performed fair value and income sensitivity analysis, which we compared to management stress testing results;
- Reviewed banking covenants to assess compliance as at the balance sheet date; and
- Assessed the appropriateness of the going concern disclosures in the financial statements.

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

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

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

Financial Statements
Independent Auditor's Report continued

5 KEY AUDIT MATTERS

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

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

Investment Property Valuation

KEY AUDIT MATTER DESCRIPTION	HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER	KEY OBSERVATIONS
Valuation of investment properties is the key driver of the Group's net asset value. Valuations are inherently complex and require significant judgement and estimation around the key inputs and assumptions. We have identified that the main judgements are around equivalent yields and estimated market rent, in particular in certain property sectors continuing to be impacted by COVID-19, and thus this was the focus of our key audit matter. Given the level of judgement involved, we have determined that there was a potential for fraud through possible manipulation of this balance. Management's valuation is based on the valuation provided by external chartered surveyors. The valuation of the investment property portfolio at 31 December 2021 amounted to £485m (2020: £428m). Refer to notes 2.2 of Accounting policies on pages 73 and note 7 on page 82 to 85 of the Notes to the Financial Statements. Also refer to the Audit Committee report pages 54 to 55.	**We have performed the following:** ‣ Obtained an understanding of the relevant controls in relation to the valuation process; ‣ Evaluated the competence, capability and objectivity of the external valuer in order to obtain an understanding of the work of that expert; ‣ With the involvement of our real estate specialists we challenged the valuation process and assumptions, performance of the portfolio, significant assumptions and significant judgements, by benchmarking the valuation assumptions, in particular the equivalent yields and estimated market rates, to relevant market evidence including specific property transactions and other external data; ‣ Assessed the integrity of information provided to the external valuer by testing a sample back to underlying lease agreements; and ‣ Evaluated the financial statements disclosures to assess whether the significant judgements and estimations are appropriately disclosed.	We concluded that the fair value of the Group's investment property valuation as determined by management is appropriate.

Recoverability of rental income receivable

KEY AUDIT MATTER DESCRIPTION	HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE KEY AUDIT MATTER	KEY OBSERVATIONS
As a result of COVID-19, rent collection levels are below what has historically been collected and this has resulted in an increase in the bad debt provision. There is a risk that the Group's revenue has not been recognised correctly due to inadequate impairment of the rental income receivable. The impact of the COVID-19 pandemic and associated lockdowns and social restrictions on certain tenants may result in rental payments no longer being made due to cash flow difficulties. We therefore identified a key audit matter in relation to the recoverability of rental income and the impairment assessment on rental income receivable for the Group as at the reporting date. Given the high level of judgement and estimation uncertainty involved, we have determined there is the potential for management bias. In-line with IFRS 9 accounting for expected credit losses management perform a bottom up process of reviewing every tenant that has rent outstanding to identify and quantify the provision related to bad debts due from rental debtors. The provision for bad debts included in the financial statements at 31 December 2021 is £3.0m (2020: £2.6m). Refer to notes 2.3 C and 2.3 I of Accounting policies on pages 74 and 76 and note 11 on pages 86 of the Notes to the Financial Statements. Also refer to the Audit Committee report pages 54 to 55.	**We performed the following:** ‣ Obtained an understanding of management's processes and relevant controls relating to the recoverability of rental income; ‣ Tested the considerations used by management to recalculate the rent receivable amount and assessed the provisions applied; ‣ Assessed the ageing of rental income accrued and tested the recoverability for a sample of balances with regard to cash received after the balance sheet date; ‣ To address the ongoing risks around recoverability, reviewed the Group's Expected Credit Loss workings, which should correspond to the assessed recoverability of accrued rental income recognised at year end, and assessed whether these align to IFRS 9; and ‣ Evaluated the financial statements disclsoures to assess whether the critical judgement or sources of estimation uncertainty were applied and appropriately disclosed.	We concluded that the bad debt provision as determined by management is appropriate.

Financial Statements
Independent Auditor's Report continued

6 OUR APPLICATION OF MATERIALITY

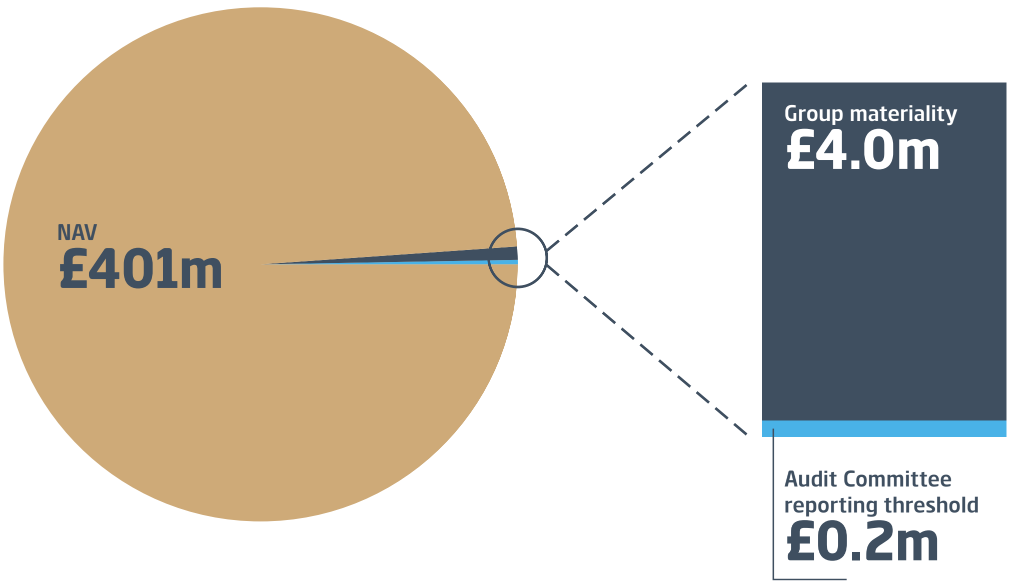
Materiality

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

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

Group Materiality	£4.0m (2020: £3.3m)
Basis for determining materiality	1% of the Net Asset Value, in line with prior year.
Rationale for the benchmark applied	Net Assets is the key balance considered by the users of the financial statements which is consistent with the market approach for such entities. Net Assets was selected as investors are seeking capital appreciation in addition to dividend streams and the net asset value per share is an important indicator of performance to investors.

In addition to net assets, we consider EPRA Adjusted Profit After Tax as a critical performance measure for the Group and a measure which is widely used within the Real Estate industry. We applied a lower level materiality of £0.7m (2020: £0.8m), which equates to 5% (2020: 5%) of that measure for testing all balances impacting that measure.



Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 60% of Group materiality for the 2021 audit (2020: 60%). In determining performance materiality, we considered the following factors:

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

Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.2m (2020: £0.17m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.
We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7 AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Scoping

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

Our consideration of the control environment

As part of our risk assessment, we assessed the control environment in place at the Investment Manager to the extent relevant to our audit. As a result of this we adopted a controls reliance approach with respect to the processing and review of rental income.

Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements. The Group continues to develop its assessment of the potential impacts of environmental, social and governance ("ESG") related risks, including climate change, as outlined on pages 22 to 33. As a part of our audit, we held discussions to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any additional risks of material misstatement.

We also read the climate related disclosures on pages 22 to 33 to consider whether they are materially consistent with the financial statements and the knowledge obtained in the audit.

8 OTHER INFORMATION

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

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

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

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

We have nothing to report in this regard.

9 RESPONSIBILITIES OF DIRECTORS

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

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

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

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

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

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

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

Identifying and assessing potential risks related to irregularities

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

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

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

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

Financial Statements
Independent Auditor's Report
continued

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

Audit response to risks identified

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12 OPINION ON OTHER MATTER PRESCRIBED BY OUR ENGAGEMENT LETTER

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

13 CORPORATE GOVERNANCE STATEMENT

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

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

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 46;
- The Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 43;
- The Directors' statement on fair, balanced and understandable set out on page 58;
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 43;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 50 and 51; and
- The section describing the work of the Audit Committee set out on page 54 and 55.

14 MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

15 OTHER MATTERS

Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 13 June 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is three years, covering the years ending 31 December 2019 to 31 December 2021.

Consistency of the audit report with the additional report to the Audit Committee

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

16 USE OF OUR REPORT

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

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

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

27 APRIL 2022

FINANCIAL STATEMENTS

Financial Statements

Consolidated Statement of Comprehensive Income for the year ended 31 December 2021

	Notes	12 Months to 31-Dec-21 £	12 Months to 31-Dec-20 £
Rental income		26,485,585	29,439,549
Service charge income		4,097,344	3,543,976
Surrender premium		—	21,250
Valuation gain/(loss) from investment properties	7	72,188,550	(27,640,224)
Valuation loss from land	8	(501,550)	—
Loss on disposal of investment properties	7	(634,368)	(4,806,137)
Investment management fees	4	(3,301,074)	(3,198,519)
Valuer's fees	4	(77,457)	(84,638)
Auditor's fees	4	(111,540)	(118,400)
Directors' fees and subsistence	23	(221,742)	(236,953)
Service charge expenditure		(4,097,344)	(3,543,976)
Impairment loss on trade receivables		(406,475)	(2,444,966)
Other direct property expenses		(3,430,243)	(2,460,002)
Other administration expenses		(751,270)	(512,849)
Operating profit/(loss)		**89,238,416**	**(12,041,889)**
Finance income	5	763	3,896
Finance costs	5	(3,506,359)	(3,744,074)
Profit/(loss) for the year before taxation		**85,732,820**	**(15,782,067)**
Taxation			
Tax charge	6	—	—
Profit/(loss) for the year, net of tax		**85,732,820**	**(15,782,067)**
Other Comprehensive Income			
Valuation gain/(loss) on interest rate swap	15	3,167,218	(1,514,638)
Total other comprehensive gain/(loss)		**3,167,218**	**(1,514,638)**
Total comprehensive gain/(loss) for the year, net of tax		**88,900,038**	**(17,296,705)**
Earnings per share		**2021 (p)**	**2020 (p)**
Basic and diluted earnings per share	20	21.54	(3.88)

All items in the above Consolidated Statement of Comprehensive Income derive from continuing operations.
The notes on pages 72 to 92 are an integral part of these Consolidated Financial Statements.

Financial Statements
Consolidated Balance Sheet
as at 31 December 2021

ASSETS	Notes	31-Dec-21 £	31-Dec-20 £
Non-current assets			
Investment properties	7	484,514,085	428,412,375
Lease incentives	7	8,802,294	5,885,270
Land	8	7,500,000	—
Rental deposits held on behalf of tenants		904,189	855,866
		501,720,568	**435,153,511**
Current assets			
Investment properties held for sale	9	—	4,300,000
Trade and other receivables	11	11,024,100	10,802,197
Cash and Cash equivalents	12	13,818,008	9,383,371
		24,842,108	**24,485,568**
Total Assets		**526,562,676**	**459,639,079**
LIABILITIES			
Current liabilities			
Trade and other payables	13	13,618,457	13,096,054
Interest rate swap	15	546,526	1,472,387
		14,164,983	**14,568,441**
Non-current liabilities			
Bank borrowings	14	109,723,399	109,542,823
Interest rate swap	15	21,510	2,262,867
Obligations under finance leases	16	901,129	902,645
Rent deposits due to tenants		904,189	855,866
		111,550,227	**113,564,201**
Total liabilities		**125,715,210**	**128,132,642**
Net assets		**400,847,466**	**331,506,437**
EQUITY			
Capital and reserves attributable to Company's equity holders			
Share capital	18	228,383,857	228,383,857
Treasury share reserve	18	(5,991,417)	(1,450,787)
Retained earnings	19	8,521,081	7,339,209
Capital reserves	19	72,095,573	(604,214)
Other distributable reserves	19	97,838,372	97,838,372
Total equity		**400,847,466**	**331,506,437**

Approved and authorised for issue by the Board of Directors on 27 April 2022 and signed on their behalf by James Clifton-Brown.
The accompanying notes on pages 72 to 92 are an integral part of these Consolidated Financial Statements. Company Number: 41352 (Guernsey)

Financial Statements

Consolidated Statement of Changes in Equity for the year ended 31 December 2021

	Notes	Share Capital £	Treasury shares £	Retained Earnings £	Capital Reserves £	Other Distributable Reserves £	Total equity £
Opening balance 1 January 2021		**228,383,857**	**(1,450,787)**	**7,339,209**	**(604,214)**	**97,838,372**	**331,506,437**
Profit for the year		—	—	85,732,820	—	—	85,732,820
Other comprehensive income		—	—	—	3,167,218	—	3,167,218
Total comprehensive income for the period		—	—	85,732,820	3,167,218	—	88,900,038
Ordinary shares placed into treasury net of issue costs	18	—	(4,540,630)	—	—	—	(4,540,630)
Dividends paid	21	—	—	(15,018,379)	—	—	(15,018,379)
Other transfer between reserves		—	—	1,520,063	(1,520,063)	—	—
Valuation gain from investment properties	7	—	—	(72,188,550)	72,188,550	—	—
Valuation loss from land	8	—	—	501,550	(501,550)	—	—
Loss on disposal of investment properties	7	—	—	634,368	(634,368)	—	—
Balance at 31 December 2021		**228,383,857**	**(5,991,417)**	**8,521,081**	**72,095,573**	**97,838,372**	**400,847,466**

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

	Notes	Share Capital £	Treasury shares £	Retained Earnings £	Capital Reserves £	Other Distributable Reserves £	Total equity £
Opening balance 1 January 2020		**227,431,057**	**—**	**6,168,350**	**33,356,785**	**97,838,372**	**364,794,564**
Loss for the year		—	—	(15,782,067)	—	—	(15,782,067)
Other comprehensive income		—	—	—	(1,514,638)	—	(1,514,638)
Total comprehensive loss for the period		—	—	(15,782,067)	(1,514,638)	—	(17,296,705)
Ordinary shares issued net of issue costs	18	952,800	—	—	—	—	952,800
Ordinary shares placed into treasury net of issue costs	18	—	(1,450,787)	—	—	—	(1,450,787)
Dividends paid	21	—	—	(15,493,435)	—	—	(15,493,435)
Valuation loss from investment properties	7	—	—	27,640,224	(27,640,224)	—	—
Loss on disposal of investment properties	7	—	—	4,806,137	(4,806,137)	—	—
Balance at 31 December 2020		**228,383,857**	**(1,450,787)**	**7,339,209**	**(604,214)**	**97,838,372**	**331,506,437**

The notes on pages 72 to 92 are an integral part of these Consolidated Financial Statements.

Financial Statements

Consolidated Cash Flow Statement
for the year ended 31 December 2021

Cash flows from operating activities	Notes	12 months to 31-Dec-21 £	12 months to 31-Dec-20 £
Profit /(loss) for the year before taxation		85,732,820	(15,782,067)
Movement in lease incentives		(2,966,033)	(1,694,642)
Movement in trade and other receivables		(270,226)	(6,446,180)
Movement in trade and other payables		536,404	3,421,484
Finance costs	5	3,506,359	3,744,074
Finance income	5	(763)	(3,896)
Other transfer between reserves		1,520,063	—
Valuation (gain)/loss from investment properties	7	(72,188,550)	27,640,224
Valuation loss from land	8	501,550	—
Loss on disposal of investment properties	7	634,368	4,806,137
Net cash inflow from operating activities		**17,005,992**	**15,685,134**
Cash flows from investing activities			
Interest received	5	763	3,896
Purchase of investment properties	7	(11,741,501)	(21,297,754)
Purchase of land	8	(8,001,550)	—
Capital expenditure on investment properties	7	(1,819,229)	(4,947,828)
Net proceeds from disposal of investment properties	7	31,840,632	50,973,863
Net cash inflow from investing activities		**10,279,115**	**24,732,177**
Cash flows from financing activities			
Proceeds on issue of ordinary shares	18	—	952,800
Shares bought back during the year	18	(4,540,630)	(1,450,787)
Bank borrowing	14	—	27,000,000
Repayment of RCF	14	—	(45,000,000)
Interest paid on bank borrowing		(1,872,545)	(2,479,388)
Payments on interest rate swaps		(1,418,916)	(1,038,749)
Dividends paid to the Company's shareholders	21	(15,018,379)	(15,493,435)
Net cash outflow from financing activities		**(22,850,470)**	**(37,509,559)**
Net increase in cash and cash equivalents		**4,434,637**	**2,907,752**
Cash and cash equivalents at beginning of year	12	9,383,371	6,475,619
Cash and cash equivalents at end of year	**12**	**13,818,008**	**9,383,371**

The notes on pages 72 to 92 are an integral part of these Consolidated Financial Statements.

Financial Statements

Notes to the Consolidated Financial Statements for the year ended 31 December 2021

1 GENERAL INFORMATION

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

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

These audited Consolidated Financial Statements were approved for issue by the Board of Directors on 27th April 2022.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The audited Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and as issued by the International Accounting Standards Board, 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, land and derivative financial instruments at fair value. The Consolidated Financial Statements are presented in pounds sterling and all values are not rounded except when otherwise indicated.

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

Changes in accounting policy and disclosure

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases – Interest Rate Benchmark Reform (Phase 2).

In the prior year, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged item or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021.

Both the Phase 1 and Phase 2 amendments are relevant to the Group because it applies hedge accounting to its interest rate benchmark exposures. The application of the amendments impacts the Group's accounting in the following ways.

- The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, LIBOR, may no longer be separately identifiable and there is uncertainty about the replacement of the floating interest rates included in the interest rate swaps. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship will be discontinued.

- The Group will continue to apply the Phase 1 amendments to IFRS 9/IAS 39 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flow of the alternative benchmark rate are determined including any fixed spread.

- When the contractual terms of the Group's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate.

Annual improvements to IFRS

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

2.2 Significant accounting judgements, estimates and assumptions

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

Fair value of investment properties

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

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

The sensitivity analysis on page 85 (note 7) details the decrease in the valuation of investment properties if equivalent yield increases by 50 basis points or rental rates (ERV) decreases by 5% which the Board believes are reasonable sensitivities to apply given historical movements in valuations.

Lease incentive accounting

As set out under Accounting Policy C(ii), rental income from those operating leases which include rent free provisions and stepped rent increases is recognised on a straight line basis over the lease term. During 2021, it was identified that there were historic leases dating back to 2016 where the required rent smoothing adjustments had not been applied. The total of these adjustments up to the end of the prior year (31 December 2020) amounted to £1,520,063.

Having considered the key financial measures of the Group, and the accumulated profile of this balance, the Directors are satisfied that the appropriate correction is a transfer of the identified adjustment from Capital Reserves to Retained Earnings in the current year.

This adjustment has no effect on the previously reported NAVs of the Group.

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 78 (note 3) details the increase and decrease in the valuation of interest rate swaps if market rate interest rates had been 100 basis points higher and 100 basis points lower.

Provision for impairment of receivables

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

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

2.3 Summary of significant accounting policies

A Basis of consolidation

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

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

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

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

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

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

Financial Statements
Notes to the Consolidated Financial Statements for the year ended 31 December 2021 continued

B Functional and presentation currency

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

C Revenue Recognition

Revenue is recognised as follows:

i) Bank interest

Bank interest income is recognised on an accruals basis.

ii) Rental income

Rental income from operating leases is net of sales taxes and value added tax ("VAT") recognised on a straight line basis over the lease term including lease agreements with stepped rent increases. The initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. The cost of any lease incentives provided are recognised over the lease term, on a straight line basis as a reduction of rental income. The resulting asset is reflected as a receivable in the Consolidated Balance Sheet.

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.

iii) Other income

The Group is classified as the principal in its contract with the managing agent. Service charges billed to tenants by the managing agent are therefore recognised gross.

iv) Property disposals

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

D Expenditure

All expenses are accounted for on an accruals basis. The investment management and administration fees, finance and all other revenue expenses are charged through the Consolidated Statement of Comprehensive Income as and when incurred. The Group also incurs capital expenditure which can result in movements in the capital value of the investment properties.

E Taxation

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

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

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

F Investment property

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

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

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

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

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

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

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

G Investment properties held for sale

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

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

H Land

The Group's land is capable of woodland creation and peatland restoration projects which would materially assist the Group's transition to Net Zero.

Land is initially measured at cost including transaction costs. Transaction costs include transfer taxes and professional fees for legal services. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Land is not depreciated but instead, subsequent to initial recognition, recognised at fair value based upon periodic valuations provided by the external valuers. 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.

Financial Statements

Notes to the Consolidated Financial Statements for the year ended 31 December 2021 continued

I Trade and other receivables

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

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

A provision for impairment of trade receivables is established where the Property Manager has indicated concerns over the recoverability of arrears based upon their individual assessment of all outstanding balances which incorporates forward looking information. Given this detailed approach, a collective assessment methodology applying a provision matrix to determine expected credit losses is not used.

The amount of the provision is recognised in the Consolidated Balance Sheet and any changes in provision recognised in the Statement of Comprehensive Income.

J 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.

K 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.

L Accounting for derivative financial instruments and hedging activities

Interest rate swaps are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The Group also documents its assessment both at hedge inception and on an ongoing basis of whether the derivatives that are used in hedging transactions are highly effective in 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 expenses are recognised.

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

M Service charge

IFRS15 requires the Group to determine whether it is a principal or an agent when goods or services are transferred to a customer. An entity is a principal if the entity controls the promised good or service before the entity transfers the goods or services to a customer. An entity is an agent if the entity's performance obligation is to arrange for the provision of goods and services by another party.

Any leases entered into between the Group and a tenant require the Group to provide ancillary services to the tenant such as maintenance works etc, therefore these service charge obligations belong to the Group. However, to meet this obligation the Group appoints a managing agent, Jones Lang Lasalle Inc "JLL" and directs it to fulfil the obligation on its behalf. The contract between the Group and the managing agent creates both a right to services and the ability to direct those services. This is a clear indication that the Group operates as a principal and the managing agent operates as an agent. Therefore it is necessary to recognise the gross service charge revenue and expenditure billed to tenants as opposed to recognising the net amount.

N 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 as current are those that are due within one year as a result of upcoming tenant expiries.

3 FINANCIAL RISK MANAGEMENT

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

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

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

Market risk

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

i) Interest Rate risk

As described on page 78 the Group invests cash balances with RBS, Citibank and Barclays. 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 £110,000,000. The full £110,000,000 of these borrowings has been fixed via an interest rate swap.

The fair value of the interest rate swap is exposed to changes in the market interest rate as their fair value is calculated as the present value of the estimated future cash flows under the agreements. The accounting policy for recognising the fair value movements in the interest rate swaps is described in note 2.3 L.

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

The tables below set out the carrying amount of the Group's financial instruments excluding the amortisation of borrowing costs as outlined in note 14 Bank borrowings have been fixed due to an interest rate swap and is detailed further in note 15:

At 31 December 2021	Fixed Rate £	Variable Rate £	Interest Rate £
Cash and cash equivalents	—	13,818,008	0.020%
Bank borrowings	110,000,000	—	2.725%

At 31 December 2020	Fixed Rate £	Variable Rate £	Interest Rate £
Cash and cash equivalents	—	9,383,371	0.020%
Bank borrowings	110,000,000	—	2.725%

At 31 December 2021, if market rate interest rates had been 100 basis points higher, which is deemed appropriate given historical movements in interest rates, with all other variables held constant, the profit for the year would have been £138,180 higher (2020: £93,834 higher) as a result of the higher interest income on cash and cash equivalents. Other Comprehensive Income and the Capital Reserve would have been £1,657,653 higher (2020: £2,507,886 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 2021, 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 £138,180 lower (2020: £93,834 lower) as a result of the lower interest income on cash and cash equivalents. Other Comprehensive Income and the Capital Reserve would have been £1,657,731 lower (2020: £2,519,221 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 risk associated with the real estate portfolio. The risks following, in particular b and c and also credit risk have remained high given the ongoing COVID-19 pandemic and the resultant effect on tenants' ability to pay rent:

a) The cost of any development schemes may increase if there are delays in the planning process given the inflationary environment. 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) major tenants may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property (see also credit risk on page 78). 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).

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Notes to the Consolidated Financial Statements for the year ended 31 December 2021 continued

Credit risk
Credit risk is the risk that a counterparty will be unable to meet a commitment that it has entered into with the Group. In the event of default by an occupational tenant, the Group will suffer a rental income shortfall and incur additional related costs. The Investment Manager regularly reviews reports produced by Dun and Bradstreet and other sources, including the MSCI 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 £5,418,733 (2020: £6,019,917) as detailed in note 11 on page 86. The Investment Manager also has a detailed process to identify the expected credit loss from tenants who are behind with rental payments. This involves a review of every tenant who owes money with the Investment Manager using their own knowledge and communications with the tenant to assess whether a provision should be made. This resulted in the provision for bad debts increasing to £2,990,034 at the year end (2020: £2,583,559).

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 2021 £1,392,240 (2020: £921,920) was placed on deposit with The Royal Bank of Scotland plc ("RBS"), £1,145,830 (2020: £7,749,473) was held with Citibank and £11,279,938 (2020: £711,978) was held with Barclays. The credit risk associated with the cash deposits placed with RBS is mitigated by virtue of the Group having a right to off-set the balance deposited against the amount borrowed from RBS should RBS be unable to return the deposits for any reason. Citibank is rated A-2 Stable by Standard & Poor's and P-2 Stable by Moody's. RBS is rated A-1 Stable by Standard & Poor's and P-1 Stable by Moody's. Barclays is rated A-1 Positive by Standard & Poor's and P-1 Stable by Moody's.

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

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

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

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

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

Financial Liabilities

Year ended 31 December 2021	On demand £	12 months £	1 to 5 years £	> 5 years £	Total £
Interest-bearing loans	—	1,744,875	110,436,219	—	112,181,094
Interest rate swaps	—	1,252,625	313,156	—	1,565,781
Trade and other payables	8,187,362	26,068	104,271	2,606,785	10,924,486
Rental deposits due to tenants	—	65,720	550,084	354,105	969,909
	8,187,362	**3,089,288**	**111,403,730**	**2,960,890**	**125,641,270**

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

Capital risk

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

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

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

The gearing ratios at 31 December 2021 and at 31 December 2020 were as follows:

	2021 £	2020 £
Total borrowings (excluding unamortised arrangement fees)	110,000,000	110,000,000
Gross assets	526,562,676	459,639,079
Gearing ratio (must not exceed 65%)	20.89%	23.93%

The Group also monitors the Loan-to-value ratio which is calculated as gross borrowings less cash divided by portfolio valuation. As at 31 December 2021 this was 19.2% (2020: 23.0%).

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 at amortised cost.

	Carrying Amount		Fair Value	
Financial Assets	2021 £	2020 £	2021 £	2020 £
Cash and cash equivalents	13,818,008	9,383,371	13,818,008	9,383,371
Trade and other receivables	11,024,100	10,802,197	11,024,100	10,802,197
Financial Liabilities				
Bank borrowings	109,723,399	109,542,823	110,119,830	113,000,998
Interest rate swaps	568,036	3,735,254	568,036	3,735,254
Trade and other payables	8,359,405	5,797,386	8,359,405	5,797,386

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

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Notes to the Consolidated Financial Statements for the year ended 31 December 2021 continued

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

- Cash and cash equivalents, trade and other receivables and trade and other payables are the same as fair value due to the short-term maturities of these instruments.
- The fair value of bank borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities. The fair value approximates their carrying values gross of unamortised transaction costs. This is considered as being valued at level 2 of the fair value hierarchy and has not changed level since 31 December 2020.
- 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 2020. The definition of the valuation techniques are explained in the significant accounting judgements, estimates and assumptions on page 73.

Year ended 31 December 2021	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	—	11,024,100	—	11,024,100
Cash and cash equivalents	13,818,008	—	—	13,818,008
Rental deposits held on behalf of tenants	904,189	—	—	904,189
Right of use asset	—	901,129	—	901,129
	14,722,197	**11,925,229**	**—**	**26,647,426**
Financial liabilities				
Trade and other payables	—	6,554,087	—	6,554,087
Interest rate swap	—	568,036	—	568,036
Bank borrowings	—	110,119,830	—	110,119,830
Obligations under finance leases	—	901,129	—	901,129
Rental deposits held on behalf of tenants	904,189	—	—	904,189
	904,189	**118,143,082**	**—**	**119,047,271**

Year ended 31 December 2020	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Trade and other receivables	—	10,802,197	—	10,802,197
Cash and cash equivalents	9,383,371	—	—	9,383,371
Rental deposits held on behalf of tenants	855,866	—	—	855,866
Right of use asset	—	902,645	—	902,645
	10,239,237	**11,704,842**	**—**	**21,944,079**
Financial liabilities				
Trade and other payables	—	4,038,874	—	4,038,874
Interest rate swap	—	3,735,254	—	3,735,254
Bank borrowings	—	113,000,998	—	113,000,998
Obligations under finance leases	—	902,645	—	902,645
Rental deposits held on behalf of tenants	855,866	—	—	855,866
	855,866	**121,677,771**	**—**	**122,533,637**

The adjacent table shows an analysis of the fair values of financial assets and liabilities recognised in the Balance Sheet by the level of the fair value hierarchy:

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

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

4 FEES

Investment management fees

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

From 1 July 2019, under the terms of the IMA the Investment Manager is entitled to investment management fees 0.70% of total assets up to £500 million; and 0.60% of total assets in excess of £500 million. The total fees charged for the year amounted to £3,301,074 (2020: £3,198,519). The amount due and payable at the year end amounted to £893,048 excluding VAT (2020: £779,737 excluding VAT). In addition the Company paid the Investment Manager a sum of £160,250 excluding VAT (2020: £131,000 excluding VAT) to participate in the Manager's marketing programme and Investment Trust share plan.

Administration, secretarial fees

On 19 December 2003 Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust") was appointed administrator and secretary to the Group. Northern Trust is entitled to an annual fee, payable quarterly in arrears, of £65,000. Northern Trust is also entitled to reimbursement of reasonable out of pocket expenses. Total fees and expenses charged for the year amounted to £65,000 (2020: £65,000). The amount due and payable at the year end amounted to £16,250 (2020: £16,250).

Valuer's fee

Knight Frank LLP ("the Valuers"), external international real estate consultants, was appointed as valuers in respect of the assets comprising the property portfolio. The total valuation fees charged for the year amounted to £77,457 (2020: £84,638). The total valuation fee comprises a base fee for the ongoing quarterly valuation, and a one off fee on acquisition of an asset. The amount due and payable at the year end amounted to £21,246 excluding VAT (2020: £18,602 excluding VAT).

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

Auditor's fee

At the year end date Deloitte LLP continued as independent auditor of the Group. The audit fees for the year amounted to £111,540 (2020: £118,400) and relate to audit services provided for the 2021 financial year. Deloitte LLP did not provide any non-audit services in the year (2020: nil).

5 FINANCE INCOME AND COSTS

	2021 £	2020 £
Interest income on cash and cash equivalents	763	3,896
Finance income	763	3,896
Interest expense on bank borrowings	1,613,050	2,202,152
Non-utilisation charges on facilities	329,186	277,236
Payments on interest rate swap	1,383,547	1,038,749
Amortisation of arrangement costs (see note 14)	180,576	225,937
Finance costs	3,506,359	3,744,074

Of the finance costs above, £409,487 of the interest expense on bank borrowings and £247,093 of payments on interest rate swaps were accruals at 31 December 2021 and included in Trade and other payables.

6 TAXATION

UK REIT Status

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

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

Accordingly, deferred tax is not recognised on temporary differences relating to the property rental business.

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

A reconciliation between the tax charge and the product of accounting profit multiplied by the applicable tax rate for the year ended 31 December 2021 and 2020 is as follows:

	2021 £	2020 £
Profit/(loss) before tax	85,732,820	(15,782,067)
Tax calculated at UK statutory corporation tax rate of 19% (2020: 19%)	16,289,236	(2,998,593)
UK REIT exemption on net income	(2,789,236)	(3,166,216)
Valuation (gain)/loss in respect of investment properties and land not subject to tax	(13,500,000)	6,164,809
Current income tax charge	—	—

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Notes to the Consolidated Financial Statements
for the year ended 31 December 2021 continued

7 INVESTMENT PROPERTIES

	UK Industrial 2021 £	UK Office 2021 £	UK Retail 2021 £	UK Other 2021 £	Total 2021 £
Market value at 1 January	211,200,000	142,695,000	51,150,000	32,650,000	437,695,000
Purchase of investment properties	11,690,631	—	50,870	—	11,741,501
Capital expenditure on investment properties	125,634	1,712,322	(35,227)	16,500	1,819,229
Opening market value of disposed investment properties	(9,400,000)	(20,425,000)	(2,650,000)	—	(32,475,000)
Valuation gain from investment properties	58,043,007	1,580,786	7,762,099	3,282,595	70,668,487
Movement in lease incentives receivable	1,905,978	711,892	247,258	100,905	2,966,033
Market value at 31 December	273,565,250	126,275,000	56,525,000	36,050,000	492,415,250
Investment property recognised as held for sale	—	—	—	—	—
Market value net of held for sale at 31 December	273,565,250	126,275,000	56,525,000	36,050,000	492,415,250
Right of use asset recognised on leasehold properties	—	901,129	—	—	901,129
Adjustment for lease incentives	(4,405,288)	(2,921,649)	(808,188)	(667,169)	(8,802,294)
Carrying value at 31 December	269,159,962	124,254,480	55,716,812	35,382,831	484,514,085

The valuation gain on investment properties in the Statement of Comprehensive Income & Statement of Changes in Equity is adjusted by the lease incentive adjustment disclosed under Accounting Policies 2.2. in arriving at the £70,668,487 presented in the table within this note.

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

The valuations of investment properties were performed by Knight Frank LLP, accredited external valuers with recognised and relevant professional qualifications and recent experience of the location and category of the investment properties being valued. The valuation models used by Knight Frank are in accordance with Royal Institute of Chartered Surveyors ('RICS') requirements on disclosure for Regulated Purpose Valuations (RICS Valuation – Professional Standards January 2014 published by the Royal Institution of Chartered Surveyors) and are consistent with the principles in IFRS 13. The market value provided by Knight Frank at the year end was £492,415,250 (2020: £437,695,000) however an adjustment has been made for lease incentives of £8,802,294 (2020: £5,885,270) that are already accounted for as an asset. In addition, as required under IFRS 16, a right of use asset of £901,129 (2020: £902,645) has been recognised in respect of the present value of future ground rents and an amount of £901,129 (2020: £902,645) has also been recognised as an obligation under finance leases in the balance sheet, as explained in note 16.

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

	2021 £	2020 £
Opening market value of disposed investment properties	32,475,000	55,780,000
Loss on disposal of investment properties	(634,368)	(4,806,137)
Net proceeds from disposal of investment properties	31,840,632	50,973,863

Valuation methodology

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

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

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

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

The management group that determines the Company's valuation policies and procedures for property valuations is the Property Valuation Committee as detailed on page 49. The Committee reviews the quarterly property valuation reports produced by the valuers before they are submitted to the Board, focusing in particular on:

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

The Chair 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 Chair submits an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.

The table on page 84 outlines the valuation techniques and inputs used to derive Level 3 fair values for each class of investment properties. The table includes:

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

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Sector 2021	Fair Value 2021 £	Key Unobservable Input 2021	Range 2021	(Weighted average)
Industrial	273,565,250	▸ Initial Yield ▸ Reversionary Yield ▸ Equivalent Yield ▸ Estimated rental value per sq ft	0.00% to 7.49% 0.00% to 7.72% 0.00% to 7.00% £4.00 to £9.50	(4.48%) (5.11%) (5.07%) (£6.19)
Office	126,275,000	▸ Initial Yield ▸ Reversionary Yield ▸ Equivalent Yield ▸ Estimated rental value per sq ft	2.71% to 6.28% 5.25% to 9.23% 5.16% to 8.17% £17.00 to £46.09	(4.77%) (7.28%) (6.84%) (£26.19)
Retail	56,525,000	▸ Initial Yield ▸ Reversionary Yield ▸ Equivalent Yield ▸ Estimated rental value per sq ft	4.56% to 8.43% 5.25% to 7.48% 5.52% to 8.12% £8.74 to £29.32	(6.18%) (5.83%) (6.40%) (£15.31)
Other	36,050,000	▸ Initial Yield ▸ Reversionary Yield ▸ Equivalent Yield ▸ Estimated rental value per sq ft	4.57% to 8.10% 4.39% to 7.90% 4.62% to 7.90% £9.24 to £18.68	(5.40%) (5.22%) (5.35%) (£15.09)
	492,415,250			

Descriptions and definitions

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

Estimated rental value (ERV)

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

Equivalent yield

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

Initial yield

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

Reversionary yield

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

Sector 2020	Fair Value 2020 £	Key Unobservable Input 2020	Range 2020	(Weighted average)
Industrial	211,200,000	▸ Initial Yield ▸ Reversionary Yield ▸ Equivalent Yield ▸ Estimated rental value per sq ft	0.00% to 8.08% 4.29% to 10.29% 4.26% to 8.55% £2.75 to £8.50	(5.54%) (6.26%) (6.21%) (£5.70)
Office	142,695,000	▸ Initial Yield ▸ Reversionary Yield ▸ Equivalent Yield ▸ Estimated rental value per sq ft	0.00% to 13.36% 5.32% to 10.01% 5.23% to 8.55% £10.25 to £111.00	(5.24%) (7.66%) (7.11%) (£25.54)
Retail	51,150,000	▸ Initial Yield ▸ Reversionary Yield ▸ Equivalent Yield ▸ Estimated rental value per sq ft	4.79% to 8.49% 5.12% to 7.84% 5.63% to 8.05% £8.35 to £90.00	(7.99%) (6.83%) (7.43%) (£15.53)
Other	32,650,000	▸ Initial Yield ▸ Reversionary Yield ▸ Equivalent Yield ▸ Estimated rental value per sq ft	4.91% to 6.89% 5.03% to 6.90% 5.01% to 6.91% £7.50 to £30.00	(5.90%) (5.80%) (5.87%) (£19.75)
	437,695,000			

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

	2021	2020
ERV p.a.	£31,542,350	£32,180,024
Area sq ft	3,517,993	3,825,017
Average ERV per sq ft	£8.97	£8.41
Initial Yield	4.8%	5.8%
Reversionary Yield	4.8%	6.9%

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

	2021 £	2020 £
Increase in equivalent yield of 50 bps	(41,659,430)	(34,483,590)
Decrease of 5% in ERV	(19,561,811)	(17,437,618)

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 LAND

During the year, the Group acquired 1,471 hectares of the Ralia Estate. The land is capable of woodland creation and peatland restoration, projects which would materially assist the Group's transition to Net Zero. The acquisition of this site is unlike the existing portfolio in that it is not being held to create income or primarily for capital return.

Valuation methodology

The Land is held at fair value.

The Group appoints suitable valuers (such appointment is reviewed on a periodic basis) to undertake a valuation of the land on a quarterly basis. The valuation is undertaken in accordance with the current RICS guidelines by Knight Frank LLP whose credentials are set out in note 7.

Reconciliation of carrying amount	2021	2020
Cost		
Balance at the beginning of the year	—	—
Additions	8,001,550	—
Balance at the end of the year	8,001,550	—
Unrealised fair value gains/(losses)		
Balance at the beginning of the year	—	—
Valuation loss from land	(501,550)	—
Balance at the end of the year	(501,550)	—
Carrying amount as at 31 December	7,500,000	—

Financial Statements
Notes to the Consolidated Financial Statements for the year ended 31 December 2021 continued

9 INVESTMENT PROPERTIES HELD FOR SALE

As at 31 December 2021, the Group was not actively seeking a buyer for any of the Investment Properties.

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

10 INVESTMENTS 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 undertakings consist of the following 100% owned subsidiaries at the Balance Sheet date:

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

11 TRADE AND OTHER RECEIVABLES

	2021 £	2020 £
Trade receivables	8,408,767	8,603,476
Less: provision for impairment of trade receivables	(2,990,034)	(2,583,559)
Trade receivables (net)	5,418,733	6,019,917
Rental deposits held on behalf of tenants	65,720	736,793
Other receivables	5,539,647	4,045,487
Total trade and other receivables	11,024,100	10,802,197

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

	2021 £	2020 £
Opening balance	(2,583,559)	(138,593)
Charge for the year	(406,475)	(2,444,966)
Closing balance	(2,990,034)	(2,583,559)

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

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

Amounts are considered impaired when it becomes unlikely that the full value of a receivable will be recovered. Movement in the balance considered to be impaired has been included in other direct property costs in the Consolidated Statement of Comprehensive Income. As at 31 December 2021, trade receivables of £2,990,034 (2020: £2,583,559) were considered impaired and provided for.

If the provision for impairment of trade receivables increased by £1 million then the Company’s earnings and net asset value would decrease by £1 million. If it decreased by £1 million then the Company’s earnings and net asset value would increase by £1 million.

The ageing of these receivables is as follows:

	2021 £	2020 £
0 to 3 months	(162,132)	(252,550)
3 to 6 months	(451,417)	(705,740)
Over 6 months	(2,376,485)	(1,625,269)
Closing balance	(2,990,034)	(2,583,559)

As of 31 December 2021, trade receivables of £5,418,733 (2020: £6,019,917) were less than 3 months past due but considered not impaired.

12 CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash held at bank	12,425,768	8,461,451
Cash held on deposit with RBS	1,392,240	921,920
	13,818,008	9,383,371

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

	2021 £	2020 £
Trade and other payables	6,488,367	3,302,081
VAT payable	1,698,995	1,684,195
Deferred rental income	5,365,375	7,372,985
Rental deposits due to tenants	65,720	736,793
	13,618,457	13,096,054

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

Financial Statements

Notes to the Consolidated Financial Statements for the year ended 31 December 2021 continued

14 BANK BORROWINGS

	2021 £	2020 £
Loan facility and drawn down outstanding balance	110,000,000	110,000,000
Opening carrying value	109,542,823	127,316,886
Borrowings during the year	—	27,000,000
Repayment of RCF	—	(45,000,000)
Amortisation of arrangement costs	180,576	225,937
Closing carrying value	109,723,399	109,542,823

On 28 April 2016 the Group entered into an agreement to extend £145 million of its existing £155 million debt facility with Royal Bank of Scotland ("RBS"), now Royal Bank of Scotland International ("RBSI"). The debt facility consisted of a £110 million seven year term loan facility and a £35 million five year Revolving Credit Facility ("RCF") which was extended by two years in May 2018 with the margin on the RCF reset to LIBOR plus 1.45%. Interest was payable on the Term Loan at 3 month LIBOR plus 1.375% which equates to a fixed rate of 2.725% on the Term Loan.

In June 2019, the Group also entered into a new arrangement with RBSI to extend its RCF by £20 million. This facility had a margin of 1.60% above LIBOR. As at 31 December 2021 none of the RCF was drawn (2020: £nil).

The London Interbank Offer Rate (LIBOR) was one of the main interest rate benchmarks used in financial markets to determine interest rates for financial contracts globally. The low volume of underlying transactions since the global financial crisis in 2008/2009 made LIBOR unsustainable and as a result, and in line with announcements from the Financial Conduct Authority (FCA), 24 of the 35 LIBOR settings ceased from 1 January 2022. Various risk free rates are available as an alternative to LIBOR including the Sterling Overnight Index Average (SONIA) benchmark.

The Group has taken steps, before the date of transition, to ensure that any exposure to LIBOR was identified with actions taken to rebase and redocument any financial contracts where LIBOR was previously used. This led to minor amendments to operational processes to cater for this change but there is not expected to be a material impact on the assets and liabilities of the Group as a result of the phase out of LIBOR. The switch to SONIA took effect from the first interest payment date following cessation of LIBOR (20th January 2022).

Under the terms of the loan facility there are certain events which would entitle RBSI to terminate the loan facility and demand repayment of all sums due. Included in these events of default is the financial undertaking relating to the LTV percentage. The loan agreement notes that the LTV percentage is calculated as the loan amount less the amount of any sterling cash deposited within the security of RBSI 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.

	2021 £	2020 £
Loan amount	110,000,000	110,000,000
Cash	(13,818,008)	(9,383,371)
	96,181,992	100,616,629
Portfolio valuation	499,915,250	437,695,000
LTV percentage	19.2%	23.0%

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

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

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

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

15 INTEREST RATE SWAP

As part of the refinancing of loans (see note 14), on 28 April 2016 the Group completed an interest rate swap of a notional amount of £110,000,000 with RBS, now RBSI. The interest rate swap effective date is 28 April 2016 and it has a maturity date of 27 April 2023. Under the swap the Company has agreed to receive a floating interest rate linked to 3 month LIBOR and pay a fixed interest rate of 1.35%.

The interest rate swap is the Group's only hedging instrument and the "interest rate benchmark reform" amendments have been applied to it. The switch to SONIA took effect from the first interest payment date following cessation of LIBOR (20th January 2022).

	2021 £	**2020 £**
Opening fair value of interest rate swap at 1 January	(3,735,254)	(2,220,616)
Valuation gain/(loss) on interest rate swap	3,167,218	(1,514,638)
Closing fair value of interest rate swap at 31 December	(568,036)	(3,735,254)

The split of swap liability is listed below:

	2021 £	**2020 £**
Current liabilities	(546,526)	(1,472,387)
Non-current liabilities	(21,510)	(2,262,867)
Total fair value	(568,036)	(3,735,254)

16 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments 2021 £	**Interest 2021 £**	**Present value of minimum lease payments 2021 £**
Less than one year	26,068	(24,511)	1,557
Between two and five years	104,271	(97,607)	6,664
More than five years	2,606,785	(1,713,877)	892,908
Total	2,737,124	(1,835,995)	901,129

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

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

Financial Statements

Notes to the Consolidated Financial Statements for the year ended 31 December 2021 continued

17 LEASE ANALYSIS

The Group has granted leases on its property portfolio. This property portfolio as at 31 December 2021 had an average lease expiry of six years and one month. 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:

	2021 £	2020 £
Within one year	24,857,300	26,667,702
Between one and two years	22,613,540	24,233,138
Between two and three years	19,869,754	21,755,932
Between three and four years	14,371,388	17,825,125
Between four and five years	10,352,802	12,404,878
More than five years	44,233,215	60,572,038
Total	136,297,999	163,458,813

The largest single tenant at the year end accounts for 6.1% (2020: 5.6%) of the current annual passing rent.

18 SHARE CAPITAL

Under the Company's Articles of Incorporation, the Company may issue an unlimited number of ordinary shares of 1 pence each, subject to issuance limits set at the AGM each year. As at 31 December 2021 there were 396,922,386 ordinary shares of 1p each in issue (2020: 404,316,422). 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:	2021 £	2020 £
Opening balance	228,383,857	227,431,057
Shares issued	—	960,000
Issue costs associated with new ordinary shares	—	(7,200)
Closing balance	228,383,857	228,383,857

Treasury Shares

From November 2020,, the Company undertook a share buyback programme at various levels of discount to the prevailing NAV. In the period to 31 December 2021 7,394,036 shares had been bought back (2020: 2,548,997) for £4,540,630 after costs (2020: £1,450,787) and are included in the Treasury share reserve.

	2021 £	2020 £
Opening balance	1,450,787	—
Bought back during the year	4,540,630	1,450,787
Closing balance	5,991,417	1,450,787

The number of shares in issue as at 31 December 2021/2020 are as follows:

	2021 Number of shares	2020 Number of shares
Opening balance	404,316,422	405,865,419
Issued during the year	—	1,000,000
Bought back during the year and put into Treasury	(7,394,036)	(2,548,997)
Closing balance	396,922,386	404,316,422

19 RESERVES

The detailed movement of the below reserves for the years to 31 December 2021 and 31 December 2020 can be found in the Consolidated Statement of Changes in Equity on page 70.

Retained earnings

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

Capital reserves

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

Other distributable reserves

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

20 EARNINGS PER SHARE

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

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

This is calculated by dividing the net revenue earnings in the year (profit for the year net of tax excluding all capital items and the swaps breakage costs) divided by the dividends payable in relation to the financial year. For 2021 this equated to a figure of 98% (2020: 108%).

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

	2021 £	2020 £
Profit for the year net of tax	85,732,820	(15,782,067)

	2021 £	2020 £
Weighted average number of ordinary shares outstanding during the year	398,041,380	406,650,268
Earnings per ordinary share (p)	21.54	(3.88)
Profit for the year excluding capital items	14,680,188	16,664,294
EPRA earnings per share (p)	3.69	4.10

21. DIVIDENDS AND PROPERTY INCOME DISTRIBUTIONS GROSS OF INCOME TAX

	2021					2020				
Dividends	**PID pence**	**Non-PID pence**	**Total pence**	**PID £**	**Non-PID £**	**PID pence**	**Non-PID pence**	**Total pence**	**PID £**	**Non-PID £**
Quarter to 31 December of prior year (paid in February)	0.7140	—	0.7140	2,878,508	—	0.6290	0.5610	1.1900	2,557,687	2,284,011
Top-up for 2020 (paid in May)	0.3810	—	0.3810	1,512,274	—	—	—	—	—	—
Quarter to 31 March (paid in May)	0.8925	—	0.8925	3,542,532	—	0.9520	0.2380	1.1900	3,873,359	968,340
Quarter to 30 June (paid in August)	0.8925	—	0.8925	3,542,532	—	0.7140	—	0.7140	2,905,019	—
Quarter to 30 September (paid in November)	0.2519	0.6406	0.8925	999,848	2,542,685	0.7140	—	0.7140	2,905,019	—
Total dividends paid	3.1319	0.6406	3.7725	12,475,694	2,542,685	3.0090	0.7990	3.8080	12,241,084	3,252,351
Quarter to 31 December of current year (paid after year end)	0.7910	0.2090	1.0000	3,138,371	—	0.7140	—	0.7140	2,878,508	—
Prior year dividends (per above)	(0.7140)	—	(0.7140)	(2,878,508)	—	(0.6290)	(0.5610)	(1.1900)	(2,557,687)	(2,284,011)
Total dividend for year	3.2089	0.8496	4.0585	12,735,557	2,542,685	3.0940	0.2380	3.3320	12,561,905	968,340

On 25 February 2022 a dividend in respect of the quarter to 31 December 2021 of 1.0 pence per share was paid split as 0.791p Property Income Distribution, and 0.209p Non Property Income Distribution.

Financial Statements

Notes to the Consolidated Financial Statements for the year ended 31 December 2021 continued

22 RECONCILIATION OF CONSOLIDATED NAV TO PUBLISHED NAV

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

	2021	2020
Number of ordinary shares at the reporting date	396,922,386	404,316,422

	2021 £	2020 £
Total equity per audited consolidated financial statements	400,847,466	331,506,437
NAV per share (p)	101.0	82.0

23 RELATED PARTY DISCLOSURES

Directors' remuneration

The Directors of the Company are deemed as key management personnel and received fees for their services. Further details are provided in the Directors' Remuneration Report (unaudited) on pages 56 and 57. Total fees for the year were £221,742 (2020: £236,953) none of which remained payable at the year end (2020: nil).

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

	2021	2020
Robert Peto*	—	30,077
Huw Evans	36,000	36,000
Mike Balfour	40,000	40,000
James Clifton-Brown**	47,000	39,638
Jill May	36,000	36,000
Sarah Slater	36,000	36,000
Employers national insurance contributions	17,338	18,737
	212,338	236,452
Directors expenses	9,404	501
	221,742	236,953

* Retired from the Board on 25 August 2020.
** Appointed as Chairman from 25 August 2020.

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 CAPITAL COMMITMENTS

The Group had contracted capital commitments as at 31 December 2021 of £11.9 million (31 December 2020: £nil). The commitment is to forward fund a new industrial development in St Helens.

26 EVENTS AFTER THE BALANCE SHEET DATE

On 25 February 2022 a dividend in respect of the quarter to 31 December 2021 of 1.0 pence per share was paid split as 0.791p Property Income Distribution, and 0.209p Non Property Income Distribution.

On 14 April 2022, the Company completed the purchase of the Motorpoint car showroom in Stockton-on-Tees for £5m.

Events in Russia/Ukraine

Post the Balance Sheet date, on 24th February 2022, Russia launched a military offensive against Ukraine resulting in widespread sanctions on Russia and heightened security and cyber threats.

As at the date of the report the Company did not hold any assets in Ukraine or Russia. The Company's key suppliers also do not have operations pertaining to the Company in Ukraine or Russia.

The situation in the region is rapidly evolving and the Board and Investment Manager continue to monitor the situation carefully and will take whatever steps are necessary and in the best interests of the Company's Stakeholders. This includes but is not limited to ensuring that the requirements of all international sanctions are adhered to, managing the assets of the Company proactively to best mitigate risk and ensuring that the Investment Manager and other key suppliers continue to operate all protections, protocols and monitoring of heightened cyber threats.

UNAUDITED EPRA PERFORMANCE AND SUSTAINABILITY MEASURES & ADDITIONAL INFORMATION

Additional Information
EPRA Performance Measures

In October 2019, EPRA issued new best practice recommendations (BPR) for financial guidelines on its definitions of NAV measures: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV). The rationale behind each of these measures is set out below the table. abrdn consider EPRA Net Tangible Assets (NTA) to be the most relevant NAV measure for the Group and report this as our primary non-IFRS NAV measure.

	31 December 2021 £	31 December 2020 £
EPRA earnings	14,680,188	16,664,294
EPRA earnings per share (pence per share)	3.69	4.10
EPRA Net Tangible Assets (“NTA”)	401,415,502	335,241,691
EPRA NTA per share	100.8	82.4
EPRA Net Reinstatement Value (“NRV”)	434,899,739	365,004,951
EPRA NRV per share	109.3	89.8
EPRA Net Disposal Value (“NDV”)	400,866,278	328,048,262
EPRA NDV per share	101.0	81.1
EPRA Net Initial Yield	4.2%	5.5%
EPRA topped-up Net Initial Yield	4.7%	5.8%
EPRA Vacancy Rate	9.7%	8.3%
EPRA Cost Ratios – including direct vacancy costs	30.6%	30.8%
EPRA Cost Ratios – excluding direct vacancy costs	23.9%	25.7%

RATIONALE:

EPRA NET TANGIBLE ASSETS

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

EPRA NET REINSTATEMENT VALUE

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

A. EPRA EARNINGS	31 December 2021 £	31 December 2020 £
Earnings per IFRS income statement	85,732,820	(15,782,067)
Adjustments to calculate EPRA Earnings, exclude:		
Net changes in value of investment properties	(72,188,550)	27,640,224
Loss on disposal of investment properties	634,368	4,806,137
Net change in value of land	501,550	—
EPRA Earnings	14,680,188	16,664,294
Weighted average number of shares	398,041,380	406,650,268
EPRA Earnings per share (pence per share)	3.69	4.10

EPRA NET DISPOSAL VALUE

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

The adjacent table sets out the 2021 EPRA numbers under the new guidelines for both 2021 and 2020.

B. EPRA Net Tangible Assets	**31 December 2021 £**	**31 December 2020 £**
IFRS NAV	400,847,466	331,506,437
Fair value of financial instruments	568,036	3,735,254
EPRA NTA	401,415,502	335,241,691
Basic number of shares	396,922,386	404,316,422
EPRA NTA per share	101.1	82.4

C. EPRA Net Reinstatement Value	**31 December 2021 £**	**31 December 2020 £**
EPRA NTA	401,415,502	335,241,691
Real Estate Transfer Tax and other acquisition costs	33,484,237	29,763,260
EPRA NRV	434,899,739	365,004,951
EPRA NRV per share	109.6	89.8

D. EPRA Net Disposal Value	**31 December 2021 £**	**31 December 2020 £**
IFRS NAV	400,847,466	331,506,437
Fair value of debt	18,812	(3,458,175)
	400,866,278	328,048,262
EPRA NRV per share	101.0	81.1
Fair value of debt per financial statements	109,704,587	113,000,998
Carrying value	109,723,399	109,542,823
Fair value of debt adjustment	(18,812)	3,458,175

Additional Information

EPRA Performance Measures continued

E. EPRA Net Initial Yield and 'topped up' NIY disclosure Completed property portfolio	31 December 2021 £	31 December 2020 £
Investment property – wholly owned	**492,415,250**	**437,695,000**
Allowance for estimated purchasers' costs	33,484,237	29,763,260
Gross up completed property portfolio valuation	**525,899,487**	**467,458,260**
Annualised cash passing rental income	25,690,060	27,969,637
Property outgoings	(3,430,243)	(2,460,002)
Annualised net rents	**22,259,817**	**25,509,635**
Add: notional rent expiration of rent free periods or other lease incentives	2,243,687	1,639,780
Topped-up net annualised rent	**24,503,504**	**27,149,415**
EPRA NIY	4.2%	5.5%
EPRA "topped-up" NIY	4.7%	5.8%

F. EPRA COST RATIOS	31 December 2021 £	31 December 2020 £
Administrative / property operating expense line per IFRS income statement	8,299,803	9,056,327
EPRA Costs (including direct vacancy costs)	8,299,803	9,056,327
Direct vacancy costs	(1,828,982)	(1,493,304)
EPRA Costs (excluding direct vacancy costs)	6,470,821	7,563,023
Gross Rental income less ground rent costs	27,085,214	29,439,549
EPRA Cost Ratio (including direct vacancy costs)	30.6%	30.8%
EPRA Cost Ratio (excluding direct vacancy costs)	23.9%	25.7%

For the Period Ending 31 December 2021 G. Like-for-like rental growth reporting	Rental growth 2021 £	Portfolio value by sector 2021 £	Rental growth 2020 £	Portfolio value by sector 2020 £
Sector:				
Industrial	919,777	262,690,000	(13,787)	211,200,000
Offices	98,049	126,275,000	338,136	142,695,000
Retail	(54,400)	56,525,000	(126,653)	31,150,000
Other	(10,000)	36,050,000	(22,500)	32,650,000
Total portfolio value	**953,426**	**481,540,000**	**175,196**	**417,695,000**

* Basis and assumptions to be disclosed here
All properties held within the portfolio are UK based.

H. Property-related CapEx	2021 £	2020 £
Acquisitions	11,741,501	21,297,754
Development		
Investment properties:		
Incremental lettable space	—	—
No incremental lettable space	1,819,229	4,947,828
Tenant incentives	803,327	71,203
Other material non-allocated types of expenditure	—	—
Total capital expenditure incurred	**14,364,057**	**26,316,785**

Additional Information
ESG Performance

ESG PERFORMANCE

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

EXPLANATORY NOTES ON METHODOLOGY

Reporting period

Sustainability data in this report covers the calendar years of 2020 and 2021.

Organisational boundary and data coverage

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

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

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

Emissions calculation

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

Normalisation

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

Renewable energy

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

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

Auditing and assurance

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

Materiality

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

GRESB ★★★★★ 2021

GLOBAL REAL ESTATE SUSTAINABILITY BENCHMARK

Code	Performance measure	Review outcome
Environmental		
Elec-Abs	Total electricity consumption	Material
Elec-LfL	Like-for-like total electricity consumption	Material
DH&C-Abs	Total district heating & cooling consumption	Not material – none of the Company's assets are connected to district energy supplies
DH&C-LfL	Like-for-like total district heating & cooling consumption	
Fuels-Abs	Total fuel consumption	Material
Fuels-LfL	Like-for-like total fuel consumption	Material
Energy-Int	Building energy intensity	Material
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	Material
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	Material
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	Material
Water-Abs	Total water consumption	Material
Water-LfL	Like-for-like total water consumption	Material
Water-Int	Building water intensity	Material
Waste-Abs	Total weight of waste by disposal route	Material
Waste-LfL	Like-for-like total weight of waste by disposal route	Material
Cert-Tot	Type and number of sustainably certified assets	Material
Social		
Diversity-Emp	Employee gender diversity	Not material – SLIPIT does not have any employees
Diversity-Pay	Gender pay ratio	
Emp-Training	Employee training and development	
Emp-Dev	Employee performance appraisals	
Emp-Turnover	New hires and turnover	
H&S-Emp	Employee health and safety	
H&S-Asset	Asset health and safety assessments	Material
H&S-Comp	Asset health and safety compliance	Material
Comty-Eng	Community engagement, impact assessments and development programs	Material – see main body of report (pages 29–31).
Governance		
Gov-Board	Composition of the highest governance body	Material – see main body of report (pages 48 to 51 for content related to Governance)
Gov-Selec	Process for nominating and selecting the highest governance body	
Gov-Col	Process for managing conflicts of interest	

Additional Information
Environmental Indicators
continued

LIKE-FOR-LIKE ENERGY CONSUMPTION

Landlord electricity consumption across like-for-like assets increased by 6% year-on-year. This overall increase was driven by increases in landlord consumption at office and retail unit shops, alongside increased vacancy (and therefore void consumption) at retail warehouses (notably at Howard Town Retail Park). These increases were offset by significant reductions in landlord electricity consumption at Industrial Distribution Warehouses, due to reduced vacancy at these locations.

Landlord gas consumption at office assets increased by 10%, as did sub-metred electricity consumption (by 57%). These increases are primarily attributable to increased use of these office assets in 2021 in comparison with 2020, due to the relaxation of COVID-19 restrictions. We have implemented a number of energy saving initiatives across the portfolio and identified more for future roll-out as part of asset management plans and linked to Energy Performance Certification improvements. These include lighting upgrades, BMS optimisation and plant replacement.

		Landlord Electricity (kWh)			Occupier Electricity i.e. sub-metered to occupiers (kWh)			Total Landlord obtained Electricity (kWh)			Landlord-obtained Gas (kWh)			Energy Intensity (kWh/m²)		
Indicator references		Elec-LfL			Elec-LfL			Elec-LfL			Fuels-LfL			Energy-Int		
Sector	**Coverage** (assets)	**2020**	**2021**	**Change** (%)	**2020**	**2021**	**Change** (%)	**2020**	**2021**	**Change** (%)	**2020**	**2021**	**Change** (%)	**2020**	**2021**	**Change** (%)
Industrial, Business Parks	2 of 8	4,380	4,325	−1%	No sub−metered consumption		N/A	4,380	4,325	−1%	No Landlord consumption		N/A	0.2	0.2	−1%
Industrial, Distribution Warehouse	1 of 17	28,293	6,699	−76%	No sub−metered consumption		N/A	28,293	6,699	−76%	No Landlord consumption		N/A	3.6	0.9	−76%
Offices	11 of 11	2,638,633.0	2,807,397	6%	2,203,378	3,469,431	57%	4,842,011	4,950,752	2%	3,144,741	3,469,431	10%	191.5	201.9	5%
Retail, Unit Shops	1 of 2	41,231	49,135	19%	No sub−metered consumption		N/A	41,231	49,135	19%	No Landlord consumption		N/A	6.9	8.3	19%
Retail, Warehouses	3 of 6	39,760	49,267	24%	No sub−metered consumption		N/A	39,760	49,267	24%	No Landlord consumption		N/A	3.5	4.3	24%
Totals	**18 of 44**	**2,752,297**	**2,916,823**	**6%**	**2,203,378**	**3,469,431**	**57%**	**4,955,675**	**5,060,178**	**2%**	**3,144,741**	**3,469,431**	**10%**	**94.3**	**99.3**	**5%**

LIKE-FOR-LIKE AND ABSOLUTE WASTE GENERATION AND TREATMENT

We are responsible for waste management at 11 multi-let assets across the Company. Our waste management consultant undertakes regular waste audits and works closely with our Property Manager to implement interventions to improve segregation of materials and ultimately increase recycling rates.

In total across the four like-for-like assets at which we manage waste, 731 tonnes of non-hazardous waste was generated in 2021 with approximately 41% recycled and 59% recovered via energy from waste. A very small volume of non-recyclable waste (125kg) was sent to landfill (approximately 0.03% of the total waste generated). Note that like-for-like and absolute waste generation figures are exactly the same for 2021, hence why both are summarised in the below table.

		Total Waste (tonnes)		Waste to Landfill (tonnes)		Waste Recovered (tonnes)		Waste Recycled (tonnes)	
Indicator reference		Waste-Abs, Waste-LfL							
Sector	**Coverage 2021** (assets)	**2020**	**2021**	**2021**		**2021**		**2021**	
Offices	9 of 15	511	418	0%	0.1	61%	257	39%	161
Retail, Unit Shops	2 of 3	216	313	0%	0	70%	174	30%	139
Totals	**11 of 54**	**727**	**731**	**0%**	**0.1**	**59%**	**431**	**41%**	**300**

LIKE-FOR-LIKE GREENHOUSE GAS EMISSIONS

Like-for-like Scope 1 emissions increased by 5% year on year, primarily driven by increased gas consumption at office assets in 2021. The like-for-like electricity consumption figures above translate into a 3% reduction in Scope 2 emissions; driven by further improvements in the carbon-intensity of the grid. Note that emissions associated with refrigerants are included in the Scope 1 emissions figure alongside natural gas. Scope 3 emissions increased by 36% mainly as a result of increased sub-metered occupier electricity use.

		Scope 1 Emissions (tCO_2)			Scope 2 Emissions (tCO_2)			Scope 3 Emissions (tCO_2)			Emissions Intensity Scopes 1, 2 & 3 ($kgCO_2/m^2$)		
Indicator references		**No relevant EPRA indicator**											
Sector	**Coverage** (assets)	**2020**	**2021**	**Change** (%)	**2020**	**2021**	**Change** (%)	**2020**	**2021**	**Change** (%)	**2020**	**2021**	**Change** (%)
Industrial, Business Parks	2 of 8	No Landlord consumption		N/A	1.0	0.9	–10%	0.1	0.1	–7%	0.1	0.1	–10%
Industrial, Distribution Warehouse	1 of 17	No Landlord consumption		N/A	6.6	1.4	–78%	0.6	0.1	–78%	0.914	0.20	–78%
Offices	11 of 11	684	716	5%	615	596	–3%	611	830	36%	46	51	12%
Retail, Unit Shops	1 of 2	No Landlord consumption		N/A	9.6	10.4	9%	0.8	0.9	12%	1.8	1.9	9%
Retail, Warehouses	3 of 5	No Landlord consumption		N/A	9.3	10.5	13%	0.8	0.9	16%	0.9	1.0	13%
Totals	**18 of 44**	**684**	**716**	**5%**	**642**	**619**	**–3%**	**613**	**832**	**36%**	**23**	**25**	**12%**

SUSTAINABILITY CERTIFICATIONS

One asset in the portfolio has a BREEAM Very Good ratings; 54 Hagley Road in Birmingham. This asset accounts for 5.1% of the Company's assets by gross asset value.

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

EPC Rating	% Estimated Rental value
A	**2%**
B	**21%**
C	**33%**
D	**35%**
E	**8%**
F	**0%**
G	**1%**

SOCIAL INDICATORS

Health & Safety

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

Community Engagement

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

GOVERNANCE INDICATORS

The Board is made up entirely from Non-Executive Directors. The average tenure of the Board is 4.4 years, with the longest serving Director being Huw Evans at almost 9 years and the shortest being Mike Bane who was appointed on 1st February 2022. They have a clear succession plan in place so that no Director serves for more than 9 years.

The six Non-Executive Directors provide a variety of experience, from real estate, corporate banking, and finance and all have a keen focus on ESG matters and responsibilities of the Company, with all Directors being members of the newly created Sustainability Committee. In addition, the Audit Committee reviews the environmental risk of the Company's operations and the Valuation Committee also assesses the impact upon the portfolio.

Two of the six Directors are female, and all are independent of the Investment Manager.

Additional Information
Environmental Indicators continued

ABSOLUTE ENERGY CONSUMPTION

Absolute landlord electricity and gas consumption increased in 2021. As noted above, the scale of this reduction is primarily driven by increased energy consumption at office assets, with more modest increases at Retail Unit Shops and Retail Warehouse assets. These increases are offset slightly by overall reductions in electricity and gas consumption at Industrial Business Parks and Industrial Distribution Warehouses; mainly as a result of overall reduced void consumption associated with reduced vacancy at these assets. The variation from like-for-like consumption is due to the effect of acquisitions and disposals during 2020 and 2021. In the reporting period, all landlord-procured electricity was from 100% renewable sources. Natural gas consumed was not from renewable sources.

			Landlord Electricity (kWh)			Occupier Electricity i.e. sub-metered to occupiers (kWh)			Total landlord-obtained Electricity (kWh)			Landlord-obtained Gas (kWh)			Energy Intensity (kWh/m²)		
Indicator references			**Elec-Abs**			**Elec-Abs**			**Elec-Abs**			**Fuels-Abs**			**Energy-Int**		
Sector	**Coverage 2020** (assets)	**Coverage 2021** (assets)	**2020**	**2021**	**Change** (%)	**2020**	**2021**	**Change** (%)	**2020**	**2021**	**Change** (%)	**2020**	**2021**	**Change** (%)	**2020**	**2021**	**Change** (%)
Industrial, Business Parks	5 of 12	2 of 8	13,112	4,325	–67%	No sub–metered consumption		N/A	13,112	4,325	–67%	126	No Landlord consumption	N/A	0.3	0.2	–21%
Industrial, Distribution Warehouse	1 of 18	1 of 18	28,293	6,699	–76%	No sub–metered consumption		N/A	28,293	6,699	–76%	305,855	No Landlord consumption	N/A	43	0.9	–98%
Offices	11 of 15	11 of 15	2,638,633	2,807,397	6%	2,203,378	2,143,355	–3%	4,842,011	4,950,752	2%	3,144,741	3,469,431	10%	192	202	5%
Retail, Unit Shops	1 of 3	1 of 3	41,231	49,134	19%	No sub–metered consumption		N/A	41,231	49,134	19%	No Landlord consumption		N/A	6.9	8.3	19%
Retail, Warehouses	3 of 7	3 of 6	39,760	49,267	24%	No sub–metered consumption		N/A	39,760	49,267	24%	No Landlord consumption		N/A	3.5	4.3	24%
Totals	**21 of 56**	**18 of 54**	**2,761,029**	**2,916,822**	**6%**	**2,203,378**	**2,143,355**	**–3%**	**4,964,407**	**5,060,177**	**2%**	**3,450,722**	**3,469,431**	**0.5%**	**74.4**	**99.3**	**33%**

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

LIKE-FOR-LIKE AND ABSOLUTE WATER CONSUMPTION

Water consumption increased by 5% across both like-for-like assets and across the whole portfolio. Note that data coverage is lower for water than for energy as it is uncommon to have landlord meters at assets with no internal common parts or shared services. It should also be noted that water consumption data includes estimates associated with account billing, and will be updated once actual consumption data becomes available.

			Absolute Water Consumption (m³)					LfL Water Consumption (m³)					
Indicator references			**Water-Abs; Water-Int**					**Water-LfL; Water-Int**					
Sector	**Coverage 2020** (assets)	**Coverage 2021** (assets)	**2020** (m³)	**2020** (litres/m²)	**2021** (m³)	**2021** (litres/m²)	**Change** (%)	**Coverage** (assets)	**2020** (m³)	**2020** (litres/m²)	**2021** (m³)	**2021** (litres/m²)	**Change** (%)
Industrial, Business Parks	2 of 12	0 of 8	53	9	0	0	–100%	0 of 8	0	0	0	0	N/A
Offices	9 of 15	9 of 15	18,501	489	19,456	515	5%	9 of 11	18,501	489	19,456	515	5%
Retail, Unit Shops	1 of 3	1 of 3	64	11	53	9	–17%	1 of 2	64	11	53	9	–17%
Totals	**12 of 56**	**10 of 54**	**18,565**	**424**	**19,509**	**446**	**5%**	**10 of 44**	**18,565**	**424**	**19,509**	**446**	**5%**

ABSOLUTE GREENHOUSE GAS EMISSIONS

Absolute Scope 1 emissions decreased by 3% in 2021. Note that emissions associated with refrigerants are included in this figure alongside natural gas. Total Scope 2 and 3 emissions reduced by 4% and 10% respectively.

			Scope 1 Emissions (tCO_2)			Scope 2 Emissions (tCO_2)			Scope 3 Emissions (tCO_2)			Emissions Intensity Scopes 1, 2 & 3 ($kgCO_2/m^2$)		
Indicator references			GHG–Dir–Abs			GHG–Indir–Abs			GHG–Indir–Abs			GHG–Int		
Sector	**Coverage 2020** (assets)	**Coverage 2021** (assets)	**2020**	**2021**	**Change** (%)	**2020**	**2021**	**Change** (%)	**2020**	**2021**	**Change** (%)	**2020**	**2021**	**Change** (%)
Industrial, Business Parks	5 of 12	2 of 8	0.02	0.0	N/A	3.1	0.9	–70%	0.3	0.1	–69%	0.1	0.1	–27%
Industrial, Distribution Warehouse	1 of 18	1 of 18	56	0	N/A	6.6	1.4	–78%	0.6	1.4	151%	8.1	0.4	–96%
Offices	11 of 15	11 of 15	684	716	5%	615	596	–3%	611	548	–10%	45.8	44.6	–3%
Retail, Unit Shops	1 of 3	1 of 3	No Landlord consumption		N/A	9.6	10.4	9%	0.8	0.9	12%	1.8	1.9	9%
Retail, Warehouses	3 of 7	3 of 6	No Landlord consumption		N/A	9.3	10.5	13%	0.8	0.9	16%	0.9	1.0	13%
Totals	**21 of 56**	**18 of 54**	**740**	**716**	**–3%**	**644**	**619**	**–4%**	**613**	**551**	**–10%**	**17.7**	**22.0**	**24%**

For the purposes of Streamlined Energy and Carbon Reporting (SECR), total Scope 1 and 2 emissions are also summarised in the following table. Total Landlord Energy Consumption (kWh) used to calculate Scope 1 and 2 emissions is also outlined in the table below, and a breakdown of energy type is included in the Absolute Energy Consumption table above. Note that the Total Scope 1 and 2 Emissions reported below include emissions associated with refrigerant losses as well as energy consumption.

Please note that data has been included back to 2019, which has been chosen as the baseline year for reporting (primarily given that it was not influenced by energy/carbon reductions associated with COVID-19 restrictions). Percentage change has been provided on a 2021 vs 2020 basis, and 2021 vs 2019 basis. Emissions intensity has increased over time due to the inclusion of landlord consumption associated with vacant units. It is important to include this data given it forms part of the Company's Scope 1 and 2 emissions but when included in intensity calculations it has the effect of skewing the outcome at the portfolio level.

	2019	**2020**	**2021**	**% Change** 2021 vs 2020	**% Change** 2021 vs 2019
Total Scope 1/2 Emissions (tCO_2e)	1,496	1,384	1,336	–3%	–11%
Emissions intensity ($kgCO_2e/m^2$ Net Lettable Area)	16.0	12.2	15.6	27%	–3%
Total Landlord Energy Consumption (kWh)	6,401,310	6,211,751	6,386,253	3%	–0.2%

Information for Investors and Additional Performance Measures

Glossary

AIC
Association of Investment Companies. The trade body representing closed-ended investment companies.

Annual rental income
Cash rents passing at the Balance Sheet date.

Average debt maturity
The weighted average amount of time until the maturity of the Group's debt facilities.

Break option
A break option (alternatively called a 'break clause' or 'option to determine') is a clause in a lease which provides the landlord or tenant with a right to terminate the lease before its contractual expiry date, if certain criteria are met.

Contracted rent
The contracted gross rent receivable which becomes payable after all the occupied incentives in the letting have expired.

Covenant strength
This refers to the quality of a tenant's financial status and its ability to perform the covenants in a Lease.

Dividend
A sum of money paid regularly by the Company to its shareholders. The Company currently pays dividends to shareholders quarterly.

Dividend cover
The ratio of the company's net surplus after tax (excluding capital items) to the dividends paid.

	2021	2020
Total comprehensive income/(loss) for the year	88,900,038	(17,296,705)
Add back:		
Unrealised (gains)/losses on investment properties	(72,188,550)	27,640,224
Realised losses on investment properties	634,368	4,806,137
Unrealised loss on land	501,550	—
(Gains)/losses on cash flow hedge	(3,167,218)	1,514,638
Profit for dividend cover	14,680,188	16,664,294
Dividends paid in the year	15,018,379	15,493,435
Dividend cover	98%	108%

Dividend yield
Annual dividend expressed as a percentage of share price on any given day.

Earnings per share (EPS)
Surplus for the period attributable to shareholders divided by the weighted average number of shares in issue during the period.

EPRA European Public Real Estate Association
The industry body representing listed companies in the real estate sector.

ERV
The estimated rental value of a property, provided by the property valuers.

Fair value
Fair value is defined by IFRS 13 as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'.

Fair value movement
Fair value movement is the accounting adjustment to change the book value of an asset or liability to its market value, and subsequent changes in market value.

Financial resources
Uncommitted cash balances plus undrawn element of revolving credit facility.

Gearing ratio
Calculated as gross borrowings (excluding swap valuation) divided by total assets. The Articles of Association of the Company have a 65% gearing ratio limit (see page 88 for calculation).

Group
Standard Life Investments Property Income Trust Limited and its subsidiaries.

IFRS
International Financial Reporting Standards.

Index linked
The practice of linking the review of a tenant's payments under a lease to a published index, most commonly the Retail Price Index (RPI) but also the Consumer Price Index (CPI).

Loan-to-value
Calculated as net borrowings (gross borrowings less cash excluding swap valuation) divided by portfolio value. Swap valuations at fair value are not considered relevant in gearing calculations (see note 14 for calculation).

MSCI
An independent organisation supplying an expansive range of regional and global indexes, research, performance modelling, data metrics and risk analytics across direct property, listed and unlisted vehicles, joint ventures, separate accounts and debt.

MSCI Benchmark
Quarterly version of MSCI Monthly Index Funds.

NAV
Net Asset Value is the equity attributable to shareholders calculated under IFRS.

NAV total return
The return to shareholders, expressed as a percentage of opening NAV, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in NAV. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs.

	2021	2020
Opening NAV	82.0	89.9
Closing NAV	101.0	82.0
Movement in NAV	19.0	(7.9)
% Movement in NAV	23.2%	(8.8%)
Impact of reinvested dividends	5.4%	4.2%
NAV total return	**28.6%**	**(4.6%)**

Net initial yield (NIY)
The net initial yield of a property is the initial net income at the date of purchase, expressed as a percentage of the gross purchase price including the costs of purchase.

Over-rented
Space where the passing rent is above the ERV.

Passing rent
The rent payable at a particular point in time.

Portfolio fair value
The market value of the Group's property portfolio, which is based on the external valuation provided by Knight Frank LLP.

Portfolio total return (including Portfolio capital return and Portfolio income return)
Combining the Portfolio Capital Return (the change in property value after taking account of property sales, purchases and capital expenditure in the period) and Portfolio Income Return (net property income after deducting direct property expenditure), assuming portfolio income is re-invested.

Portfolio yield
Passing rent as a percentage of gross property value.

Premium/Discount to NAV
The difference between the share price and NAV per share, expressed as a percentage of NAV. Premium representing a higher share price compared to NAV per share, discount the opposite.

Rack-rented
Space where the passing rent is the same as the ERV.

REIT
A Real Estate Investment Trust (REIT) is a single company REIT or a group REIT that owns and manages property on behalf of shareholders. In the UK, a company or group of companies can apply for 'UK-REIT' status, which exempts the company from corporation tax on profits and gains from their UK qualifying property rental businesses.

Rent Collection
The percentage of rents paid compared to the rents invoiced over a specified period.

Rent free
A period within a lease (usually from the lease start date on new leases) where the tenant does not pay any rent.

Reversionary yield
Estimated rental value as a percentage of the gross property value.

RICS
The Royal Institution of Chartered Surveyors, the global professional body promoting and enforcing the highest international standards in the valuation, management and development of land, real estate, construction and infrastructure.

Share price
The value of each of the company's shares at a point in time as quoted on the Main Market of the London Stock Exchange.

Share price total return
The return to shareholders, expressed as a percentage of opening share price, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in share price. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs.

	2021	2020
Opening share price	60.0	91.0
Closing share price	81.5	60.0
Movement in share price	21.5	(31.0)
% Movement in share price	35.8%	(34.1%)
Impact of reinvested dividends	7.6%	4.3%
Share price total return	**43.4%**	**(29.8%)**

Void rate
The quantum of ERV relating to properties which are unlet and generating no rental income.
Stated as a percentage of total portfolio ERV.

Information for Investors

Information for Investors

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

The Company has appointed Aberdeen Standard Fund Managers Limited as its alternative investment fund manager and Citibank UK Limited as its depositary under the AIFMD. AIFMD requires Aberdeen Standard Fund Managers Limited, as the alternative investment fund manager ("AIFM") of Standard Life Investments Property Income Trust Limited, to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under AIFMD are published in the Company's PIDD, which can be found on its website. The periodic disclosures required to be made by the AIFM under AIFMD are set out on page 109.

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

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

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

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

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

SHARE REGISTER ENQUIRIES

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

Notifications of changes of address and all enquiries regarding certificates or dividend cheques should be sent in writing to the Registrar whose details are shown on page 110.

KEEPING YOU INFORMED

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

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

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

If you have any questions about your Company, the Investment Manager or performance, please telephone the Customer Services Department (direct private investors) on 0808 500 0040. Alternatively, please send an email to inv.trusts@abrdn.com or write to abrdn, PO Box 11020, Chelmsford, Essex CM99 2DB. In the event of queries regarding holdings of shares, lost certificates, dividend payments, registered details, shareholders holding their shares in the Company directly should contact the Registrar, Computershare Investor Services (Guernsey) Limited on +44 (0) 370 707 4040 or by writing to the address on page 110. Calls may be recorded and monitored randomly for security and training purposes. Changes of address must be notified to the Registrar in writing.

HOW TO INVEST IN THE COMPANY

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

abrdn Investment Plan for Children

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

abrdn Share Plan

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

abrdn ISA

abrdn operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2022/2023.

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

abrdn ISA transfer

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

LITERATURE REQUEST SERVICE

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

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

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

ONLINE DEALING DETAILS

Investor information

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

Online dealing

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

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

Discretionary private client stockbrokers

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

Independent Financial Advisers

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

Regulation of Stockbrokers

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

Information for Investors

Information for Investors continued

Suitable for Retail/NMPI Status

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

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

EFFECT OF REIT STATUS ON PAYMENT OF DIVIDENDS

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

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

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

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

RETAIL DISTRIBUTION

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

NOTE

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

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

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

	Gross method	Commitment method
Maximum level of leverage	500%	300%
Actual level at 31 December 2021	155%	128%

AIFMD Disclosures (unaudited)

The Company has appointed Aberdeen Standard Fund Managers Limited as its alternative investment fund manager and Citibank UK Limited as its depositary under the AIFMD. The AIFM and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which can be found on the Company's website www.slipit.co.uk. There have been no material changes to the disclosures contained within the PIDD since its last publication in June 2021.

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

- Information on the investment strategy, geographic and sector investment focus and principal exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 3 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by ASFML.
- All authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from Aberdeen Standard Fund Managers Limited on request (see contact details on page 110) and the remuneration disclosures in respect of the AIFM's reporting period for the period ended 31 December 2021 are available on the Company's website.

Leverage

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

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

The information on pages 106 to 109 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority.

OTHER INFORMATION

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

Information for Investors

Directors and Company Information

DIRECTORS

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

REGISTERED OFFICE

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

REGISTERED NUMBER

41352

ADMINISTRATOR & SECRETARY

Northern Trust International Fund Administration Services (Guernsey) Limited

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

REGISTRAR

Computershare Investor Services (Guernsey) Limited

Le Truchot
St Peter Port
Guernsey GY1 1WD

INVESTMENT MANAGER

Aberdeen Standard Fund Managers Limited

Bow Bells House
1 Bread Street
London EC4M 9HH

INDEPENDENT AUDITORS

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

SOLICITORS

Dickson Minto W.S.

16 Charlotte Square
Edinburgh EH2 4DF

Walkers (Guernsey) LLP

New Street
Guernsey GY1 2PF

BROKER

Winterflood Securities Limited

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

PRINCIPAL BANKERS

The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR

PROPERTY VALUERS

Knight Frank LLP

55 Baker Street
London W1U 8AN

DEPOSITARY

Citibank UK Limited

Canada Square
London E14 5LB

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

Annual General Meeting

Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of Standard Life Investments Property Income Trust Limited ('the Company') will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH on Wednesday 15 June 2022, at 10.30am, for the following purposes:

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

1 To receive and approve the Annual Report and Consolidated Financial Statements of the Company for the year ended 31 December 2021.

2 To receive and approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 31 December 2021.

3 To receive and approve the Directors' Remuneration Policy.

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

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

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

7 To elect Mike Bane as a Director of the Company.

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

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

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

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

12 That the Company's investment policy, with effect from the conclusion of the Annual General Meeting, be amended as set out under "Proposed Change to Investment Policy" on page 38 of the Annual Report for the year ended 31 December 2021.

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

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

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

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

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

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

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

a. expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

b. shall be limited to the allotment of equity securities up to an aggregate nominal value of £396,922 being approximately 10 percent of the nominal value of the issued share capital of the Company, as at 27 April 2022.

15 That the change of name of the Company to "abrdn Property Income Trust Limited" be approved.

By Order of the Board
For and on behalf of
Northern Trust International Fund Administration Services (Guernsey) Limited
Secretary
27 April 2022

Annual General Meeting

Notes to the notice of Annual General Meeting

1 A form of proxy is enclosed with this notice. A Shareholder entitled to attend, speak and vote is entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the Meeting. A proxy need not be a Shareholder of the Company. If you wish to appoint a person other than the Chairman of the Meeting, please insert the name of your chosen proxy holder in the space provided on the enclosed form of proxy.

2 In the case of joint holders such persons shall not have the right to vote individually in respect of an ordinary share but shall elect one person to represent them and vote in person or by proxy in their name. In default of such an election, the vote of the person first named in the register of members of the Company tendering a vote will be accepted to the exclusion of the votes of the other joint holders.

3 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different ordinary shares. You may not appoint more than one proxy to exercise rights attached to any one ordinary share. To appoint more than one proxy you may photocopy the enclosed form of proxy. Please indicate the proxy holder's name and the number of ordinary shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of ordinary shares held by you). Please also indicate if the proxy instruction is one of multiple instructions given by you. All hard copy forms of proxy must be signed and should be returned together in the same envelope.

4 The form of proxy should be completed and sent, together with the power of attorney or authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach Computershare Investor Services (Guernsey) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 10.30 a.m. on 13 June 2022.

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 6.00 p.m. on 13 June 2022.

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 6.00 p.m. on 13 June 2022. Changes to entries in the register after that time shall be disregarded in determining the rights of any member to attend, speak and vote at such Meeting.

7 The Directors' letters of appointment will be available for inspection for fifteen minutes prior to the Meeting and during the Meeting itself.

8 By attending the Meeting a holder of ordinary shares expressly agrees they are requesting and willing to receive any communications made at the Meeting.

9 If you submit more than one valid form of proxy, the form of proxy received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which form of proxy was last validly received, none of them shall be treated as valid in respect of the same.

10 A quorum consisting of one or more Shareholders present in person, or by proxy, and holding five percent or more of the voting rights is required for the Meeting. If, within half an hour after the time appointed for the Meeting, a quorum is not present the Meeting shall be adjourned for seven days at the same time and place or to such other day and at such other time and place as the Board may determine and no notice of adjournment need be given at any such adjourned meeting. Those Shareholders present in person or by proxy shall constitute the quorum at any such adjourned meeting.

11 The resolutions to be proposed at the Meeting will be proposed as ordinary and special resolutions which, to be passed, must receive the support of a majority (in the case of the ordinary resolutions) and not less than seventy five percent (in the case of the special resolutions) of the total number of votes cast for, or against, the ordinary and special resolutions respectively.

12 As at 27 April 2022, the latest practicable date prior to publication of this document, the Company had 396,922,386 ordinary shares in issue with a total of 396,922,386 voting rights.

13 Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.