



Standard Life Investments Property Income Trust Limited

**Interim Report
30 June 2015**

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Standard Life Investments Property Income Trust Limited

Objective and Investment Policy

Objective

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

Investment Policy

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

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

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

An analysis of how the portfolio was invested as at 30 June 2015 is contained within the Investment Manager's Report.

Standard Life Investments Property Income Trust Limited

Financial Highlights

- ▶ Net Asset Value total return of 6.6% for the six months ended 30 June 2015.
- ▶ Share price increased by 7.0% over the six months ended 30 June 2015 to 83.8p.
- ▶ Dividend yield of 5.5% based on 30 June 2015 share price of 83.8p.
- ▶ 2 properties purchased for £20.4m excluding costs and 4 properties sold for £11.6m excluding costs.
- ▶ £34.8m of new equity raised over the six months ended 30 June 2015 at an average premium to Net Asset Value of 5.4%, increasing the number of shares in issue by 18.1%.

Total Returns (with dividends re-invested)		6 months to 30 June 2015
Net Asset Value total return*		+6.6%
Share Price total return*		+10.0%

*Source: Winterfloods

Capital Values	30 June 2015	31 December 2014	% Change
Net Asset Value per share ¹	78.5p	75.5p	+4.0%
EPRA* Net Asset Value per share ²	79.2p	76.6p	+3.4%
Share Price	83.8p	78.3p	+7.0%
Premium of Share Price to Net Asset Value	6.8%	3.7%	–
Total Assets	£320.4m	£278.7m	+15.0%
Loan to Value ³	19.8%	29.2%	–
Cash Balance	£27.3m	£5.4m	–

Dividends	30 June 2015	30 June 2014
Dividends per share ⁴	2.322p	2.294p
Dividend yield	5.5%	6.1%

Property Returns	6 months to 30 June 2015	12 months to 31 December 2014
Property income return ⁵	3.1%	7.5%
IPD property income monthly index ⁶	2.5%	5.6%
Property total return (property only) ⁷	5.8%	18.0%
IPD property total return monthly index ⁶	6.3%	17.9%

¹ Calculated under International Financial Reporting Standards.

² EPRA NAV represents the value of an entity's equity on a long-term basis. Some items, such as fair value of derivatives, are therefore excluded.

³ Calculated as bank borrowings less all cash as a percentage of the open market value of the property portfolio as at 30 June 2015.

⁴ Dividends paid during the 6 months to 30 June 2015.

⁵ The net income receivable for the period expressed as a percentage of the capital employed. Quarterly figures are compounded over the period to give the rate over six months and twelve months.

⁶ Source: IPD quarterly version of the monthly index funds (excludes cash).

⁷ The sum of capital growth and net income for the period expressed as a percentage of capital employed excluding cash.

* The European Public Real Estate Association (EPRA) is a common interest group, which aims to promote, develop and represent the European public real estate sector.

Standard Life Investments Property Income Trust Limited

Chairman's Statement



Richard Barfield
Chairman

I have pleasure reporting on another very good period for your Company. The REIT conversion has taken place successfully; the Company has fully utilised its capacity to raise additional equity under both the Prospectus and dis-application of pre-emption rights authorities; further investment has been made in real estate assets and the NAV has continued to grow.

The market capitalisation of the Company increased by 27% during the six months period to £242m with total assets increased to £320m. The share price rose by 7.0% and the net asset value per share ('NAV') increased by 4.0%. The NAV total return to shareholders was 6.6%.

The Property Portfolio and Performance

The Investment Manager's report provides detailed information on the portfolio. At the end of June 2015, it was valued at £288m. Additionally there was positive cash of £27.3m. Total assets were £320.4m (31 December 2014: £278.7m). The Company's NAV at period end was 78.5p per share (31 December 2014: 75.5p), an uplift of 4.0% over the period. The table below sets out the components of the movement in the NAV.

	Pence per Share	% of opening NAV
NAV as at 31 December 2014	75.5	100.0
Increase in valuation of property portfolio	2.7	3.6
Decrease in interest rate swap liability	0.3	0.4
NAV as at 30 June 2015	78.5	104.0

The Company completed two purchases totalling £20.4m in Preston and Bristol and subsequent to the half year six further properties have been purchased for £26.2m. There is one purchase in the pipeline that the Managers expect to complete on over the next month.

The Company has sold four properties in the reporting period for £11.6m and since the period end a further two sales and one part sale for £11.9m.

Shares and Share Price

At the half year, there were 288,387,160 shares in issue, an increase of 18.1% over the period. The share price on 30 June 2015 was 83.8p, an uplift of 7.0% over the six month period, and represented a premium of 6.8% over NAV at the period end.

Standard Life Investments Property Income Trust Limited

Chairman's Statement (continued)

Earnings and Dividends

Earnings for the period increased from £11.57m to £12.92m, an increase of 11.7%. The shares provided a dividend yield of 5.5% based upon the current annualised dividend of 4.644p per share and the share price at period end.

REIT Conversion

On 1 January 2015 the Company became resident in the UK for tax purposes and will now be compliant with the UK REIT regime. Following the conversion to a REIT the Company can pay dividends as property income dividends (PIDs). Indeed in order to maintain its tax status as a UK REIT the Company must distribute 90% of its real estate profits in the form of PIDs. The Board has resolved that the first three dividend payments this year will be by way of a PID and will be paid net of UK tax unless the registered owner of the shares has completed a HMRC declaration. A number of shareholders attending the May 2015 AGM highlighted that the cash dividend received had been 20% less than before. This is due to the deduction of the UK tax of 20% that the Company is required to withhold. The Company's Registrar has provided the necessary HMRC declaration forms to all qualifying registered owners of the Company's shares. However the Board is aware that a number of investors hold shares via execution only platforms or with ISA/SIPP providers and may not have been advised of the requirement to complete a declaration in order to receive dividends gross. Investors are advised to seek independent advice and to contact their nominee company to receive the necessary forms should they be eligible to do so. Where a tax refund is due from HMRC our tax advisers have confirmed that the relevant tax wrapper plan manager or administrator would be required to complete the necessary forms and submit them to HMRC.

Loan to Value ratio

At 30 June 2015, the LTV ratio was 19.8% which will increase once the Company's cash balance is invested. Our loan agreement with RBS sets out an upper limit of 65% until December 2016, reducing to 60% for the remaining two years.

The Board and Corporate Governance

It is my intention to retire from the Board at the AGM next June having been a founder director of your Company since 2003. I am delighted to inform you that the Board has asked Robert Peto to be your new chairman and he has accepted. The Board has started a search for a new UK based non-executive director.

Fund Raising

During February 2015 the Company issued all of the remaining shares under its Prospectus authority bringing the total issued since July 2014 to 100m shares. In addition, over the period from 20 February 2015 to 18 June 2015 the Company has fully utilised its powers to issue shares on a non pre-emptive basis issuing a further 27.7m shares. In total during the half year period the Company issued new shares for a gross consideration of £34.8m. In each case the new shares were issued at a premium of at least 5% to the prevailing NAV and the proceeds invested timeously into UK commercial real estate properties at attractive yields.

As a result of being a larger company together with the lower management fee instituted in July 2014 the ongoing charges ratio has fallen to 1.4% based on an average NAV from 1.8% a year earlier.

Outlook

The UK economy is continuing to grow. There are interest rate and geopolitical risks, with some countries experiencing slower growth, but we expect UK growth to continue. There is now better demand for space from prospective tenants so that rents in some sectors are rising. In many areas space is in short supply because of the lack of building in recent years.

The Managers are active with tenants and in the market and your Board is optimistic that the Company can continue to show good returns.

Richard Barfield
Chairman
27 August 2015

Standard Life Investments Property Income Trust Limited

Principal Risks and Uncertainties

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

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

- ▶ The Company and its objectives become unattractive to investors. This is mitigated through regular contact with shareholders, a regular review of share price performance and the level of the discount or premium at which the shares trade to net asset value and regular meetings with the Company's broker to discuss these points and address any issues that arise.
- ▶ Poor selection of new properties for investment. A comprehensive and documented initial due diligence process, which will filter out properties that do not fit required criteria, is carried out by the Investment Manager. Where appropriate, this is followed by detailed review and when necessary challenged by the Board prior to a decision being made to proceed with a purchase. This process is designed to mitigate the risk of poor property selection.
- ▶ Tenant failure or inability to let property. Due diligence work on potential tenants is undertaken before entering into new lease arrangements. In addition, tenants are kept under constant review through regular contact and various reports both from the managing agents and the Investment Manager's own reporting process. Contingency plans are put in place at units that have tenants that are believed to be in

financial trouble. The Company subscribes to the Investment Property Databank Iris Report which updates the credit and risk ranking of the tenants and income stream, and compares it to the rest of the UK real estate market.

- ▶ Loss on financial instruments. The Company has entered into a number of interest rate swap arrangements. These swap instruments are valued and monitored on a monthly basis by the counterparty bank. The Investment Manager checks the valuation of the swap instruments internally to ensure they are accurate. In addition, the credit rating of the bank that the swaps are taken out with is assessed regularly.

Other risks faced by the Company include the following:

- ▶ Strategic – incorrect strategy, including sector and property allocation and use of gearing, could all lead to a poor return for shareholders.
- ▶ Tax efficiency – the structure of the Company or changes to legislation could result in the Company no longer being a tax efficient investment vehicle for shareholders.
- ▶ Regulatory – breach of regulatory rules could lead to the suspension of the Company's Stock Exchange Listing, financial penalties or a qualified audit report.
- ▶ The implementation of AIFMD during 2014 and the conversion of the Company to a UK REIT have introduced new regulatory risks to the Company in the form of ensuring compliance with the respective regulations. In relation to AIFMD, the Board has put in place a system of regular reporting from the AIFM and the depositary to ensure both are meeting their regulatory responsibilities in respect of the Company. In relation to UK REIT status, the Board has put in place a system of regular reporting to ensure that the requirements of the UK REIT regime are being adequately monitored and fully complied with.

Standard Life Investments Property Income Trust Limited

Principal Risks and Uncertainties

(continued)

- ▶ Financial – inadequate controls by the Investment Manager or third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations.
- ▶ Operational – failure of the Investment Manager’s accounting systems or disruption to the Investment Manager’s business, or that of third party service providers, could lead to an inability to provide accurate reporting and monitoring, leading to loss of shareholder confidence.
- ▶ Economic – inflation or deflation, economic recessions and movements in interest rates could affect property valuations and also bank borrowings.

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

Going Concern

The Directors have reviewed detailed cash flow, income and expense projections in order to assess the Company’s ability to pay its operational expenses, bank interest and dividends for the foreseeable future. The Directors have examined significant areas of possible financial risk including cash and cash requirements and the debt covenants, in particular those relating to LTV and interest cover. They have not identified any material uncertainties which cast significant doubt on the ability to continue as a going concern for a period of not less than 12 months from the date of the approval of the financial statements. The Directors have satisfied themselves that the Company has adequate resources to continue in operational existence for the foreseeable future and the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

Standard Life Investments Property Income Trust Limited

Investment Manager's Report



Jason Baggaley
Fund Manager

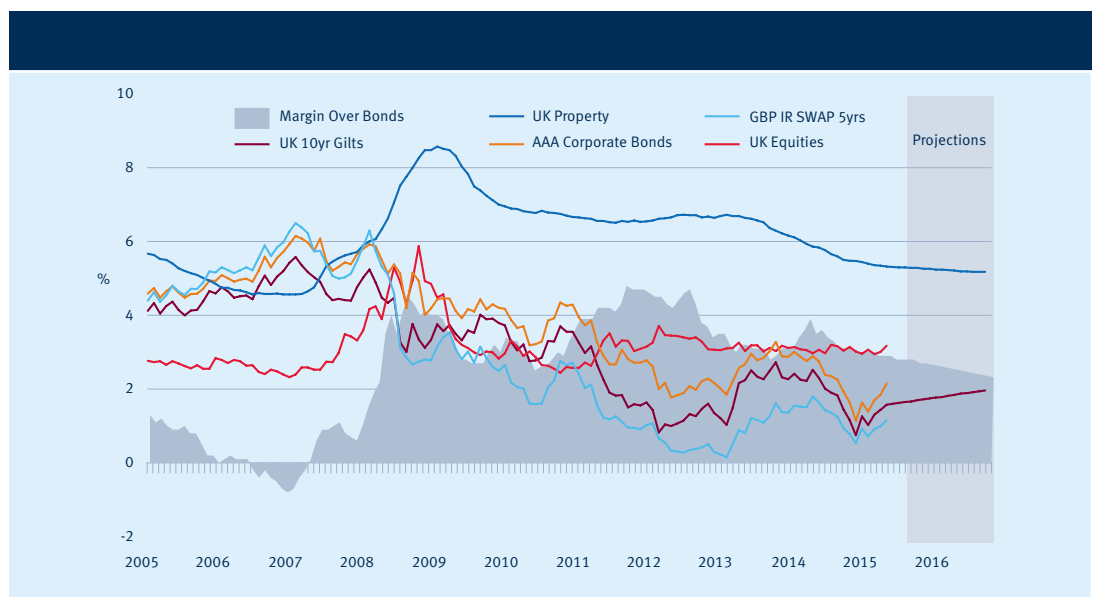
UK Real Estate Market

The UK economic fundamentals continue to strengthen as the economy is now estimated to have grown by 0.7% in Q2 according to the first estimate of the ONS, representing a solid rebound albeit dominated by the service sector's contribution. Business sentiment and consumer confidence remain buoyant. Over the six months to 30 June 2015 the All Property total return, as recorded by the Quarterly version of the IPD Monthly Index, was 6.3% which, although attractive, lagged the 8.4% total return for the same period in 2014. Capital values increased by 3.7% in the half year to end June (5.5% in 2014). Rental growth however continues to improve, and grew by 1.8% in the six months

to 30 June 2015, compared to 1.4% for the same period in 2014. It is noticeable that rental growth is spreading out across the UK and is no longer limited to London and the South East, although it is less evident in the retail sector on anything but the best product. This reflects the relative performance of the three main sectors with offices providing a total return of 8.7% over the reporting period, industrial 7.8% and retail again lagging the market at 3.7%.

Demand from investors has remained robust over the first half of 2015, continuing the theme of weight of money driving pricing that was most evident in 2014. There remains a diverse source of investors from overseas, to private equity type buyers to UK institutions. This is

Yields on Different Assets



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

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Investment Manager's Report (continued)

driven as much by the relative pricing of real estate (especially compared to gilts) as it is the improving fundamentals of rental growth resulting from strong occupational demand and limited supply.

Investment Outlook

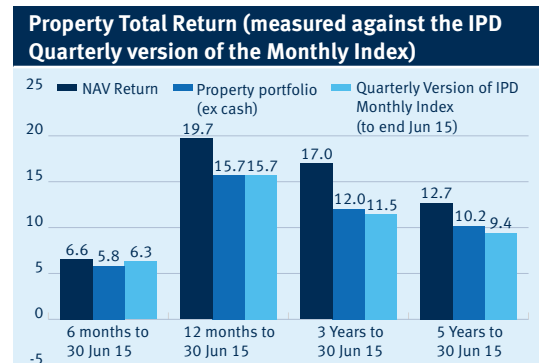
UK Commercial Real Estate continues to make steady progress in 2015 although momentum has reduced compared to the same point last year. We expect positive total returns for investors on a three year holding period due to the elevated yield and improving income growth prospects. The sector remains attractive from a fundamental point of view, i.e., strengthening economic drivers and a limited pipeline of future new developments. Rising interest rates are an emerging risk although there is a reasonable buffer in pricing to compensate if the market prices in a further acceleration of rate rises. The retail sector continues to face a series of headwinds that may hold back recovery in weaker locations due to oversupply and structural issues but the prospects for retail towards the South East and Central London are expected to improve further as economic recovery gains more traction. Prime, good quality secondary assets and selective poorer quality secondary assets in stronger locations are likely to provide the best opportunities in the robust economic environment we anticipate over the remainder of 2015 and into 2016.

Performance

Over the first 6 months of 2015 the Company had a NAV Total Return of 6.6% and a share price total return (assuming dividends reinvested) of 10%.

UK listed real estate equities (as measured by the FTSE EPRA/ NAREIT UK index) provided a total return of 8% over the six months to 30 June 2015, which compared well to the 1.4% from the FTSE100 over the same period and 3% from the FTSE All Share.

The chart below shows the Company's NAV Total Return, the performance of the Company's property portfolio, and the IPD Monthly index.



The portfolio level return has slightly lagged over the reporting period, influenced heavily by the level of transactions. The NAV total return demonstrates the benefit of raising new equity at a premium to cover the transaction costs and protect existing shareholder's returns.

We have also written down some of the valuations based on expected or actual sale prices as we sold out of our smaller assets with poorer performance expectations. This includes one asset in particular which has now been sold (Drakes Way, Swindon) where we had hope value in the valuation for a proposed food store development which is no longer going to happen. The standing portfolio (assets held over the period), continued to perform well, with a total return of 18.7% over the 12 months to end June, compared to the IPD return of 16.3% for the same period.

Investment Strategy

The Investment Manager and the Board are focussed on providing investors a sustainable and attractive level of income by investing in good quality commercial real estate assets in the UK. We target assets that we believe will appeal to occupiers, where we can add value and generate rental growth through actively managing the assets. The Company targets a covered dividend over the course of each year.

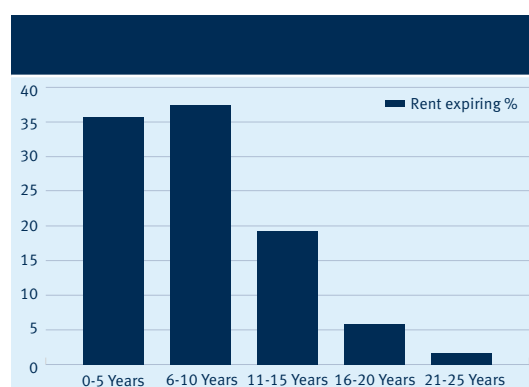
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Investment Manager's Report (continued)

Portfolio Valuation

The property is valued on a quarterly basis by Jones Lang Lasalle. As at 30 June 2015 the investment portfolio comprised a total of 39 assets valued at a total of £288.39m. In addition the Company had cash of £27.3m. This compares to £178.8m and £23.2m respectively at end June 2014.

Lease Expiry Profile



The Company has an average lease length to earliest of lease end or break option of 7.1 years. This is similar to the IPD index (with leases over 35 years excluded). We take an active approach to managing lease expiries, and for 2015 we have secured 73% of income at risk thorough lease expiry or break, with another 10% in solicitors hands for lease regears. 68% of the income at risk in 2016 has also been secured.

As the occupational market improves and supply though development remains limited, there is increasing opportunity to add value through lease events; either renewing existing leases, or taking accommodation back to refurbish and then relet.

Portfolio sector/sub-sector allocations

The portfolio is invested solely in UK Commercial Real Estate. The sector split is shown below and illustrates the structural underweight position to Retail. Retail has been an underperforming sector and the Company is likely to remain underweight to retail whilst it believes the current divergence between

large prime dominant retail destinations and smaller more secondary ones will continue. The exposure the Company has to retail is generally by way of retail warehousing rather than high street property as we feel more confident in this sub-sector.

Portfolio allocation by Sector - including cash

Sector – including cash	Market Value £	Sector Weighting %
Office	110,791,583	35.1
Retail	63,570,000	20.2
Industrial	113,513,717	36.0
Cash	27,329,945	8.7
Total	315,205,245*	100.0%

* This is the open market value adjusted for sales costs of properties held for sale at the Balance Sheet date including cash.

Portfolio allocation by IPD sub-sector

IPD (sub) Sector	Market Value £	Fund IPD Sub-Sector Weighting %
Std Retails – South East	16,450,000	5.7
Retail Warehouses	47,120,000	16.4
Offices – City	17,950,000	6.2
Offices – West End	10,300,000	3.6
Offices – South East	54,125,000	18.8
Offices – Rest of UK	28,416,583	9.9
Industrials – South East	25,625,000	8.9
Industrials – Rest of UK	87,888,717	30.5
Other	–	0.0
Total	287,875,300*	100.0%

* This is the open market value adjusted for sales costs of properties held for sale at the Balance Sheet date.

Geographic distribution

The Company invests throughout the UK to provide a diversified portfolio.

Standard Life Investments Property Income Trust Limited

Investment Manager's Report (continued)

Initial portfolio allocation by Region

Region	Market Value £	Region Weighting %
South East	79,750,000	27.7
Scotland	25,291,583	8.8
South West	22,760,000	7.9
North West	36,930,000	12.8
London West End	10,300,000	3.6
Outer London	11,450,000	4.0
Midlands	4,600,000	1.6
East Midlands	51,702,750	18.0
Yorkshire and Humber	8,005,700	2.8
London City	17,950,000	6.2
North East	1,235,267	0.4
Northern England	15,300,000	5.3
West Midlands	2,600,000	0.9
Total	287,875,300*	100.0

* This is the open market value adjusted for sales costs of properties held for sale at the Balance Sheet date.

Investment Activity

Purchases

The Company completed two purchases in the first six months of 2015 for a total of £20.4m:

1. DSG Preston £15.8m, 7% yield – let for a further 16 years with fixed uplifts, units adjacent to the prime dominant park.
2. Interplex 16 Bristol £4.6m, 8% yield – two industrial units, one of which is vacant, the other let on a short lease.

A further four purchases were completed in July and August 2015, after the reporting period end, for a total of £26.2m:

1. Office portfolio £13.2m, 7.25% yield – three offices, located in York, Milton Keynes and Dartford – all good quality let to strong tenants.
2. Halfords Bradford £5.1m, 8.5% yield – retail warehouse and car showroom adjacent to the dominant retail park.

3. Office in Kiddlington for £4.8m, 8.25% yield – modern single let office in an area with infrastructure improvement.

4. Industrial unit in Fareham for £3.1m, 7% yield – low site cover, asset management potential.

One other investment is also in solicitors hands:

5. Industrial unit £2.9m, 7.2% yield – in the North-East, well specified for parcel delivery.

As can be seen from the above, the year started with a large investment but since then we have found more value in small lot sizes.

Sales

The Company has undertaken the sale of a number of assets that are unlikely to perform well in the future or where there is an opportunity to realise a capital gain.

The following sales were completed in the first six months of 2015:

1. Weybridge £3.2m – sale of over rented office with lease expiry in 2015.
2. Swindon £3.5m – sale to tenant after prospective redevelopment as a foodstore fell through.
3. Swansea £1.3m – sale of small short let office out of town.
4. Chelmsford £3.6m – sale of over rented office with lease expiries in 2015, needing capex.

The following sales were completed in July and August of 2015, after the reporting period end:

1. Mansfield £2.6m – part sale of small industrial estate.

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Investment Manager's Report (continued)

2. Leeds £3.8m – sale of two industrial units with income at risk.
3. Glasgow £5.5m – sale of office off market. One other sale is also in solicitors hands:
4. Stockton £1.3m – sale of small single let industrial unit.

Asset Management

The Company has maintained low voids during the period, and as at the period end they stood at 2.8% of ERV. Lettings in solicitors hands should reduce this to under 2%, with the main void (1.5% of ERV) being the new purchase in Bristol where the Company plans a refurbishment before reletting. Maintaining low voids remains a key aim of the Investment Manager.

Voids

Property	ERV £	ERV %
140 West George Street, Glasgow	88,630	0.42%
Bathgate Retail Park, Bathgate	1,350	0.01%
New Palace Place, London	11,300	0.05%
Howard Town Retail Park, Glossop	30,200	0.14%
Ocean Trade Centre, Aberdeen	135,000	0.65%
St. James's House, Cheltenham	6,910	0.03%
Interplex 16, Bristol	305,100	1.46%
Total voids	578,490	
ERV	20,882,883	
Voids as a % of ERV	2.77%	

Source: Standard Life Investments

During the reporting period key asset management transactions included:

1. Ocean Trade Centre Aberdeen: two leases were extended with the existing tenants, and a major refurbishment undertaken on 7 units (completed mid July). 5 of the units were let on an agreement for lease for 10 years to CCF, and the other two put in solicitors hands after the reporting period.
2. Explorer Crawley: Lease break with Amey removed to give a further 5 years term certain.
3. Coal Rd Leeds: Five year lease extension agreed on one unit.
4. St James House Cheltenham: A new 10 year lease agreed on part of the third floor to the existing tenant reinforced current ERVs and exceeded valuation assumptions.

Debt

The Company has a debt facility in place with RBS that expires in December 2018. The facility is for £84m and is fully drawn down. There is an interest rate swap in place meaning that the all in cost is 3.7%. As at 30 June the Company had an LTV of 19.8% (bank covt 65%). The Company is reviewing its debt strategy as a longer term facility might be more appropriate.

Equity Raise

During the period the Company issued new equity on three occasions to fund new acquisitions.

February 31.3m shares at 78.1p per share

March 1.3m shares at 80.2p per share

June 11.6m shares at 80.3p per share

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Investment Manager's Report (continued)

Top 10 Properties

Property Name	Market Value Band £	Sector	% of Portfolio (excl. cash)
Whitebear Yard, London	16-18m	Office	6.2
DSG, Blackpool Rd, Preston	14-16m	Retail	5.5
Chester House, Farnborough	14-16m	Office	5.3
Symphony, Rotherham	14-16m	Industrial	5.3
Denby 242, Denby	14-16m	Industrial	5.1
Hertford Place, Rickmansworth	12-14m	Office	4.8
St.James's House, Cheltenham	12-14m	Office	4.4
3B-C Michigan Drive, Milton Keynes	10-12m	Industrial	4.0
Hollywood Green, London	10-12m	Retail	4.0
Bourne House, Staines	10-12m	Office	3.6
			48.2

Source: Standard Life Investments

Interest Rate Swaps

Start Date	Maturity Date	Notional Principal Amount £	Effective Interest Rate %	30-Jun-15 Valuation £	31-Dec-14 Valuation £
20-Jan-12	16-Dec-18	12,432,692	1.77125	(181,281)	(278,270)
30-Dec-13	16-Dec-18	72,000,000	2.05150	(1,736,535)	(2,396,669)
				(1,917,816)	(2,674,939)

Source: Standard Life Investments

Top Ten Tenants

Tenant Group	Passing Rent £	As % of Total Rent
BAE Systems	1,257,640	7.1
Trebor Basett	1,156,900	6.5
The Symphony Group Plc	1,080,000	6.1
DSG	1,040,895	5.9
Bong UK	712,980	4.0
Matalan	696,778	3.9
Grant Thornton	680,371	3.8
Banner Business Services	466,850	2.6
Yusen Logistics	450,000	2.5
Mendeley	416,925	2.3
Total Fund Passing Rent	17,767,992	

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Investment Manager's Report (continued)

Property Investments as at 30 June 2015

Name	Location	Sub-sector	Market Value £	Tenure	Area sq ft	Occupancy Rate % (sq. ft.)
White Bear Yard	London	Offices – City	16-18m	Freehold	21,232	100
DSG, Blackpool Rd	Preston	Retail Warehouses	14-16m	Freehold	40,997	100
Chester House	Farnborough	Offices – South East	14-16m	Leasehold	49,861	100
Symphony	Rotherham	Industrial – Rest of UK	14-16m	Leasehold	364,974	100
Denby 242	Denby	Industrial – Rest of UK	14-16m	Freehold	242,766	100
Hertford Place	Rickmansworth	Offices – South East	12-14m	Freehold	55,545	100
St James's House	Cheltenham	Offices – Rest of UK	12-14m	Freehold	83,825	96
3B - C Michigan Drive	Milton Keynes	Industrial – South East	10-12m	Freehold	128,011	100
Hollywood Green	London	Std Retails – South East	10-12m	Freehold	64,003	100
Bourne House	Staines	Offices – South East	10-12m	Freehold	26,363	100
Howard Town Retail Park	Glossop	Retail Warehouses	10-12m	Mixed	50,116	97
Ocean Trade Centre	Aberdeen	Industrial – Rest of UK	10-12m	Freehold	103,554	86
Monck Street	London	Offices – West End	10-12m	Leasehold	18,596	99
Tetron 141	Swadlincote	Industrial – Rest of UK	8-10m	Freehold	141,450	100
Explorer 1 & 2, Mitre Court	Crawley	Offices – South East	8-10m	Freehold	46,205	100
Marsh Way	Rainham	Industrial – South East	6-8m	Leasehold	82,090	100
Tetron 93	Swadlincote	Industrial – Rest of UK	6-8m	Freehold	93,836	100
Dorset Street	Southampton	Offices – South East	6-8m	Freehold	25,101	100
Bathgate Retail Park	Bathgate	Retail Warehouses	6-8m	Freehold	45,168	100
Croston's Retail Park	Bury	Retail Warehouses	4-6m	Freehold	49,210	100
Homebase & Argos	Leyland	Retail Warehouses	4-6m	Leasehold	31,781	100
Unit 6 Broadgate	Oldham	Industrial – Rest of UK	4-6m	Leasehold	103,605	100
Matalan	Kings Lynn	Std Retails – South East	4-6m	Leasehold	33,991	100
140 West George Street	Glasgow	Offices – Rest of UK	4-6m	Freehold	23,007	90
Interfleet House	Derby	Offices – Rest of UK	4-6m	Freehold	28,735	100
Interplex 16	Bristol	Industrial – Rest of UK	4-6m	Freehold	86,548	39
Matalan	Bradford	Retail Warehouses	4-6m	Leasehold	25,282	100
Units 1 & 2 Cullen Square	Livingston	Industrial – Rest of UK	4-6m	Freehold	81,735	100
Mount Farm	Milton Keynes	Industrial – South East	4-6m	Freehold	74,712	100
Coal Road	Leeds	Industrial – Rest of UK	2-4m	Freehold	57,775	100
31 / 32 Queen Square	Bristol	Offices – Rest of UK	2-4m	Freehold	13,124	100
Windsor Court & Crown Farm	Mansfield	Industrial – Rest of UK	2-4m	Leasehold	88,859	100

Standard Life Investments Property Income Trust Limited

Investment Manager's Report (continued)

Property Investments as at 30 June 2015 (continued)

Name	Location	Sub-sector	Market Value £	Tenure	Area sq ft	Occupancy Rate % (sq. ft.)
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
Easter Park	Bolton	Industrial – Rest of UK	2-4m	Leasehold	35,534	100
21 Gavin Way	Birmingham	Industrial – Rest of UK	2-4m	Freehold	36,376	100
Unit 14 Interlink Park	Bardon	Industrial – Rest of UK	1-2m	Freehold	32,747	100
Travis Perkins	Cheltenham	Industrial – Rest of UK	1-2m	Freehold	51,148	100
Portrack Lane	Stockton on Tees	Industrial – Rest of UK	1-2m	Freehold	32,693	100
Total property portfolio			288,390,000*			97.2

* This is the open market value unadjusted for lease incentives and sales costs for properties held for sale at the Balance Sheet date.

Standard Life Investments Property Income Trust Limited

Directors' Responsibility Statement

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

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

The Interim Report, for the six months ended 30 June 2015, comprises an Interim Management Report in the form of the Chairman's Statement, the Investment Manager's Report, the Directors' Responsibility Statement and a condensed set of Unaudited Consolidated Financial Statements.

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

- a. the Unaudited Consolidated Financial Statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- b. the Interim Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties faced.

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

Richard Barfield
Chairman
27 August 2015

Standard Life Investments Property Income Trust Limited

Unaudited Consolidated Statement of Comprehensive Income for the period ended 30 June 2015

	Notes	1 Jan 15 to 30 Jun 15 £	1 Jan 14 to 30 Jun 14 £
Rental income		9,739,210	7,462,953
Surrender premium income		–	18,154
Valuation gain from investment properties	5	7,529,522	9,176,100
Loss on asset acquisition		(65,129)	–
Loss on disposal of investment properties		(796,363)	(2,032,950)
Investment management fees	3	(1,121,035)	(735,457)
Other direct property operating expenses		(504,924)	(483,017)
Directors' fees and expenses		(62,150)	(68,052)
Valuer's fee		(37,809)	(22,787)
Auditor's fee		(23,008)	(22,900)
Other administration expenses		(163,143)	(110,643)
Operating profit		14,495,171	13,181,401
Finance income		26,256	25,420
Finance costs		(1,597,490)	(1,636,315)
Profit for the period		12,923,937	11,570,506
Other comprehensive income			
Valuation gain / (loss) on cash flow hedges		757,123	(141,937)
Total comprehensive income for the period		13,681,060	11,428,569
Earnings per share:		pence	pence
Basic and diluted earnings per share		4.84	7.31
Adjusted (EPRA) earnings per share		2.32	2.80

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

The notes on pages 22 to 34 are an integral part of these Unaudited Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Unaudited Consolidated Balance Sheet

as at 30 June 2015

	Notes	30 Jun 2015 £	31 Dec 2014 £
ASSETS			
Non-current assets			
Investment properties	5	272,669,703	261,672,121
Lease incentives	5	2,471,229	2,436,976
		275,140,932	264,109,097
Current assets			
Investment properties held for sale	6	13,010,300	6,550,100
Trade and other receivables		4,884,695	2,660,440
Cash and cash equivalents		27,329,945	5,399,095
		45,224,940	14,609,635
Total assets		320,365,872	278,718,732
LIABILITIES			
Current liabilities			
Trade and other payables		7,485,896	7,205,415
Other liabilities		–	500
		7,485,896	7,205,915
Non-current liabilities			
Bank borrowings		84,036,866	83,980,382
Interest rate swaps		1,917,816	2,674,939
Other liabilities		–	6,094
Rent deposits due to tenants		525,002	483,880
		86,479,684	87,145,295
Total liabilities		93,965,580	94,351,210
Net assets		226,400,292	184,367,522

Standard Life Investments Property Income Trust Limited

Unaudited Consolidated Balance Sheet

as at 30 June 2015 (continued)

	Notes	30 Jun 2015 £	31 Dec 2014 £
EQUITY			
Capital and reserves attributable to Company's equity holders			
Share capital		130,589,115	96,188,648
Retained earnings		7,776,524	7,634,503
Capital reserves		(9,803,719)	(17,294,001)
Other distributable reserves		97,838,372	97,838,372
Total equity		226,400,292	184,367,522
Net Asset Value (NAV) per Share			
NAV	9	78.5p	75.5p
EPRA NAV	9	79.2p	76.6p

Approved by the Board of Directors on 27 August 2015 and signed on its behalf by:

Richard Barfield
Director

The notes on pages 22 to 34 are an integral part of these Unaudited Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Unaudited Consolidated Statement of Changes in Equity for the period ended 30 June 2015

	Notes	Share capital £	Retained earnings £	Capital reserves £	Other distributable reserves £	Total equity £
Opening balance 1 January 2015		96,188,648	7,634,503	(17,294,001)	97,838,372	184,367,522
Profit for the period		–	12,923,937	–	–	12,923,937
Valuation gain on cash flow hedges		–	–	757,123	–	757,123
Total comprehensive gain for the period		–	12,923,937	757,123	–	13,681,060
Dividends paid	8	–	(6,048,757)	–	–	(6,048,757)
Ordinary shares issued*		34,400,467	–	–	–	34,400,467
Valuation gain of investment properties	5	–	(7,529,522)	7,529,522	–	–
Loss on disposal of investment properties		–	796,363	(796,363)	–	–
Balance at 30 June 2015		130,589,115	7,776,524	(9,803,719)	97,838,372	226,400,292

* this value represents both the nominal and the premium raised on issuing the ordinary shares.

The notes on pages 22 to 34 are an integral part of these Unaudited Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Unaudited Consolidated Statement of Changes in Equity for the period ended 30 June 2014

	Notes	Share capital £	Retained earnings £	Capital reserves £	Other distributable reserves £	Total equity £
Opening balance 1 January 2014		31,337,024	6,560,853	(34,144,454)	97,838,372	101,591,795
Profit for the period		–	11,570,506	–	–	11,570,506
Valuation loss on cash flow hedges		–	–	(141,937)	–	(141,937)
Total comprehensive gain for the period		–	11,570,506	(141,937)	–	11,428,569
Dividends paid	8	–	(3,621,919)	–	–	(3,621,919)
Ordinary shares issued*		4,032,940	–	–	–	4,032,940
Valuation gain of investment properties		–	(9,176,100)	9,176,100	–	–
Loss on disposal of investment properties		–	2,032,950	(2,032,950)	–	–
Balance at 30 June 2014		35,369,964	7,366,290	(27,143,241)	97,838,372	113,431,385

* this value represents both the nominal and the premium raised on issuing the ordinary shares.

The notes on pages 22 to 34 are an integral part of these Unaudited Consolidated Financial Statements.

Standard Life Investments Property Income Trust Limited

Unaudited Consolidated Cash Flow Statement for the period ended 30 June 2015

	Notes	1 Jan 15 to 30 Jun 15 £	1 Jan 14 to 30 Jun 14 £
Cash generated from operating activities			
Profit for the period		12,923,937	11,570,506
Movement in non-current lease incentives		19,373	(67,274)
Movement in trade and other receivables		(2,224,255)	(141,935)
Movement in trade and other payables		324,462	1,533,160
Finance costs		1,597,490	1,636,315
Finance income		(26,256)	(25,420)
Valuation gain from investment properties		(7,529,522)	(9,176,100)
Loss on disposal of investment properties		796,363	2,032,950
Net cash inflow from operating activities		5,881,592	7,362,202
Cash flows from investing activities			
Interest received		26,256	25,420
Purchase of investment properties	5	(21,441,843)	(19,611,648)
Capital expenditure on investment properties	5	(593,112)	(2,206,823)
Net proceeds from disposal of investment properties	5	11,303,737	26,567,050
Net cash used in investing activities		(10,704,962)	4,773,999
Cash flows from financing activities			
Ordinary shares issued net of issue costs		34,400,467	4,032,940
Interest paid on bank borrowing		(988,881)	(1,010,693)
Payments on interest rate swaps		(608,609)	(625,622)
Dividends paid to the Company's shareholders	8	(6,048,757)	(3,621,919)
Net cash used in financing activities		26,754,220	(1,225,294)
Net increase in cash and cash equivalents in the period		21,930,850	10,910,907
Cash and cash equivalents at beginning of period		5,399,095	12,303,310
Cash and cash equivalents at end of period		27,329,945	23,214,217
The notes on pages 22 to 34 are an integral part of these Unaudited Consolidated Financial Statements.			

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2015

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.

On 1 January 2015 the Company became resident in the UK for tax purposes and will now be compliant with the UK REIT regime.

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

These Unaudited Consolidated Financial Statements were approved for issue by the Board of Directors on 27 August 2015.

The Audited Consolidated Financial Statements of the company for the year ended 31 December 2014 are available on request from the registered office or from the Investment Manager’s website (www.standardlifeinvestments.com/its).

2 Accounting Policies

Basis of preparation

The Unaudited Consolidated Financial Statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting, and all applicable requirements of The Companies (Guernsey) Law, 2008. The Unaudited Consolidated Financial Statements have been prepared under the historical cost convention as modified by the measurement of investment property and derivative financial instruments at fair value. The Unaudited Consolidated Financial Statements are presented in pound sterling and all values are not rounded except when otherwise indicated.

These statements do not contain all of the information required for full annual statements and should be read in conjunction with the Audited Consolidated Financial Statements of the Company for the year ended 31 December 2014. The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Group’s Annual Consolidated Financial Statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective in the European Union as of 1 January 2015.

New standards and amendments apply for the first time in 2015. However, they do not impact the Unaudited Interim Condensed Consolidated Financial Statements of the Group and are listed below:

- ▶ Annual Improvements to IFRSs 2011-2013 Cycle

3 Related Party Disclosures

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

Investment Manager

On 19 December 2003 Standard Life Investments (Corporate Funds) Limited (“the Investment Manager”) was appointed as Investment Manager to manage the property assets of the Group. A new Investment Management Agreement (“IMA”) was entered into on 7 July 2014, appointing the Investment Manager as the AIFM (“Alternative Investment Fund Manager”).

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2015 (continued)

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

Under the terms of the IMA dated 7 July 2014, the above fee arrangements apply up to 31 July 2014. From 1 August 2014, the fee was changed to 0.75% of total assets up to £200 million; 0.70% of total assets between £200 million and £300 million; and 0.65% of total assets in excess of £300 million. The total fees charged for the period ended 30 June 2015 amounted to £1,121,035 (period ended 30 June 2014: £735,457). The amount due and payable at the period end amounted to £571,005, excluding VAT (period ended 30 June 2014: £373,266 excluding VAT).

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2015 (continued)

4 Taxation

Current income tax

A reconciliation of the product of accounting profit multiplied by the applicable tax rate for the period ended 30 June 2015 and 2014 is, as follows:

	30 June 15 £	30 June 14 £
Profit before tax	12,923,937	11,570,506
Tax calculated at UK statutory income tax/corporation tax rate of 20% (30 June 2014: 20%)	2,584,787	2,314,101
UK REIT exemption on net income and gains	(1,140,949)	–
Valuation gain in respect of investment properties not subject to tax	(1,505,904)	(1,835,220)
Loss on disposal of investment properties not subject to tax	–	406,590
Income not subject to tax	–	(289,189)
Expenditure not allowed for income tax purposes	–	74,720
Tax loss not utilised/(utilised)	62,066	(671,002)
Current income tax charge	–	–

The Group has not recognised a deferred tax asset of £62,066 arising as a result of revenue tax losses. Tax losses that existed prior to the Group's election to be treated as a UK Real Estate Investment Trust (REIT) (see below) have been written off as they cannot be utilised against profits of the Group arising in the REIT regime.

The Group elected to be treated as a UK Real Estate Investment Trust (REIT) from 1 January 2015. Under the UK REIT rules, profits of the Group's property rental business are exempt from the charge to corporation tax. Gains on the disposal of property assets are also exempt from tax provided they are not held for trading or, in the case of developed property, sold within three years of completion of the development. The Group is subject to UK corporation tax on all other profits and gains.

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2015 (continued)

5 Investment Properties

Country Class	UK		UK		Total £
	Industrial £	Office £	Retail £		
Market value as at 1 January 2015	108,660,000	114,265,100	47,125,000	270,050,100	
Purchase of investment properties	4,851,800	-	16,590,043	21,441,843	
Capital expenditure on investment properties	452,089	137,696	3,327	593,112	
Carrying value of disposed investment properties	(3,750,000)	(8,350,100)	-	(12,100,100)	
Valuation gain/(loss) from investment properties	3,259,433	4,409,592	(139,503)	7,529,522	
Movement in lease incentives receivable	40,395	329,295	(8,867)	360,823	
Investment properties recategorised as held for sale	(8,393,717)	(4,616,583)	-	(13,010,300)	
Closing market value	105,120,000	106,175,000	63,570,000	274,865,000	
Adjustment for lease incentives*	(503,068)	(1,130,062)	(562,167)	(2,195,297)	
Closing carrying value as at 30 June 2015	104,616,932	105,044,938	63,007,833	272,669,703	

*Lease incentives are split between non current assets of £2,471,229 and current liabilities of £275,932.

The valuations were performed by Jones Lang Lasalle, an accredited independent valuer with a recognised and relevant professional qualification and recent experience of the location and category of the investment properties being valued. The valuation model in accordance with Royal Institute of Chartered Surveyors ("RICS") requirements on disclosure for Regulated Purpose Valuations has been applied (RICS Valuation – Professional Standards January 2014 published by the Royal Institution of Chartered Surveyors). These valuation models are consistent with the principles in IFRS 13.

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2015 (continued)

The market value provided by Jones Lang Lasalle at the period ended 30 June 2015 was £288,390,000 (30 June 2014: £178,795,000) however an adjustment has been made for lease incentives of £2,195,297* (30 June 2014: £1,344,492) that are already accounted for as an asset. The valuation at 30 June 2015 of £288,390,000 includes £3,725,000 in relation to Units 2001 & 2002 Coal Road in Leeds, £4,950,000 in relation to 140 West George Street in Glasgow, £1,300,000 in relation to Portrack Interchange in Stockton on Tees and £3,550,000 in relation to Windsor Court and Crown Farm in Mansfield, four investment properties held for sale at the Balance Sheet date (see note 6).

Valuation gains and losses from investment properties are recognised in profit and loss for the period and are attributable to changes in unrealised gains or losses relating to investment property (completed and under construction) held at the end of the reporting period.

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

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2015 (continued)

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

	1 Jan 15 to 30 Jun 15	1 Jan 14 to 30 Jun 14
	£	£
Carrying value of disposed investment properties	12,100,100	28,600,000
Loss on disposal of investment properties	(796,363)	(2,032,950)
Proceeds from disposal of investment properties	11,303,737	26,567,050

Valuation Methodology

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

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

No properties have changed valuation technique since 31 December 2014.

The Company appoints a suitable valuer (such appointment is reviewed on a periodic basis) to undertake a valuation of all the direct real estate investments on a quarterly basis. The valuation is undertaken in accordance with the then current RICS guidelines and requirements as mentioned above.

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

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2015 (continued)

The management group that determines the Company's valuation policies and procedures for property valuations is the Property Valuation Committee. The Committee reviews the quarterly property valuation report produced by the Valuer (or such other person as may from time to time provide such property valuation services to the Company) before its submission to the Board, focussing in particular on:

- ▶ significant adjustments from the previous property valuation report.
- ▶ reviewing the individual valuations of each property.
- ▶ compliance with applicable standards and guidelines including those issued by RICS and the UKLA Listing Rules.
- ▶ reviewing the findings and any recommendations or statements made by the valuer.
- ▶ considering any further matters relating to the valuation of the properties.

The Chairman of the Committee makes a brief report of the findings and recommendations of the Committee to the Board after each Committee meeting. The minutes of the Committee meetings are circulated to the Board. The Chairman submits an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.

All investment properties are classified as Level 3 in the fair value hierarchy. There were no movements between levels since 31 December 2014.

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

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

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

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2015 (continued)

Country & Class	Fair Value £	Valuation Technique	Key Unobservable input	Range (weighted average)
UK Industrial Level 3	113,010,649	▶ Income Capitalisation	▶ Initial Yield ▶ Reversionary Yield ▶ Equivalent Yield ▶ Estimated rental value per square metre	▶ 0% to 9.01% (4.97%) ▶ 5.67% to 10.42% (7.25%) ▶ 5.67% to 8.70% (6.98%) ▶ £23.68 to £86.10 (£53.14)
UK Office Level 3	109,661,521	▶ Income Capitalisation	▶ Initial Yield ▶ Reversionary Yield ▶ Equivalent Yield ▶ Estimated rental value per square metre	▶ 0% to 11.05% (6.14%) ▶ 5.72% to 9.89% (6.83%) ▶ 5.34% to 9.60% (6.65%) ▶ £137.47 to £588.94 (£271.50)
UK Retail Level 3	63,007,833	▶ Income Capitalisation	▶ Initial Yield ▶ Reversionary Yield ▶ Equivalent Yield ▶ Estimated rental value per square metre	▶ 6.13% to 7.46% (6.59%) ▶ 3.97% to 7.41% (5.78%) ▶ 6.27% to 7.45% (6.74%) ▶ £76.56 to £179.90 (£141.32)
	285,680,003**			

**includes the market values of the four properties held for sale as detailed in note 6.

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2015 (continued)

Descriptions and definitions

The table on page 29 includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values:

Estimated rental value (ERV)

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

Equivalent yield

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

Initial yield

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

Reversionary yield

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

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

	30 June 15	31 Dec 14
	£	£
ERV p.a.	20,882,883	20,460,185
Area sq. ft.	2,651,764	2,736,927
Average ERV per sq. ft.	£7.88	£7.48
Initial Yield	5.78%	6.59%
Reversionary Yield	5.02%	5.13%

The initial yield moved inwards due to a combination of factors which included a shift in market yield, the sale of some higher yielding assets with short leases (income reinvested after the period end was at yields of over 7%) and an increase in voids from 0.6% in June 2014 to 2.8% June 2015.

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2015 (continued)

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.

	30 June 15	31 Dec 14
	£	£
Increase in equivalent yield of 25 bps	(11,000,000)	(10,100,000)
Decrease in rental rates of 5% (ERV)	(10,300,000)	(10,100,000)

Below is a list of how the interrelationships in the sensitivity analysis above can be explained. In both cases outlined in the sensitivity table the estimated Fair Value would increase (decrease) if:

- ▶ The ERV is higher (lower)
- ▶ Void periods were shorter (longer)
- ▶ The occupancy rate was higher (lower)
- ▶ Rent free periods were shorter (longer)
- ▶ The capitalisation rates were lower (higher)

6 Investment Properties Held For Sale

As at 30 June 2015 the Group had exchanged contracts with third parties for the sale of Portrack Interchange, Stockton for £1,300,000 excluding a rent free reduction on the sale price and excluding related sale costs. The part sale of Windsor Court and Crown Farm completed on 15 July 2015 for £2,610,877 excluding costs. Units 2001 & 2002 Coal Road, Leeds completed on 31 July 2015 for £3,830,664 excluding costs and 140 West George Street, Glasgow completed on 10 August 2015 for £5,525,287 excluding costs. All of these properties were being actively marketed for sale at 30 June 2015 and meet the criteria of non current assets held for sale at the Balance Sheet date. The independently assessed market value of each property held for sale at 30 June 2015 is detailed below:

	30 June 15	31 Dec 14
	£	£
De Ville Court	–	3,150,000
Chancellors Place	–	3,575,000
Portrack Interchange	1,300,000	–
Windsor Court and Crown Farm	3,550,000	–
Units 2001 & 2002 Coal Road	3,725,000	–
140 West George Street	4,950,000	–
Less: transaction costs	(514,700)	(174,900)
Closing Adjusted Market Value	13,010,300	6,550,100

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2015 (continued)

7 Investment In Subsidiary Undertakings

The Company owns 100 per cent of the issued ordinary share capital of Standard Life Investments Property Holdings Limited, a company with limited liability incorporated and domiciled in Guernsey, Channel Islands, whose principal business is property investment.

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

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

Huris (Farnborough) Limited and HEREF Eden Main Limited generated a loss of £65,129 in the period ended 30 June 2015 as detailed in the Unaudited Consolidated Statement of Comprehensive Income on page 16. Both companies are shell companies which have immaterial other net assets as a result of the transfer of investment properties owned by both companies to Standard Life Investments Property Holdings Limited following their acquisition in 2014. The Group intends to liquidate both companies by the financial year ending 31 December 2015. The remaining assets of both companies total £24,810 (31 December 2014: £44,273 liability) at the Balance Sheet date and have been included in trade and other receivables.

8 Dividends And Property Income Distribution Gross Of Income Tax

	30 June 15	30 Jun 14
	£	£
Non Property Income Distributions		
1.161p per ordinary share paid in February relating to the quarter ending 31 December 2014 (30 June 2014: 1.133p)	2,835,350	1,756,085
1.161p per ordinary share paid in May relating to the quarter ending 31 March 2014	–	1,865,834
Property Income Distribution		
1.161p per ordinary share paid in May relating to the quarter ending 31 March 2015	3,213,407	–
	<hr/> 6,048,757	<hr/> 3,621,919

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

On 21 August 2015 a property income dividend of £3,348,175, 1.161p per ordinary share in respect of the quarter to 30 June 2015 was paid.

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2015 (continued)

9 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.

	30 June 15 Number of Shares	31 Dec 14 Number of Shares
Number of ordinary shares at the reporting date	288,387,160	244,216,165
	30 June 15 £	31 Dec 14 £
Total equity per consolidated financial statements	226,400,292	184,367,522
Net asset value per share	78.5p	75.5p

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

	30 June 15 £	31 Dec 14 £
Total equity per consolidated financial statements	226,400,292	184,367,522
Adjustments:		
Add: fair value of derivatives	1,917,816	2,674,939
Published adjusted EPRA net asset value	228,318,108	187,042,461
Published adjusted EPRA net asset value per share	79.2p	76.6p

Standard Life Investments Property Income Trust Limited

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2015 (continued)

10 Segmental Information

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

11 Events After The Balance Sheet Date

Property Sales

On 15 July 2015 the Company completed the part sale of Windsor Court & Crown Farm, an industrial investment in Mansfield for £2.6m excluding costs.

On 31 July 2015 the Company completed the sale of Units 2001 and 2002 Coal Road, an industrial investment in Leeds for £3.8m excluding costs.

On 10 August 2015 the Company completed the sale of 140 West George Street, an office investment in Glasgow for £5.5m excluding costs.

Property Purchases

On 23 July 2015 the Company completed the purchase of a retail investment in Bradford for £5.1m excluding costs.

On 24 July 2015 the Company completed the purchase of an office portfolio of 3 properties for £13.25m excluding costs.

On 5 August 2015 the Company completed the purchase of an office investment in Kiddlington for £4.8m excluding costs.

On 7 August 2015 the Company completed the purchase of an industrial investment in Fareham for £3.1m excluding costs.

Shares and Dividends

On 21 August 2015 a property income dividend gross of income tax of £3,348,175 in respect of the quarter to 30 June 2015 was paid.

Standard Life Investments Property Income Trust Limited

Information for Investors

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

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

Share Information

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

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

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

Effect of REIT Status on Payment of Dividends

REITs do not pay UK corporation tax in respect of rental profits and chargeable gains relating to property rental business. However, REITs are required to distribute at least 90% of their qualifying income (broadly calculated using the UK tax rules) as a Property Income Distribution ('PID').

Certain categories of shareholder may be able to receive the PID element of their dividends gross, without deduction of withholding tax. Categories which may claim this exemption include: UK companies, charities, local authorities, UK pension schemes and managers of PEPs, ISAs and Child Trust Funds.

Further information and the forms for completion to apply for PIDs to be paid gross are available from the Registrar.

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

Other Information

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

Standard Life Investments Property Income Trust Limited

Additional Information Directors and Company Information

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¹ Chairman of the Nomination Committee

² Chairman of the Audit Committee and Senior Independent Director

³ Chairman of the Remuneration Committee and Management Engagement Committee

⁴ Chairman of the Property Valuation Committee

