Annual Report and Financial Statements

Standard Life Investments Property Income Trust Limited
Year Ended 31 December 2012

Standard Life Investments

Standard Life Investments Property Income Trust Limited

31 December 2012

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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 4.532p paid in respect of the 12 months to 31 December 2012
- Dividend yield of 7.8% based on year end share price of 58.25p
- Real estate portfolio out performance with total returns of 4.1% in 2012 versus quarterly version of the IPD monthly index of 1.6%

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) shall 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 2012 is contained within the Investment Manager's Report.

Standard Life Investments Property Income Trust Limited

Financial Summary

	31 Dec 2012	31 Dec 2011	% Change
Net Asset Value per share[1]	57.7p	63.9p	-9.7%
Published adjusted Net Asset Value per share[2]	56.6p	62.7p	-9.7%
Share Price	58.25p	51.75p	+12.6%
Value of total assets	£176.3m	£181.9m	-3.1%
Loan to value[3]	43.9%	41.1%	+2.8%
Cash balance	£13.5m	£17.8m	-24.1%
Dividends per share[4]	4.532p	4.466p	+1.5%

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Property income return	9.7%	7.6%
IPD property income[5]	6.2%	6.2%
Property total return (property only)	4.1%	6.5%
Property total return (property and cash only)	3.7%	5.9%
IPD property total return[5]	1.6%	7.4%

[1] Calculated under International Financial Reporting Standards.

[2] Calculated under International Financial Reporting Standards, adjusted for the dividend of 1.133p per share in respect of the quarter ending 31 December 2012.

[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 2012.

[4] Dividends paid during the 12 months to 31 December 2012.

[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

In last year's report, I wrote that I believed the Company to be well positioned to maintain an attractive income flow to its investors. I am pleased to say that my confidence has been justified with shareholders for the 12 month period to the end of December 2012 receiving a 9.7% income return from the property portfolio (including surrender premiums). Our dividend yield at the end of the year was 7.8% on a share price of 58.25p.

While our focus was, and will continue to be, on the receipt and distribution of income, I am alert that we should also deliver an attractive total return and growth in our NAV. However, the measurement of capital value is lead by the market at large as much as by our own assets and is far more subjective than the actual receipt of cash from tenants. Thus, along with most real estate investors, we have seen the capital value of our properties decline by 5.2%* versus a fall in the IPD monthly index of 4.3%. Our property total return was 4.1%* versus the IPD monthly index of 1.6%*.

STRATEGY

In pursuit of our aim to distribute an attractive income return, we have worked with our Investment Manager to improve the quality of the company's income stream. We are looking to enhance the portfolio of properties so that it is entirely let to tenants of substantial financial covenant at fair rents that have the potential to grow as the UK economy recovers. Our belief is that well positioned good secondary properties are more likely to deliver the future returns that we seek rather than the pursuit of heavily priced so-called prime opportunities. To an extent, the policy reflects the asset management skills of our manager, specifically in relation to multi-let buildings where frequently we are able to unlock latent value by the reorganisation of leases and the improvement of the accommodation.

FINANCIAL PERFORMANCE

Net Asset Value

At the end of the year the adjusted NAV was 56.6 pence per share, approximately 9.7% below that recorded at the end of December 2011. The movement is in line with our peer group's performance but is below our ambitions. Set out below is an analysis of the components and movements of the NAV calculation.

	Pence per Share	% of Opening NAV
Published adjusted NAV as at 31 December 2011	62.7	100.0
Decrease in valuation of property portfolio (including the effect of gearing)	(6.5)	(10.4)
Decrease in interest rate SWAP valuation	(0.6)	(0.9)
Other reserve movements	1.0	1.6
Published adjusted NAV as at 31 December 2012	**56.6**	**90.3**

The published NAV is calculated under International Financial Reporting Standards and adjusted for the payment of a dividend of 1.133p per share for the quarter ended 31 December 2012.

*Source: IPD quarterly version of monthly index fund (excluding cash)

Standard Life Investments Property Income Trust Limited

Chairman's Statement (continued)

Earnings and Dividend

During 2012, the Company paid total dividends of 4.532p per share, an increase of 1.5% on dividends paid in 2011. Dividends paid in the year are shown below

	2012 Pence per Share	2011 Pence per Share
Interim dividend paid in May for quarter ended 31 March	1.133	1.100
Interim dividend paid in August for quarter ended 30 June	1.133	1.100
Interim dividend paid in November for quarter ended 30 September	1.133	1.133
Interim dividend paid in February for quarter ended 31 December	1.133	1.133
	4.532	**4.466**

Loan to value ratio

At 31 December 2012 the LTV ratio (assuming all cash placed with RBS is offset against the loan balance) was 43.9%, within the range of 35% to 45% set by the Board.

Under the terms of the RBS loan facility, the LTV covenant is 65% until December 2016 reducing to 60% for the remaining two years.

Shares and Share Price

During the year, 3,000,000 new shares were issued at a premium to NAV bringing the total in issue to 139,631,746.

At 31 December 2012, our share price was 58.25p representing a premium over NAV of 2.9% and an increase in share value of approx 12.6% over the 12 month period. Over the year the share price total return was 21.1%.

Since the year end to 11 April 2013, the Company has issued a further 5,300,000 new shares at a premium to NAV bringing the total shares in issue to 144,931,746.

THE PORTFOLIO

Reflecting the strategy outlined previously, during the year we acquired multi-let office buildings in Cheltenham and Glasgow and sold the health club in Chislehurst.

Our void rate at the end of the year was 10.9% which is in line with the IPD average of 9.0%. However, of our voids, 5.6% represents space that we sought to take back in order to refurbish and relet. At the time of writing this report, all but 3.6% of the 10.9% is under offer, but of course subject to the completion of formal leases.

The former Focus unit at Wymondham (Norwich) remains unlet. We have an acceptable offer for the space from a food supermarket, but vested interests have challenged our planning application and the matter is being pursued in planning appeal.

Rent collection – on which we rely to pay dividends - was very satisfactory in 2012. 96% of our tenants paid the full amounts within 14 days of the due date and at the year end, long term debtors amounted to just 0.5% of the rent roll.

Of the occupational leases with expiry dates or break clauses in 2013, six have been extended or have had break clauses removed, leaving just three to be resolved. We have also reached agreement in respect of 30% of the rent at risk in 2014.

DEBT AND FINANCE

As reported above, currently our NAV is adversely affected by the three interest rate swaps that the Company has in place.
A swap facility of £72m will mature in December 2013, and as a consequence our NAV will be enhanced by £3.2m (2.3p per share). The remaining two swaps mature in December 2018.

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Chairman's Statement (continued)

In parallel, the new banking facility with RBS was completed in January 2012 and post December 2013 the all-in interest rate will fall from 6.3% to 3.8%, not only reducing a significant outflow of money (£1.8m p.a.) but also improving the dividend cover further.

CORPORATE GOVERANCE

The membership of the Board remained unchanged during the year. However David Moore has stated his intention to retire from the Board at the forthcoming Annual General Meeting, and I pay tribute to his diligence, enthusiasm and commitment to the Company as its first Chairman and as one of the founder directors.

Following a search conducted by the Nomination Committee, the Board is pleased to announce the appointment of Huw Evans as a Director, with effect from 11 April 2013. Huw is a Chartered Accountant and his career has included over fifteen years in corporate finance, advising on a wide range of companies in financial services and other sectors. Huw is currently a director of a number of Guernsey-based investment funds.

During the year, there has been a full review of the Board's performance both individually and collectively. The Board's Committees (Valuations, Nominations, Remuneration, Management Engagement and Audit) also met regularly to conduct the normal business within their terms of reference. In the case of the Management Engagement Committee, this included appraisals of all our service suppliers and in the case of the Valuations Committee direct discussions with our valuers.

OUTLOOK

While the UK will no doubt see more occupational tenants unable to continue their business in their current format, I am as confident as it is reasonable to be that we have a low risk exposure to such companies. I am therefore encouraged to believe that our focus on income generation will deliver good returns to investors in the year ahead. Part of so doing will be supported by the continuation of an active asset management regime. This will include some further reshaping of the portfolio to weed out any holdings that appear unable to perform to our requirements.

There are also some higher level matters that will require our attention in the coming months. By July 2014, we must be compliant with the new AIFM directive, and we have started discussions on the implications already, noting with regret that a financial burden will arise. We will also review our current structure in order to be sure that we deliver net returns to shareholders in an efficient manner.

Paul Orchard-Lisle CBE
Chairman
11 April 2013

Standard Life Investments Property Income Trust Limited

Investment Manager's Report

Jason Baggaley
Fund Manager

UK Commercial Real Estate Market

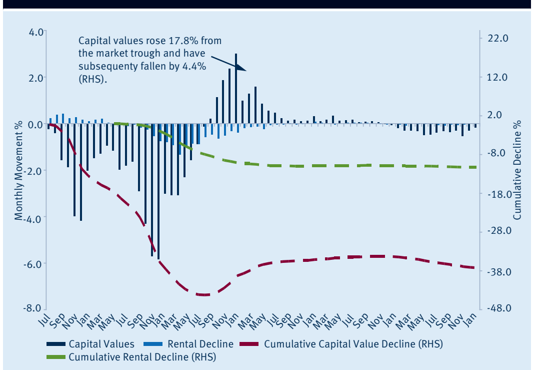
The total return for the UK commercial real estate market in 2012, as measured by the IPD Quarterly version of the Monthly Index, was 1.6%, a decline on the 2011 total return of 7.8%. Capital values declined steadily throughout 2012, falling by a total of -4.3%. This compares to a total return from equities of 10.2% and gilts 4.7%. Again, in 2012 it was because of the strong income characteristics of real estate that the total return was positive, with an income return of 6.2% according to IPD.

The chart below shows how pricing has moved from the start of the downturn in July 2007. Although forecasting in the current market is extremely difficult the consensus appears to suggest prices stabilising during 2013.

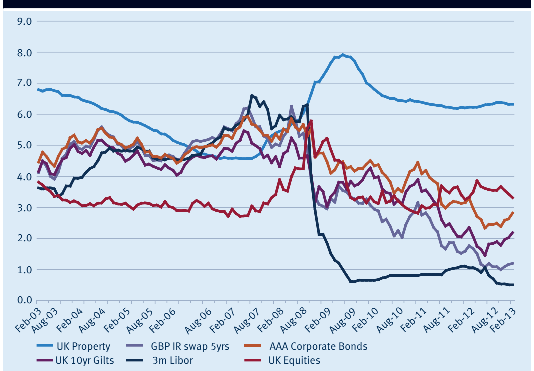
Relative to other asset classes UK real estate remains attractively priced, as illustrated in the chart below. The recent outward shift in gilt yields has reduced the margin slightly, but it still remains at historically high levels.

During 2012 there was a continued polarisation between prime and secondary in both the occupational and investment markets. This covered all sectors of the market, but was most prevalent in the retail market, where retailers are generally only taking stores in major centres that offer a complete retail and leisure experience, leaving secondary centres to flounder. We expect this to continue, and some of the poorer high streets and shopping centres are unlikely to recover. In many markets

Capital Value Correction from End June 2007



UK Real Estate V Other Asset Class Yields



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Investment Manager's Report (continued)

however, supply remains constrained. Tenant demand may remain muted as companies generally don't want to incur the cost of moving and fitting out a new office, however we are beginning to see examples of companies looking to acquire new accommodation as they become more comfortable with the economic outlook – some of them have been surprised at the lack of choice of good quality accommodation, and this theme is likely to continue with little prospect of new speculative development.

In the office sector risk aversion has continued with investors favouring prime buildings let on long leases. Central London has attracted overseas investors seeking a safe haven, and pricing has reached pre crash levels. As a result, there is increased interest in South East markets as domestic investors seek a bit more yield.

Outlook

A number of risks remain, such as the US fiscal cliff and the implosion of Europe, however generally these risks seem to be receding, and the outlook for 2013 is better than 2012. Although economic recovery is going to be protracted, we do believe the UK economy is past the worst, and as growth and confidence returns prices will stabilise, and return to moderate growth in the latter half of 2013 and into 2014. The shortage of supply of good quality accommodation bodes well for rental values as demand increases on the back of the economic improvement. Standard Life Investments forecasts an average total return of 7.9% pa for the next three years from UK Commercial real estate. The underlying property fundamentals will be critical to achieving these returns – good properties, in good locations, let to good tenants will do best, and income will be the main component of the total return. We will also start to see the benefit from higher yielding good quality properties let on shorter leases as asset management again becomes a driver for returns, and investors risk appetite returns. The trend of shorter leases is going to continue, and investors will have to get used to buying shorter income. Increasingly the fundamentals of the location and asset quality will prevail, along with an ability to actively manage the tenants and properties.

Investment Management Strategy

The investment strategy we follow is closely aligned to the Company's objective of providing an attractive income return with the prospects for growth. We manage a high yield portfolio, concentrating on holding good quality assets in good locations, let to good tenants that are able to pay their rent. We rely on taking an active approach to managing these assets to maintain a strong income return, and will take profit by selling an asset that has poorer prospects of meeting our return requirements. We look to remain fully invested in higher yielding assets so that we can sustain a covered dividend policy.

Purchases

The Company completed the purchase of two assets over the reporting period, both in the first half of 2012.

St James House Cheltenham: We bought this multi let office investment in Q2 for £8.4m. The 83,000 sqft building was originally built in 1982 but underwent major refurbishment in 2000 and 2010. Since purchase we have refurbished the reception and the 4th floor. The building is located in an established office location close to the town centre, and provides some of the best office accommodation in Cheltenham. It is let to 9 tenants with an average lease length of 8 years (6 years to break) at rents of circa £12psf. We have refurbished the 4th floor following lease expiry and are marketing it with an expected rent of £15psf. The building yielded 7.9% at year end, with an expected yield of circa 10% once the 4th floor is income producing.

140 West George Street Glasgow: At £4m this was a smaller investment than we normally make, but it is a delightful multi let office in the prime pitch of Glasgow. The grade 2 listed building was comprehensively refurbished in 2009 to a very high standard, and let of low rents of £17psf in the downturn. The purchase price reflected a yield of 9.5%, and a capital value of £170psf – close to the rebuild cost. Since purchase we have let the vacant 2nd floor and have removed two breaks in 2015.

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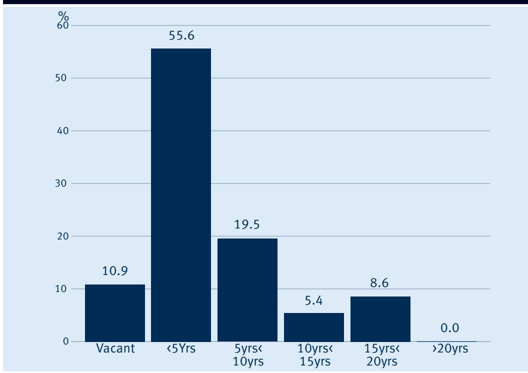
Investment Manager's Report (continued)

Sales

The Company sold its Virgin Active gym in Chislehurst in Q4 for £3.95m, a yield of 6.15%. The sale price was ahead of valuation, and although the property was let on a long lease with fixed increases, the first one was not due until 2018, so we took the opportunity to sell an asset that had weaker fundamentals but was keenly sought after in the investment market. The sale proceeds will be reinvested in a higher yielding asset similar to recent purchases, which will be accretive to the revenue account and provide opportunity for greater returns.

Lease Expiry/Break Profile



Portfolio Valuation

The portfolio was valued quarterly by Jones Lang LaSalle. At year end the investment portfolio was valued at £161.6m and the Company had cash of £13.5m. This compares to a portfolio value of £162.1m and cash of £17.8m at year end 2011.

The relatively high cash level was due to the sale of Chislehurst in November, and the receipt of a large surrender premium in December. Circa £1.6m is allocated to the Q4 dividend payment, £2m for current refurbishment projects, and we are considering a number of attractive investment opportunities and asset management initiatives.

The portfolio yield at year end was 7.5% and the equivalent yield was 7.9%.

Asset Management

We continue to focus on securing the future income stream for the Company. The graph opposite shows the lease expiry profile as at 31 December 2012.

During 2012 we secured 84% of the income at risk through lease break option or expiry in 2013, and we have now secured 30% of the income at risk in 2014. Although we have just over half of the income at risk over the next five years the majority is in 2014 – 2016, at a time when we expect an improvement in the economic environment and limited new development to have started.

Keeping voids to a minimum is important for an income fund. Generally during the year the Company reported a void rate of circa 6%, compared to IPD 9% (IPD calculated the Company's void rate at circa 3.5% on a like for like basis). In December the Company took a surrender of a lease from one of its biggest tenants at Bourne House in Staines, increasing voids to just under 11%. The tenant did, however, pay all the rent due up to the end of the lease in 2016 as part of the surrender premium. The Company will now refurbish the property and market it to new tenants.

As a result of taking back the lease at Staines the Company had a vacancy rate at year end of 10.9%. Of this, 5.6% is under refurbishment, and a further 1.6% is in solicitors hands. The Company suffered no tenant failure during the reporting period.

The major items of asset management during the year were:

Bourne House Staines: At the end of Q4 the Company took a surrender of the lease on its office investment in Staines. The lease was due to expire in March 2016, and the Company has received all rent due under the lease to that date, as well as dilapidations as a surrender premium. The Company is about to undertake a refurbishment of the office, prior to marketing for a new lease. The ERV represents 4.7% of the fund income, however the surrender premium provides rental cover and the refurbishment costs until the property is relet, and a longer term tenant is found.

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Investment Manager's Report (continued)

Ocean Trade Centre Aberdeen: The 25 unit industrial estate was fully let at year end, following several lettings and lease extensions during 2012. Three units are due to become vacant in 2013, and we have extended the leases on two others already. Demand remains strong for this estate, and we have seen rental growth in 2012, although leases are short.

Clough Rd Hull: We let the old John Peters unit to Smyth's Toys on a new 15 year lease, so again the holding in Hull is fully let.

Ex Focus Unit Norwich: We continue to try and achieve a more beneficial planning consent and are pursuing an appeal to achieve this, in the meantime the unit is being marketed under the current planning consent.

Unit 1b Mansfield: We let this unit, which had been vacant for just over 2 years, and have ageed terms to let unit 5, which has also been vacant for a while.

140 West George St Glasgow: In addition to letting the second floor shortly after purchase two leases were extended and breaks removed to give 5 years term certain on the income.

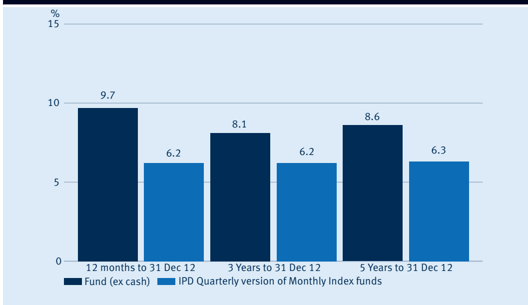
Halfords Paisley: The property had 2 years left on the lease, and was in poor condition. We have regeared the lease for ten years term without a break, and have financed improvement works to the unit.

Easter Park Bolton: Working with the tenant we have installed photo voltaic panels to the roof, and are receiving both a feed in tariff and income from the power used by the tenant. The provision of "green energy" to the unit creates a long term income stream to the Company, and enhances the appeal of the unit to occupiers.

Performance

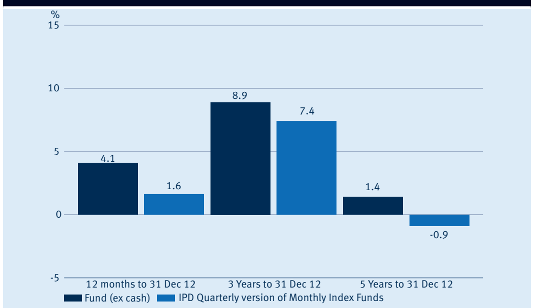
The Company aims to provide an attractive income return to investors. It has a policy of a covered dividend, and so the underlying portfolio income return is important. As the chart below shows the Company has consistently provided an above market income return.

Property Income Return



Although providing an attractive income return is our main driver, we also want to provide an attractive total return to investors. At a property level the Company has also maintained a strong total return performance relative to the IPD Monthly Index.

Property Total Return



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Investment Manager's Report (continued)

Shareholder returns obviously differ from the underlying asset returns, and the table below shows the share price performance (with dividends reinvested) over the period for the peer group.

Total Returns (dividends reinvested)	%
Schroder Real Estate Income Trust	30.16
Standard Life Investments Property Income Trust	21.14
F&C Commercial Property Trust	8.19
Picton Property Income	6.16
ISIS Property Trust	5.59
UK Commercial Property Trust	2.55
IRP Property Investments	-3.14
Invesco Property Income Trust	-76.92
FTSE ALL SHARE	12.3
FTSE EPRA/NAREIT UK	29.89

Source: Datastream

Bank Debt

In January 2012 the Company entered into its new debt facility with RBS. The original facility of £84m was due to expire in December 2013. The new facility, for the same amount (the previous debt was repaid), is for a term of 7 years expiring in December 2018, at a margin of 175bps (the margin can vary depending on LTV).

The Company has three interest rate swaps in place. The first, for £72m, matures in December 2013. The Company kept this swap in place rather than pay the £6.1m break cost. As at 31 December 2012 this swap had a liability value of £3.2m. This will reduce to £0 by December 2013, which equates to a benefit to the NAV of 2.3p per share. The two new swaps, entered into in January 2012 and expiring in December 2018 had a negative value of £3.6m at year end.

The new swap arrangements mean that from December 2013 the cost of debt will drop from 6.3% to 3.8%, a saving to the Company of £1.8m pa.

West George Street, Glasgow.

Standard Life Investments Property Income Trust Limited

Investment Manager's Report (continued)

Sub Sector Weighting – SLIPIT IPD Sector Weightings

Sub Sectors	Value	%
Standard Office	£55,050,000	31%
Retail Warehouse	£27,860,000	16%
Office Park	£23,845,000	14%
Distribution Warehouses	£20,025,000	11%
Standard Industrial	£16,595,000	9%
Cash	£13,527,186	8%
High St Retail	£10,150,000	6%
Industrial Park	£8,075,000	5%
Total	£175,127,186	100%

Sector Weighting – SLIPIT Sector Splits

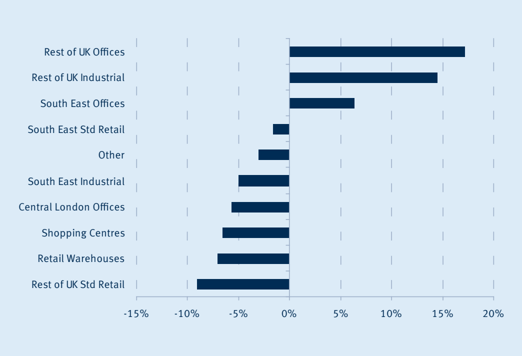
Sub Sectors	Value	%
Office	£78,895,000	45%
Industrial	£44,695,000	25%
Retail	£38,010,000	22%
Cash	£13,527,186	8%
Total	£175,127,186	100%

Geographic Weightings

Regional Split	Value	%
Northern England	£38,315,000	22%
Scotland	£34,110,000	19%
South East	£31,075,000	18%
South West	£16,525,000	9%
Midlands	£13,175,000	8%
Cash	£13,527,186	8%
Rest of London	£10,150,000	6%
London Mid-Town	£8,750,000	5%
London West End	£7,250,000	4%
Wales	£2,250,000	1%
Total	£175,127,186	100%

SLIPIT Relative Sector Weights v IPD Monthly

IPD Sectors



Ten Largest Properties

Company Name	Location	Market Value	Income Yield	Type
Hydrasun Aberdeen	Aberdeen	£10 - £15m	6.6%	Office Park
Tesco Wingates	Bolton	£10 - £15m	8.6%	Distn Warehouses
Hollywood Green, London	London	£10 - £15m	6.5%	High St Retail
Clough Road, Kingston Upon Hull	Hull	£5 - £10m	7.1%	Retail Warehouse
St James Cheltenham	Cheltenham	£5 - £10m	7.9%	Standard Office
White Bear Yard , Clerkenwell	London	£5 - £10m	6.2%	Standard Office
Ocean Trade Centre Aberdeen	Aberdeen	£5 - £10m	8.4%	Industrial Park
Monck St London	London	£5 - £10m	4.1%	Standard Office
Explorer Crawley	Crawley	£5 - £10m	5.7%	Standard Office
Bathgate Retail Park	Bathgate	£5 - £10m	5.5%	Retail Warehouse

Standard Life Investments Property Income Trust Limited

Investment Manager's Report (continued)

Top Ten Tenants

Company Name	Rent Passing	% of Rent
Tesco Stores Ltd	£1,297,662	10.2%
Hydrasun Ltd	£1,000,000	7.9%
Norcross Group (Holdings) Ltd	£825,723	6.5%
Grant Thornton UK LLP	£680,371	5.4%
Yusen Logistics (UK) Ltd	£450,000	3.6%
DSG Retail	£440,000	3.5%
B&Q PLC	£392,150	3.1%
Interfleet Technology ltd	£390,000	3.1%
Welsh Development Agency	£361,500	2.9%
Perry Ellis Europe Ltd	£350,000	2.8%

St James House, Cheltenham.

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Investment Manager's Report (continued)

Property Investments as at 31 December 2012

Property Name	Location	Sub-sector	Market Value	Tenure	Area sq ft	Occupancy Rate
Hydrasun Aberdeen	Aberdeen	Offices - Rest of UK	14-16m	Freehold	120,600	100%
Tesco Wingates	Bolton	Industrial – Rest of UK	12-14m	Freehold	275,638	100%
Hollywood Green	London	Retail – South East	10-12m	Freehold	64,001	100%
Clough Road Retail Park	Hull	Retail Warehouses	8-10m	Freehold	95,500	100%
St James's House	Cheltenham	Offices - Rest of UK	8-10m	Freehold	83,825	86%
White Bear Yard	London	Offices - London West End	8-10m	Freehold	21,631	100%
Ocean Trade Centre	Aberdeen	Industrial - Rest of UK	8-10m	Freehold	104,703	100%
Monck Street	London	Offices – West End	6-8m	Leasehold	18,596	98%
Explorer 1 & 2, Mitre Court	Crawley	Offices - South East	6-8m	Freehold	46,205	100%
Bathgate Retail Park	Bathgate	Retail Warehouses	6-8m	Freehold	45,168	100%
Dorset Street	Southampton	Offices - South East	4-6m	Freehold	25,101	100%
Bourne House	Staines	Offices - South East	4-6m	Freehold	26,062	0%
Drakes Way	Swindon	Industrial - Rest of UK	4-6m	Freehold	140,557	100%
Chancellors Place	Chelmsford	Offices - South East	4-6m	Freehold	22,096	100%
Crostons Retail Park	Bury	Retail Warehouses	4-6m	Freehold	49,210	100%
Marsh Way	Rainham	Industrial - South East	4-6m	Leasehold	82,090	100%
Interfleet House	Derby	Offices - Rest of UK	4-6m	Freehold	28,735	100%
Eleven Business Park	Norwich	Retail Warehouses	4-6m	Freehold	26,334	0%
Farah Unit, Crittal Road	Witham	Industrial - South East	2-4m	Freehold	57,328	100%
Turin Court South	Manchester	Offices - Rest of UK	2-4m	Freehold	23,881	100%
140 West George Street	Glasgow	Offices - Rest of UK	2-4m	Freehold	22,931	100%
Windsor Court & Crown Farm	Mansfield	Industrial - Rest of UK	2-4m	Leasehold	88,859	100%
Phase II, Telelink	Swansea	Offices - Rest of UK	2-4m	Leasehold	38,084	100%
Coal Road	Leeds	Industrial - Rest of UK	2-4m	Freehold	57,775	100%
De Ville Court	Weybridge	Offices - South East	2-4m	Freehold	10,810	100%
31 / 32 Queen Square	Bristol	Offices - Rest of UK	2-4m	Freehold	13,124	100%
Easter Park	Bolton	Industrial - Rest of UK	2-4m	Leasehold	35,534	100%
Halfords	Paisley	Retail Warehouses	1-2m	Freehold	20,161	100%
Wardley Industrial Estate	Manchester	Retail Warehouses	1-2m	Freehold	35,568	0%
Unit 14 Interlink Park	Bardon	Industrial - Rest of UK	1-2m	Freehold	32,747	100%
Portrack Lane	Stockton on Tees	Industrial - Rest of UK	1-2m	Freehold	32,693	100%
Total property portfolio			**161,600,000**			**89.1%**

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 2012.

In conjunction with the rest of the Annual Report and Financial Statements, in particular the Chairman's Statement and Investment Manager's Report, the Directors' Report provides information about the Company's business and its results for the year.

Results and Dividends

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 30.

The Company has paid interim dividends in the year ended 31 December 2012 as follows:

	Payment Date	Rate Per Share
Fourth interim for prior period	24 Feb 2012	1.133p
First interim	25 May 2012	1.133p
Second interim	24 Aug 2012	1.133p
Third interim	30 Nov 2012	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 22 February 2013 to shareholders on the register on 8 February 2013.

An outline of the Company's performance, market background and investment activity during the year under review, as well as the Investment Manager's outlook, is provided in the Investment Manager's Report.

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).

The Company was listed on the Channel Islands Stock Exchange (secondary listing) up to 18 December 2012 and delisted with effect from that date.

The Company has complied with the relevant provisions of, and the requirements set out in, the United Kingdom Listing Authority regulations throughout the year under review. The Company has also complied with the relevant provisions of the Channel Islands Stock Exchange LBG Rules up to delisting date of 18 December 2012.

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 consisting 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% of the property portfolio.

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

Standard Life Investments Property Income Trust Limited

Directors' Report (continued)

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

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

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.

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 and interest rate risk in note 3 to the accounts. Financial risk management objectives and policies, including a policy for each major hedged item and exposure to risks is set out in note 3 of 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. The Board is responsible for determining the nature and extent of significant risks it is willing to face in achieving the Company's strategic objectives. Details of the Company's internal controls are described in more detail on page 23.

Standard Life Investments Property Income Trust Limited

Directors' Report (continued)

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, premium or discount of the share price to net asset value, dividend per share and dividend yield. The key indicators for the year ended 31 December 2012 are referred to in the Chairman's Statement and Investment Manager's Report.

Substantial Shareholdings

As at 31 December 2012 and 11 April 2013, the following entities had a holding of 3% or more of the Company's issued share capital.

	% Holding	
	31/12/2012	11/4/2013
Brewin Dolphin	23.0	22.8
Standard Life Investments	22.0	21.2
M&G Investment Management	6.9	6.6
Legal & General Investment Management	3.6	3.4
Blackrock	3.5	3.4

Directors

The Directors of the Company during the year and at the date of this Report are set out on page 22.

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

	Ordinary Shares held	
	31/12/2012	31/12/2011
Paul Orchard-Lisle	34,275	34,275
Richard Barfield	40,128	40,128
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 2012 and 11 April 2013.

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.

Directors' Report (continued)

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.

Subsequent Events

Since the year end, the Company has issued a further 5,300,000 ordinary shares, bringing the total number of ordinary shares in issue to 144,931,746.

Corporate Governance

The Directors report on Corporate Governance is detailed on pages 19-24 and forms part of the Directors' Report.

Share Capital and Voting Rights

As at 31 December 2012 there were 139,631,746 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 10)

The Company did not purchase any shares for cancellation during the financial year ending 31 December 2012. The current authority of the Company to make market purchases of shares expires at the end of the Annual General Meeting.

Resolution 10 as set out in the notice of the Annual General Meeting seeks authority for the Company to make market purchases of up to 14.99% of the issued ordinary share capital, such authority to last until the earlier of 14 November 2014 and the Annual General Meeting in 2014. 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

Standard Life Investments Property Income Trust Limited

Directors' Report (continued)

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% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the Ordinary Shares for the five business days before the shares are purchased; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out. Any shares purchased under the authority will be cancelled or held in treasury.

Directors Authority to allot shares on a non pre-emptive basis (resolution 11)

Resolution 11 as set out in the notice of the Annual General Meeting gives the Directors, for the period until the conclusion of the annual general meeting in 2014 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 £144,931. This is equivalent to approximately 10% of the issued ordinary share capital of the Company as at 11 April 2013. It is expected that the Company will seek this authority on an annual basis. The Directors will only exercise this authority if they believe it advantageous and in the best interests of shareholders and in no circumstances would result in a dilution to the net asset value per share.

The Directors believe that the resolutions being put to the shareholders at the Annual General Meeting are in the best interests of the shareholders as a whole. Accordingly the Directors recommend that shareholders vote in favour of all of the resolutions to be proposed at the Annual General Meeting.

Approved by the Board on 11 April 2013.

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 Board is of the opinion 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 came into effect on 1 January 2012. By complying with the UK Code, the Company is deemed to have met the requirements of Guernsey Code and has therefore not reported further on its compliance with that code.

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

The AIC Code and the AIC Guide are available on the AIC's website, www.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.

Biographical details of each Director who served during the year are shown on page 22.

Huw Evans, a Guernsey resident, was appointed as a Director on 11 April 2013. He qualified as a Chartered Accountant with KPMG (then Peat Marwick Mitchell) in 1983. He subsequently worked for three years in the Corporate Finance department of Schroders before joining Phoenix Securities Limited in 1986. Over the next twelve years he advised a wide range of companies in financial services and other sectors on mergers and acquisitions and more general corporate strategy. Since moving to Guernsey in 2005, he has acted as a non-executive director for a number of Guernsey-based funds.

David Moore, who was Chairman of the Company until 24 May 2011 and, since then, has continued to serve as a Director, will be retiring from the Company at the 2013 AGM. Until 31 January 2013, Mr Moore was 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, was the Company's Guernsey sponsor in relation to the Company's listing on the Channel Islands

Corporate Governance Report (continued)

Stock Exchange up to 18 December 2012. Mr Moore was not directly involved in the provisions of the sponsorship services by Mourant Ozannes Securities Limited and refrained 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 2012, was £15,330 (2011: £28,161).

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 receives full information on the Company performance, financial position and any other relevant information to enable it to discharge its duties. At least one 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.

The Directors have access to the advice and services of the Company Secretary, Northern Trust International Administration Services (Guernsey) Limited, through its appointed representatives. The Company Secretary is responsible to the Board for ensuring that Board procedures are complied with, under the direction of the Chairman, ensuring good information flows to the Board and its Committees and for advising, through the Chairman, on corporate governance matters.

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 not involved in any non-audit work for the Company (2011: £7,500 in relation to the prospectus issued in June 2011 and residency advice regarding the appointment of the chairman). 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. New Directors appointed to the Board receive a formal induction and appropriate training is arranged for new and current Directors as required.

Standard Life Investments Property Income Trust Limited

Corporate Governance Report (continued)

The Remuneration Committee is chaired by Richard Barfield, comprises the full Board and meets at least once a year. The Committee reviews the level 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 or via download from the Company's website at www.standardlifeinvestments.com/its.

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. Huw Evans was appointed on 11 April 2013.

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

Paul Orchard-Lisle, Richard Barfield, Sally-Ann Farnon, Shelagh Mason and Huw Evans will stand for re-election at the forthcoming Annual General Meeting. The Board has reviewed the skills of each and has no hesitation in recommending their re-election to shareholders.

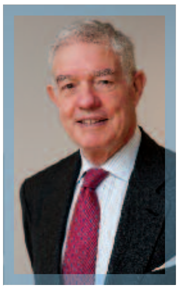
Notwithstanding that Mr Orchard-Lisle, Mr Barfield and Ms Mason have served as Directors for more than nine years from the date of their first appointment, the other Directors are firmly of the view that their independence has not been compromised by length of service. In considering Mr Orchard-Lisle, Mr Barfield and Ms Mason's independence, the Board (excluding Mr Orchard-Lisle, Mr Barfield and Ms Mason) considered a number of factors including their experience, integrity and judgement of character. Mr Orchard-Lisle, Mr Barfield and Ms Mason have no connection with the Investment Manager, are not professional advisers who provide services to the Investment Manager or the Board, do not serve on any board of a company managed by the Investment Manager or serve as a director on a company with any of the other Directors of the Company. For these reasons, the Board (excluding Mr Orchard-Lisle, Mr Barfield and Ms Mason) believe that Mr Orchard-Lisle, Mr Barfield and Ms Mason remain independent.

Standard Life Investments Property Income Trust Limited

Corporate Governance Report (continued)

Directors Information

Biographical details of each Director who served during the year 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 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. 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 until 1996.

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, Head of Audit KPMG Channel Islands and a former member of The States of Guernsey Public Accounts Committee. She is currently Vice-Chairman of The Guernsey Financial Services Commission and a non executive director of Cenkos Channel Islands Ltd, Breedon Aggregates Ltd and Dexion Absolute Ltd.

Shelagh Mason is a resident of Guernsey. She is an English property solicitor with over 25 years experience in commercial property. She was previously a senior partner of Edge & Ellison (now part of Hammonds) and is currently a partner of Spicer & Partners Guernsey LLP. She 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. She is 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 consultant with Bedell Cristin in Guernsey. He was a partner with Mourant Ozannes, the Company's lawyers in Guernsey, from 1993 to January 2013 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.

Huw Evans was appointed as a Director on 11 April 2013 and further information is set out on page 19.

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		Audit Committee		Management engagement Committee		Property Valuation Committee		Nomination Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Paul Orchard-Lisle	5	5	2	2	2	2	4	4	1	1	1	1
Richard Barfield	5	5	2	2	n/a	n/a	4	4	1	1	1	1
Sally Ann Farnon	5	5	2	2	2	2	4	4	1	1	1	1
Shelagh Mason	5	5	2	2	2	2	4	4	1	1	1	1
David Moore	5	5	2	2	2	2	4	4	1	1	1	1

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

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

Standard Life Investments Property Income Trust Limited

Corporate Governance Report (continued)

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 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
11 April 2013

Standard Life Investments Property Income Trust Limited

Directors' Remuneration Report

Remuneration Committee

The Remuneration Committee comprises the full Board and is chaired by Richard Barfield. The Committee considers, at least annually, the level of Directors' fees and makes recommendations to the Board. The Board determines the level of Directors' fees in accordance with Company's remuneration policy, as detailed below, and in accordance with the UK Corporate Governance Code.

Remuneration Policy

The Company's remuneration policy is that fees payable to Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be fair and comparable with those of similar companies. The level of fees should also be sufficient to attract and retain the high calibre of Directors needed to oversee the Company properly and to reflect its specific circumstances. It is the intention of the Board that this policy will continue to apply in the forthcoming financial year and subsequent years.

The fees for the Directors are determined within the limit set out on the Company's Articles of Incorporation. The present limit is an aggregate of £150,000 per annum. Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.

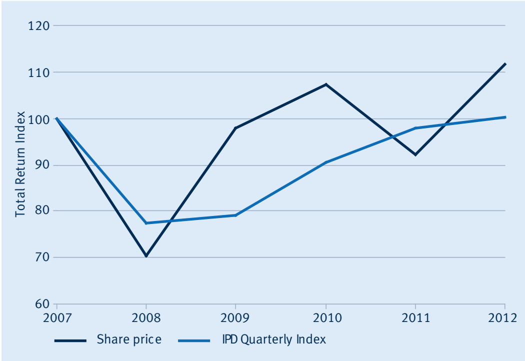
Directors' Service Contracts

The Board consists entirely of non-executive Directors. There are no service contracts in existence between the Company and any Directors but each Director was appointed by a letter of appointment which sets out the main terms of his or her appointment. A Director may resign by notice in writing to the Board at any time; there are no set notice periods and no compensation payable to a Director on leaving office.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through the investment management agreement, as referred to in the Corporate Governance Report on page 23. The graph below compares the total return (assuming all dividends re-invested) to ordinary shareholders compared with the total return on the IPD Quarterly Index over the five years to 31 December 2012.

Total Return Index



The Directors, as at the date of this report, and who all served throughout the year, received fees as shown in the table below.

	Year to 31 Dec 2012	Year to 31 Dec 2011
Paul Orchard-Lisle (Chairman)	£30,000	£26,260
Sally Ann Farnon (Audit Committee Chairman)	£23,500	£22,500
Richard Barfield	£22,500	£22,500
Shelagh Mason	£22,500	£22,500
David Moore	£22,500	£24,955
Total	**£121,000**	**£118,715**

Standard Life Investments Property Income Trust Limited

Directors' Remuneration Report (continued)

Following a review of Directors' fees by the Remuneration Committee in November 2012 it was decided by the Board that, with effect from 1 January 2013, the level of fees per annum would increase to £32,000 for the Chairman, £25,000 for the Audit Committee Chairman and £24,000 for the other Directors.

An ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting.

Approved by the Board on 11 April 2013

Richard Barfield

Director

Mitre Court, Crawley.

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 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;
- 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 complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping adequate 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 Directors are also responsible for preparing the Directors' Report, the Directors' Remuneration Report and the Corporate Governance Statement in accordance with the Companies (Guernsey) Law 2008 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules.

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 European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss 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 11 April 2013.

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 consolidated financial statements of Standard Life Investments Property Income Trust Limited for the year ended 31 December 2012 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 25. 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 27, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 company'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 2012 and of its loss 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
Recognised Auditors
Guernsey
11 April 2013

Standard Life Investments Property Income Trust Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2012

	Notes	2012 £	2011 £
Rental income		13,488,771	14,165,830
Surrender premium income		2,448,000	–
Valuation loss from investment properties	7	(9,216,816)	(2,668,104)
Profit on disposal of investment properties		176,215	612,645
Investment management fees	4	(1,305,792)	(1,319,497)
Other direct property operating expenses		(867,750)	(930,112)
Directors' fees and expenses	23	(123,441)	(122,127)
Valuer's fee	4	(30,503)	(33,947)
Auditor's fee	4	(41,440)	(38,764)
Other administration expenses		(232,499)	(217,447)
Operating profit		**4,294,745**	**9,448,477**
Finance income	5	46,856	51,732
Finance costs	5	(5,765,295)	(5,320,093)
(Loss) / profit for the year		**(1,423,694)**	**4,180,116**
Other comprehensive income			
Valuation (loss) / gain on cash flow hedges	13	(786,410)	1,320,954
Total comprehensive (loss) / income for the year, net of tax		**(2,210,104)**	**5,501,070**
Earnings per share:		pence	pence
Basic and diluted earnings per share	18	(1.03)	3.35
Adjusted (EPRA) earnings per share	18	5.53	5.00

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

The notes on pages 36 to 63 are an integral part of these Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Consolidated Balance Sheet as at 31 December 2012

	Notes	2012 £	2011 £
ASSETS			
Non-current assets			
Investment properties	7	158,073,412	157,212,659
Lease incentives		3,246,707	3,516,748
		161,320,119	160,729,407
Investment property held for sale	8	–	998,000
Current assets			
Trade and other receivables	9	1,171,842	1,642,602
Prepaid expenses		–	675,462
Cash and cash equivalents	10	13,527,186	17,825,381
		14,699,028	20,143,445
Total assets		**176,019,147**	**181,870,852**
EQUITY			
Capital and reserves attributable to Company's equity holders			
Share capital	16	22,280,186	20,440,011
Retained earnings	17	7,711,894	6,349,453
Capital reserves	17	(47,199,621)	(37,372,610)
Other distributable reserves	17	97,838,372	97,838,372
Total equity		80,630,831	87,255,226
LIABILITIES			
Non-current liabilities			
Bank borrowings	12	83,752,959	84,238,408
Interest rate swaps	13	2,757,732	3,007,460
Other liabilities	14	6,094	6,094
Rent deposits due to tenants		353,535	341,660
		86,870,320	87,593,622

Standard Life Investments Property Income Trust Limited

Consolidated Balance Sheet
as at 31 December 2012

	Notes	2012 £	2011 £
Current liabilities			
Trade and other payables	11	4,415,120	3,955,266
Interest rate swaps	13	4,102,376	3,066,238
Other liabilities	14	500	500
		8,517,996	7,022,004
Total liabilities		95,388,316	94,615,626
Total equity and liabilities		**176,019,147**	**181,870,852**
		Pence	Pence
Net Asset Value per share			
Basic and diluted NAV	20	57.7	63.9
Adjusted (EPRA) NAV	20	62.7	68.3

Approved by the Board of Directors on 11 April 2013 and signed on its behalf by:

Sally-Ann Farnon
Director

The notes on pages 36 to 63 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 2012

	Note	Share capital £	Retained earnings £	Capital reserves £	Other Distributable reserves £	Total equity £
Opening balance 1 January 2012		20,440,011	6,349,453	(37,372,610)	97,838,372	87,255,266
Loss for the year		–	(1,423,694)	–	–	(1,423,694)
Valuation loss on cash flow hedges	13	–	–	(786,410)	–	(786,410)
Total comprehensive income for the year		–	(1,423,694)	(786,410)	–	(2,210,104)
Ordinary shares issued	16	1,840,175	–	–	–	1,840,715
Dividends Paid	19	–	(6,254,466)	–	–	(6,254,466)
Valuation loss from investment properties	7	–	9,216,816	(9,216,816)	–	–
Profit on disposal of investment properties		–	(176,215)	176,215	–	–
Balance at 31 December 2012		**22,280,186**	**7,711,894**	**(47,199,621)**	**97,838,372**	**80,630,831**

The notes on pages 36 to 63 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 £	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	16	13,768,573	–	–	–	13,768,573
Dividends Paid	19	–	(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*		–	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 36 to 63 are an integral part of these Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Consolidated Cash Flow Statement
for the year ended 31 December 2012

	Notes	2012 £	2011 £
Cash generated from operating activities	21	14,249,201	11,965,530
Cash flows from investing activities			
Finance income	5	46,856	51,732
Purchase of investment properties	7	(13,165,401)	(22,274,624)
Capital expenditure on investment properties	7	(306,514)	(747,844)
Proceeds from disposal of investment properties	21	4,905,048	14,175,639
Net cash used in investing activities		(8,520,011)	(8,795,097)
Cash flows from financing activities			
Ordinary shares issued net of issue costs	16	1,840,175	4,427,299
Bank borrowing arrangement costs	12	(112,159)	(675,462)
Interest paid on bank borrowing	5	(2,209,219)	(1,774,420)
Payments on interest rate swaps	5	(3,291,716)	(3,147,947)
Dividends paid to the Company's shareholders	19	(6,254,466)	(5,345,238)
Net cash used in financing activities		(10,027,385)	(6,515,768)
Net decrease in cash and cash equivalents in the year		**(4,298,195)**	**(3,345,335)**
Cash and cash equivalents at beginning of year		17,825,381	21,170,716
Cash and cash equivalents at end of year	10	**13,527,186**	**17,825,381**

The notes on pages 36 to 63 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 2012

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 listing on the London Stock Exchange.

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

These audited Consolidated Financial Statements were approved for issue by the Board of Directors on 11 April 2013.

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 2012:

- IAS 12 Income Taxes – Recovery of Underlying Assets
- IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

IAS 12 Income Taxes

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It implies the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012, but will not have any effect in the entity's performance or in its disclosures because the tax rate for these assets in the jurisdictions in which they are located does not differ if they are recovered by sale or use.

IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosures about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The entity did not have any assets with these characteristics, so there has not been any effect in the presentation of its financial statements.

New standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income: The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment will have no impact on the Group's financial position. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IFRS 9 Financial Instruments – IFRS 9 for financial assets was first published in November 2009 and was later updated in October 2010 to include financial liabilities. These pronouncements initially required the adoption of the standard for annual periods on or after 1 January 2013. Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 from 1 January 2013 to 1 January 2015.

IFRS 10 Consolidated Financial Statements and IAS 27 Seperate Financial Statements: IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement: IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Director is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.

IFRS 13 does expand the disclosure requirements in respect of fair value measurement. In particular, the financial statements will in the future, as well as other disclosures, contain:

i) An analysis of the fair value hierarchy for investment property (as well as for financial instruments)

ii) Information about the sensitivity of fair value measurements to changes in unobservable estimation inputs

and

iii) A detailed commentary on the Group's valuations methods and procedures

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7:

These amendments require an entity to disclose information about rights of set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or 'similar agrement', irrespective of whether they are set off in accordance with IAS 32. This standard becomes effective for periods beginning on or after 1 January 2013.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32:

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. IAS 32 paragraph 42(a) requires that "a financial asset and financial liability shall be offset ... when,

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

and only when, an entity currently has a legally enforceable right to set off the recognised amounts ...” The amendments clarify that rights of set-off must not only be legally enforceable in the normal cource of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all the counterparties to the contract, including the reporting entity itself. The amendments also clarify that rights of set-off must not be contingent on a future event. The IAS 32 offsetting criteria require the reporting entity to intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The amendments clarify that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement and, therefore, meet the net settlement criterion. This Standard becomes effective for annual periods beginning on or after 1 January 2014.

Improvements to IFRSs (2009 - 2011 cycle) effective from 1 January 2013

The IFRS Board have issued the following amendments to its standards, primarily with a view to remove inconsistencies and clarifying wording. 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:

AIP IAS 1 Presentation of Financial Statements: Clarification of the requirements for comparative information.The amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financialstatements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. The opening statement of financial position (known as 'the third balance sheet') must be presented when an entity changes its accounting policies (making retrospective restatements or reclassifications) and those changes have a material effect on the statement of financial position. The opening statement would be at the beginning of thepreceding period. For example, the beginning of the preceding period for a 31 December 2014 year-end would be 1 January 2013. However, unlike the voluntary comparative information, the related notes are not required to include comparatives as of the date of the third balance sheet.

IAS 16 Property, Plant and Equipment: Classification of servicing equipment. The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments Presentation: Tax effects of distributions to holders of equity instruments.The amendment removes existing income tax requirements from IAS 32 and requiresentities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

IAS 34 Interim Financial Reporting: Interim financial reporting and segment information for total assets and liabilities.The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity’s previous annual financial statements for that reportable segment.

2.2 Significant accounting judgements, estimates and assumptions

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

The most significant estimates and judgements are set out below.

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 (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under construction. Future revenue streams comprise contracted rent (passing rent) and estimated rental income (ERV) after the contract period. In calculating ERV, the potential impact of future lease incentives to be granted to secure new contracts is taken into consideration. All these estimates are based on local market conditions existing at the reporting 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

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

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 initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. The cost of any lease incentives provided are recognised over the lease term, on a straight line basis as a reduction of rental income. The resulting asset is reflected as a receivable in the Consolidated Balance Sheet. The valuation of investment properties is reduced by the total of the unamortised lease incentive balances. Any remaining lease incentive balances in respect of properties disposed of are included in the calculation of the profit or loss arising at disposal.

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

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.

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

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 liabilties. In determining the expected manner of realisation of an asset the directors consider that the Group will recover the value of investment property through sale. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

F. Investment property

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

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

Subsequent to initial recognition, investment property is stated at fair value. Fair value is based upon the market valuation of the properties as provided by the independent valuers. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise. For the purposes of these financial statements, in order to avoid double accounting, the assessed fair value is:

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

ii) Increased by the carrying amount of any liability to the superior leaseholder or freeholder that has been recognised in the balance sheet as a finance lease obligation

Acquisitions of investment properties are considered to have taken place on exchange of contracts unless there are significant conditions attached. For conditional exchanges acquisitions are recognised when these conditions are satisfied.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the income statement in the year of retirement or disposal.

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

G. Non-current 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. Fair value is based on the market valuations of the properties as reported by the independent valuers.

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

H. Trade and other receivables

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

I. Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and other short-term highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value.

J. 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.

K. Borrowings and interest expense

All loans and borrowings are initially recognised at the fair value of the consideration received, less issue costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on settlement. Borrowing costs are recognised within finance costs in the Consolidated Statement of Comprehensive Income as incurred.

L. Accounting for derivative financial instruments and hedging activities

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.

3. FINANCIAL RISK MANAGEMENT

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

The Group is exposed to market risk (including interest rate risk and real estate risk), credit risk, capital risk and liquidity risk. The Group is not exposed to currency risk or price risk.

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

Market risk

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

i) Interest Rate risk

As described 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 £72,000,000 and £12,432,692, all of which has been fixed via interest rate swaps.

The bank borrowings are carried at amortised cost and the Group considers this to be a close approximation to fair value. The fair value of the bank borrowings is affected by changes in the market interest rate. The fair value of the interest rate swaps is exposed to changes in the market interest rate as their fair value is calculated as the present value of the estimated future cash flows under the agreements. The accounting policy for recognising the fair value movements in the interest rate swaps is described in note 2.3.

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

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

31 December 2012	Fixed rate £	Variable rate £	Weighted average interest rate
Cash and cash equivalents	–	13,527,186	0.441%
Bank borrowings	72,000,000	–	6.765%
Bank borrowings	12,432,692	–	3.521%

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%

At 31 December 2012, if market rate interest rates had been 100 basis points higher with all other variables held constant, the loss for the year would have been £10,945 lower (2011: £53,927 higher profit) 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 £4,914,863 higher (2011: £1,406,835 higher) as a result of an increase in the fair value of the derivative designated as a cash flow hedge of floating rate borrowings.

ii) Real estate risk

The Group has identified the following risks associated with the real estate portfolio:

a) The cost of the development schemes may increase if there are delays in the planning process. The Group uses advisers who are experts in the specific planning requirements in the scheme's location in order to reduce the risks that may arise in the planning process.

b) A major tenant may become insolvent causing a significant loss of rental income and a reduction in the value of the associated property (see also credit risk below). To reduce this risk, the Group reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

c) The exposure of the fair values of the portfolio to market and occupier fundamentals.

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.

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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 £381,917 (2011: £909,104).

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 2012 £9,442,122 (2011: £16,932,057) was placed on deposit with The Royal Bank of Scotland plc ("RBS") and £4,085,064 (2011:£893,324) 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-2 P-2 Negative by Moody's, as at the Balance Sheet date.

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 2012

	On demand £	12 months £	1 to 5 years £	>5 years £	Total £
Interest-bearing loans	–	2,183,737	8,734,948	86,616,429	97,535,114
Interest rate swaps	–	3,462,240	3,127,972	781,993	7,372,205
Leasehold obligations	–	500	2,000	53,500	56,000
Trade and other payables	606,032	–	–	–	606,032
Rental deposits due to tenants	–	12,662	353,535	–	366,197
	606,032	5,659,138	12,218,453	87,451,922	105,935,547

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	606,209	–	–	–	606,209
Rental deposits due to tenants	–	2,368	151,456	190,203	344,028
	606,209	5,323,155	89,906,435	244,203	96,080,004

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

The disclosed amount for interest rate swaps in the previous 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 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 2012 and at 31 December 2011 were as follows:

	2012 £	2011 £
Total borrowings	84,432,692	84,432,692
Less: cash and cash equivalents	(13,527,186)	(17,825,381)
Net debt	70,905,506	66,413,027
Total equity	80,630,831	87,255,225
Total capital	151,536,337	153,668,252
Gearing ratio	47%	43%

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

Fair values

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

	Carrying Amount		Fair values	
	£	£	£	£
	2012	2011	2012	2011
Financial Assets				
Cash and cash equivalents	13,527,186	17,825,381	13,527,186	17,825,381
Trade and other receivables	1,171,842	1,632,977	1,171,842	1,632,977

	£	£	£	£
	2012	2011	2012	2011
Financial Liabilities				
Bank borrowings	83,752,959	84,238,408	83,680,288	84,396,916
Interest rate swaps	6,860,108	6,073,698	6,860,108	6,073,698
Trade and other payables	883,054	608,577	883,054	608,577

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 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 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 2012	Level 1	Level 2	Level 3	Total Fair values
Interest rate swaps	–	6,860,108	–	6,860,108

31 December 2011	Level 1	Level 2	Level 3	Total Fair values
Interest rate swaps	–	6,073,698	–	6,073,698

*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.

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 except where cash balances exceed 10% of the 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 2012 amounted to £1,305,792 (2011: £1,319,497). The amount due and payable at the year end amounted to £321,685 excluding VAT (2011: £333,671 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 2012 amounted to £75,510 (2011: £75,044). The amount due and payable at the year end amounted to £16,250 excluding VAT (2011: £19,750 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 2012 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 auditor’s fees for the year ended 31 December 2012 amounted to £41,440 (2011: £38,764) and relates to audit services provided for the 2012 financial year. Ernst & Young LLP provided no non audit services as at the balance sheet date (2011: £7,500).

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Notes to the Consolidated Financial Statements for the year ended 31 December 2012

5. FINANCE INCOME AND COSTS

	2012 £	2011 £
Interest income on cash and cash equivalents	46,856	51,732
Finance income	46,856	51,732
Interest expense on bank borrowings	2,171,407	1,774,420
Payments on interest rate swaps	3,291,716	3,147,947
Finance cost of redeemable preference shares	–	300,214
Amortisation of arrangement costs (See Note 12)	302,172	97,512
Finance costs	5,765,295	5,320,093

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:

	2012 £	2011 £
(Loss) / profit before income tax	(1,423,694)	4,180,116
Tax calculated at UK statutory income tax rate of 20% (2011: 20%)	(284,739)	836,023
Losses arising on investment property not subject to tax	1,808,120	372,995
Holding company profits not subject to tax	(434,123)	(1,221,503)
Income not subject to tax	(505,972)	(16,553)
Expenditure not allowed for income tax purposes	50,222	44,447
Capital and other allowances	(109,896)	(149,444)
Tax loss not utilised	(523,612)	134,035
Current income tax charge	–	–

The Group has not recognised a deferred tax asset of £3,174,161 (2011:£3,702,823) 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 Company and its subsidiary have obtained exempt company status in Guernsey so that they are exempt from Guernsey taxation on income arising outside Guernsey and bank interest receivable in Guernsey. The Board intend to conduct the Group's affairs such that the Company and its subsidiary continue to remain eligible for exemption.

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Notes to the Consolidated Financial Statements
for the year ended 31 December 2012

7. INVESTMENT PROPERTIES

	2012	2011
	£	£
Market value as at 1 January	161,075,000	154,965,000
Purchase of investment property	13,165,401	22,274,624
Capital expenditure on investment properties	306,514	747,844
Carrying value of disposed investment properties	(3,700,000)	(13,536,494)
Valuation loss from investment properties	(9,216,816)	(2,668,104)
Movement in lease incentives receivable	(30,099)	290,130
Investment property recategorised as held for sale	–	(998,000)
Market value at 31 December	161,600,000	161,075,000
Adjustment for lease incentives	(3,533,182)	(3,868,935)
Adjustment for finance lease obligations	6,594	6,594
Fair value at 31 December	158,073,412	157,212,659

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 £161,600,000 (2011: **£162,100,000). An adjustment has been made for lease incentives of £3,533,182* (2011: £3,868,935) that are already accounted for as an asset.

*Lease incentives are split between non current of £3,246,707 and current of £286,475 (note 9).

The valuations have been prepared in accordance with the RICS Valuation – Professional Standards, March 2012 published by the Royal Institution of Chartered Surveyors.

**Market value at 31 December 2011 in Note 7 is £161,075,000. The valuation provided by Jone Lang LaSalle was £162,100,000 difference being the property held for sale in Note 8.

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

	2012 Number of properties	2011 Number of properties	2012 £	2011 £
Freehold	26	26	142,425,000	142,075,000
Leasehold	5	5	19,175,000	20,025,000
Market value at 31 December	31	31	161,600,000	162,100,000

The significant judgements, estimates and assumptions made relating to valuations are set out below:

	2012 £	2011 £
ERV p.a.	14,274,892	12,942,536
Area sq. ft.	1,721,366	1,662,185
Average ERV per sq. ft.	£8.29	£7.79
Initial Yield	7.47%	7.27%
Reversionary Yield	7.31%	6.51%

Sensitivity analysis

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

	2012 £	2011 £
Increase in yield of 25 bps	(5,700,000)	(6,800,000)
Decrease in rental rates of 5%	(5,900,000)	(6,700,000)

8. INVESTMENT PROPERTY HELD FOR SALE

As at 31 December 2012 the Group had no investment properties held for sale.

As at 31 December 2011 the Group had exchanged 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 was £998,000 (net of transaction costs of £27,000).

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

9. TRADE AND OTHER RECEIVABLES

	2012	2011
	£	£
Trade receivables	416,834	961,220
Less: provision for impairment of trade receivables	(34,917)	(52,116)
Trade receivables (net)	381,917	909,104
Lease incentives due within one year	286,475	352,187
Rental deposits held on behalf of tenants	366,197	344,028
Other receivables	137,253	37,283
Total trade and other receivables	1,171,842	1,642,602

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

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

Amounts are considered impaired when it becomes unlikely that the full value of a receivable will be recovered. Movement in the balance considered to be impaired has been included in other direct property costs in the Consolidated Statement of Comprehensive Income. As of 31 December 2012, trade receivables of £34,917 (2011: £52,116) were impaired and provided for.

The ageing of these receivables is as follows:

	2012	2011
	£	£
0 to 3 months	34,917	39,417
3 to 6 months	-	1,699
Over 6 months	-	11,000
	34,917	52,116

As of 31 December 2012, trade receivables of £381,917 (2010: £909,104) were less than 3 months past due but not impaired.

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

10. CASH AND CASH EQUIVALENTS

	2012 £	2011 £
Cash held at bank	4,085,064	893,324
Cash held on deposit with RBS (see note 12)	9,442,122	16,932,057
	13,527,186	17,825,381

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

	2012 £	2011 £
Trade payables	322,396	340,523
Other payables	283,636	265,686
Interest on borrowings	264,360	–
VAT payable	825,756	481,177
Deferred rental income	2,706,310	2,865,512
Rental deposits due to tenants	12,662	2,368
	4,415,120	3,955,266

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

12. BANK BORROWINGS

	2012 £	2011 £
Loan facility and drawn down outstanding balance	84,432,692	84,432,692
Opening carrying value	84,238,408	84,140,896
Arrangement costs of new facility	(787,621)	–
Amortisation of arrangement costs	302,172	97,512
Closing carrying value	83,752,959	84,238,408

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On 20 January 2012 the Company completed the drawdown of £84,432,692 loan with The Royal Bank of Scotland plc ("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 3 month Libor, a margin of 1.65% (below 40% LTV) or 1.75% (40% to 60% LTV inclusive) or 1.95% (above 60% LTV).

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 five anniversary to maturity. The arrangement fees for the new facility are £675,462 which were paid to RBS on execution of the new loan facility agreement on 22 December 2011. Further arrangement fee costs of £112,159 were paid during the year.

	2012	2011
	£	£
Loan amount	84,432,692	84,432,692
Cash deposited within the security of RBS	(9,442,122)	(16,932,057)
	74,990,570	67,500,635
Investment property valuation	161,600,000	162,100,000
Loan to value percentage	46.4%	41.6%
Loan to value percentage covenant	65.0%	65.0%
Loan to value percentage if all cash is deposited within the security of RBS	43.9%	41.1%

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

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

During the 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.

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

13. INTEREST RATE SWAPS

The Company has two interest rate swap agreements with RBS. The first swap agreement was entered into on 29 December 2003 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 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% (2011: 5.015%).

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

On 20 January 2012 the Company completed an interest rate swap of a notional amount of £72,000,000 with RBS which replaces the interest rate swap entered into on 29 December 2003. This interest rate swap effective date is 29 December 2013 and has a maturity date of 16 December 2018. Under the swap the Company has agreed to receive a floating interest rate linked to 3 month Libor and pay a fixed interest rate of 2.0515%.

	2012	2011
	£	£
Opening fair value of interest rate swaps at 1 January	(6,073,698)	(7,394,652)
Valuation (loss) / gain on interest rate swaps	(786,410)	1,320,954
Closing fair value of interest rate swaps at 31 December	(6,860,108)	(6,073,698)
Interest rate swaps due:		
Less than one year	(4,102,376)	(3,066,238)
Between one and five years	(2,596,035)	(3,007,460)
More than five years	(161,697)	–
Closing fair value of interest rate swaps at 31 December	(6,860,108)	(6,073,698)

The individual swap assets and liabilities are listed below:

Interest rate swap with a start date of 29 December 2003 maturing on 29 December 2013	(3,277,157)	(5,777,223)
Basis swap with a start date of 29 December 2008 maturing on 29 December 2013	41,394	(296,475)
Interest rate swap with a start date of 20 January 2012 maturing on 16 December 2018	(519,771)	–
Interest rate swap with a start date of 29 December 2013 maturing on 16 December 2018	(3,104,574)	–
	(6,860,108)	(6,073,698)

14. OTHER LIABILITIES

At 31 December 2012 the Group owned five leasehold properties at a market value of £19,175,000 (2011: five properties at a market value of £20,025,000) 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.

	2012 £	2011 £
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

15. LESSOR ANALYSIS

The Group has entered into leases on its property portfolio. This property portfolio as at 31 December 2012 had an average lease expiry of 6 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.

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2012 £	2011 £
Within one year	12,540,307	13,696,459
After one year, but not more than five years	25,882,324	30,499,495
More than five years	38,280,554	59,929,162
Total	76,703,185	104,125,116

The largest single tenant at the year end accounts for 10.24% (2011: 9.57%) of the current annual passing rent.

16. SHARE CAPITAL

Under the Company's Articles of Incorporation, the Company may issue an unlimited number of ordanary shares of 1 pence each.

Allotted, called up and fully paid:

	2012 £	2011 £
Opening balance	20,440,011	6,671,438
Shares issued between 10 May 2012 and 31 October 2012 at a price of between 60.3p and 63.5p per share	1,856,500	–
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	(16,325)	(432,208)
Closing balance	22,280,186	20,440,011

	2012 Number of Shares	2011 Number of Shares
Opening balance	136,631,746	114,399,999
Issued during the year	3,000,000	22,231,747
Closing balance	139,631,746	136,631,746

17. RESERVES

Retained earnings

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

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

Capital reserves

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

Other distributable reserves

This reserve represents the share premium raised on launch of the Company which was subsequently converted to a distributable reserve by special resolution dated 4 December 2003. This balance has been reduced by the allocation of preference share finance costs.

18. 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:

	2012 £	2011 £
(Loss) / profit for the year	(1,423,694)	4,180,116

	2012 Number of Shares	2011 Number of Shares
Weighted average number of ordinary shares outstanding during the year	137,728,194	124,726,779
(Loss) / gain per ordinary share	(1.03p)	3.35p

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.

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

	2012 £	2011 £
Earning for basic earning per share	(1,423,694)	4,180,116
Less: revaluation movements on investment properties	9,216,816	2,668,104
Less: profit on disposal of investment properties	(176,215)	(612,645)
Adjusted (EPRA) profit for the year	7,616,907	6,235,575

	2012 Number of Shares	2011 Number of Shares
Weighted average number of ordinary shares outstanding during the year	137,728,194	124,726,779
Adjusted (EPRA) earnings per share	5.53p	5.00p

19. DIVIDENDS

	2012 £	2011 £
1.133p per ordinary share paid in February relating to the quarter ending 31 December 2011 (2011 : 1.100p)	1,548,038	1,258,400
1.133p per ordinary share paid in May relating to the quarter ending 31 March 2012 (2011 : 1.100p)	1,556,535	1,269,400
1.133p per ordinary share paid in August relating to the quarter ending 30 June 2012 (2011 : 1.100p)	1,567,865	1,269,400
1.133p per ordinary share paid in November relating to the quarter ending 30 September 2012 (2011 : 1.133p)	1,582,028	1,548,038
	6,254,466	5,345,238

On 22 February 2013 a dividend of £1,582,028, 1.133p per ordinary share (2011: £1,548,038, 1.133p per ordinary share) in respect of the quarter to 31 December 2012 was paid.

20. 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.

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

	2012 Number of Shares	2011 Number of Shares
Number of ordinary shares at the reporting date	139,631,746	136,631,746

	2012 £	2011 £
Total equity per audited consolidated financial statements	80,630,831	87,255,226
Net asset value per share	57.7p	63.9p
Adjustments:		
Adjustment for dividend in respect of the quarter ending 31 December	(1,582,028)	(1,548,038)
Published adjusted net asset value	79,048,803	85,707,188
Published adjusted net asset value per share	56.6p	62.7p

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

	2012 £	2011 £
Total equity per audited consolidated financial statements	80,630,831	87,255,226
Adjustments:		
Less: fair value of derivatives	6,860,108	6,073,698
Published adjusted EPRA net asset value	87,490,939	93,328,924
Published adjusted EPRA net asset value per share	62.7p	68.3p

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

21. CASH GENERATED FROM OPERATIONS

	2012	2011
	£	£
(Loss) / gain for the year	(1,423,694)	4,180,116
Movement in lease incentives	270,041	(242,774)
Movement in trade and other receivables	470,760	(35,501)
Movement in trade and other payables	437,414	739,869
Finance costs	5,500,935	5,320,093
Finance income	(46,856)	(51,732)
Valuation loss from investment properties	9,216,816	2,668,104
Profit on disposal of investment properties	(176,215)	(612,645)
Cash generated from operations	14,249,201	11,965,530

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

	2012	2011
	£	£
Carrying value of disposed investment properties (Note 7)	3,700,000	13,536,494
Carrying value of disposed investment properties (Note 8)	998,000	–
Movement in trade and other payables	30,834	26,500
Profit on disposal of investment properties	176,215	612,645
Proceeds from disposal of investment properties	4,905,049	14,175,639

22. 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:

	2012	2011
	£	£
Total service charge expenditure incurred	1,115,952	853,365
Total service charge billed to tenants	1,323,549	840,369
Service charge billed to the Group in respect of void units	102,945	197,408
Service charge due to tenants as at 31 December	(310,542)	(184,412)
	1,115,952	853,365

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

23. RELATED PARTY DISCLOSURES

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

Ordinary share capital

Standard Life Investment Funds Limited held 14,982,501 (2011: 14,982,501) of the issued ordinary shares at the Balance Sheet date on behalf of its Unit Linked Property Funds. This equates to 10.7% (2011: 11.0%) of the ordinary share capital in issue at the Balance Sheet date. Standard Life Assurance Limited held 14,724,580 (2011: 14,724,580) of the issued ordinary shares at the balance sheet date on behalf of its heritage with profits fund. This equates to 10.5% (2011: 10.8%) of the ordinary share capital in issue at the balance sheet date. Neither Standard Life Investments Funds 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

	2012	2011
	£	£
David Moore (resigned as chairman 24 May 2011)	22,500	24,955
Richard Barfield	22,500	22,500
Sally-Ann Farnon	23,500	22,500
Shelagh Mason	22,500	22,500
Paul Orchard-Lisle (appointed chairman 24 May 2011)	30,000	26,260
	121,000	118,715
Directors expenses	2,441	3,412
	123,441	122,127

David Moore was until January 2013 a partner of Mourant Ozannes Advocates and Notaries Public (Guernsey) who are the Group's solicitors. As at 31 December 2012, the fees paid during the year to Mourant Ozannes Advocates and Notaries Public (Guernsey) were £15,330 (2011: £28,161).

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.

24. SEGMENTAL INFORMATION

The board has considered the requirements of IFRS 8 'operating segments'. The board is of the view that Group is engaged in a single segment of business, being property investment and in one geographical area, the United Kingdom.

Standard Life Investments Property Income Trust Limited

Notes to the Consolidated Financial Statements for the year ended 31 December 2012

25. EVENTS AFTER THE BALANCE SHEET DATE

Shares and Dividends

On 22 February 2013 a dividend of £1,582,028 (2011: £1,548,038) in respect of the quarter to 31 December 2012 was paid.

Between 6 February and 20 March 2013, the Company approved the allotment of 5,300,000 ordinary shares of 1p each, which rank pari passu with the existing shares in issue, under the Company's blocklisting facility at a price of 58.5p per share. As a result of these allotments, the total number of ordinary shares in issue stands at 144,931,746.

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. 0.5% Government stamp duty is currently payable on all share purchases. There is no maximum amount that can be invested in the Company through Standard Life's Savings Scheme and there is no initial, exit 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 £11,280 up until 5 April 2013 and up to £11,520 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. 0.5% Government stamp duty is deducted from each investment made, however, there is no initial, exit 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, 0.5% Government stamp duty is deducted from each investment made, however, there is no initial, exit 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 Ninth 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 14 May 2013 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 2012.

Resolution 2 To approve the Directors' Remuneration Report for the year ended 31 December 2012

Resolution 3 To re-appoint Ernst & Young LLP as Auditor of the Company until the conclusion of the next Annual General Meeting.

Resolution 4 To authorise the Board of Directors to determine the Auditor's remuneration.

Resolution 5 To re-elect Sally-Ann Farnon as a Director of the Company.

Resolution 6 To re-elect Paul Orchard-Lisle as a Director of the Company.

Resolution 7 To re-elect Richard Barfield as a Director of the Company.

Resolution 8 To re-elect Shelagh Mason as a Director of the Company.

Resolution 9 To re-elect Huw Evans as a Director of the Company.

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

Resolution 10 To authorise the Company, in accordance with The Companies (Guernsey) Law, 2008, as amended (the "Law") to make market acquisitions of its own shares of 1 pence each (either for retention as treasury shares for future resale or transfer or cancellation) provided that;

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

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

Notice of Annual General Meeting (continued)

c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be the higher of (i) 105 per cent of the average of the middle market quotations (as derived from the Daily Official List) for the Ordinary Shares for the five business days immediately preceding the date of acquisition and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out; and

(d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 14 November 2014 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2014, 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 11

That the Directors of the Company be and they are hereby generally empowered, to allot ordinary shares in the Company or grant rights to subscribe for, or to convert securities into, ordinary shares in the Company ("equity securities"), including 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 £144,931 being approximately 10 per cent of the nominal value of the issued share capital of the Company, as at 11 April 2013.

By Order of the Board

For and on behalf of
Northern Trust International Fund Administration Services (Guernsey) Limited
Secretary

11 April 2013

Standard Life Investments Property Income Trust Limited

Notice of Annual General Meeting (continued)

Notes

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

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

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

4. The form of proxy should be completed and sent, together with the power of attorney or authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach Computershare Investor Services (Guernsey) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 9.00AM on 12 May 2013.

5. Completing and returning a form of proxy will not prevent a member from attending the Meeting in person. If you have appointed a proxy and attend the Meeting in person your proxy appointment will remain valid and you may not vote at the Meeting unless you have provided a hard copy notice to revoke the proxy to Computershare Investor Services (Guernsey) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 9.00AM on 12 May 2013.

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 12 May 2013. 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 11 April 2013, the latest practicable date prior to publication of this document, the Company had 144,931,746 ordinary shares in issue with a total of 144,931,746 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)[1]
Richard Arthur Barfield[2]
Sally-Ann Farnon[3]
Shelagh Yvonne Mason[4]
David Christopher Moore
Huw Griffith Evans

Registered Office

Trafalgar Court
Les Banques
St. Peter Port
Guernsey GY1 3QL

Registered Number

41352

Administrator & Secretary

Northern Trust International Administration Services (Guernsey) Limited
Trafalgar Court
Les Banques
St. Peter Port
Guernsey GY1 3QL

Registrar

Computershare Investor Services (Guernsey) Limited
NatWest House
Le Truchot
St Peter Port
Guernsey GY1 1WD

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
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP

Broker

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Principal Bankers

The Royal Bank Of Scotland Plc
135 Bishopsgate
London EC2M 3UR

Property Valuers

Jones Lang Lasalle Limited
22 Hanover Square
London W1A 2BN

[1]Chairman of the Property Valuation Comittee
[2]Chairman of the Nomination Comittee and Remuneration Comittee
[3]Chairman of the Audit Comittee
[4]Chairman of the Management Engagement Comittee