LKKL14 September 2021

STANDARD LIFE INVESTMENTS PROPERTY INCOME TRUST
LEI: 549300HHFBWZRKC7RW84

RESULTS IN RESPECT OF THE HALF YEAR ENDED 30 JUNE 2021

Performance Summary - Financial Review

- **NAV total return 10.2 PERCENT**
  NAV total return of 10.2.% in the six months to 30 June 2021 (H1 2020: -9.0%) as UK commercial property values began to recover, particularly in sectors where the Company is strongly positioned. Over the longer term the Company has continued to outperform its peer group returning 159.2% over ten years compared to the AIC Property Direct – UK Commercial sector total return of 56.6% and open ended property funds total return of 38.5%.

- **Loan to value 17.6 PERCENT**
  Loan to value of 17.6% (H1 2020: 26.2%) – Prudent gearing levels with bank covenants comfortably met.

- **Share price total return 20.2 PERCENT**
  Share price total return of 20.2% (H1 2020: -30.9%) as the share price discount reduced from 26.8% to 20.6%. Over the longer term the Company has outperformed its peer group returning 94.4% over ten years compared to the AIC Property Direct – UK Commercial sector total return of 33.6%.

- **Dividends paid 1.9875p per share**
  (H1 2020: 2.38p per share)
  Includes a top-up dividend for 2020 of 0.381p and reflects a 25% increase in the level of dividends announced since the second half of 2020.

- **Available for investment £80m**
  Significant financial resources at 30 June 2021 of £80 million available for investment, comprising £55m in the form of the Company's low cost revolving credit facility ("RCF") and £25m of uncommitted cash balances.

- **Share Buybacks £4.5m**
  Share buybacks totalling £4.5m for the six month period at significant discounts to NAV which are accretive to both NAV performance and earnings.

Performance Summary – Portfolio Review

- **Occupancy rate 87.8 PERCENT**
  Occupancy rate of 87.8% as at 30 June 2021 (H1 2020: 92.2%) with a fall as a result of selling let assets and muted office demand.

- **Rent collection 93 PERCENT**
  As at 31 August 2021, rent collection of 94% for quarter 3 and 92% for quarter 2 which averages out to 93% for the first half**.**

- **Operational CO2 saved 221 TONNES**
  221 tonnes of CO2 emissions saved through the installation of Solar PV schemes in the portfolio.

- **3 new lettings and 1 lease renewal securing £445,000 per annum in rent.**
  (H1 2020: 2 new lettings securing £379,000 per annum in rent)

- **Acquisition of land as part of carbon strategy**
  On 10 September 2021, the Company acquired 1,447 hectares of rough upland grazing and open moorland in the Cairngorm National Park to plant a natural broadleaf forest and undertake peatland restoration, as well as other bio diverse habitat creation activities, to undertake a high quality offset project.

- **Restructured 1 lease and 4 rent reviews secured income of £878,000 per annum of rent.**
  (H1 2020: Restructured 4 leases and 3 rent reviews to secure longer term income on £735,000 per annum of rent)

Portfolio total return

- **Portfolio total return of 7.9%** (H1 2020: -5.6%) compared to MSCI benchmark of 5.7% (H1 2019: -3.8%) for the six month period as capital values rose.

Portfolio biased to outperforming sectors

- **Company's Industrial Weighting 50.7%**
  (H1 2020: 52.7%) (MSCI benchmark: 34.9%)
  Industrial weighting of 50.7% with only 11.0% in retail at 30 June 2021 as portfolio is well aligned to sectors which are forecast to outperform in the current environment.

- **Company's Retail Weighting 11.0%**
  (H1 2020: 8.2%) (MSCI benchmark: 23.0%)

PERFORMANCE SUMMARY

Earnings & Dividends	**30 June 2021**	**30 June 2020**
EPRA earnings per share (p) (excl capital items & swap movements)	1.90	1.96
Dividends declared per ordinary share (p)	1.99	2.38
Dividend cover (%)*	95.5	83.0
Dividend yield (%)**	4.9	7.9
FTSE All-Share Real Estate Investment Trusts Index Yield (%)	2.7	4.4
FTSE All-Share Index Yield (%)	2.8	4.7

Capital Values & Gearing	**30 June 2021**	**31 December 2020**	**Change %**
Total assets (£million)	475.5	459.6	3.5
Net asset value per share (p)	88.3	82.0	7.7
Ordinary Share Price (p)	70.0	60.0	16.7
Discount to NAV (%)	(20.6)	(26.8)	

Loan to Value (%)†	17.6	23.0

Total Return	6 months % return	1 year % return	3 year % return	5 year % return
NAV‡	10.2	15.6	13.5	40.0
Share Price‡	20.2	22.1	(10.8)	16.7
FTSE All-Share Index	11.1	21.5	6.3	36.9

Property Returns & Statistics (%)	30 June 2021	30 June 2020
Property income return	2.3	2.2
MSCI benchmark income return	2.3	2.3
Property total return	7.9	(5.6)
MSCI benchmark total return	5.7	(3.8)
Void rate	12.2	7.8

* Calculated as revenue earnings per share (excluding capital items) as a percentage of dividends declared per ordinary share.
** Based on last four quarterly dividends paid to 30 June 2021 of 3.0345p, in addition to the 5th interim for 2020 of 0.381p, and the share price at 30 June 2021.
† Calculated as bank borrowings less all cash (including cash held at managing agent) as a percentage of the open market value of the property portfolio as at 30 June 2021.
‡ Assumes re-investment of dividends excluding transaction costs.

Sources: Aberdeen Standard Investments, MSCI Investment Property Databank ("IPD").

CHAIRMAN'S STATEMENT

The successful roll-out of the vaccination programme in the UK, and easing of lockdown measures, has brought welcome signs of recovery to an economy trying to find its feet having been poleaxed by the COVID-19 pandemic. The economy is expected to grow around 7% in 2021 which compares to a 10% fall in 2020.

The level of recovery varies widely across all economic sectors as restriction measures have eased at different rates, with some business owners still facing uncertainty and worry over how they will return to normal trading, and the rest of the population still trying to comprehend their 'new normal'. All of this against the backdrop of concerns over new variants and the Government trying to work out how best to address the funding deficit created in combatting COVID-19.

ESG

Environmental, Social and Governance ("ESG") factors have become even more important over the last 12 months, reversing the trend in previous difficult economic times of ESG being downplayed. The drive towards Net Zero Carbon has accelerated and become common language for many people, and wellness is clearly identified as a key factor in building choice for occupiers. In this environment your Board has been encouraged by the Investment Manager's commitment to ESG performance, through asset equipment (energy efficiency) and amenity (social and wellness).

The Company has acquired 1,447 hectares of rough upland grazing and open moorland in the Cairngorm National Park for £7.5m to plant a natural broadleaf forest and undertake peatland restoration as well as other bio diverse habitat creation activities. The purchase enables the Company to undertake a high quality offset project at a known cost, securing it from expected future growth in carbon pricing. The demand for land for planting has grown considerably over the last 3 years, and we believe the purchase gives the Company an early mover advantage in this fast developing area.

UK REAL ESTATE MARKET

The UK Commercial real estate market, underpinned as it is by the UK economy, is starting to show signs of recovery, albeit with polarisation evident across sectors.

As the UK spent the whole of the first half of the year with some kind of Covid-19 related restriction and most of the first quarter with severe restrictions, the MSCI Quarterly Index delivered a striking total return of 5.7% during H1 2021. Once again, however, the return was overwhelmingly driven by the industrial sector. While offices and retail only achieved six-month returns of 1.9% and 1.7% respectively, the total return for industrials over the period was 12.9%. While capital values fell across offices and retail, industrial values rose by more than 10%. Industrial performance was broad-based, both in terms of geography and asset type. However, the retail sector has shown increasing dispersion. While supermarkets and retail warehouses outperformed the All Property average, achieving 6.6% and 5.4% respectively, shopping centre returns were -7.7%, despite a sharp slowdown in value erosion in the second quarter. Standard shop returns were also negative at -1.2%.

The Covid-19 pandemic has led to an acceleration of change, emphasising trends that were already evident. Much of this change is likely to be permanent, for example heightened levels of online shopping (benefitting logistics in particular), whilst others will change again – for example home working will form part of a hybrid model, but is unlikely to remain the norm for most people.

Most of the change driven by Covid-19 has seen a polarisation of returns across sectors, but there is one significant force that is influencing returns within sectors, and that is ESG. In previous recessions ESG has declined in importance, but not so this time. It has become a real driver of behaviours and therefore of returns, and we expect to see increasing bifurcation of returns for assets that meet ESG standards and those that do not.

PORTFOLIO AND CORPORATE PERFORMANCE

Your Company produced a portfolio total return of 7.9% in the six month period with income and capital returns both ahead of their MSCI benchmark (benchmark total return of 5.7%). The Investment Manager's report provides a full analysis of the portfolio performance.

This portfolio performance resulted in a NAV total return of 10.2% in the six month period.

The total return to shareholders in the period was 20.2% as the share price rose as the economy started to reopen leading to improvement in rent collection and asset values. These were the main factors behind the discount at which the Company's shares traded to NAV narrowing from 26.8% at 1 January to 20.6% as at 30 June.

Whilst returns in 2020 were impacted by COVID-19, the Company's portfolio has consistently outperformed the MSCI index over 1,3, 5, and 10 years establishing a strong long term track record. An NAV total return of 40.0% over five years to end of June 2021 compares to the peer group total return of 16.4%. Open ended property funds returned 9.3% over the same period.

RENT COLLECTION & DIVIDENDS

Throughout the pandemic, the Board and its Investment Manager have been mindful of the Company's Environmental, Social and Governance ("ESG") obligations as a responsible landlord and has reflected this in working considerately with tenants to collect rents. This has included agreeing repayment plans to suit the needs of the tenants as well as granting amended lease terms. Write offs have occurred where appropriate, mainly where the tenant, generally lacking scale, has no means of paying.

As restrictions are lifted, and the economy starts to show signs of recovery, rent collection figures are showing improvement and as at 31 August 2021 95% of all rents due in relation to 2020 are now collected and 94% in relation to the most recent (third) quarter in 2021. Where the Investment Manager considers the tenant is capable of settling arrears but does not engage, court action has been pursued. Further detail on rent collection and interaction with tenants is included in the Investment Manager's Report.

The Board recognises the importance of dividends to its shareholders and continued to pay a dividend throughout the pandemic. A fifth interim dividend in respect of 2020 was announced and paid in early 2021 and, recognising that the worst of the economic impact of the pandemic seemed to have passed, the decision was taken for the first quarter to increase quarterly dividend levels by 25% in 2021. Following this increase, the Board will continue to monitor closely the impact of the lifting of lockdown restrictions on rent receipts and recurring earnings in addition to the contribution from new acquisitions, as the Company deploys its significant capital resources.

FINANCIAL RESOURCES & PORTFOLIO ACTIVITY

Throughout the pandemic, the Company has maintained a strong financial position and this continues to be the case. On 30 June 2021, the Company had significant financial resources of £80 million to deploy for further investment, represented by £25 million of uncommitted cash and all of its £55 million flexible, low-cost revolving credit facility. Loan to Value ("LTV") remains prudent at 17.6% and banking covenants are comfortably met with significant headroom.

This solid grounding allows the Investment Manager the firepower to invest in strategic, well-positioned acquisitions as well as pursuing initiatives to reduce the Company's carbon footprint.

MANAGER REBRAND

The Board notes that Standard Life Aberdeen plc has rebranded to abrdn plc. The Board is working with the Manager on the implications of this and will be actively considering a change of name for the Company. The Board will engage with its shareholders on plans for rebranding in due course.

OUTLOOK

After withstanding the unprecedented economic shock created by the Covid-19 pandemic, the economy is now in recovery mode as the vaccination programme has reached critical mass and restrictions are relaxed, although uncertainties remain. From a real estate perspective in the UK, structural trends are set to drive performance over the medium term, leading to polarisation both between, and within, sectors.

Industrials are forecast to remain the best-performing sector over the next three years, underpinned by fundamentals supporting further rental growth and investment demand to push yields lower into the second half of 2021.

By contrast, office fundamentals point to falling rental values and rising income risk. With little adjustment to values thus far, weak returns are expected over the medium term along with a widening gap between offices regarded as best quality space and ageing office space that does not offer attractive working conditions for staff. Such a split is also expected in the retail sector, with retail warehouse values now rising rapidly in modern parks, anchored by strong occupiers in the grocery, discount variety and DIY markets; meanwhile, fashion-led offerings and high-street or shopping-centre locations are expected to see ongoing difficulties.

This trend of bifurcation highlights the need to hold the right assets, not just assets in the right sector.

SLIPIT is well positioned to take advantage of the trends referred to above, holding over 50% of its portfolio in the industrial sector, well above the benchmark weighting. Assets held within the retail and office sectors are substantially well placed to benefit from the intra-sector divide we are seeing. In addition to this well-structured existing portfolio, the Company also has a strong balance sheet, with significant financial resources to invest into the existing portfolio with conviction seeking to boost revenue generation for the future.

James Clifton-Brown
Chair
13 September 2021

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 overarching risk to the Company's portfolio is COVID-19, which has caused significant loss of life and global economic disruption. It arguably affects all areas of risk on which the Company reports and has increased the risk profile of the Company, as set out in the Chair's Statement and the Investment Manager's Report. The Board and Investment Manager seek to mitigate 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 have carried out an assessment of the risk profile of the Company which concluded that the risks as at 30 June 2021, including the overarching risk of COVID-19, were not materially different from those detailed in the statutory accounts for the Company for the year ended 31 December 2020, which were published in April 2021.

Having reviewed the principal risks, including the impact of COVID-19, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore believes it appropriate to adopt the going concern basis in preparing the financial statements.

INVESTMENT MANAGER'S REPORT

MARKET COMMENTARY

In another half-year dominated by the impact of the COVID-19 pandemic, the UK economy has surprised somewhat on the upside. Economic output contracted by only 1.5% during the first quarter, despite the majority of it being spent in a strict lockdown. After a fall in GDP of nearly 10% in 2020, the UK began the year at a much lower base level of output. However, with remote working well established, fiscal support firmly in place and the roll-out of vaccines offering cause for optimism, the economy was able to adapt and function better than many had anticipated.

Encouragingly, the economy has bounced back strongly during the second quarter as measures to restrict the spread of the virus were gradually relaxed in line with a Government roadmap first announced in February. That is despite the dramatically more transmissible Delta variant of the virus leading to a renewed surge in cases. Importantly, the successful vaccination programme in the UK appears to have significantly weakened the link between infections and hospitalisations.

The re-opening of the economy has seen inflation start to rise. But it is, in some ways, a recovery period like no other; the pandemic severely affected the supply side of the economy, which is being rebuilt alongside surging demand. That has caused bottlenecks in some specific areas of the labour market, exacerbated by frictions resulting from Brexit and the loss of EU labour through the pandemic – particularly in London - that has largely not returned to the UK. In addition, there are significant base effects driving inflation: fuel prices dropped sharply last spring and are now significantly higher, while the removal of fiscal packages such as the VAT cut and the "eat out to help out" scheme will also drive inflation higher this year. Nevertheless, the Bank of England's monetary policy committee is expected to look through this inflation, which it argues is transitory, and interest rates are expected to remain at their record low level for some time to come.

COMMERCIAL PROPERTY

The relaxation of lockdown restrictions during the second quarter has seen a rebound in retail sales but perhaps not to the extent many had expected. Footfall, particularly on high streets and in shopping centres, has remained 20-30% below the same period in 2019 but higher conversion rates have pushed sales above 2019 levels. After an initial surge in sales on the reopening of non-essential stores in April, sales volumes have plateaued and, indeed, fell month-on-month in June across non-food stores. Retail parks have outperformed in footfall and sales terms but, with many big-ticket purchases perhaps brought forward and re-opened hospitality absorbing more of consumer spending, there are signs that household goods and DIY sales are now falling back.

There was an extension of the moratorium on tenant evictions to the end of June, removing the previously planned March cliff-edge that would have occurred with shops still shuttered. A further extension was always possible, but few foresaw the nine-month extension to March 2022 that was announced only weeks before the

June quarter day. The length of the extension was based on leaving sufficient time for landlords and tenants to reach agreements relating to unpaid rent bilaterally. Alongside the extension, the government announced that a binding arbitration process would be written into legislation in due course – likely in the autumn – which will apply if negotiations between landlords and tenants fail. The legislation will also ring-fence arrears built up by businesses during periods of enforced closure, implying that landlords will share the financial impact with their tenants.

There was no material return to office working during the first half of the year, due to concerns around the safety of office environments and public transport commuting. Availability rates have risen in all major office markets but most steeply in London with smaller, more secondary buildings hardest hit. Vacancy has plateaued during the second quarter but at a high level that is consistent with falling rents, especially in secondary stock that is out of favour with tenants. Remote and hybrid working policies will outlive the pandemic and most occupiers are acting cautiously and consultatively with their workforces in respect of future requirements. In contrast, take-up remains exceptionally strong in the industrial sector. In the logistics space, the first half of 2021 set a new record level of take-up, driven by the fundamental structural changes to the way and the speed with which goods are distributed to consumers.

The backdrop of the Covid-19 restrictions in the first half of the year has meant the MSCI/IPD Quarterly Index total return of 5.7% was quite remarkable. The return was driven, again by the industrial sector (12.9%) as offices and retail delivered muted figures (1.9% and 1.7% respectively).

Our house view forecast envisages a modest fall in values over the next year, primarily driven by our expectation of falling rents in the office sector and a further adjustment across fashion retail locations as valuations move towards prevailing levels of pricing.

Strong performance, however, is expected from the industrial sector and from out-of-town retail, in the form of both supermarkets and retail warehouses. With the fundamentals supportive of further rental growth, investment demand for industrials is set to push yields lower in the second half of the year and the sector is forecast to remain the top performer over the next three years.

We expect bifurcation in the retail sector, with modern retail parks, let at affordable rents and anchored by grocery, discount variety and DIY occupiers, likely to deliver strong returns over the next 12 months. Fashion-oriented parks are more vulnerable to the same occupational challenges facing high streets and shopping centres, where we expect another year of negative total returns. Bifurcation is also expected to be a feature of the office market, with the best quality space favoured by tenants and more resilient for investors and secondary space increasingly distressed. While our office forecasts are weak overall, it is secondary space where vacancy is high and letting appetite is very weak that is most at risk of significant falls in rents and values.

INVESTMENT OUTLOOK

The UK economy is forecast to continue its recovery this year and achieve growth of around 7% across 2021 as a whole. However, after a fall of nearly 10% in 2020, the level of economic activity is expected to remain below pre-Covid levels until at least next year. That implies an output gap and a rise in unemployment towards 6% when the Coronavirus Job Retention Scheme ends at the end of September.

Understandably, there is significant uncertainty around the outlook at present and there remains a relatively low weighting to the central case as a result. The global impact of the Delta variant – and the risk of further variants of concern – is one source of uncertainty, while Brexit and trade remains an issue. The escalatory situation regarding the Northern Ireland Protocol is but one example that, far from being “done”, Brexit is a process and one that will be a continued source of friction and uncertainty for many UK businesses.

However, while the economic fundamentals are important, for much of the UK real estate market it is structural trends that are set to drive performance over the medium term. It is the continuation of the structural shift to online shopping, which has been accelerated by the pandemic, that is driving logistics demand and rental value growth. That same trend is one of the drivers of discretionary retail’s challenges, alongside a host of other headwinds. A greater sustainability focus among younger shoppers, including rapid growth in the second-hand market, alongside further digitisation of high street services are among those additional headwinds.

The Government's failure to reform business rates continues to impair store viability, while the withdrawal of VAT relief for tourists is a major additional threat to central London values.

The expected divergence in fortunes across the office sector is expected to be a key theme going forward, with total demand under downward pressure from hybrid working and occupiers increasingly discerning about their space. Offices that are not flexible, do not offer the amenity and connectivity tenants demand, are not technologically-enabled and, importantly, fall down on sustainability measures face a hugely challenging future that is not, in our view, reflected in current values. Assets that are future-fit, however, will remain attractive and could start to attract a rental premium if supply of the highest quality buildings is constrained.

PERFORMANCE

The Company considers a range of measures when assessing its performance. The underlying performance of the real estate assets is the first level of consideration, and is a direct comparison to the wider market. The NAV total return, on the other hand, is a better reflection of the return experienced by the Company as a whole, as it encompasses all aspects of the Company including debt and expenses. Finally, the share price total return is a useful metric in so much as it reflects investor experience, but it is the one metric over which the Investment Manager and the Board have least control.

PORTFOLIO LEVEL PERFORMANCE

The Company's investment portfolio performed well in the first six months of 2021 providing a total return of 7.9%, compared to the MSCI/IPD benchmark of 5.7%. This continues the portfolios out-performance over 1,3,5, and 10 year periods. The outperformance is driven by a combination of sector allocation (high exposure to the industrial sector which has performed strongly, and no exposure to shopping centres that have performed very poorly), and partly due to stock selection, particularly in retail warehousing where the Company's exposure is to DIY and budget retail at affordable rents.

NAV PERFORMANCE

The underlying portfolio performance is the main driver of NAV performance, however the debt used in the fund also has an impact – and with rising values that impact is positive (the reduced interest rate swap liability over the first half has also been beneficial). The NAV total return should not be directly compared to the MSCI/IPD benchmark as the two contain different factors, so the table below shows the Company's NAV total return over time compared to the AIC sector of rival companies, and also the Investment Associations open ended property funds sector.

NAV Total Returns to 30 June 2021	**1 year (%)**	**3 years (%)**	**5 years (%)**	**10 years (%)**
Standard Life Investments Property Income Trust	**15.6**	**13.5**	**40.0**	**159.2**
AIC Property Direct – UK Sector (weighted average)	6.0	7.0	16.4	56.6
Investment Association Open Ended Commercial Property Funds sector	1.1	-2.5	9.3	38.5

Source: Aberdeen Standard Investments, Association of Investment Companies ("AIC")

SHARE PRICE PERFORMANCE

Shares in the Company were trading at a 26.8% discount at the start of the reporting period, and that has narrowed over the 6 months to 20.6% following the increase in dividend and improved sentiment as we progress out of lockdown.

Share Price Total Returns to 30 June 2021	**1 year (%)**	**3 years (%)**	**5 years (%)**	**10 years (%)**
Standard Life Investments Property Income Trust	**22.1**	**-10.8**	**16.7**	**94.4**
FTSE All-Share Index	21.5	6.3	36.9	85.5
AIC Property Direct – UK Sector (weighted average)	34.4	0.5	15.1	33.6

Source: Aberdeen Standard Investments, Association of Investment Companies ("AIC")

DIVIDEND
SLIPIT is focussed on providing shareholders with an attractive level of dividend. The Company continued to pay a dividend throughout the pandemic, but the level in 2020 was 80% of that in 2019, 3.808p per share against 4.76p per share. In the first quarter of 2021 the Company increased the quarterly dividend by 25% to 0.8925 pence per share (maintained in the second quarter). The Board believes this level to be sustainable and to have reasonable prospects for growth as cash is invested and provisions reduce. If required a 5th dividend will again be paid, to ensure at least 90% of net rental income is distributed, as required by the REIT rules.

The main factor in the Company's ability to pay the dividend is the amount of rental income it receives. Over the last 9 months the Company has undertaken a number of sales as it repositions the portfolio for a post Covid world; the net rent the Company forecast at 30 June 2020 was £26.8m per annum, but by 30 June 2021 that had decreased to £24.5m.

Rental income will grow again as new investments are made and gearing increased. The other impact on rental income is the collection of rent due. Prior to Covid the Company regularly recovered 99% – 100% of the rent due, however, the restrictions on tenants' ability to trade through Covid have adversely impacted their ability to pay, and for 2020 the collection rate stands at 95%. For the first half of 2021 it stands at 91%, reflecting the severe lockdown and its impact on the first quarter, slowly relaxing into the second. As at 31 August the third quarter figure stands at 94%. It should be noted that the Company has taken a prudent approach to making provisions for rent due, at roughly 8% of the rent due in the period.

Rent collection	H1 Collection
Retail	81%
Industrial	99%
Office	89%
Other	73%
Total	91%

PORTFOLIO VALUATION
The investment portfolio is valued on a quarterly basis by Knight Frank LLP. At 30 June the portfolio comprised 46 assets (55 the year before) valued at £433.8m, with cash of £33.8m (£447.3m and £5.0m prior year). At 30 June there was no money drawn on the RCF (£14m prior year). The portfolios initial yield was 5.3% and the equivalent yield was 6.3%.

PORTFOLIO STRATEGY AND ALLOCATION
The Company has a clear investment objective, seeking to offer investors an attractive level of income together with the prospect of income and capital growth by investing in a diversified portfolio of commercial property. The investment manager has focussed on two elements in its strategy recently:

1. ESG: We fundamentally believe that investments with strong ESG credentials will perform better than similar investments with poor ESG credentials. In order to achieve a reliable and growing income stream from property assets, it will be increasingly important to have good quality properties that meet tenants needs. Wellness is increasingly important to occupiers, and energy performance (and carbon footprint) to both investors and occupiers.

2. Change driven by Covid-19 means that an active approach to managing the portfolio is required. Offices, in particular, are going through rapid change, much of which is structural, just as retail has over the last 10 years. We have undertaken a thorough review of the portfolio to ensure that the assets we hold are "future fit", i.e. they will meet the needs of occupiers and investors in a post Covid world.

Over the last ten years the Company has benefitted from investing in good secondary properties at higher than average yields, and then enjoying yield compression between prime and secondary. We strongly believe that the next 5 years will see a reversal of this theme, and that the spread for secondary assets will widen, as their ESG credentials will not be good enough, and investors will shy away. Sustainable and growing income will come from better quality assets, and yields will remain keen for those. Poorer assets will fail to attract tenants, and pricing will fall as new investors build in significant refurbishment costs.

Aberdeen Standard Investments has developed tools to help it address these changes. To help understand ESG matters at an asset level we have developed the Impact Dial – a comprehensive measure of where the asset stands today, and what it is capable of achieving, measureable against a benchmark or fund target. In the office space we have developed a questionnaire based around key aspects such as flexibility, amenity, connectivity, technology, and sustainability to analyse each asset and its potential.

SLIPIT has always taken an active approach to managing its portfolio, and that has continued into 2021, exiting three office assets that we did not believe were future fit, and an industrial asset that had poor ESG credentials, that we thought would impact future performance.

The structure of a portfolio remains an important component to driving returns, and SLIPIT continues to have a high exposure to industrial (50.7% at 30 June), a moderate exposure to offices (31.0%), and a low but growing exposure to retail (11.0%) via retail warehousing. The Company's exposure to "other" is mainly made up of a Data Centre, and leisure complex in north London with redevelopment potential. We will increase the industrial and retail exposure further assuming investments under offer complete.

Stock picking within favoured sectors drives returns as well, and in SLIPIT we seek to own assets that meet tenants' needs. In the retail space this means owning assets that are affordable and trade well for the tenant. In offices that means owning assets with great amenity (eg showers and changing facilities, coffee lounges etc) that are efficient to occupy (shared meeting rooms etc). Increasingly, we have seen demand from tenants for fully fitted office suites and have already provided them in many locations which has led to enhanced letting terms at several buildings. SLIPIT benefits from a team of experienced and dedicated asset managers who engage with the company's tenants to maximise occupancy and income. Over the course of the last 15 months a great deal of time has been spent liaising with tenants to agree rental payments that enable their businesses to survive, but also recognising the contractual arrangements in place.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)
The annual report and accounts provide a lot of information on our approach to ESG. This report seeks to update on the activities we are undertaking. The GRESB submission (the most widely used of ESG benchmarking in real estate) was made in July and we await results, to be shared in the annual report and accounts.

Our practical approach to ESG takes several forms:

1. All members of the team working on the SLIPIT portfolio have a key goal "to be able to demonstrate that ESG is considered in every decision they make"
2. A team member given overarching responsibility to drive our PV and EV roll out
3. New lettings to have enhanced lease provision for collection of utility consumption data
4. Net zero assessment being made from fund level to asset action plans
5. All assets to be assessed under the ASI Impact Dial proprietary tool
6. All office planned maintenance plans to incorporate additional capex required to meet future energy standards through to 2030
7. Future carbon offset plan in place to give fixed cost solution.

The PV programme continues to grow, however it is slow progress, as we work on getting tenant usage data and documentation, securing grid connections and engineers' reports on loading capacity.

In addition to the 6 operational PV schemes providing 1.2mwp we have a further 13 that are advanced (offering up to 2.8mWp), and another 7 where discussions on capacity are just starting. To put this into context, the existing PV output is sufficient to boil a kettle 7,944,006 times a year, or to power 428 electric cars for a year. It is also equivalent to the yearly electrical use of 239 average UK households.

Even a very efficient property portfolio will have some residual carbon that will require to be offset. The SLIPIT investment team believes that offsetting is a last resort after minimising carbon output, and that if it is to be undertaken then it needs to be done to the highest standard. As a result, SLIPIT has acquired 1,447 hectares of rough upland grazing and open moorland in the Cairngorm National Park for reforestation and peatland restoration. 956 acres are for planting, 167 hectares of open ground for diverse natural habitat, and 324 hectares are of deep peat, of which 115 is suitable for restoration. This is not an investment into commercial forestry, but is the purchase of land to plant natural broadleaf trees to generate woodland carbon credits in the future. The benefit of acquiring a carbon offset by this method is that the cost is known, and attractive, compared to buying carbon offsets in the open market. It comes with a significant responsibility. We will be creating a long term diverse natural habitat, and have to be aware of sensitivities to local communities and existing land uses. The purchase price for the land is £7.5m and the Company will be seeking a planting consent for the land. The cost of fencing and planting is likely to be covered fully by grants. The Investment Manager and the Board believe that being early entrants into this market will be of financial benefit to the Company in future years as more institutions seek net zero pathways.

This is a large project with the planting of approximately 1.5m trees in addition to the peatland restoration. It is anticipated the site will sequester approximately 373,000 tonnes of carbon over the life of the project. Other potential benefits include flood mitigation, bio diverse habitat creation, soil retention and water purification. The net biodiversity gain is going to become more important in real estate as changes to planning legislation will require future net gain to be demonstrated, both on and off site on all new developments.

ASSET MANAGEMENT

Over the first 6 months, 5 lease restructures / renewals were agreed to extend the income, securing £877,830pa. Just after the reporting period a further lease was renewed to secure £255,000pa on a logistics unit (23% above the previous rent).

In the same period three office lettings and one renewal were completed to secure £444,575pa. It is hoped that conversion of office interest will increase as Covid restrictions are eased.

Voids currently stand at 12.2%, an increase caused in part by property disposals during the period but also from several office lease expiries. Office demand has been muted as people are required to work from home but we expect to see an increase in demand through the remainder of the year which will, in turn, improve our rental income and reduce our cost base.

INVESTMENT SALES

We continued to reposition the portfolio for a post Covid world with the sale of three office assets for a total of £17.25m that we did not believe were going to meet future needs, as well as an industrial unit for £6.25m with poor ESG credentials, and a small retail warehouse unit investment for £2.65m.

After the reporting period we also completed the sale of a small office in Bishops Stortford for £3.75m.

INVESTMENT PURCHASES

No purchases were completed in the first half of the year although terms have been agreed to buy a B&Q retail warehouse for £14m at a yield of 6.5%, a logistics unit in Washington for £7m at a yield of 5.75% recently let on a new 15 year lease, and to fund an industrial development pre let to a Council for 15 years at a total cost of £15m, reflecting a yield of 4.25%.

New purchases will focus on good quality assets that can provide a sustainable income. ESG will play an important part in the assessment of suitable new investments in terms of energy efficiency, carbon footprint, tenant use, and social factors.

DEBT

The Company has two facilities with RBS, both of which expire in April 2023. The main facility is a fully drawn fixed term loan of £110m, which is subject to an interest rate swap. The second part of the facility is a Revolving Credit Facility (RCF) of £55m. At 30 June no sum was drawn from the RCF, as the proceeds of sales at the end of 2020 and into 2021 were used to repay it. It is anticipated that the RCF will be utilised again later in 2021 as further investments are made. The loan to value ratio at 30 June stood at 17.6%, which is the lowest it has ever been. Given the wider general outlook a range of 20%–30% is seen as more desirable.

CONCLUSION

It is easy to feel quite positive currently, with the economy growing, tenant activity improving, and the portfolio performing well. The level of change we are experiencing suits an actively managed fund, and we believe the repositioning of the portfolio and renewed focus on ESG will drive continued out-performance. However, caution is required. Autumn and winter are likely to see a resurgence in Covid, and if that comes in the form of another variant where vaccines are less effective, then that will have a negative impact. We are also keeping a close watch on inflationary pressures, especially in building supplies and labour.

We will continue to manage the portfolio with caution, trying to adapt to change, and meeting occupier needs so that we can continue to generate a sustainable rental income to pay an attractive dividend.

Jason Baggaley
Investment Manager
13 September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- The condensed Unaudited Consolidated Financial Statements have been prepared in accordance with IAS 34; and
- The Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules; and
- In accordance with 4.2.9R of the Financial Conduct Authority's Disclosure Guidance 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 2021, comprises an Interim Management Report in the form of the Chair'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 are 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.

Approved by the Board on
13 September 2021
James Clifton-Brown
Chair

FINANCIAL STATEMENTS

Unaudited Consolidated Statement of Comprehensive Income for the period ended 30 June 2021

	Notes	1 Jan 2021 to 30 Jun 2021 £	1 Jan 2020 to 30 Jun 2020 £	1 Jan 2020 to 31 Dec 2020 £
Rental income		14,236,719	14,475,764	29,439,549
Service charge income		1,919,813	846,574	3,543,976
Surrender premium		—	—	21,250
Valuation gain/(loss) from investment properties	3	23,692,631	(38,278,871)	(27,640,224)
Loss on disposal of investment properties	3	(1,373,427)	(97,867)	(4,806,137)
Investment management fees	2	(1,602,289)	(1,596,433)	(3,198,519)
Valuer's fees		(37,078)	(45,402)	(84,638)
Auditor's fees		(74,300)	(39,250)	(118,400)
Directors' fees and expenses		(105,962)	(125,882)	(236,953)
Service charge expenditure		(1,919,813)	(846,574)	(3,543,976)
Other direct property expenses		(2,632,817)	(2,540,224)	(4,904,968)
Other administration expenses		(405,619)	(346,263)	(512,849)
Operating profit/(loss)		**31,697,858**	**(28,594,428)**	**(12,041,889)**
Finance income		526	3,801	3,896
Finance costs		(1,746,493)	(1,823,245)	(3,744,074)
Profit/(loss) for the period before taxation		**29,951,891**	**(30,413,872)**	**(15,782,067)**
Taxation				
Tax charge		—	—	—
Profit/(loss) for the period, net of tax		**29,951,891**	**(30,413,872)**	**(15,782,067)**

Other Comprehensive Income				
Valuation gain/(loss) on cash flow hedge		1,289,811	(1,831,613)	(1,514,638)
Total other comprehensive gain/(loss)		**1,289,811**	**(1,831,613)**	**(1,514,638)**
Total comprehensive gain/(loss) for the period, net of tax		**31,241,702**	**(32,245,485)**	**(17,296,705)**
Earnings per share		**(p)**	**(p)**	**(p)**
Basic and diluted earnings per share	5	7.50	(7.48)	(3.88)
Adjusted (EPRA) earnings per share		1.90	1.96	4.10

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

The notes are an integral part of these Unaudited Consolidated Financial Statements.

Unaudited Consolidated Balance Sheet as at 30 June 2021

	Notes	30 Jun 2021 £	30 Jun 2020 £	31 Dec 2020 £
Non-current assets				
Investment properties	3	423,666,556	442,987,223	428,412,375
Lease incentives	3	7,335,331	5,211,158	5,885,270
Rental deposits held on behalf of tenants		833,768	1,393,927	855,866
		431,835,655	**449,592,308**	**435,153,511**
Current assets				
Investment properties held for sale	3, 4	3,700,000	—	4,300,000
Trade and other receivables		6,222,513	9,898,419	10,802,197
Cash and cash equivalents		33,750,589	4,993,983	9,383,371
		43,673,102	14,892,402	24,485,568
Total Assets		**475,508,757**	**464,484,710**	**459,639,079**
LIABILITIES				
Current liabilities				
Trade and other payables		11,414,647	10,894,423	13,096,054
Interest rate swap	8	1,354,600	1,194,281	1,472,387
		12,769,247	**12,088,704**	**14,568,441**
Non-current liabilities				
Bank borrowings	9	109,638,819	123,421,818	109,542,823
Interest rate swap	8	1,090,841	2,857,948	2,262,867
Obligations under finance leases		901,887	903,831	902,645
Rent deposits due to tenants		833,768	1,393,927	855,866

	112,465,315	**128,577,524**	**113,564,201**
Total liabilities	**125,234,562**	**140,666,228**	**128,132,642**
Net assets	**350,274,195**	**323,818,482**	**331,506,437**
EQUITY			
Capital and reserves attributable to Company's equity holders			
Share capital	228,383,857	228,383,857	228,383,857
Treasury Share Reserve	(5,991,417)	—	(1,450,787)
Retained earnings	7,038,582	4,447,819	7,339,209
Capital reserves	23,004,801	(6,851,566)	(604,214)
Other distributable reserves	97,838,372	97,838,372	97,838,372
Total equity	**350,274,195**	**323,818,482**	**331,506,437**
NAV per share	**88.3**	**79.6**	**82.0**
EPRA NTV	**88.9**	**80.6**	**82.9**

The notes are an integral part of these Unaudited Consolidated Financial Statements.

Unaudited Consolidated Statement of Changes in Equity for the period ended 30 June 2021

	Notes	Share Capital £	Treasury Shares £	Retained Earnings £	Capital Reserves £	Other Distributable Reserves £	Total equity £
Opening balance 1 January 2021		**228,383,857**	**(1,450,787)**	**7,339,209**	**(604,214)**	**97,838,372**	**331,506,437**
Profit for the period		—	—	29,951,891	—	—	29,951,891
Other comprehensive income		—	—	—	1,289,811	—	1,289,811
Total comprehensive income for the period		—	—	29,951,891	1,289,811	—	31,241,702
Ordinary shares placed into treasury net of issue costs		—	(4,540,630)	—	—	—	(4,540,630)
Dividends paid	7	—	—	(7,933,314)	—	—	(7,933,314)
Valuation gain from investment properties	3	—	—	(23,692,631)	23,692,631	—	—
Loss on disposal of investment properties	3	—	—	1,373,427	(1,373,427)	—	—
Balance at 30 June 2021		**228,383,857**	**(5,991,417)**	**7,038,582**	**23,004,801**	**97,838,372**	**350,274,195**

	Notes	Share Capital £	Treasury Shares £	Retained Earnings £	Capital Reserves £	Other Distributable Reserves £	Total equity £
Opening balance 1 January 2020		**227,431,057**	**—**	**6,168,350**	**33,356,785**	**97,838,372**	**364,794,564**
Loss for the period		—	—	(30,413,872)	—	—	(30,413,872)
Other comprehensive income		—	—	—	(1,831,613)	—	(1,831,613)
Total comprehensive loss for the period		—	—	(30,413,872)	(1,831,613)	—	(32,245,485)
Ordinary shares issued net of issue costs		952,800	—	—	—	—	952,800
Dividends paid	7	—	—	(9,683,397)	—	—	(9,683,397)
Valuation loss from investment properties		—	—	38,278,871	(38,278,871)	—	—
Loss on disposal of investment properties	3	—	—	97,867	(97,867)	—	—

Balance at 30 June 2020		**228,383,857**	**—**	**4,447,819**	**(6,851,566)**	**97,838,372**	**323,818,482**

	Notes	Share Capital £	Treasury Shares £	Retained Earnings £	Capital Reserves £	Other Distributable Reserves £	Total equity £
Opening balance at 1 January 2020		**227,431,057**	**—**	**6,168,350**	**33,356,785**	**97,838,372**	**364,794,564**
Loss for the year		—	—	(15,782,067)	—	—	(15,782,067)
Other comprehensive income		—	—	—	(1,514,638)	—	(1,514,638)
Total comprehensive loss for the period		—	—	(15,782,067)	(1,514,638)	—	(17,296,705)
Ordinary shares issued net of issue costs		952,800	—	—	—	—	952,800
Ordinary shares placed into treasury net of issue costs		—	(1,450,787)	—	—	—	(1,450,787)
Dividends paid	7	—	—	(15,493,435)	—	—	(15,493,435)
Valuation loss from investment properties		—	—	27,640,224	(27,640,224)	—	—
Loss on disposal of investment properties	3	—	—	4,806,137	(4,806,137)	—	—
Balance at 31 December 2020		**228,383,857**	**(1,450,787)**	**7,339,209**	**(604,214)**	**97,838,372**	**331,506,437**

The notes are an integral part of these Unaudited Consolidated Financial Statements.

Unaudited Consolidated Cash Flow Statement for the period ended 30 June 2021

Cash flows from operating activities	**Notes**	**1 Jan 2021 to 30 Jun 2021 £**	**1 Jan 2020 to 30 Jun 2020 £**	**1 Jan 2020 to 31 Dec 2020 £**
Profit/(loss) for the period before taxation		29,951,891	(30,413,872)	(15,782,067)
Movement in lease incentives		(1,499,070)	(659,591)	(1,694,642)
Movement in trade and other receivables		4,602,539	(6,080,465)	(6,446,180)
Movement in trade and other payables		(1,704,263)	1,757,627	3,421,484
Finance costs		1,746,493	1,823,245	3,744,074
Finance income		(526)	(3,801)	(3,896)
Valuation (gain)/loss from investment properties	3	(23,692,631)	38,278,871	27,640,224
Loss on disposal of investment properties	3	1,373,427	97,867	4,806,137
Net cash inflow from operating activities		**10,777,860**	**4,799,881**	**15,685,134**
Cash flows from investing activities				
Interest received		526	3,801	3,896
Purchase of investment properties		—	—	(21,297,754)
Capital expenditure on investment properties	3	(388,299)	(2,438,541)	(4,947,828)
Net proceeds from disposal of investment properties	3	28,101,573	10,602,133	50,973,863
Net cash inflow from investing activities		**27,713,800**	**8,167,393**	**24,732,177**
Cash flows from financing activities				
Net proceeds on issue of ordinary shares		—	952,800	952,800
Shares bought back during the year		(4,540,630)	—	(1,450,787)
Bank borrowing		—	6,000,000	27,000,000
Repayment of RCF		—	(10,000,000)	(45,000,000)
Interest paid on bank borrowing		(943,690)	(1,545,552)	(2,479,388)

Payments on interest rate swap		(706,808)	(172,761)	(1,038,749)
Dividends paid to the Company's shareholders	7	(7,933,314)	(9,683,397)	(15,493,435)
Net cash outflow from financing activities		**(14,124,442)**	**(14,448,910)**	**(37,509,559)**
Net increase/(decrease) in cash and cash equivalents		**24,367,218**	**(1,481,636)**	**2,907,752**
Cash and cash equivalents at beginning of period		9,383,371	6,475,619	6,475,619
Cash and cash equivalents at end of period		**33,750,589**	**4,993,983**	**9,383,371**

The notes are an integral part of these Unaudited Consolidated Financial Statements.

Notes to the Unaudited Consolidated Financial Statements for the period ended 30 June 2021

1 ACCOUNTING POLICIES

The Unaudited Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 'Interim Financial Reporting' and, except as described below, the accounting policies set out in the statutory accounts of the Group for the year ended 31 December 2020. The condensed Unaudited Consolidated Financial Statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended 31 December 2020, which were prepared under full IFRS requirements.

2 RELATED PARTY DISCLOSURES

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

Investment Manager

Aberdeen Standard Fund Managers Limited received fees for their services as investment managers.

Under the terms of the IMA the Investment Manager is entitled to 0.70% of total assets up to £500 million; and 0.60% of total assets in excess of £500 million. The total fees charged for the period ended 30 June 2021 amounted to £1,602,289 (period ended 30 June 2020: £1,596,433). The total amount due and payable at the period end amounted to £810,544 excluding VAT (period ended 30 June 2020: £791,146 excluding VAT).

3 INVESTMENT PROPERTIES

Country		**UK**	**UK**	**UK**	**UK**
Class	**Industrial**	**Office**	**Retail**	**Other**	**Total**
	30 Jun 2021	**30 Jun 2021**	**30 Jun 2021**	**30 Jun 2021**	**30 Jun 2021**
Market value as at 1 January	211,200,000	142,695,000	51,150,000	32,650,000	437,695,000
Capital expenditure on investment properties	500	542,165	(161,866)	7,500	388,299
Opening market value of disposed investment properties	(9,400,000)	(17,425,000)	(2,650,000)	—	(29,475,000)
Valuation gain from investment properties	19,242,790	1,310,424	2,117,985	1,021,432	23,692,631
Movement in lease incentives receivable	806,710	527,411	93,881	71,068	1,499,070
Market value at 30 June	221,850,000	127,650,000	50,550,000	33,750,000	433,800,000
Investment property recognised as held for sale	—	(3,700,000)	—	—	(3,700,000)
Market value net of held for sale at 30 June	221,850,000	123,950,000	50,550,000	33,750,000	430,100,000
Right of use asset recognised on leasehold properties	—	901,887	—	—	901,887
Adjustment for lease incentives	(3,306,019)	(2,737,168)	(654,812)	(637,332)	(7,335,331)
Carrying value at 30 June	**218,543,981**	**122,114,719**	**49,895,188**	**33,112,668**	**423,666,556**

The market value provided by Knight Frank LLP at the period ended 30 June 2021 was £433,800,000 (30 June 2020: £447,295,000) however adjustments have been made for lease incentives of £7,335,331 (30 June 2020: £5,211,158) under IFRS requirements and leasehold right of use assets of £901,887 (30 June 2020: £903,381) under IFRS requirements.

Further details regarding the investment property recognised as held for sale can be found in Note 4.

In the unaudited consolidated cash flow statement, surplus from disposal of investment properties comprise:

	30 Jun 21	30 Jun 20	31 Dec 20
Opening market value of disposed investment properties	29,475,000	10,700,000	55,780,000
Loss on disposal of investment properties	(1,373,427)	(97,867)	(4,806,137)
Net proceeds from disposed investment properties	**28,101,573**	**10,602,133**	**50,973,863**

4 INVESTMENT PROPERTIES HELD FOR SALE

As at 30 June 2021, the Group was actively seeking a buyer for Anglia House, Bishop's Stortford. The Group both exchanged contracts and completed this sale on 10 September 2021 for a price of £3,750,000.

5 EARNINGS PER SHARE

The earnings per Ordinary share are based on the net profit for the period of £29,951,891 (30 June 2020: loss of £30,413,872) and 399,178,920 (30 June 2020: 406,671,111) ordinary shares, being the weighted average number of shares in issue during the period.

Earnings for the period to 30 June 2021 should not be taken as a guide to the results for the year to 31 December 2021.

6 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The Group undertakings consist of the following 100% owned subsidiaries at the Balance Sheet date:

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

7 DIVIDENDS AND PROPERTY INCOME DISTRIBUTION GROSS OF INCOME TAX

	30 Jun 2021	30 Jun 2020	31 Dec 2020
	£	£	£

Non property income distributions			
0.561p per ordinary share paid in March 2020 relating to the quarter ending 31 December 2019	—	2,284,011	2,284,011
0.238p per ordinary share paid in May 2020 relating to the quarter ending 31 March 2020	—	968,340	968,340
Property income distributions			
0.629p per ordinary share paid in March 2020 relating to the quarter ending 31 December 2019	—	2,557,687	2,557,687
0.952p per ordinary share paid in May 2020 relating to the quarter ending 31 March 2020	—	3,873,359	3,873,359
0.714p per ordinary share paid in August 2020 relating to the quarter ending 30 June 2020	—	—	2,905,019
0.714p per ordinary share paid in November 2020 relating to the quarter ending 30 September 2020	—	—	2,905,019
0.714 per ordinary share paid in February 2021 relating to the quarter ending 31 December 2020	2,878,508	—	—
0.381p per ordinary share paid in May 2021 relating to the quarter ending 31 December 2020	1,512,274	—	—
0.8925p per ordinary share paid in May 2021 relating to the quarter ending 31 March 2021	3,542,532	—	—
	7,933,314	**9,683,397**	**15,493,435**

A property income dividend of 0.8925p per share was declared on 4 August 2021 in respect of the quarter to 30 June 2021 – a total payment of £3,542,532. This was paid on 27 August 2021.

8 FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

Fair values

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

Fair value hierarchy

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

30 June 2021	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Investment properties	—	—	434,701,887	434,701,887

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

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

30 June 2021	**Level 1**	**Level 2**	**Level 3**	**Total fair value**

Loan facilities	—	111,538,104	—	111,538,104

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

30 June 2021	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Interest rate swap	—	2,445,441	—	2,445,441

Of the figure above, £1,354,600 is included within current liabilities and £1,090,841 is included within non-current liabilites. The lowest level of input is the three month LIBOR yield curve which is a directly observable input.

There were no transfers between levels of fair value hierarchy during the six months ended 30 June 2021.

Explanation of the fair value hierarchy:

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

The fair value of investment properties is calculated using unobservable inputs as described in the annual report and accounts for the year ended 31 December 2020.

Sensitivity of measurement to variance of significant unobservable inputs:

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

The fair value of the loan facilities are estimated by discounting expected future cash flows using the current interest rates applicable to each loan.

9 BANK BORROWINGS

On 28 April 2016 the Company entered into an agreement to extend £145 million of its existing £155 million debt facility with RBS. The debt facility consisted of a £110 million seven year term loan facility and a £35 million five year RCF which was extended by two years in May 2018 with the margin on the RCF now at LIBOR plus 1.45%. Interest is payable on the Term Loan at 3 month LIBOR plus 1.375% which equates to a fixed rate of 2.725% on the Term Loan.

In June 2019, the Company also entered into a new arrangement with the Royal Bank of Scotland International Limited (RBSI) to extend its Revolving Credit Facility (RCF) by £20 million. This facility has a margin of 1.60% above LIBOR. As at 30 June 2021 none of the RCF was drawn (30 June 2020: £14 million).

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

10 EVENTS AFTER THE BALANCE SHEET DATE

On 10 September 2021, the Company completed the acquisition of rough upland grazing and open moorland in Cairngorm National Park for £7.5m, further details of which are in the Chair's Statement.

Also on 10 September 2021, the Company completed the sale of Anglia House, Bishop's Stortford for £3.75m.

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END