Annual Report and Financial Statements

Standard Life Investments Property Income Trust Limited Year Ended 31 December 2011

Standard Life Investments

Standard Life Investments Property Income Trust Limited

31 December 2011

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Financial Information

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Standard Life Investments Property Income Trust Limited

Objective, Investment Policy & Financial Highlights

Financial Highlights

- £84m debt facility extended to 2018 on attractive terms
- Dividend of 4.433p paid in respect of the 12 months to 31 December 2011
- Quarterly dividend increased by 3% from quarter ended 30 September 2011
- Dividend yield of 8.8% based on year end share price of 51.75p
- Net Asset Value per share decreased by 0.5% to 62.7p

Objective

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

Investment Policy

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

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

- No property will be greater by value than 15% of total assets.
- No tenant (excluding Government) will be responsible for more than 20% of the Company's rent roll.
- The Board targets a loan to value ("LTV") ratio (calculated as borrowings less all cash as a proportion of property portfolio valuation) of between 35% and 45%. Borrowings as a percentage of gross assets may not exceed 65%.

An analysis of how the portfolio was invested as at 31 December 2011 is contained within the Investment Manager's Report.

Standard Life Investments Property Income Trust Limited

Financial Summary

	31 Dec 2011	31 Dec 2010	% Change
Net Asset Value per share[1]	63.9p	64.1p	-0.3%
Published adjusted Net Asset Value per share[2]	62.7p	63.0p	-0.5%
Share Price	51.75p	64.75p	-20.1%
Value of total assets	£181.9m	£177.4m	+2.5%
Loan to value[3]	41.1%	40.8%	-
Cash balance	£17.8m	£21.2m	-
Dividends per share[4]	4.433p	4.30p*	+3.1%

	Year ended 31 Dec 2011	Year ended 31 Dec 2010
Property income return	7.6%	7.1%
IPD property income monthly index[5]	6.2%	6.4%
Property total return (property only)	6.5%	16.4%
Property total return (property and cash only)	5.9%	13.7%
IPD property total return monthly index[5]	7.4%	13.3%

[1] Calculated under International Financial Reporting Standards.

[2] Calculated under International Financial Reporting Standards, adjusted to deduct the dividend of 1.133p per share in respect of the quarter ending 31 December 2011.

[3] Calculated as bank borrowings less full cash balance as a percentage of the open market value of the property portfolio as at 31 December 2011.

[4] Dividends paid during the 12 months to 31 December 2011.*2010 excludes a special dividend of 0.25p per ordinary share paid in February 2010 relating to the year 31 December 2009.

[5] source: IPD quarterly version of monthly index funds (excludes cash)

Standard Life Investments Property Income Trust Limited

Chairman's Statement

Paul Orchard-Lisle
Chairman

As anticipated in my predecessor's statement last year, performance in the property sector during 2011 was driven by income. Standard Life Investments Property Income Trust has been successful in this regard, resulting in an uplift of 3.1% in the fully covered dividend paid to investors in the year.

A number of initiatives have combined to make this possible: we have worked with tenants to help them meet their rental obligations, we have sought to regear leases with short term expiries and breaks, and we have improved the quality of the property portfolio by some sales and purchases.

While this is good progress, the Company was not immune from the general fluctuations in the market, and its impact on our financial performance is set out below.

STRATEGY

Our focus is to provide investors with a rewarding income return that produces a fully covered dividend.

In 2011, our investment strategy was to protect and where possible to enhance income. To do so, we disposed of a small number of assets that seemed unlikely to contribute positively in the short to medium term and we acquired others that offer immediate security of income and the prospect of growth in years to come. This repositioning of elements of the portfolio inevitably meant that disposals completed ahead of purchases at times left us with more cash than is desirable, and indeed that was the position at year end.

As is set out both below and in the Investment Manager's report, we have also sought certainty and flexibility by rearranging the Company's principal debt, and I believe that the terms agreed with RBS for so doing are greatly to shareholders' advantage. We also simplified the capital structure by converting the zero dividend preference shares into ordinary shares.

KEY ACTIVITY IN 2011

Two properties were sold during the year, for a total of £14.4m, and a further property was sold after the year end for £1.0m. Funds were invested in three new properties during the course of the year at a total cost of £22.2m and I am pleased to say that all are showing signs that they will perform at least in line with our expectations.

On the occupational side, we, alongside many other funds, suffered from the unexpected failure of Focus (DIY) Ltd. Of the two properties let to the company, one was relet immediately, whilst the other is still vacant, but we have achieved an improved planning consent.

At year end, our void rate was 5.1% versus the IPD Monthly index rate of 10%. Much progress has been made with agreements with tenants whose leases will expire or have break clauses during 2012 and 2013, and I am pleased to report that we have secured 78% of the rent at risk over this period already, giving greater certainty of future income to the Company. Preliminary discussions with other tenants suggest that we should be able to reach satisfactory settlements on some of the major lease expiries and breaks in 2014 during the course of this year.

Standard Life Investments Property Income Trust Limited

Chairman's Statement (continued)

BORROWINGS

Since inception, the Company has had use of a debt package of £84m, with £72m fixed with an interest rate swap plus a margin until December 2013 and £12m at LIBOR plus a margin. The Board and Investment Managers have for some time held the view that given current market sentiment, it was important to the future management and growth of the portfolio to secure longer term certainty. After securing competitive bids, the Board accepted an offer from RBS, more details of which are contained in the Investment Manager's report. The legal documentation was completed early in the New Year, and I believe the result is to achieve the level of certainty and flexibility needed to assist the fund's performance even though in the short term we will need to work hard to cover the anticipated dividend fully.

FINANCIAL PERFORMANCE

Net Asset Value

At the end of the year, the NAV per share was 62.7p, approximately 0.5% below that recorded at 31 December 2010. The movement compares favourably with our peer group's performance but falls short of our ambitions. It is however worth noting that a number of our properties are subject to short term leases and while these can generate opportunities for enhancement, valuers tend to take a conservative approach to their assessment.

Set out below is an analysis of the movement in the NAV per share over the year.

	Pence per share	% of opening net asset value
Published NAV as at 31 December 2010	63.0	100.0
Decrease in valuation of property portfolio	(1.6)	(2.5)
Increase in interest rate SWAP valuation	1.0	1.6
Other reserve movements	0.3	0.4
Published NAV as at 31 December 2011	62.7	99.5

The net asset value is calculated under International Financial Reporting Standards and includes a provision for the payment of the fourth interim dividend of 1.133p per share for the quarter to 31 December 2011.

Earnings and Dividend

During 2011, the Company paid total dividends of 4.433p per share. This represents a 3.1% increase on dividends paid in 2010, excluding the special dividend paid in February 2010 relating to 2009.

The Board increased the quarterly dividend by 3% to 1.133p per share with effect from the quarter ended 30 September 2011. Dividends payable in respect of the Company's financial year are shown in the table below.

	2011 Pence per share	2010 Pence per share
Interim dividend paid in May for quarter ending 31 March	1.100	1.100
Interim dividend paid in August for quarter ending 30 June	1.100	1.100
Interim dividend paid in November for quarter ending 30 September	1.133	1.100
Interim dividend paid in February for quarter ending 31 December	1.133	1.100
	4.466	4.400

The Board has always targeted a high level of dividend cover and continues to believe that this is an appropriate discipline for the Company to follow.

Loan to value ratio

At 31 December 2011 the LTV ratio (assuming all cash placed with RBS as an offset to the loan balance) was 41.1%. The Board is targeting the LTV to remain in the range of 35% to 45%. Under the terms of the new loan facility, the maximum LTV covenant level is 65% for the first five years of the facility, reducing to 60% for the last two years.

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Chairman's Statement (continued)

Share Price

At 31 December 2011 our share price was 51.75p, showing a discount of 17.5% to NAV, and a fall of 20.1% on the price at the end of 2010.

While disappointing in absolute terms, I consider the price reflected market conditions at that time.

At the time of our Board meeting on 13 March 2012, the share price had recovered ground and stood at 63.00p, an increase of 21.7% since the year end.

Dividend Yield

At the share price of 63.00p, our dividend gives investors a return of 7.2% which I believe to be extremely attractive, not least when contrasted with that obtainable from overnight bank deposit rates of less than 1% and 10 year government gilt yields of around 2%.

CORPORATE GOVERANCE

The membership of the Board remained unchanged during the year. I accepted the privilege of succeeding David Moore as Chairman on 24 May 2011.

During the year we have, as usual, completed a review of the performance of the Board (both collectively and individually). We also established and held meetings of formally constituted Nomination, Remuneration, and Management Engagement Committees. The Audit Committee continued its work under the firm chairmanship of Susie Farnon. The Valuation Committee completed reviews of our Independent Valuer's reports and held meetings with them to obtain a full understanding of their approach to the portfolio.

OUTLOOK

I believe the Company is well positioned to maintain an attractive income flow. There needs to be sustained positive growth in the UK economy before we can expect commercial property values to rise materially. In the meanwhile, good fund management, astute estate and asset management should produce positive results.

I believe that during 2012 we will see some worthwhile opportunities to invest further in the market, but we will only make acquisitions where we are happy with the stability and prospects of an asset.

On a more aspirational note and longer term basis, the Board holds the view that with the help of our managers, it should seek the added flexibility and enhanced market share that would flow from the fund's net assets exceeding £100m, and we will seek attractive opportunities.

Paul Orchard-Lisle CBE
Chairman
23 March 2012

Standard Life Investments Property Income Trust Limited

Investment Manager's Report

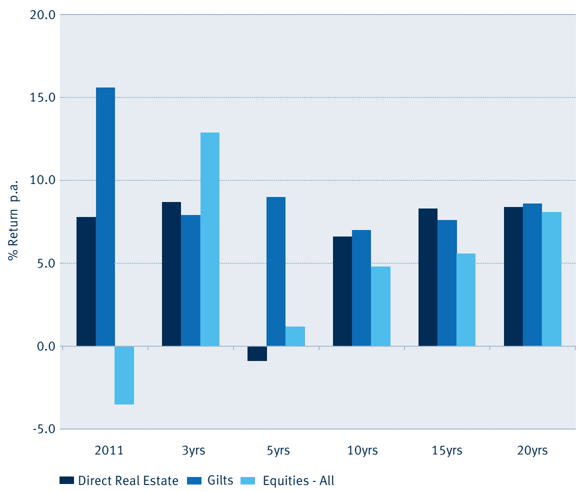
Jason Baggaley
Fund Manager

UK Real Estate Market 2011

UK Real Estate recorded a credible performance in 2011 given the wider market volatility and on-going problems in the Euro zone. According to the IPD Quarterly index, total annual returns for UK real estate were 7.8% in 2011. This was below Gilts at 15.6% but ahead of equities at -3.5%. The majority of the return came from income at 6.0% over the year with capital growth broadly accounting for the remainder of the return. The Company had a higher income return than the index at 7.6% reflecting its purpose of providing shareholders an attractive income return. A distinct theme over the year was for the increase in capital values to moderate each quarter. Capital values declined in the last quarter of the year and this was most pronounced for retail and industrial assets with offices being more resilient mainly due to a stronger performance for Central London assets over the year.

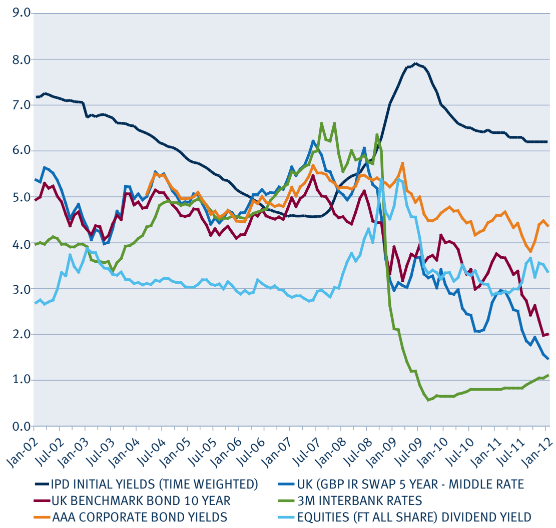
Liquidity was reasonable over the year with approximately £33bn of transactions during 2011, broadly in line with the level of transactions in 2010. Overseas investors were particularly active accounting for around a third of all transactions and just under two thirds of all deals in Central London. The listed sector and institutions were the other main purchasers over the year with private property companies, occupiers and banks the main sellers. Again this year, the market was polarised between prime and secondary assets and regionally split between South and North. Prime assets held up best over the year and have been viewed as a "safe haven" given the wider market turmoil.

Direct Real Estate vs Other Asset Classes Long Term Returns



Sources: IPD, Datastream

Real Estate Initial Yields V 5 Year Swaps, Benchmark Bonds, Interbank Rates and Equities Dividend Yield



Source: Datastream

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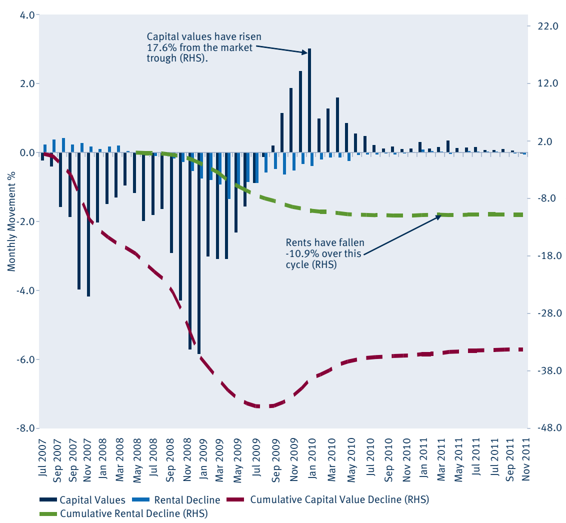
Investment Manager's Report (continued)

Pricing for these sectors is understandably looking stretched and pricing in sectors that have recovered the most since the market rallied, i.e. central London offices, could be vulnerable if yields on other assets were to rise sharply. The markets view at present is that comparable government bond yields are likely to remain at low levels for some time yet.

On a relative basis, UK commercial property continues to look fairly valued. With initial yields at 6.2% at end December and longer term Government bond yields at close to 2%, the additional yield margin real estate offers over Government bonds remains close to 400 basis points. The additional quantitative easing delivered in February is likely to keep bond yields depressed unless international investors lose faith in the UK government's willingness to manage public debt effectively. At present, this looks unlikely. As mentioned earlier, some parts of the market look expensive when compared to their historical average and pricing in these sectors may soften a bit as a result. Secondary assets pricing is looking compelling in some sectors given the elevated margins, however, pricing is likely to moderate further in these sectors due to the weak economic fundamentals and hence stock selection is absolutely key to identifying undervalued assets where the pricing reflects the risk to future income in this part of the market.

Capital Value Correction from End June 2007



Investment Management Strategy

Income was the Company's main contributor to total return in 2011at 7.6%, with capital values declining slightly by 1%. We expect income to remain the main constituent of total return in 2012 and therefore throughout 2011 we continued to focus on income as the general economic environment worsened. The activity that we undertook in 2011 (as described below) has been to protect future income and we secured 78% of the income at risk through lease expiries and breaks in 2012 and 2013, and in 2012 we will continue to look at ways of securing future income and maximising value to our shareholders.

Purchases

The Company acquired three properties during 2011 for a total of £22.2m. Our strategy in purchasing new investments is to acquire good quality modern properties in strong locations, let to secure tenants. We are less concerned about lease length, as the high yield attainable for shorter leases is attractive, and as the lease restructuring we undertook in 2011 demonstrates, many occupiers will remain in their existing property by choice at lease end if it meets their occupational needs. We seek to maintain diversity of location, tenant, and lease expiry risk, as well as asset type.

Bourne House Staines: The purchase of this property completed in January 2011 for £8.83m, reflecting an income yield of 9.2%. The 26,500sqft office is let to UB Group until 2016, and is in a good location in Staines with strong tenant demand.

1 Dorset St Southampton: The purchase of this 25,000sqft office completed in July 2011 for £6.4m, reflecting an initial yield of 7.9%. The property was built in 2007 and is let to Grant Thornton, Santander, and Michael Page. The property is well located in Southampton and is one of the most modern offices in the City.

Explorer Crawley: We completed the purchase of this 46,000sqft office in September 2011 for £7.03m, reflecting a yield of 9.2%. The property is let to three tenants Amey, Grant Thornton

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Investment Manager's Report (continued)

and Trade Skills 4 U Ltd and was built in 2002. Amey had just taken a new lease and were fitting out the office when we acquired the investment – they have consolidated several offices into this location.

Disposals

We continued our policy of selling smaller assets that have poor return expectations, or larger assets where we want to realise the profit from purchase.

Eurolink 31 Normanton: We completed the sale of this multi let industrial estate located close to Wakefield in July 2011 for £2.2m, a yield of 9.7%. The multi let property had short leases and we were concerned at the future security of income.

Northern & Shell Tower Docklands: We completed this sale in December 2011 for £12.2m, a yield of 7%. The property is located in a secondary location in the Docklands and is let until 2022. We purchased this property in 2009 for £10m, a yield of 8.6%, and felt the time was right to realise the profit and recycle the capital.

Lister House Leeds: Although the sale completed in January 2012 we exchanged on this sale in December 2011. The sale price was £1.03m, (a yield of 15.6%) and reflected the very short income duration and poor re-letting prospects.

Portfolio Valuation

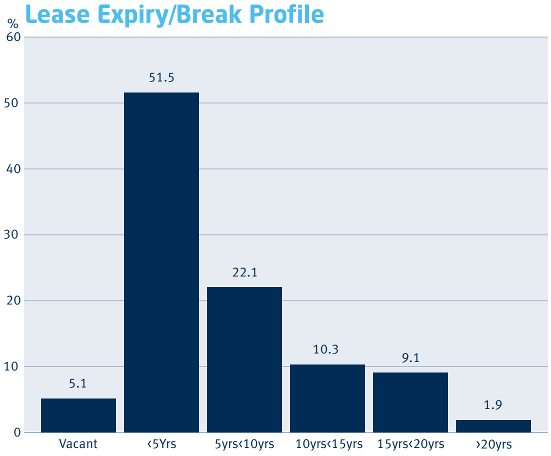
The Company's investment portfolio was valued throughout 2011 by Jones Lang La Salle. At the year end the Company's real estate assets were valued at £162.1m and the Company held cash of £17.8m (the high cash level was due to the sale of Northern & Shell Tower in the Docklands for £12.2m in December 2011). The investment portfolio's initial yield at the year end was 7.5% (compared to 7.8% at end 2010).

Asset Management

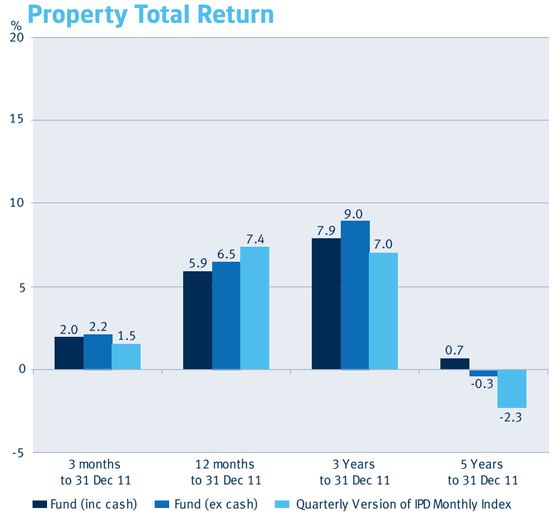
During 2011 capital growth was muted, and returns were dominated by income. We expect this to continue in 2012. As a result we take an active approach to securing income, and over the course of 2011 secured 78% of the income at risk through lease expiries and breaks in 2012 and 2013. By securing the future income streams the Company was able to grow the dividend whilst maintaining its fully covered position.

The Company has an average unexpired lease term to earliest termination date of 7.5 years as at December 2011, and the chart below shows the distribution of expiries. Only 5.8% of total rental income remains subject to a lease expiry or break in 2012 / 2013, with the majority of the short term events being in 2014 and 2016, when we expect a stronger economic environment and continued low supply of good quality accommodation. There has been a consistent trend over the last decade to shorter leases, with most new leases on second hand accommodation having a break in year 5. The Company has a longer average lease length than several of its peers, and takes an active approach to understanding its tenants needs and managing future lease events.

Lease Expiry/Break Profile



Property Total Return



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Investment Manager's Report (continued)

Voids increased over the reporting period despite our best efforts to 5.1% from 3.3%. Although we completed several lettings during the year, we suffered two tenant failures in particular (Focus and John Peters Furniture), that represent 60% of the voids by rental value. The Company had seven void units as at end 2011. One has been let after the reporting period, and the second largest void is under offer. We are in the process of changing the planning consent on the largest void to increase its appeal, and continue to actively market the other units.

Performance

The Company measures performance under a variety of metrics. During the year its direct real estate investments provided an income return of 7.6% (IPD quarterly version of monthly index 6.2%), thus continuing to meet its prime requirement of delivering a high income return to investors through a covered dividend. The Company suffered on a capital return basis against its benchmark due to a combination of purchase transaction costs, shortening lease lengths and the failure of Focus as a tenant.

The NAV performance was relatively robust compared to peers, but lagged the larger F&C Commercial Property Trust in particular.

NAV Performance – 12 months	%
F&C Commercial Property Trust	4.3
Picton Property Income	0.0
Standard Life Investments Property Income Trust	-0.5
UK Commercial Property Trust	-1.9
ISIS Property Trust	-4.5
Invista Foundation Property Trust	-4.8
IRP Property Investments	-7.9

Source: Datastream

A final measure is share price total return to our investors. Over the course of 2011 the Company traded on a large premium of up to 10%, through to a large discount of 17%.

Price Performance – 12 months	%
F&C Commercial Property Trust	-2.8
ISIS Property Trust	-14.1
UK Commercial Property Trust	-16.7
Invista Foundation Property Trust	-14.7
IRP Property Investments	-18.1
Standard Life Investments Property Income Trust	-20.1
Picton Property Income	-30.4
SECTOR AVERAGE	-16.7
FTSE ALL SHARE	-4.5
FTSE EPRA/NAREIT UK	-8.1

Source: Datastream

Since the year end the Company's ordinary shares have been re-rated with the ordinary share price increasing to 63p per share, an increase of 21.7% since the year end.

Capital Structure

In July 2011 shareholders approved the simplification of the capital structure with the conversion of the Zero Dividend Preference Shares into Ordinary shares. The ZDPs were due to mature in December 2013, and the conversion of the short term debt instrument into long term equity was part of our strategy to manage down the Company's gearing. At the same time as the conversion, £4.5m of new equity was also raised. As a result, the ordinary share capital was increased by 19%.

Bank Debt

During the period the Company had a bank debt facility of £84m with RBS, due to expire in December 2013. The debt was at a margin of 150bps, and the Company had a hedge in place over £72m of the debt giving an all in cost of debt of circa 6%. In order to have certainty over the future debt provision the Company signed a new debt facility in December 2011 that was completed in January 2012.

Standard Life Investments Property Income Trust Limited

Investment Manager's Report (continued)

The new facility is for a term of 7 years and is for the full £84m (the new facility has been used to repay the old one, not to increase borrowings). The new facility is on broadly similar terms, with a maximum Loan to Value (LTV) of 65% for the first 5 years (reducing to 60% for the last two) – the current LTV is 41%. The new margin is set on a ratchet basis depending on the prevailing LTV, but is currently 175bps. The Company has entered into a new forward swap on the £72m currently hedged, and a new 7 year hedge on the remaining £12m. As a result of the new facility / hedges the cost of debt is fixed at 6.38% until December 2013, and then falls to 3.76% from January 2014 to maturity in December 2018 (excluding amortisation of costs and facility fees).

The original hedge maturing in December 2013 was held in the 2011 year end accounts as having a liability of £6.1m, equating to 4.5 pence per share. That hedge liability will unwind (although not on a straight line basis) to £0 by Dec 2013.

Dorset Street, Southhampton

Standard Life Investments Property Income Trust Limited

Investment Manager's Report (continued)

Sub Sector Weighting - SLIPIT IPD Sector Weightings

Sub Sectors	%
Standard Office	27.0
Retail Warehouse	16.0
Office Park	14.0
Distn Warehouses	11.0
Standard Industrial	10.0
Cash	10.0
High St Retail	6.0
Industrial Park	4.0
Leisure	2.0

Sector Weighting - SLIPIT Sector Splits

Sub Sectors	%
Rest of UK Industrial	24.15
Rest of UK Offices	17.95
South East Offices	17.58
Retail Warehouses	17.49
Central London Offices	9.69
South East Std Retail	6.14
South East Industrial	4.72
Other	2.28

Geographic Weightings

Regional Split	%
Northern England	23.0
South East	20.0
Scotland	17.0
Cash	10.0
Rest of London	8.0
Midlands	7.0
London Mid-Town	5.0
South West	5.0
London West End	4.0
Wales	1.0

SLIPIT Relative Sector Weights v IPD Monthly

IPD Sectors	%
South East Std Retail	-0.96
Rest of UK Std Retail	-9.00
Shopping Centres	-6.70
Retail Warehouses	-6.81
Central London Offices	-5.11
South East Offices	7.48
Rest of UK Offices	12.05
South East Industrial	-4.58
Rest of UK Industrial	16.35
Other	-2.72

Ten Largest Properties

Company Name	Location	Market Value £	Income Yield	Type
Hydrasun Aberdeen	Aberdeen	£14 - £16m	6.7%	Office Park
Tesco Wingates	Bolton	£12 - £14m	8.2%	Distn Warehouses
Hollywood Green	London	£8 - £10m	6.6%	High St Retail
Clough Road, Kingston Upon Hull	Hull	£8 - £10m	7.0%	Retail Warehouse
White Bear Yard , Clerkenwell	London	£8 - £10m	6.3%	Standard Office
Bourne House	Staines	£8 - £10m	9.3%	Standard Office
Ocean Trade Centre	Aberdeen	£6 - £8m	7.8%	Industrial Park
Monck St	London	£6 - £8m	5.2%	Standard Office
Explorer 1&2, Mitre Court	Crawley	£6 - £8m	5.5%	Standard Office
Bathgate Retail Park	Bathgate	£6 - £8m	5.2%	Retail Warehouse

Standard Life Investments Property Income Trust Limited

Investment Manager's Report (continued)

Ten Largest Tenants

Company Name	Rent Passing	% of Rent	Earliest Termination Data
Tesco Stores Ltd	£1,189,323	9.3%	26/09/2016
Hydrasun	£1,000,000	7.8%	12/12/2030
Norcross Group (Holdings) Ltd	£825,723	6.4%	11/12/2014
UB Group	£816,000	6.4%	24/03/2016
Grant Thornton UK LLP	£680,371	5.3%	13/05/2017
Yusen Logistics (UK) Ltd	£512,544	4.0%	30/06/2017
B&Q PLC	£392,150	3.1%	23/06/2022
Interfleet Technology Ltd	£390,000	3.0%	22/07/2019
Welsh Development Agency	£361,500	2.8%	15/06/2014
Perry Ellis Witham	£350,000	2.7%	18/07/2016

Outlook

Although there is a challenging year ahead for real estate given the projections of a weak economic backdrop, we continue to expect reasonable positive total returns for investors on a three year holding period as income yields compensate for any modest capital declines. The sector remains attractive from a fundamental point of view, i.e. strengthening underlying economic drivers and a constrained pipeline of future new developments. The retail sector continues to face a series of headwinds that may hold back recovery in weaker locations but the prospects for retail towards the south east and Central London are expected to improve as economic recovery gains more traction. It remains our view that asset management initiatives and locational choices will remain the defining characteristics contributing to income returns in the year ahead. We also expect income to be the main component of returns over 2012 as capital values moderate. Prime/good quality secondary assets in stronger locations are likely to be most resilient in the weak economic environment we anticipate across 2012. The Company had circa £14m available for investment as at the year end, and will seek to acquire good quality investments that will contribute to the portfolio's returns. We anticipate investing the cash in the first half of the year to benefit from the income return, and will seek to exploit mispricing from motivated sellers.

Interfleet House, Derby.

Phase II Telelink, Swansea.

Standard Life Investments Property Income Trust Limited

Investment Manager's Report (continued)

Property Investments as at 31 December 2011

Name	Town	Sub-sector	Market Value £
Hydrasun Aberdeen	Aberdeen	Offices - Rest of UK	14-16m
Tesco Wingates	Bolton	Industrial – Rest of UK	12-14m
Hollywood Green	London	Retail – South East	8-10m
Clough Road Retail Park	Hull	Retail Warehouses	8-10m
White Bear Yard	London	Offices - London West End	8-10m
Bourne House	Staines	Offices - South East	8-10m
Ocean Trade Centre	Aberdeen	Industrial - Rest of UK	6-8m
Monck Street	London	Offices – West End	6-8m
Explorer 1 & 2, Mitre Court	Crawley	Offices - South East	6-8m
Bathgate Retail Park	Bathgate	Retail Warehouses	6-8m
Drakes Way	Swindon	Industrial - Rest of UK	6-8m
Dorset Street	Southampton	Offices - South East	6-8m
Chancellors Place	Chelmsford	Offices - South East	4-6m
Crostons Retail Park	Bury	Retail Warehouses	4-6m
Marsh Way	Rainham	Industrial - South East	4-6m
Interfleet House	Derby	Offices - Rest of UK	4-6m
Eleven Business Park	Norwich	Retail Warehouses	2-4m
Farah Unit, Crittal Road	Witham	Industrial - South East	2-4m
Turin Court	South Manchester	Offices - Rest of UK	2-4m
Windsor Court & Crown Farm	Mansfield	Industrial - Rest of UK	2-4m
Phase II, Telelink	Swansea	Offices - Rest of UK	2-4m
Virgin Active	Chislehurst	Leisure	2-4m
Coal Road	Leeds	Industrial - Rest of UK	2-4m
De Ville Court	Weybridge	Offices - South East	2-4m
31 / 32 Queen Square	Bristol	Offices - Rest of UK	2-4m
Easter Park	Bolton	Industrial - Rest of UK	2-4m
Halfords	Paisley	Retail Warehouses	2-4m
Wardley Industrial Estate	Manchester	Retail Warehouses	1-2m
Lister House	Leeds	Offices - Rest of UK	1-2m
Unit 14 Interlink Park	Bardon	Industrial - Rest of UK	1-2m
Portrack Lane	Stockton on Tees	Industrial - Rest of UK	1-2m
Total property portfolio			**162,100,000**

Standard Life Investments Property Income Trust Limited

Directors' Report

The Directors of Standard Life Investments Property Income Trust Limited ("the Company") and its subsidiary, Standard Life Investments Property Holdings Limited (together "the Group") present their Annual Report and Audited Financial Statements for the year ended 31 December 2011.

Results and Dividends

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 27.

The Company has paid interim dividends in the year ended 31 December 2011 as follows:

	Payment date	Rate per share
Fourth interim for prior period	25 February 2011	1.100p
First interim	27 May 2011	1.100p
Second interim	26 August 2011	1.100p
Third interim	30 November 2011	1.133p

It is the policy of the Directors to declare and pay dividends as interim dividends. The Directors do not therefore recommend a final dividend. A fourth interim dividend of 1.133p was paid on 24 February 2012 to shareholders on the register on 10 February 2012.

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. The principal activity of the Company is property investment.

Listing

The Company is listed on the London Stock Exchange (primary listing) and the Channel Islands Stock Exchange (secondary listing).

The Company has complied with the relevant provisions of, and the requirements set out in, the United Kingdom Listing Authority regulations and also the relevant provisions of the Channel Islands Stock Exchange LBG Rules throughout the year under review.

Investment Objective

The Company's investment objective is to provide Ordinary Shareholders with an attractive level of income together with the prospect of income and capital growth.

Investment Policy

The Directors intend to achieve the investment objective by investing in a diversified portfolio of UK commercial properties. The majority of the portfolio will be invested in direct holdings within the three main commercial property sectors of retail, office and industrial. The Company has not set any maximum weighting limits in the principal property sectors and it may also invest in other commercial property such as hotels, nursing homes and student housing. Investment in property development and investment in co-investment vehicles is permitted up to a maximum of 10 per cent. of the property portfolio.

In order to manage risk, without compromising flexibility, the Directors will apply the following restrictions to the property portfolio:

- No property will be greater by value than 15 per cent. of total assets.
- No tenant (excluding the Government) will be responsible for more than 20 per cent. of the Company's rent roll.
- Gearing, calculated as borrowings as a percentage of the Group's gross assets, will not exceed 65 per cent. The Board's current intention is that the Company's loan to value ratio (calculated as borrowings less all cash as a proportion of Property Portfolio valuation) will be between 35 per cent. and 45 per cent.

As part of its strategy, the Board has contractually delegated the management of the property portfolio, and other services, to Standard Life Investments (Corporate Funds) Limited ("Investment Manager").

At each Board meeting, the Board receives a detailed presentation from the Investment Manager together with a comprehensive analysis of the performance of the Company and compliance with the investment restrictions during the reported period.

Standard Life Investments Property Income Trust Limited

Directors' Report (continued)

Principal Risks and Risk Uncertainties

The Company's assets consist of direct investments in UK commercial property. Its principal risks are therefore related to the commercial property market in general, but also the particular circumstances of the properties in which it is invested and their tenants. More detailed explanations of these risks and the way in which they are managed are contained under the headings of credit risk, liquidity risk, interest rate risk and capital risk in note 3 to the accounts. The Investment Manager also seeks to mitigate these risks through continual review of the portfolio, active asset management initiatives, and carrying out due diligence work on potential tenants before entering into new lease agreements. All of the properties in the portfolio are insured.

Other risks faced by the Company include the following:

- Economic – inflation or deflation, economic recessions and movements in interest rates could affect property valuations and also bank borrowings.
- Strategic – incorrect strategy, including sector and property allocation and use of gearing, could all lead to poor return for shareholders.
- Regulatory – breach of regulatory rules could lead to the suspension of the Company's Stock Exchange Listing, financial penalties or a qualified audit report.
- Management and control – changes that cause the management and control of the Company to be exercised in the United Kingdom could lead to the Company becoming liable to United Kingdom taxation on income and capital gains.
- 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.

The Board seeks to mitigate and manage these risks through continual review, policy setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Company's property portfolio. Details of the Company's internal controls are described in more detail on page 23.

The Board and the Investment Manager recognise the importance of the share price relative to net asset value in maintaining shareholder value. The Investment Manager meets with current and potential shareholders on a regular basis, as well as with investment company analysts.

Key Performance Indicators

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators are; Property income and total return against the Investment Property Databank Balanced Monthly Funds Index, net asset value total return, share price return, discount of the share price to net asset value, dividend per share and dividend yield. These indicators for the year ended 31 December 2011 are referred to in the Chairman's Statement and Investment Manager's Report.

Standard Life Investments Property Income Trust Limited

Directors' Report (continued)

Substantial Shareholdings

As at 31 December 2011 and 23 March 2012, the following entities have a holding of 3% or more of the Company's issued share capital.

	% holding	
	31/12/2011	23/3/2012
Standard Life Investments	22.4	22.4
Brewin Dolphin	22.1	21.8
M&G Investment Management	7.0	7.0
Legal & General Investment Management	3.8	3.8
Baring Asset Management	3.3	3.0
Blackrock	3.1	3.4

Directors

The Directors of the Company during the year and at the date of this Report are set out on page 21.

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

	Ordinary Shares held	
	31/12/2011	31/12/2010
Paul Orchard-Lisle	34,275	25,000
Richard Barfield	40,128	30,000
Sally-Ann Farnon	15,000	15,000
Shelagh Mason	15,000	15,000
David Moore	15,000	15,000

There have been no changes in the above interests between 31 December 2011 and 23 March 2012.

Directors' Indemnity

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

Disclosure of Information to Auditor

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

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

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Investment Policy on page 14 and Principal Risks and Risk Uncertainties on page 15.

The Directors have examined significant areas of possible financial risk including cash and cash requirements and the debt covenants, in particular the LTV covenant and interest cover ratio. They have not identified any material uncertainties which cast significant doubt on the ability to continue as a going concern for a period of not less than 12 months from the date of the approval of the financial statements. The Directors have satisfied themselves that the Company has adequate resources to continue in operational existence for the foreseeable future. After due consideration the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

Corporate Governance

The Directors' report on Corporate Governance is detailed on pages 19-23 and forms part of the Directors' Report.

Standard Life Investments Property Income Trust Limited

Directors' Report (continued)

Share Capital and Voting Rights

As at 31 December 2011 there were 136,631,746 ordinary shares of 1p each in issue. All ordinary shares rank equally for dividends and distributions and carry one vote each. There are no restrictions concerning the transfer of ordinary shares in the Company, no special rights with regard to control attached to the ordinary shares, no agreements between holders of ordinary shares regarding their transfer known to the Company and no agreement which the Company is party to that affects its control following a takeover bid.

Issue of Shares

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

Independent Auditor

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

Resolutions Proposed at Annual General Meeting

Directors' Authority to buy back shares (resolution 5)

The Company did not purchase any shares for cancellation during the financial year ending 31 December 2011. The current authority of the Company to make market purchases of shares expires at the end of the Annual General Meeting.

Resolution 5 as set out in the notice of the Annual General Meeting seeks renewal of this authority to make market purchases of up to 14.99 per cent of the issued ordinary share capital, such authority to last until the earlier of 15 November 2013 and the Annual General Meeting in 2013. Any buy back of ordinary shares will be made subject to Guernsey law, the UKLA's Listing Rules and within any guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board. Purchases of ordinary shares will only be made through the market for cash at prices below the prevailing net asset value of the ordinary shares (as last calculated) where the Directors believe such purchases will enhance shareholder value. The price paid will not be less than the nominal value of 1p per share. Such purchases will also only be made in accordance with the rules of the UK Listing Authority which provide that the price to be paid must not be more than the higher of; (i) 105 per cent of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the Ordinary Shares for the five business days before the shares are purchased; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out. Any shares purchased under the authority will be cancelled or held in treasury.

Directors' Authority to allot shares on a non pre-emptive basis (resolution 6)

Resolution 6 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 2013 or if earlier on the expiry of 15 months from the passing of the resolution, the necessary authority to either allot securities or sell shares held in treasury, otherwise than to existing shareholders on a pro-rata basis, up to an aggregate nominal amount of £136,631. This is equivalent to approximately 10 per cent of the issued ordinary share capital of the Company as at 23 March 2012. 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 is advantageous and in the best interests of shareholders.

Directors' Report (continued)

Memorandum of Incorporation (resolution 7)

Resolution 7 as set out in the notice of the Annual General Meeting proposes an amendment to the Memorandum of Incorporation to take account of changes introduced by the Companies (Guernsey) Law 2008 which removes the requirement for the Company to have authorised share capital.

A copy of the new Memorandum of Incorporation will be available for inspection at the offices of Dickson Minto W.S. 20 Primrose Street, London EC2A 1EW during normal working hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of the notice of the AGM until the conclusion of the AGM and on the date of the AGM from 15 minutes prior to the AGM until the conclusion of the AGM.

The Directors believe that the resolutions being put to the shareholders at the AGM are in the best interests of the shareholders as a whole. Accordingly the Directors unanimously recommend that Shareholders vote in favour of the resolutions to be proposed at the AGM.

Approved by the Board on 23 March 2012

Paul Orchard-Lisle
Chairman

Standard Life Investments Property Income Trust Limited

Corporate Governance Report

Introduction

As a company incorporated in Guernsey with a premium listing of equity shares on the London Stock Exchange, the Company is required to comply with the UK Corporate Governance Code (the "UK Code") or explain any non-compliance. The UK Code was issued in June 2010, replacing the Combined Code, and is first in effect for the Company's year ended 31 December 2011. The Board believes that the Group has complied throughout the accounting period with the provisions set out in the UK Code, subject to the statements made in the Corporate Governance Report below.

The Guernsey Financial Services Commission published its Code of Corporate Governance (the "Guernsey Code") in September 2011. This code is effective from 1 January 2012. By complying with the UK Code, the Board believes that it will be in compliance with the provisions of the Guernsey Code also.

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

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

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

The UK Code contains provisions in relation to:

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

In accordance with the AIC Code and pre-amble to the UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company with all Directors non-executive. The Company has therefore not reported further on these provisions.

The Board

The Board comprises solely of non-executive Directors of which Paul Orchard-Lisle is Chairman and Richard Barfield has been designated as Senior Independent Director. All Directors are considered by the Board to be independent of the Investment Manager.

David Moore, who was Chairman of the Company until 24 May 2011 and continues as a Director, is a partner with Mourant Ozannes Advocates and Notaries Public in Guernsey ("Mourant Ozannes"). Mourant Ozannes provide Guernsey legal advice to the Company and Mourant Ozannes Securities Limited, an associated company, is the Company's Guernsey sponsor in relation to the Company's listing on the Channel Islands Stock Exchange. Mr Moore is not directly involved in the provisions of the sponsorship services by Mourant Ozannes Securities Limited and refrains from participation in and voting upon any board resolutions concerning the appointment or remuneration of Mourant Ozannes and Mourant Ozannes Securities Limited. The total fees payable to Mourant Ozannes and Mourant Ozannes Securities Limited for general services provided to the Group in the year ended 31 December 2011, was £28,161 (2010: £1,252).

The Board has delegated day-to-day management of the Group's assets to the Investment Manager. All decisions relating to the Company's investment policy, investment objective, dividend policy, gearing, corporate governance and strategy in general are reserved for the Board. The Board meets quarterly and

Corporate Governance Report (continued)

receives full information on the Company performance, financial position and any other relevant information. At least once a year, the Board also holds a strategy meeting.

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

Board Committees

The Board has appointed a number of Committees – the Property Valuation Committee, the Audit Committee, the Management Engagement Committee, the Nomination Committee and the Remuneration Committee.

The Property Valuation Committee, chaired by Paul Orchard-Lisle, 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 Audit Committee, chaired by Sally-Ann Farnon, comprises the full Board and meets at least twice a year. The Committee considers reports from the auditor, the Investment Manager and the Administrator. The main responsibilities of the Audit Committee include monitoring the integrity of the Company's financial statements and appropriateness of its accounting policies, reviewing the effectiveness of the internal control systems and making recommendations to the Board regarding the appointment, independence and remuneration of the auditor. The Committee is responsible for monitoring the objectivity and effectiveness of the audit process, with particular regard to terms under which the auditor is appointed to perform non-audit services. During the year, the Company's auditor was involved in non-audit work in relation to the prospectus issued in June 2011 and residency advice regarding the appointment of the chairman and received fees of £7,500 in respect of this (2010 £nil). Shareholders have the opportunity at each Annual General Meeting to vote on the election of the auditor for the forthcoming year.

The Management Engagement Committee, is chaired by Shelagh Mason. Other members of the Committee are Sally-Ann Farnon, David Moore and Paul Orchard-Lisle. The Committee meets at least once a year to review the continuing appointment of the Investment Manager and other service providers, together with the terms and conditions thereon.

The Nomination Committee, chaired by Richard Barfield, comprises the full Board and meets at least once a year. Appointments of new Directors are considered by the Committee taking account of the need to maintain a balanced Board. There have been no new Directors appointed during the year. New Directors appointed to the Board receive a formal induction and appropriate training is arranged for new and current Directors as required.

The Remuneration Committee, chaired by Richard Barfield, comprises the full Board and meets at least once a year. The Committee reviews the level of Directors' fees, ensuring that they reflect the time commitment and responsibilities of the role and are fair and comparable with those of similar companies.

Each Committee has terms of reference, with clearly defined responsibilities and duties. The terms of reference are available on request from the Company Secretary.

Tenure Policy

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

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

Paul Orchard-Lisle, Richard Barfield, Shelagh Mason and David Moore were appointed as Directors of the company on 18 November 2003. Sally-Ann Farnon was appointed on 1 July 2010.

Pursuant to the Articles of Association of the Company, one third, or the number nearest to but not exceeding one third, of the Directors will retire and stand for re-election at the

Standard Life Investments Property Income Trust Limited

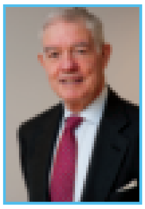
Corporate Governance Report (continued)

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. At the Annual General Meeting held in 2012, Richard Barfield will retire and be proposed for re-election. Each Director, is appointed subject to the provisions of the Articles of Association in relation to retirement as described above.

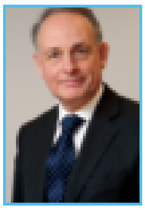
The Board has reviewed the skills of Richard Barfield and has no hesitation in recommending to shareholders his re-election at the AGM.

Directors Information

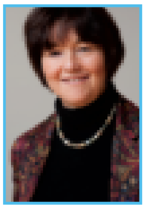
Biographical details of each Director are set out below.



Paul Orchard-Lisle, CBE, (Chairman) is a UK resident. He is a chartered surveyor and until 2000 he was the senior partner of Healey & Baker (now Cushman and Wakefield). He was chairman of Slough Estates (now Segro plc) and was executive chairman of The Falcon Property Trust. He has been an advisor to the UK government on property matters and was formerly the President of The Royal Institution of Charted Surveyors. He is currently a director of PowerLeague Ltd and Stobart Group Ltd, and was Chairman of Apache Capital LLP. He is also advisor to Patron Capital and Crown Golf UK.



Richard Barfield is a UK resident. He is Chairman of The Baillie Gifford Japan Trust plc and is a non-executive director of The Edinburgh Investment Trust. He is an adviser to two pension funds, a trustee of another and a member of the Board of the Pension Protection Fund. He was previously the Chief Investment Manager of Standard Life.



Sally-Ann (Susie) Farnon is a resident of Guernsey. Susie is a chartered accountant and was a banking and finance Partner with KPMG Channel Islands from 1990 until 2001 and Head of Audit KPMG Channel Islands and a former member of The States of Guernsey Public Accounts Committee. She is currently a Commissioner of The Guernsey Financial Services Commission and a non executive director of Cenkos Channel Islands Ltd, New River Retail Ltd (until 1 April 2012), Breedon Aggregates Ltd and Dexion Absolute Ltd. She is also a director of a number of private property and investment companies.

Shelagh Mason is a resident of Guernsey. She is an English property solicitor with over 30 years experience in commercial property. She was previously a senior partner of Edge & Ellison (now part of Hammonds). She is currently a partner of Spicer & Partners Guernsey LLP, is a non-executive director of a number of other companies and is also a past Chairman of the Guernsey Branch of the Institute of Directors and a member of the Chamber of Commerce and the Guernsey International Legal Association.

David Moore is a resident of Guernsey. He is an advocate of the Royal Court of Guernsey and is a partner with Mourant Ozannes, the Company's lawyers in Guernsey. He has been with Mounrant Ozannes since 1993 and before that spent 10 years in the City of London, predominantly with Ashurst Morris Crisp. He specialises in corporate and financial matters and is a non-executive director of a number of investment and insurance companies.

Standard Life Investments Property Income Trust Limited

Corporate Governance Report (continued)

Performance of the Board

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

Meeting Attendance

The table below sets out the number of scheduled Board and Committee meetings held during the year and the number attended by each Director.

	Full board Held	Full board Attended	Audit Committee Held	Audit Committee Attended	Management engagement Committee Held	Management engagement Committee Attended
Paul Orchard-Lisle	4	4	2	2	1	1
Richard Barfield	4	4	2	2	n/a	n/a
Sally-Ann Farnon	4	4	2	2	1	1
Shelagh Mason	4	4	2	2	1	1
David Moore	4	4	2	2	1	1

	Property Valuation Committee Held	Property Valuation Committee Attended	Nomination Committee Held	Nomination Committee Attended	Remuneration Committee Held	Remuneration Committee Attended
Paul Orchard-Lisle	4	4	1	1	1	1
Richard Barfield	4	4	1	1	1	1
Sally-Ann Farnon	4	4	1	1	1	1
Shelagh Mason	4	4	1	1	1	1
David Moore	4	4	1	1	1	1

Remuneration of Board

The Directors who served during the year ended 31 December 2011 received the following emoluments in the forms of fees:

	Year to 31 December 2011	Year to 31 December 2010
Paul Orchard-Lisle	£26,260	£20,625
Richard Barfield	£22,500	£20,625
John Hallam (resigned 30 June 2010)	-	£9,375
Sally-Ann Farnon (appointed 30 June 2010)	£22,500	£11,250
Shelagh Mason	£22,500	£20,625
David Moore	£24,955	£26,875
Total	**£118,715**	**£109,375**

Following a review of Directors' fees by the Remuneration Committee in November 2011, it was decided that, with effect from 1 January 2012, the level of fees per annum would increase to £30,000 for the Chairman, £23,500 for the Audit Committee Chairman and would remain at £22,500 for the other Directors.

Environmental Policy

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

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

Investment Management Agreement

As noted above, the Management Engagement Committee reviews the performance of, and contractual arrangements with, the Investment Manager on an annual basis. Under the investment management agreement between the Company and the Investment Manager, the Investment Manager is entitled to an annual fee equal to 0.85% of the total assets of the Company, payable quarterly in arrears except where cash balances exceed 10% of total assets. The fee applicable to the amount of cash exceeding 10% of the total assets is reduced to be 0.20% per annum, payable quarterly in arrears. The Investment Manager has agreed to charge only 0.75% of the total assets of the Company until such time as the published net asset value per share returns to the launch level of 97p. This is applicable from the quarter end ended 31 December 2008 onwards, and does not effect the reduced fee of 0.20% on cash holding above 10% of total assets. The investment management agreement is terminable upon 12 months' notice (or a payment in lieu of notice equal to any unexpired portion of that 12 month period) and may be terminated summarily in certain limited circumstances. 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 investment management agreement. 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 reviews the effectiveness of the Company's system of internal controls, including financial, operational and compliance controls and risk management systems and has procedures in place for the review of such controls on an annual basis. Investment management services and administration services are provided to the Company by Standard Life Investments (Corporate Funds) Limited (the Investment Manager) and Northern Trust International Fund Administration Services (Guernsey) Limited (the Administrator) respectively. The Company's system of internal control therefore is substantially reliant on the Investment Manager's and the Administrator's own internal controls. The Board has considered the AAF 01/06 internal controls report issued by the Investment Manager and similar reports issued by the Administrator. This process accords with the Turnbull guidance. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The system can only provide reasonable not absolute assurance against material misstatement or loss.

Internal control procedures have been in place throughout the year and up to the date of approval of this Report, and the Board is satisfied with their effectiveness. At each Board meeting, the Board monitors the investment performance of the Company in comparison to its stated objective and against comparable companies. The Board also reviews the Company's activities since the last Board meeting to ensure that the Investment Manager adheres to the agreed investment policy and guidelines and, if necessary, approves changes to such policy and guidelines. In addition, at each Board meeting, the Board receives reports from the Secretary in respect of compliance matters and duties performed on behalf of the Company.

Following the implementation of the Bribery Act 2010 in the UK, the Board has adopted appropriate procedures designed to prevent bribery.

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.

Relations with Shareholders

The Board welcomes correspondence from shareholders, addressed to the Company's registered office. All shareholders have the opportunity to put questions to the Board at the Annual General Meeting. The Board hopes that as many shareholders as possible will be able to attend the meeting.

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

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

Paul Orchard-Lisle
Chairman
23 March 2012

Standard Life Investments Property Income Trust Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing Financial Statements for each year which give a true and fair view, in accordance with the applicable Guernsey law and International Financial Reporting Standards as adopted by the European Union, of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing those Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the 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 compliedwith the above requirements in preparing the Financial Statements.

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

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

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

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

(a) 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 net return of the Group; and

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

Approved by the Board on 23 March 2012.

Paul Orchard-Lisle
Chairman

Sally-Ann Farnon
Director

Standard Life Investments Property Income Trust Limited

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

We have audited the Group consolidated financial statements of Standard Life Investments Property Income Trust Limited for the year ended 31 December 2011 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 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 24, the directors are responsible for the preparation of the group consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or

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

- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Michael Bane
for and on behalf of Ernst & Young LLP
Guernsey
23 March 2012

Standard Life Investments Property Income Trust Limited

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2011

	Notes	2011 £	2010 £
Rental income		14,165,830	11,450,575
Valuation (loss) /gain from investment properties	7	(2,668,104)	6,909,885
Profit on disposal of investment properties		612,645	3,795,227
Investment management fees	4	(1,319,497)	(1,263,779)
Other direct property operating expenses		(930,112)	(1,183,064)
Directors' fees and expenses	24	(122,127)	(112,091)
Valuer's fee	4	(33,947)	(37,936)
Auditor's fee	4	(38,764)	(33,500)
Other administration expenses		(217,447)	(181,521)
Operating profit		**9,448,477**	**19,343,796**
Finance income	5	51,732	91,338
Finance costs	5	(5,320,093)	(5,539,955)
Profit for the year		**4,180,116**	**13,895,179**
Other comprehensive income			
Valuation gain / (loss) on cash flow hedges	13	1,320,954	(1,287,454)
Total comprehensive income for the year, net of tax		**5,501,070**	**12,607,725**
Earnings per share:			
Basic and diluted earnings per share	19	3.35 pence	12.15 pence

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

The notes on pages 33 to 59 are an integral part of these Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Consolidated Balance Sheet
as at 31 December 2011

	Notes	2011 £	2010 £
ASSETS			
Non-current assets			
Freehold investment properties	7	137,181,065	119,911,195
Leasehold investment properties	7	20,031,594	31,481,594
Lease incentives	7	3,516,748	3,273,974
		160,729,407	154,666,763
Investment property held for sale	8	998,000	-
Current assets			
Trade and other receivables	9	1,642,602	1,607,101
Prepaid expenses	27	675,462	-
Cash and cash equivalents	10	17,825,381	21,170,716
		20,143,445	22,777,817
Total assets		**181,870,852**	**177,444,580**
EQUITY			
Capital and reserves attributable to Company's equity holders			
Share capital	17	20,440,011	6,671,438
Retained earnings	18	6,349,453	5,158,901
Capital reserves	18	(37,372,610)	(36,638,104)
Other distributable reserves	18	97,838,372	98,138,586
Total equity		87,255,226	73,330,821
LIABILITIES			
Non-current liabilities			
Bank borrowings	12	84,238,408	84,140,896
Interest rate swaps	13	3,007,460	4,578,987
Redeemable preference shares	14	-	9,041,060
Other liabilities	15	6,094	6,094
Rental deposits due to tenants		341,660	450,799
		87,593,622	98,217,836

Standard Life Investments Property Income Trust Limited

Consolidated Balance Sheet
as at 31 December 2011

	Notes	2011 £	2010 £
Current liabilities			
Trade and other payables	11	3,955,266	3,079,758
Interest rate swaps	13	3,066,238	2,815,665
Other liabilities	15	500	500
		7,022,004	5,895,923
Total liabilities		94,615,626	104,113,759
Total equity and liabilities		**181,870,852**	**177,444,580**
Net Asset Value per share	21	63.9p	64.1p

Approved by the Board of Directors on 23 March 2012

Sally-Ann Farnon
Director

The notes on pages 33 to 59 are an integral part of these Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Consolidated Statement of Changes in Equity
for the year ended 31 December 2011

	Note	Share capital £	Share premium £	Retained earnings £	capital reserves £	Other distributable reserves £	Total equity £
Opening balance 1 January 2011		6,671,438	-	5,158,901	(36,638,104)	98,138,586	73,330,821
Profit for the year		-	-	4,180,116	-	-	4,180,116
Valuation gain on cash flow hedges	13	-	-	-	1,320,954	-	1,320,954
Total comprehensive income for the year		-	-	4,180,116	1,320,954	-	5,501,070
Ordinary shares issued	17	13,768,573	-	-	-	-	13,768,573
Dividends Paid	17	-	-	(5,345,238)	-	-	(5,345,238)
Valuation loss from investment properties	7	-	-	2,668,105	(2,668,105)	-	-
Profit on disposal of investment properties		-	-	(612,645)	612,645	-	-
Transfer between reserves*	14	-	-	300,214	-	(300,214)	-
Balance at 31 December 2011		**20,440,011**	**-**	**6,349,453**	**(37,372,610)**	**97,838,372**	**87,255,226**

* this is a transfer to move redeemable preference share finance costs from the retained earnings reserve to the other distributable reserves.

The notes on pages 33 to 59 are an integral part of these Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2010

	Note	Share capital £	Share premium £	Retained earnings £	capital reserves £	Other distributable reserves £	Total equity £
Opening balance 1 January 2010		6,671,438	5,217,022	6,662,276	(46,055,762)	93,433,322	65,928,296
Profit for the year		-	-	13,895,179	-	-	13,895,179
Valuation loss on cash flow hedges	13	-	-	-	(1,287,454)	-	(1,287,454)
Total comprehensive income for the year		-	-	13,895,179	(1,287,454)	-	12,607,725
Dividends Paid	20	-	-	(5,205,200)	-	-	(5,205,200)
Valuation gain from investment properties	7	-	-	(6,909,885)	6,909,885	-	-
Profit on disposal of investment properties		-	-	(3,795,227)	3,795,227	-	-
Transfer between reserves*	14	-	-	511,758	-	(511,758)	-
Transfer between reserves**		-	(5,217,022)	-	-	5,217,022	-
Balance at 31 December 2010		**6,671,438**	**-**	**5,158,901**	**(36,638,104)**	**98,138,586**	**73,330,821**

*this is a transfer to move redeemable preference share finance costs from the retained earnings reserve to the other distributable reserves.

**on 18 March 2010 the Audit Committee approved the re-categorisation of the share premium to other distributable reserves under the provisions of The Companies (Guernsey) Law, 2008.

Standard Life Investments Property Income Trust Limited

Consolidated Cash Flow Statement for the year ended 31 December 2011

	Notes	2011 £	2010 £
Cash generated from operating activities	22	11,965,530	8,291,372
Cash flows from investing activities			
Finance income	5	51,732	91,338
Purchase of investment properties	7	(22,274,624)	(32,430,642)
Capital expenditure on investment properties	7	(747,844)	(10,767,410)
Proceeds from disposal of investment properties	22	14,175,639	35,325,327
Net cash used in investing activities		(8,795,097)	(7,781,387)
Cash flows from financing activities			
Ordinary shares issued net of issue costs	17	4,427,299	-
Bank borrowing arrangement costs	27	(675,462)	-
Interest paid on bank borrowing	5	(1,774,420)	(1,719,974)
Payment on interest rate swaps	5	(3,147,947)	(3,211,093)
Dividends paid to the Company's shareholders	20	(5,345,238)	(5,205,200)
Net cash used in financing activities		(6,515,768)	(10,136,267)
Net decrease in cash and cash equivalents in the year		**(3,345,335)**	**(9,626,282)**
Cash and cash equivalents at beginning of year		21,170,716	30,796,998
Cash and cash equivalents at end of year	10	**17,825,381**	**21,170,716**

The notes on pages 33 to 59 are an integral part of these Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2011

1. GENERAL INFORMATION

Standard Life Investments Property Income Trust Limited ("the Company") and its subsidiary (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 and domiciled in Guernsey, Channel Islands. The Company has its primary listing on the London Stock Exchange with a secondary listing on the Channel Islands Stock Exchange.

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

These audited Consolidated Financial Statements were approved for issue by the Board of Directors on 23 March 2012.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

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

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2011:

- IAS 24 Related Party Disclosures (amendment) effective 1 January 2011.
- IAS 32 Financial Instruments: Presentation (amendment) effective 1 February 2010.
- Improvements to IFRSs (May 2010).

IAS 24 Related Party Transactions (Amendment)

The IASB has issued an amendment to IAS 24 that clarified the definitions of a related party. The new definitions emphasise a symmetrical view on related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements, for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group but the appropriate disclosures are included in Note 24.

IAS 32 Financial Instruments: Presentation (Amendment)

The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities and the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

Improvements to IFRSs

In May 2010, the IFRS Board issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group:

IFRS 3 Business Combinations: The measurement options available for non-controlling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of

Notes to the Consolidated Financial Statements for the year ended 31 December 2011

the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

The amendments to IFRS 3 are effective for annual periods beginning on or after 1 July 2010. The Group however adopted these as of 1 January 2011 and changed its accounting policy accordingly.

IFRS 7 Financial Instruments – Disclosures: The amendment was intended to simplify the disclosures provided, by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context. The Group reflects the revised disclosure requirements in Note 3.

IAS 1 Presentation of Financial Statements: The amendment provides an option to present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity (SOCIE) or in the notes to the financial statements. The Group provides this analysis in the SOCIE.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

IFRS 3 Business Combinations (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008))

IFRS 3 Business Combinations (Un-replaced and voluntarily replaced share-based payment awards)

IAS 27 Consolidated and Separate Financial Statements

IAS 34 Interim Financial Statements

IFRIC 13 Customer Loyalty Programmes (determining the fair value of award credits)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

2.2 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Going Concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.Therefore, the financial statements continue to be prepared on the going concern basis.

Fair value of investment properties

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

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from the assets. The estimates of the future cash flows reflect factors such as repair and conditions of the properties, lease terms, future lease events, as well as other relevant factors for the particular investment. These estimates are based on local market conditions existing at the Balance Sheet date.

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.

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 only material wholly owned subsidiary undertaking, Standard Life Investments Property Holdings Limited, a company with limited liability incorporated and domiciled in Guernsey, Channel Islands.

Subsidiaries are entities over which the Group has the power to govern the financial and operating polices generally evidenced by a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

B. Functional and presentation currency

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

C. Revenue recognition

Revenue is recognised as follows;

a) Bank interest

Bank interest income is recognised on an accruals basis.

b) Rental income

Rental income from operating leases is net of sales taxes and VAT and is recognised on a straight line basis over the lease term. The cost of any lease incentives provided are recognised over the lease term, on a straight line basis as a reduction of rental income. The resulting asset is reflected as a receivable in the Consolidated Balance Sheet. The valuation of investment properties is reduced by the total of the unamortised lease incentive balances. Any remaining lease incentive balances in respect of properties disposed of are included in the calculation of the profit or loss arising at disposal.

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

Surrender premiums received by the Group following the break of a lease are recognised as income to the extent that there are no obligations directly related to that surrender.

c) Property disposals

Where revenue is obtained by the sale of properties, it is recognised when the significant risks and returns have been transferred to the buyer. This will normally take place on exchange of contracts unless there are significant conditions attached. For conditional exchanges, sales are recognised when these conditions are satisfied.

D. Expenditure

All expenses are accounted for on an accruals basis. The investment management and administration fees, finance (including interest on the bank facility and the finance cost of the redeemable preference shares) and all other expenses are charged through the Consolidated Statement of Comprehensive Income as and when incurred. Costs incurred directly in the arranging of new leases are capitalised and amortised over the average lease length on the property portfolio. Incentives paid to new tenants and those paid or incurred in renegotiating an existing lease are amortised over the length of the lease being agreed. Surrender premiums paid to tenants or incurred by the Group following the break of a lease are recognised immediately in the Consolidated Statement of Comprehensive Income.

E. Taxation

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

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 acquisitions

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.

G. Freehold investment properties

Freehold investment properties are initially recognised at cost, being the fair value of the consideration given, including transaction costs associated with the acquisition of the investment property.

After initial recognition, freehold investment properties are measured at fair value, with movements in value recognised as gains or losses in the Consolidated Statement of

Comprehensive Income. Fair value is based upon the market valuations of the properties as provided by Jones Lang LaSalle, independent international real estate consultants, at the Balance Sheet date, suitably adjusted to account for unamortised lease incentives.

H. Leasehold investment properties

Leasehold investment properties which meet the criteria of an investment property as defined by IAS 40 'Investment Properties' but are held by the Group under a finance lease, are initially recognised at cost, being the fair value of the consideration given together with the discounted present value of all minimum lease payments (ie. head lease payments). After initial recognition, leasehold investment properties are measured at market value with movements in value recognised as unrealised gains and losses in the Consolidated Statement of Comprehensive Income. Fair value as disclosed in the consolidated financial statements is based on the market valuations of the properties as provided by Jones Lang LaSalle, independent international real estate consultants, as at the Balance Sheet date, as suitably adjusted for unamortised lease incentives and the value of finance lease obligations recognised in the Consolidated Financial Statements.

I. Non-current asset held for sale

Investment property is transferred to non-current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale must be highly probable. The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification. On re-classification, investment property is measured at fair value less an estimate of costs required to fulfill the property sale which is the carrying value of the property. Market value is based on the market valuations of the properties as reported by Jones Lang LaSalle, independent international real estate consultants, as at the Balance Sheet date.

J. Trade and other receivables

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

K. 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.

L. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic resources will be required to settle the obligation and the amounts are capable of being reliably estimated.

M. Share capital

Ordinary shares are classified as equity. Preference shares, which are redeemable on a specific date, are classified as liabilities. (see Q)

N. Dividends

Dividend distributions to the Group's shareholders are recognised as a liability in the Group's consolidated financial statements in the year in which the dividends are approved by the Board of Directors.

The redeemable preference shareholders are not entitled to payment of any dividends.

O. 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. Finance costs relating to the redeemable preference shares are recognised in the Consolidated Income Statement using the effective interest rate method.
The effective interest rate is the rate that exactly discounts estimated cash payments throughout the expected life of the preference shares to the net carrying value of the financial liability.

P. Derivative financial instruments

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

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

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

Q. Redeemable Preference Shares

Redeemable preference shares are accounted for as a liability in accordance with the principles of IAS 32. The carrying value of the redeemable preference shares is calculated as the fair value of the proceeds received on issue plus an accrual of a finance cost equivalent to an annual yield of 6%. The fair value of proceeds received on issue plus the finance cost accrual at redemption date will equal the price payable by the Company on redemption of the shares. The finance cost is recorded in the Statement of Comprehensive Income within Finance Costs. The finance cost of the redeemable preference shares is transferred from the retained earnings reserve to the other distributable reserves, as noted in the Consolidated Statement of Changes in Equity.

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2011

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to various financial risks: credit risk, interest rate risk, liquidity risk and capital risk.

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

	Carrying Amount		Fair Value	
	2011	2010	2011	2010
Financial Assets	£	£	£	£
Cash and cash equivalents	17,825,381	21,170,716	17,825,381	21,170,716
Trade and other receivables	1,632,977	1,607,101	1,632,977	1,607,101
Financial Liabilities				
Bank borrowings	84,238,408	84,140,896	84,396,916	84,333,087
Redeemable preference shares	-	9,041,060	-	9,296,363
Interest rate swaps	6,073,698	7,394,652	6,073,698	7,394,652

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

- Cash and cash equivalents, trade and other receivables are the same as fair value due to the short-term maturities of these instruments.

- The fair value of bank borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities. The fair value approximates their carrying values gross of unamortised transaction costs.

- 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.

- The fair value of redeemable preference shares is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. The carrying value approximates their fair values.

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2011

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

31 December 2011	Level 1	Level 2	Level 3	Total fair value
Interest rate swaps	-	6,073,698	-	6,073,698
31 December 2010				
Interest rate swaps	-	7,394,652	-	7,394,652

*Explanation of the fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 - Use of a model with inputs (other than quoted prices included in level 1) that are directly or indirectly observable market data.
Level 3 - Use of a model with inputs that are not based on observable market data.

The Group is not exposed to currency risk or price risk.

The Group's policy for managing the risks associated with these financial instruments is set out below.

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 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 £909,104 (2010: £650,526).

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 2011 £16,932,057 (2010: £20,314,459) was placed on deposit with The Royal Bank of Scotland plc ("RBS") and £893,324 (2010:£856,257) was held with Citibank. 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-1 P-1 Negative by Moody's, as at the Balance Sheet date.

Cash flow and fair value interest rate risk

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

The bank borrowings as described in note 12 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 13). The Group has floating rate borrowings of £84,432,692, £72,000,000 of which has been fixed via interest rate swaps, with the result that £12,432,692 of its borrowings remain subject to movement in market interest rates and to cash flow interest rate risk. See note 27 in relation to refinancing activities after the balance sheet date.

The bank borrowings are carried at amortised cost and the Group considers this to be a close approximation to fair value. The fair value of the bank borrowings is not affected by changes in the market interest rate. The fair value of the interest rate swaps is however exposed to changes in the market interest rate as their fair value is calculated as the present value of the estimated future cash flows under the agreements. The accounting policy for recognising the fair value movements in the interest rate swaps is described in note 2.3.

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

At 31 December 2011, if market rate interest rates had been 100 basis points higher with all other variables held constant, the profit for the year would have been £53,927 higher (2010: £211,707 higher) as a result of the higher interest income on cash and cash equivalents as compensated by a higher interest expense on unhedged floating rate bank borrowings. The Capital Reserve would have been £1,406,835 higher (2010: £2,100,955 higher) as a result of an increase in the fair value of the derivative designated as a cash flow hedge of floating rate borrowings.

The following tables sets out the carrying amount of the Group's financial instruments to which an interest rate applies:

As at 31 December 2011

	Fixed rate £	Variable rate £	Weighted average interest rate £
Cash and cash equivalents	-	17,825,381	0.490%
Bank borrowings	72,000,000	-	6.515%
Bank borrowings	-	12,432,692	2.102%

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2010

As at 31 December 2010

	Fixed rate £	Variable rate £	Weighted average interest rate £
Cash and cash equivalents	-	21,170,716	0.431%
Bank borrowings	72,000,000	-	6.515%
Bank borrowings	-	12,432,692	2.037%
Redeemable preference shares	9,041,060	-	6.000%

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 property in which the Group invests is not traded in an organised public market and may be illiquid. As a result, the Group may not be able to liquidate its investments in these properties quickly at an amount close to their fair value in order to meet its liquidity requirements.

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

Year ended 31 December 2011

	On demand £	12 months £	1 to 5 years £	>5 years £	Total £
Interest-bearing loans	-	1,774,543	86,207,235	-	87,981,778
Interest rate swaps	-	3,545,744	3,545,744	-	7,091,489
Leasehold obligations	-	500	2,000	54,000	56,500
Trade and other payables	1,087,386	-	-	-	1,087,386
Rental deposits due to tenants	-	2,368	151,456	190,203	344,028
	1,087,386	5,323,155	89,906,435	244,203	96,561,181

Year ended 31 December 2010

	On demand £	12 months £	1 to 5 years £	>5 years £	Total £
Interest-bearing loans	-	1,719,894	87,872,480	-	89,592,374
Redeemable preference shares	-	-	10,744,800	-	10,744,800
Interest rate swaps	-	3,336,214	6,672,427	-	10,008,641
Leasehold obligations	-	500	2,000	54,500	57,000
Trade and other payables	615,638	-	-	-	615,638
Rental deposits due to tenants	-	11,750	276,619	174,180	462,549
	615,638	5,068,358	105,568,326	228,680	111,481,002

The disclosed amount for interest rate swaps in the above table are the estimated net undiscounted cash flows.

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

Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and 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 net debt divided by total capital. Net debt is calculated as total borrowings (including bank borrowings and redeemable preference shares as shown in the Consolidated Balance Sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the Consolidated Balance Sheet, plus net debt.

The gearing ratios at 31 December 2011 and at 31 December 2010 were as follows:

	2011 £	2010 £
Total borrowings	84,238,408	93,181,956
Less: cash and cash equivalents	(17,825,381)	(21,170,716)
Net debt	66,413,027	72,011,240
Total equity	87,255,225	73,330,821
Total capital	153,668,252	145,342,061
Gearing ratio	43%	50%

The gearing ratio has reduced following the conversion of the Company's redeemable preference shares into ordinary shares.

Notes to the Consolidated Financial Statements for the year ended 31 December 2011

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.

Under the terms of the Investment Management Agreement the Investment Manager is entitled to receive a fee at the annual rate of 0.85% of the total assets, payable quarterly in arrears. On 1 July 2008 a supplemental agreement to the Investment Management Agreement was put in place to amend the fee basis to be 0.85% per annum of the total assets except where cash balances exceed 10% of total assets. The fee applicable to the amount of cash exceeding 10% of total assets is altered to be 0.20% per annum, payable quarterly in arrears. The Investment Manager has also agreed to reduce its charge to 0.75% of the total assets of the Group until such time as the net asset value per share returns to the launch level of 97p. This is applicable from the quarter ending 31 December 2008 onwards and does not affect the reduced fee of 0.20% on cash holdings above 10% of total assets. The total fees charged for the year ended 31 December 2011 amounted to £1,319,497 (2010: £1,263,779). The amount due and payable at the year end amounted to £333,671 excluding VAT (2010: £325,955 excluding VAT).

Administration, secretarial and registrar fees

On 19 December 2003 Northern Trust International Fund Administration Services (Guernsey) Limited "(Northern Trust") was appointed administrator, secretary and registrar to the Group. Northern Trust is entitled to an annual fee, payable quarterly in arrears, of £65,000. Northern Trust is also entitled to reimbursement of reasonable out of pocket expenses. Total fees charged for the year ended 31 December 2011 amounted to £75,044 (2010: £76,163). The amount due and payable at the year end amounted to £19,750 excluding VAT (2010: £18,508 excluding VAT).

Valuer's fee

On 4 December 2007, Jones Lang LaSalle ("the Valuer"), independent international real estate consultants, was appointed as valuer in respect of the assets comprising the property portfolio. The Valuer is entitled to an annual fee of 0.017% of the average portfolio value calculated over the preceding quarter and a start up fee of 0.0225% (with a minimum fee of £2,500) of the value of each property added to the portfolio. The total valuation fees charged for the year ended 31 December 2011 amounted to £33,947 (2010: £37,936) of which minimum fees of £7,500 (2010: £13,163) were incurred due to adding new properties to the portfolio. The amount due and payable at the year end amounted to £7,129 excluding VAT (2010: £6,388 excluding VAT).

Auditor's fee

At the year end date Ernst & Young LLP continued as independent auditor of the Group. The auditors fees charged for the year ended 31 December 2011 amounted to £38,764 (2010: £33,500) and relates to audit services provided for the 2011 financial year. Ernst & Young LLP provided non audit services in relation to the prospectus issued for the July capital raising with fees amounting to £6,000 (2010: £nil). Ernst & Young LLP also provided some residency advice regarding the appointment of the chairman for £1,500 (2010:£nil) resulting in total non-audit services of £7,500 (2010:£nil).

5. FINANCE INCOME AND COSTS

	2011 £	2010 £
Interest income on cash and cash equivalents	51,732	91,338
Finance income	51,732	91,338
Interest expense on bank borrowings	1,774,420	1,719,974
Payments on interest rate swaps	3,147,947	3,211,093
Finance cost of redeemable preference shares (see Note 14)	300,214	511,758
Amortisation of arrangement costs (see Note 12)	97,512	97,130
Finance costs	5,320,093	5,539,955

6. TAXATION

Current income tax

A reconciliation of the income tax charge applicable to the profit from ordinary activities at the UK statutory income tax rate to the income tax rate charged in the Consolidated Statement of Comprehensive Income for the year is as follows:

	2011 £	2010 £
Profit before income tax	4,180,116	13,895,179
Tax calculated at UK statutory income tax rate of 20% (2010: 20%)	836,023	2,779,036
Losses/ (gain) arising on investment property not subject to tax	372,995	(2,141,022)
Holding company profits not subject to tax	(1,221,503)	(1,165,250)
Income not subject to tax	(16,553)	(81,848)
Expenditure not allowed for income tax purposes	44,447	28,265
Capital and other allowances	(149,444)	(212,564)
Tax loss not utilised	134,035	793,383
Current income tax charge	-	-

The Group has not recognised a deferred tax asset of £3,702,823 (2010:£3,592,838) arising as a result of the tax loss carried forward. This will only be utilised if the Group has profits chargeable to income tax in the future.

The Group has 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. The Board intend to conduct the Group's affairs such that they continue to remain eligible for exemption.

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2011

7. FREEHOLD AND LEASEHOLD INVESTMENT PROPERTIES

	2011 Freehold £	2011 Leasehold £	2011 Total £
Market value as at 31 December 2010	123,490,000	31,475,000	154,965,000
Purchase of investment property	22,274,624	-	22,274,624
Capital expenditure on investment properties	741,331	6,513	747,844
Carrying value of disposed investment properties	(2,086,494)	(11,450,000)	(13,536,494)
Valuation loss from investment properties	(2,661,591)	(6,513)	(2,668,104)
Movement in lease incentives receivable	290,130	-	290,130
Investment property recategorised as held for sale	(998,000)	-	(998,000)
Market value at 31 December 2011	141,050,000	20,025,000	161,075,000
Adjustment for lease incentives	(3,868,935)	-	(3,868,935)
Adjustment for finance lease obligations	-	6,594	6,594
Fair value at 31 December 2011	137,181,065	20,031,594	157,212,659

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2011

	2010 Construction £	2010 Freehold £	2010 Leasehold £	2010 Total £
Market value as at 31 December 2009	-	112,490,000	24,310,000	136,800,000
Purchase of investment property	-	25,731,201	6,699,441	32,430,642
Capital expenditure on investment properties	10,674,151	93,009	250	10,767,410
Carrying value of disposed investment properties	-	(31,507,400)	-	(31,507,400)
Valuation gain from investment properties	2,525,849	3,918,727	465,309	6,909,885
Transfer to freehold investment properties	(13,200,000)	13,200,000	-	-
Movement in lease incentives receivable	-	(435,537)	-	(435,537)
Market value at 31 December 2010	-	123,490,000	31,475,000	154,965,000
Adjustment for lease incentives	-	(3,578,805)	-	(3,578,805)
Adjustment for finance lease obligations	-	-	6,594	6,594
Fair value at 31 December 2010	-	119,911,195	31,481,594	151,392,789

Investment properties were revalued at the year end by Jones Lang LaSalle, independent international real estate consultants, on the basis of the market value. In accordance with the accounting policy in note 2.3, in order to arrive at fair value the market values of leasehold investment properties have been adjusted to reflect the value of finance lease obligations. The market value provided by Jones Lang LaSalle at the year end was £162,100,000 (2010: £154,965,000) however an adjustment has been made for lease incentives of £3,868,935* (2010: £3,578,805) that are already accounted for as an asset. The year end valuation of £162,000,000 includes £1,025,000 in relation to Lister House, an investment property held for sale (see note 8).

The valuations have been prepared in accordance with the RICS Valuation Standards (7th Edition) published by the Royal Institution of Chartered Surveyors.

*Lease incentives are split between non current of £3,516,748 and current of £352,187 (note 9).

Notes to the Consolidated Financial Statements for the year ended 31 December 2011

8. INVESTMENT PROPERTY HELD FOR SALE

As at 31 December 2011 the Group had exchanged conditional contracts with a third party for the sale of Lister House, Horforth, Leeds for a price of £1,025,000. The sale completed on 20 January 2012. The independently assessed market value of this property as at 31 December 2011 was £1,025,000. As at 31 December 2011 the carrying value of the investment property held for sale is £998,000 (net of transaction costs of £27,000). No investment property was held for sale at 31 December 2010.

9. TRADE AND OTHER RECEIVABLES

	2011	2010
	£	£
Trade receivables	961,220	1,043,760
Less: provision for impairment of trade receivables	(52,116)	(393,234)
Trade receivables (net)	909,104	650,526
Lease incentives due within one year	352,187	304,831
Rental deposits held on behalf of tenants	344,028	462,549
VAT recoverable	-	22,717
Other receivables	37,283	166,478
Total trade and other receivables	1,642,602	1,607,101

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 money laundering checks and financial assessments to determine the tenant's ability to fulfil its obligations under the lease agreement. The majority of tenants are invoiced for rental income quarterly in advance and will be 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.

Receivables are considered impaired when there is objective evidence that the full value of a receivable will not be recovered. Movement in the balance considered to be impaired has been included in other direct property costs in the Consolidated Statement of Comprehensive Income.

As of 31 December 2011, trade receivables of £52,116 (2010: £393,234) were impaired and provided for.

The ageing of these receivables is as follows:

	2011 £	2010 £
0 to 3 months	39,417	110,102
3 to 6 months	1,699	56,554
Over 6 months	11,000	226,578
	52,116	393,234

As of 31 December 2011, trade receivables of £909,104 (2010: £650,526) were less than 3 months past due but not impaired.

10. CASH AND CASH EQUIVALENTS

	2011 £	2010 £
Cash held at bank	893,324	856,257
Cash held on deposit with RBS (See Note 12)	16,932,057	20,314,459
	17,825,381	21,170,716

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.

11. TRADE AND OTHER PAYABLES

	2011 £	2010 £
Trade payables	340,523	335,080
Other payables	265,686	280,558
VAT payable	481,177	-
Deferred rental income	2,865,512	2,452,370
Rental deposits due to tenants	2,368	11,750
	3,955,266	3,079,758

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2011

12. BANK BORROWINGS

	2011	2010
	£	£
Loan facility and drawn down outstanding balance	84,432,692	84,432,692

Opening carrying value	84,140,896	84,043,766
Amortisation of arrangement costs	97,512	97,130
Closing carrying value	84,238,408	84,140,896

On 4 December 2003 the Company entered into a loan agreement (amending the agreement on 19 July 2006 and 28 August 2009) with RBS. The facility currently available to the Company is £84,432,692 (2009: £84,432,692) and is repayable on 29 December 2013.

Interest is payable at a rate equal to the aggregate of 1 month LIBOR, a margin of 1.5% per annum and the lender's mandatory costs rate of approximately 0.01%. The all in interest rate on the loan drawn down at the Balance Sheet date was 2.10% (2010: 2.03%). As described in note 13, £72m of the loan facility is hedged via interest rate swaps which results in the interest rate being a fixed rate of 6.515% (2010: 6.515%) for the £72m portion of the loan (fixed rate of 5.015% plus margin of 1.5%). See note 27 in relation to refinancing activities after the balance sheet date.

Under the terms of the loan facility there are certain events which would entitle RBS to terminate the loan facility and demand repayment of all sums due. Included in these events of default is the financial undertaking relating to the loan to value percentage. The loan agreement notes that the loan to value percentage is calculated as the loan amount less the amount of any sterling cash deposited within the security of RBS divided by the Gross Secured Property Value, and that this percentage should not exceed 65% at any time. The loan to value percentage is to be calculated upon the acquisition of a new property and quarterly with reference to that quarter's investment property valuation. As at 31 December 2011 the Group's loan to value percentage was as follows:

	2011	2010
	£	£
Loan amount	84,432,692	84,432,692
Cash deposited within the security of RBS (See Note 10)	(16,932,057)	(20,314,459)
	67,500,635	64,118,233
Investment property valuation	162,100,000	154,965,000
Loan to value percentage	41.6%	41.4%
Loan to value percentage covenant	65.0%	65.0%
Loan to value percentage if all cash is deposited within the security of RBS	41.1%	40.8%

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

- that the projected net rental income is not less than 170% of the projected finance costs for any three month period
- that the largest single asset accounts for less than 15% of the Group's total portfolio valuation
- that sector weightings are restricted to 55%, 45% and 45% for the Office, Retail and Industrial sectors respectively
- that the largest tenant accounts for less than 20% of the Group's total rental income
- that the five largest tenants account for less than 50% of the Group's total rental income
- that the ten largest tenants account for less than 75% of the Group's total rental income

During the period the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreement.

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

13. INTEREST RATE SWAPS

The Company has two interest rate swap agreements with RBS. The first swap agreement was entered into on 29 December 2004 and has an end date of 29 December 2013. Under this first swap the Company has agreed to receive a floating interest rate linked to 3 month Libor and pay a fixed interest rate of 5.115%. The second swap agreement was entered into on 19 December 2008 and has an end date of 29 December 2013. Under this second swap the Company has agreed to pay a floating interest rate linked to 3 month Libor and receive a floating interest rate linked to 1 month Libor plus a margin of 0.1%. Both agreements are for a notional principal amount of £72,000,000. These swap agreements together qualify as a fully effective cash flow hedge and fair value changes are shown in the other comprehensive income in the Consolidated Statement of Comprehensive Income. The £72,000,000 loan and the interest rate swaps have the same critical terms and so the hedge is fully effective. The effective interest rate of the combined swap agreements is 5.015% (2010: 5.015%).

	2011	2010
	£	£
Opening fair value of interest rate swaps at 1 January	(7,394,652)	(6,107,198)
Valuation gain / (loss) on interest rate swaps	1,320,954	(1,287,454)
Closing fair value of interest rate swaps at 31 December	(6,073,698)	(7,394,652)
Interest rate swaps due:		
Less than one year	(3,066,238)	(2,815,665)
Between one and five years	(3,007,460)	(4,578,987)
Closing fair value of interest rate swaps at 31 December	(6,073,698)	(7,394,652)

14. REDEEMABLE PREFERENCE SHARES

The Company issued 6,000,000 25p redeemable zero dividend preference shares ("redeemable preference shares") at a value of £1 on 19 December 2003. The redeemable preference shares will be redeemed by the Company on the tenth anniversary of admission at a redemption price of £1.7908. The redeemable preference shares cannot be redeemed earlier.

The redemption price represents a redemption yield of 6% per annum on the issue price of £1.

	2011	2010
	£	£
Proceeds from issue of redeemable preference shares	6,000,000	6,000,000
Accrued finance cost charged to Consolidated Statement of Comprehensive Income during the year	300,214	511,758
Accrued finance cost charged to Consolidated Statement of Comprehensive Income in previous periods	3,041,060	2,529,302
Conversion of preference shares to ordinary shares during the year (see Note 17)	(9,341,274)	-
Closing liability at 31 December	-	9,041,060

On 29 June 2011, an extraordinary general meeting was held which approved the conversion of the preference shares into ordinary shares in accordance with the terms of the Circular of Shareholders. On 21 July 2011, the redeemable preference shares were converted to ordinary shares. See Note 17.

15. OTHER LIABILITIES

At 31 December 2011 the Group owned five leasehold properties at a market value of £20,025,000 (2010: six properties at a market value of £31,475,000) as valued by the independent valuers Jones Lang LaSalle Limited.

In accordance with the accounting policy for leasehold investment property to be carried at fair valuation, an adjustment is required to reflect the value of finance lease obligations.

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	2011	2010
	£	£
Leasehold obligations due:		
Within one year	500	500
After one year but not more than five years	1,672	1,672
More than five years	4,422	4,422
Total due after one year	6,094	6,094
Total finance lease obligations	6,594	6,594

16. LESSOR ANALYSIS

Lessor length

The Group has entered into leases on its property portfolio. This property portfolio as at 31 December 2011 had an average lease expiry of 7 and a half years and 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:

	2011	2010
	£	£
With one year	13,696,459	11,986,412
After one year, but not more than five years	30,499,495	33,356,883
More than five years	59,929,162	45,671,288
Total	104,125,116	91,014,583

The largest single tenant at the year end accounts for 9.57% (2010: 9.20%) of the current annual passing rent.

17. SHARE CAPITAL

Authorised

Unlimited (2010: 500,000,000) ordinary shares of 1p each

Allotted, called up and fully paid:

	2011 £	2010 £
Opening balance	6,671,438	6,671,438
Shares issued 21 July 2011 at a price of 63.44p per share for the conversion of redeemable preference shares	9,341,274	-
Shares issued between 16 February 2011 and 21 July 2011 at a price of between 64.69p and 65.00p per share	4,859,507	-
Issue costs associated with new ordinary shares	(432,208)	-
Closing balance	20,440,011	6,671,438

	2011 Number of Shares	2010 Number of Shares
Opening balance	114,399,999	114,399,999
Issued during the year	22,231,747	-
Closing balance	136,631,746	114,399,999

18. SHARE PREMIUM AND RESERVES

Share premium

On 18 March 2010 the Audit Committee approved the re-categorisation of the share premium to other distributable reserves under the provisions of The Companies (Guernsey) Law, 2008. Share premium or amounts above nominal value is taken against share capital as per the provision of The Companies (Guernsey) Law, 2008 for all transactions after 18 March 2010.

Retained earnings

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

Capital reserves

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

Other distributable reserves

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

2003. This balance has been reduced by the allocation of preference share finance costs.

19. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year 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 earings per share are identical.

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

	2011	2010
	£	£
Profit for the year	4,180,116	13,895,179

	2011	2010
	Number of	Number of
	Shares	Shares
Weighted average number of ordinary shares		
outstanding during the year	124,726,779	114,399,999
Gain per ordinary share	3.35p	12.15p

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

20. DIVIDENDS

The interim dividends paid to date in 2011 are as follows (2010: £5,205,200) :

£1,258,400	(1.1p per ordinary share) paid in February relating to the quarter ending 31 December 2010
£1,269,400	(1.1p per ordinary share) paid in May relating to the quarter ending 31 March 2011
£1,269,400	(1.1p per ordinary share) paid in August relating to the quarter ending 30 June 2011
£1,548,038	(1.133p per ordinary share) paid in November relating to the quarter ending 30 September 2011
£5,345,238	

On 24 February 2012 a dividend of £1,548,038, 1.133p per ordinary share (2010: £1,258,400, 1.1p per ordinary share) in respect of the quarter to 31 December 2011 was paid.

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2011

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

The net asset value attributable to ordinary shares is published quarterly and is based on the most recent valuation of the investment properties and calculated on a basis which adjusts the underlying reported IFRS numbers. The adjustment made is to include a provision for payment of a dividend in respect of the quarter then ended.

	2011 Number of Shares	2010 Number of Shares
Number of ordinary shares at the reporting date	136,631,746	114,399,999

	2011 £	2010 £
Total equity per audited consolidated financial statements	87,255,226	73,330,821
Net asset value per share	63.9p	64.1p
Adjustments:		
Provision for dividend in respect of the quarter ending 31 December	(1,548,038)	(1,258,400)
Published adjusted net asset value	85,707,188	72,072,421
Published adjusted net asset value per share	62.7p	63.0p

22. CASH GENERATED FROM OPERATIONS

	2011 £	2010 £
Profit for the year	4,180,116	13,895,179
Movement in lease incentives	(242,774)	604,567
Movement in trade and other receivables	(35,501)	1,228
Movement in trade and other payables	739,869	(953,107)
Finance costs	5,320,093	5,539,955
Finance income	(51,732)	(91,338)
Valuation loss /(gain) from investment properties	2,668,104	(6,909,885)
Profit on disposal of investment properties	(612,645)	(3,795,227)
Cash generated from operations	11,965,530	8,291,372

Notes to the Consolidated Financial Statements for the year ended 31 December 2011

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

	2011	2010
	£	£
Carrying value of disposed investment properties (Note 7)	13,536,494	31,507,400
Movement in trade and other payables	26,500	22,700
Profit on disposal of investment properties	612,645	3,795,227
Proceeds from disposal of investment properties	14,175,639	35,325,327

23. SERVICE CHARGE

The Group has appointed a managing agent to deal with the service charge at the investment properties.

A summary of the service charge during the year is as follows:

	2011	2010
	£	£
Total service charge expenditure incurred	853,365	1,083,168
Total service charge billed to tenants	840,369	1,238,952
Service charge billed to the Group in respect of void units	197,408	226,319
Service charge due to tenants as at 31 December	(184,412)	(382,103)
	853,365	1,083,168

The service charge in respect of void units of £197,408 (2010: £226,319) is included as an expense in the Consolidated Statement of Comprehensive Income on page 27.

24. RELATED PARTY DISCLOSURES

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

Redeemable preference shares

On 19 December 2003 the Company issued 6,000,000 25p redeemable zero dividend preference shares for £6,000,000 to The Standard Life Assurance Company. On 10 July 2006 these shares were transferred to Standard Life Assurance Limited. These shares have a nominal value of £1,500,000 and are redeemable by the Company on the tenth anniversary of admission at a redemption price of £1.7908 . These shares do not carry any voting rights. See Note 14. On 29 June 2011, an extraordinary general meeting was held which approved the conversion of the preference shares into ordinary shares in accordance with the terms of the Circular to Shareholders. On 21 July 2011, the redeemable preference shares were converted to ordinary shares. See Note 17.

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2011

Ordinary share capital

Standard Life Investment Funds Limited held 14,982,501 of the issued ordinary shares at the Balance Sheet date on behalf of its Unit Linked Property Funds (2010: 16,644,609). This equates to 11.0% (2010: 14.5%) of the ordinary share capital in issue at the Balance Sheet date. Standard Life Assurance Limited held 14,724,580 of the issued ordinary shares at the balance sheet date on behalf of its heritage with profits fund (2010: £nil). This equates to 10.8% (2010: 0%) of the ordinary share capital in issue at the balance sheet date. Neither Standard Life Investments Fund Limited or Standard Life Assurance Limited are considered to exercise control of the Group individually or together. Those parties related to the Investment Manager waived their rights to commission on the initial purchase of these shares in order to maintain the fairness of the transaction to all parties.

Directors remuneration

	2011	2010
	£	£
David Moore (resigned as chairman 24 May 2011)	24,955	26,875
Richard Barfield	22,500	20,625
John Hallam (resigned 30 June 2010)	-	9,375
Sally-Ann Farnon (appointed 30 June 2010)	22,500	11,250
Shelagh Mason	22,500	20,625
Paul Orchard-Lisle (appointed chairman 24 May 2011)	26,260	20,625
	118,715	109,375
Directors expenses	3,412	2,716
	122,127	112,091

David Moore is a partner of Mourant Ozannes Advocates and Notaries Public (Guernsey) who are the Group's solicitors. As at 31 December 2011, the fees paid during the year to Mourant Ozannes Advocates and Notaries Public (Guernsey) were £28,161 (2010: £1,252).

Investment Manager

Standard Life Investments (Corporate Funds) Limited is the Investment Manager. Transactions with the Investment Manager in the year are detailed in note 4.

25. 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.

26. COMMITMENTS

As at 31 December 2011, the Group had exchanged conditional contracts with third parties and is committed to sell Lister House, Leeds for £1.025m (2010: £nil).

As at 31 December 2011, the Group had agreed heads of terms with RBS for a new loan facility of £84,432,692 with a maturity date of 16 December 2018. See note 27.

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2011

27. EVENTS AFTER THE BALANCE SHEET DATE

Property Sales and Purchases

On 1 January 2012 one of the Group's shareholders, Standard Life Investment Funds Limited (see note 24), transferred its assets to Standard Life Assurance Limited.

On 20 January 2012 the Group completed the sale of Lister House, an office investment in Leeds for £1.025m.

On 20 January 2012 the Company completed the drawdown of £84,432,692 loan with RBS and simultaneously repaid the old loan facility. The new facility is repayable on 16 December 2018. Interest is payable at a rate equal to the aggregate of 1 month Libor, a margin of 1.65% (below 40% LTV) or 1.75% (40% to 60% LTV inclusive) or 1.95% (above 60% LTV).

Under the terms of the loan facility there are certain events which would entitle RBS to terminate the loan facility and demand repayment of all sums due. Included in these events of default is the financial undertaking relating to the loan to value percentage. The loan agreement notes that the loan to value percentage is calculated as the loan amount less the amount of any sterling cash deposited within the security of RBS divided by the gross secured property value, and that this percentage should not exceed 65% for the first five years and then 60% from the fifth anniversary to maturity. The arrangement fee for the new facility is £675,462 which was paid to RBS on signing of the heads of terms on 22 December 2011. Further directly attributable transaction costs of £116,538 are to be incurred and have not been accounted for as at the balance sheet date. The new loan facility took effect on 20 January 2012 which is why the transaction was not recorded at the balance sheet date.

On 20 January 2012 the Company completed an interest rate swap of a notional amount of £12,432,692 with RBS. This interest rate swap has a maturity of 16 December 2018. Under the swap the Company has agreed to receive a floating interest rate linked to 3 month Libor and pay a fixed interest rate of 1.77125%.

On 20 January 2012 the Company completed an interest rate swap of a notional amount of £72,000,000 with RBS. This interest rate swap effective date is 30 December 2013 and a maturity date of 16 December 2018. Under the swap the Company has agreed to receive a floating interest rate linked to 3 month Libor and pay a fixed interest rate of 2.0515%.

On 24 February 2012 a dividend of £1,548,038 (2010: £1,258,400) in respect of the quarter to 31 December 2011 was paid.

Standard Life Investments Property Income Trust Limited

Information for Investors

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

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

Share Information

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

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

Ordinary shares may be purchased or sold directly through a stockbroker or through your bank, solicitor, accountant, or other professional adviser or through the Company's Registrars or the Company's Savings Plan and Individual Savings Account, details of which are shown at the back of this report.

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

Other Information

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

Standard Life Investments Property Income Trust Limited

How to Make Future Investments

Introduction

Investors may subscribe to Standard Life Investments Property Income Trust Limited through Standard Life's Savings Scheme, Individual Savings Account ('ISA') or Individual Saving Account transfer ('ISA transfer'). Alternatively, investors may buy shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or financial adviser.

Investment Trust Savings Scheme

Standard Life's Savings Scheme is a straightforward way to invest in the Standard Life Investments Property Income Trust Limited. The minimum investment through Standard Life's Savings Scheme is £100 per month or a £1,000 lump sum. A commission payment to a financial adviser of up to 3% of each investment may also be deducted at an investor's request. There is no maximum amount that can be invested in the Company through Standard Life's Savings Scheme and there is no initial or annual management charge.

Investment Trust ISA

Standard Life's stocks and shares ISA is a tax efficient savings vehicle as investors pay no additional income tax or capital gains tax on any money generated by their investments. Investors can invest in the Standard Life Investments Property Income Trust Limited through the Stocks and Shares ISA. Investors have the opportunity to invest up to £10,680 up until 5 April 2012 and up to £11,280 thereafter when they subscribe to a Stocks and Shares ISA. As with Standard Life's Savings Scheme, the minimum investment in Standard Life's ISA is a £1,000 lump sum or £100 per month. There is no initial or annual management charge. ISA attract tax relief's which the Government may change in the future. The value of these reliefs to each investor depends on their own personal circumstances.

Investment Trust ISA Transfer

Investors may also gain access to the Company by transferring any existing ISA (including a former PEP 'Personal Equity Plan') investments to a Standard Life ISA. As with the Standard Life ISA there is no initial or annual management charge.

How to invest

For further information on how to invest and an application pack containing full details of the products and their charges, please call Standard Life Investments on 0845 60 24 247, Lines are open from 9am to 5pm Monday to Friday.

For information on Standard Life Investments' range of Investment Trusts and Standard Life's views on the markets, please call 0845 60 60 062.

This is not a recommendation to buy, sell or hold shares in Standard Life Investments Property Income Trust Limited. Shareholders who are unsure of what action to take should contact a financial adviser authorised under the Financial Services and Markets Act 2000. Shares values may go down as well as up which way result in a shareholder receiving less that he/she originally invested.

Standard Life Investments Property Income Trust Limited

How to Make Future Investments (continued)

Risk Warnings – General

- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the market in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stockmarket, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Investors should note that tax rates and reliefs may change at any time in the future.
- The value of ISA and PEP tax advantages will depend on personal circumstances. The favourable tax treatment of PEPs and ISAs may not be maintained.

Standard Life Investments Property Income Trust Limited

Notice of Annual General Meeting

Notice is hereby given that the Eighth Annual General Meeting of Standard Life Investments Property Income Trust Limited ("the Company") will be held at Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL, Channel Islands on 15 May 2012 at 9:00 AM for the following purposes:

ORDINARY BUSINESS

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

Resolution 1 To receive and approve the Annual Report and Financial Statements of the Company for the year ended 31 December 2011.

Resolution 2 To re-elect Ernst & Young LLP as Auditor of the Company until the conclusion of the next Annual General Meeting.

Resolution 3 To authorise the Board of Directors to determine the remuneration of the Auditor.

Resolution 4 To re-elect Richard Barfield as a Director of the Company.

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

Resolution 5 To authorise the Company, in accordance with The Companies (Guernsey) Law, 2008, as amended (the "Law") to make market acquisitions of its Ordinary Shares of 1p each (either for retention as treasury shares for future resale or transfer or cancellation) provided that;

a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 14.99 per cent of the issued Ordinary Shares on the date on which this resolution is passed;

b) the minimum price which may be paid for an Ordinary Share shall be 1p;

c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be the higher of (i) 105 per cent of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) 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

Standard Life Investments Property Income Trust Limited

Notice of Annual General Meeting (continued)

(d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 15 November 2013 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2013, 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.

Resolution 6

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

(a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

(b) shall be limited to the allotment of equity securities up to an aggregate nominal value £136,631 being approximately 10 per cent of the nominal value of the issued share capital of the Company, as at 23 March 2012.

SPECIAL BUSINESS

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

Resolution 7

That in accordance with Section 18 of the Companies (Transitional Provisions) Regulations, 2008 the first sentence of paragraph 5 of the Company's existing Memorandum of Incorporation be deleted in its entirety.

For and on behalf of

Northern Trust International Fund Administration
Services (Guernsey) Limited
Secretary

23 March 2012

Notice of Annual General Meeting (continued)

Notes

1. A form of proxy is enclosed with this notice. A Shareholder entitled to attend, speak and vote is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote at the Meeting. A proxy need not be a Shareholder of the Company. If you wish to appoint a person other than the Chairman of the Meeting, please insert the name of your chosen proxy holder in the space provided on the enclosed form of proxy.

2. In the case of joint holders such persons shall not have the right to vote individually in respect of an Ordinary Share but shall elect one person to represent them and vote in person or by proxy in their name. In default of such an election, the vote of the person first named in the register of members of the Company tendering a vote will be accepted to the exclusion of the votes of the other joint holders.

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Ordinary Shares. You may not appoint more than one proxy to exercise rights attached to any one Ordinary Share. To appoint more than one proxy you may photocopy the enclosed form of proxy. Please indicate the proxy holder's name and the number of Ordinary Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Ordinary Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions given by you. All hard copy forms of proxy must be signed and should be returned together in the same envelope.

4. The form of proxy should be completed and sent, together with the power of attorney or authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach Computershare Investor Services (Jersey) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 9.00AM on 13 May 2012.

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 (Jersey) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 9.00AM on 13 May 2012.

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 9.00AM on 13 May 2012. 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 per cent or more of the voting rights is required for the Meeting. If, within half an hour after the time appointed for the Meeting, a quorum is not present the Meeting shall be adjourned for seven days at the same time and place or to such other day and at such other time and place as the Board may determine and no notice of adjournment need be given at any such adjourned meeting. Those Shareholders present in person or by proxy shall constitute the quorum at any such adjourned meeting.

11. The resolutions to be proposed at the Meeting will be proposed as ordinary and special resolutions which, to be passed, must receive the support of a majority (in the case of the ordinary resolutions) and not less than seventy five per cent (in the case of the special resolutions) of the total number of votes cast for, or against, the ordinary and special resolutions respectively.

12. As at 23 March 2012, the latest practicable date prior to publication of this document, the Company had 136,631,746 ordinary shares in issue with a total of 136,631,746 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 and Transparency Rules.

Standard Life Investments Property Income Trust Limited

Directors and Company Information

Directors	Paul David Orchard-Lisle CBE (Chairman) David Christopher Moore Richard Arthur Barfield Sally-Ann Farnon Shelagh Yvonne Mason
Registered Office	Trafalgar Court Les Banques St. Peter Port Guernsey GY1 3QL
Administrator, Secretary & Registrar	Northern Trust International Administration Services (Guernsey) Limited Trafalgar Court Les Banques St. Peter Port Guernsey GY1 3QL
Registered Number	41352
Investment Manager	Standard Life Investments (Corporate Funds) Limited 1 George Street Edinburgh EH2 2LL
Independent Auditors	Ernst & Young LLP Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 4AF
Solicitors	Dickson Minto W.S. 16 Charlotte Square Edinburgh EH2 4DF Mourant Ozannes PO Box 186 1 Le Marchant Street St Peter Port Guernsey GY1 4HP
Principal Bankers	The Royal Bank of Scotland Plc 135 Bishopsgate London EC2M 3UR
Property Valuers	Jones Lang Lasalle Limited 22 Hanover Square London W1A 2BN