

30 June 2017

Investment Objective: To provide an attractive level of income along with the prospect of income and capital growth from investing in a diversified UK commercial property portfolio. The Company invests in the three principal commercial property sectors: office, retail (including leisure) and industrial but may also invest up to 10 per cent in other commercial property and undertake property development (including speculative property development) up to 10 per cent of gross assets. The Company can invest up to 10 per cent in indirect property vehicles or funds.

Company Description: Standard Life Investments Property Income Trust Limited is a closed-ended, Guernsey registered investment company managed by Standard Life Investments with an independent Board of Directors. The Company trades as a UK REIT for tax purposes.

- Net asset value ("NAV") per ordinary share at 30 June 2017 was 83.9p (31 Mar – 81.4p), a rise of 3.1%, resulting in a NAV total return, including dividends, of 4.6% for Q2;
- Post period end purchases of multi let offices in Reading for £13.24m, reflecting an initial yield of 6.75% and in Manchester for £8.1m reflecting an initial yield of 6.4% with opportunities for asset management.
- LTV of 23.8% (after the purchases of Reading and Manchester) with RCF of £30m still available for investment in future opportunities;
- Dividend yield of 5.3% based on a quarterly dividend of 1.19p as at 30 June 2017 compares favourably to the yield on the FTSE All-Share REIT Index (3.6%) and the FTSE All Share Index (3.6%) as at the same date.
- Share price total return of 3.1% in the quarter comparing favourably to the return on the FTSE All-Share Index of 1.4% and the FTSE All-Share REIT Index of 1.9% over the same period;

Guernsey -
domiciled UK
REIT

Property Income

Quarterly

Fund Manager	Jason Baggaley
Launch Date	19 Dec 2003
Sedol	3387528
Reuters	SLI.L
Portfolio Value (incl cash)	£444.8m (at 30/06/2017)
Market Capitalisation	£347.0m (at 30/06/2017)
Management Fee	0.75% of total asset up to £200m, 0.7% of total assets between £200m and £300m, and 0.65% thereafter.

Dividend*	Annual gross dividend
	4.76 pence per share
Ordinary Share Price	89.25 pence (as at 30/06/2017)
NAV per Ordinary Share	83.90 pence (as at 30/06/2017)
Loan to Value**	19.9% (as at 30/06/2017)

* Dividend payable in May, Aug, Nov and March.

Standard Life Investments Property Income Trust plc ('the Company') currently conducts its affairs so that securities issued by it can be recommended by financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's securities are excluded from the FCA's restrictions which apply to non-mainstream investment products on the basis that the Company conducts its affairs as if it would be an investment trust if it was resident in the UK.

This document is intended for use by individuals who are familiar with investment terminology. Please contact your financial adviser if you need an explanation of the terms used.

Portfolio Information

UK Sub-Sector Weighting (total assets)

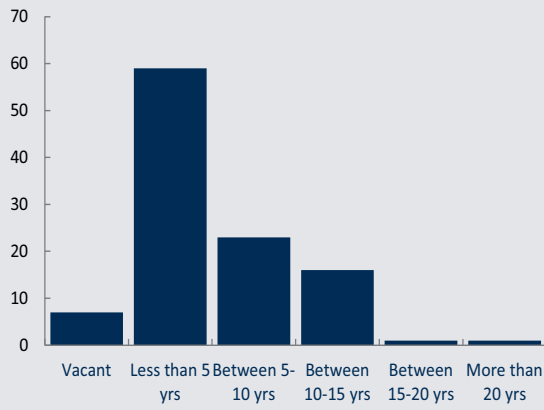
Properties	Company %
ROUK Industrial	36
South East Offices	23
Retail Warehouse	15
SE Industrial	12
High st. Retail	8
West End Office	3
ROUK Offices	3

Top Ten Holdings

Property/Direct Investment	Location	Value Band %
Denby 242	Denby	£18 -20m
Elstree Tower	Borehamwood	£16 -18m
Symphony	Rotherham	£16 -18m
Currys PC World	Preston	£14 -16m
Chester House	Farnborough	£14 -16m
New Palace Place	London	£12 -14m
Howard Town Retail Park	High Peak	£12 -14m
Charter Court	Slough	£12 -14m
Hollywood Green	London	£10 -12m
82-84 Eden	Kingston	£10 -12m

Company Information

Lease Expiry/Break Profile



Average unexpired lease term to earliest of break or lease expiry is 5.3 years.

Portfolio Performance

	Q2 (%)	1 Year (%)	3 Years (%)	5 Years (%)
Portfolio Performance (Total Return annualised)	3.7	7.5	11.4	11.0
Benchmark (Total Return annualised)	2.3	4.2	9.5	9.5

NAV and Share Price Total Return



Note: Past Performance is not a guide to future performance. The price of shares and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Benchmark : SLI / MSCI (IPD) quarterly version of monthly valued funds.

For full details of the fund's objective, policy, investment and borrowing powers and details of the risks investors need to be aware of, please refer to the prospectus.

Market Commentary

The resilience of the UK economy, which showed post the Brexit referendum vote, has faded into 2017. A weaker consumer sector, impacted by a squeeze on spending power, caused the economy to grow by only 0.2% in the first quarter of 2017, a pronounced slowdown from the 0.7% growth recorded in Q4 2016. A series of softer output data released recently has also dampened hopes of a strong rebound for Q2. As wages lag further behind inflation, forecasts for household spending continue to be mixed, despite the employment rate in the three-month period to May showing the strongest rise since 1975.

Wage growth is one of the key indicators that the Bank of England is monitoring closely as in recent weeks the Monetary Policy Committee (MPC) has become increasingly divided as to the timing of shifting its policy stance. Ultimately, the MPC's interest rate decision is dependent on how the economy evolves and currently the Bank's forecast GDP growth is at a solid 1.9% for the calendar year 2017. Our in-house forecast, however, is for slower growth and implies a small increase in UK spare capacity which should ease the MPC's concerns about a trade-off between growth and inflation and any interest rate increases are therefore expected to be gradual and modest.

Fund Manager Commentary

Although the Company has maintained low voids for several years, the void rate increased in the quarter to 6.7% (31 March – 3.2%) as three units became vacant. The new voids are dominated by an industrial unit in Rainham, where we already have an interested party, and two office suites in Southampton and Crawley. We have initial interest in Southampton and are about to start a refurbishment in Crawley, where we expect strong demand for the unit. Of the older voids, the most significant is an industrial unit in Oldham where, although there was letting interest, we have instead agreed terms to sell the unit.

Letting has generally gone well with a number of smaller transactions having

Within the real estate sector, All Property (as measured by MSCI/IPD) recorded a total return of 1.1% in the quarter. The industrial and logistic distribution sector has continued to demonstrate its strength generating a total return of 4.6%. Retail and offices fell behind industrial with similar total returns for the quarter of 1.8% and 1.9% respectively. Office returns are feeling the impact of political uncertainty feeding into the leasing market. Rents remained largely stable over the last three months with retail rental growth of 0.1%, office rental growth of 0.3% and industrial rental growth of 1% over the quarter.

Looking over the last twelve months, All Property (as measured by MSCI/IPD) recorded a total return of 5.1% p.a. Market conditions and sentiment have stabilised following the capital decline after the Brexit referendum. Capital values fell by 0.5% p.a. in the year to end June with an income return of 5.6% driving performance. In terms of a sector analysis, the industrial sector has continued to demonstrate its strength generating a total return of 12.4% p.a. Retail was no longer the laggard sector in the same period, recording total returns of 3.0% p.a., ahead of offices which recorded total returns of 2.2% p.a. reflecting the political uncertainties associated with the sector.

been completed over the quarter with rent totalling £401,000 pa.

The investment side was quieter over the quarter with the sale of a retail warehouse unit let to Matalan for £3.8m. Since the quarter end, however, we have reinvested our cash into two offices for a total of £21.3m (excl costs). Both offices are multi let, one in Reading close to the train station, and the other in Manchester close to the City centre. They were bought off market at yields of 6.75% and 6.4% respectively.

The Company had a strong quarter in Q2 with capital growth of the assets of 2.0% against the IPD/ MSCI monthly index

Outlook

UK real estate continues to provide an elevated yield compared to other assets and the market has stabilised following the post Brexit upheaval last year. Furthermore, lending to the sector is at a lower level than in 2007/2008 and liquidity remains reasonable. Additionally, development continues to be relatively constrained by historic standards, and existing vacancy rates are below average levels in most markets, which should all help to maintain the positive returns the sector is currently recording. In this environment, the steady secure income component generated by the asset class is likely to be the key driver of returns going forward.

The market is likely to continue to be sentiment driven in the short term as the politics and economic impact associated with the UK's withdrawal from the European Union continues to evolve. The retail sector continues to face a series of headwinds that may hold back recovery in weaker locations due to oversupply and structural issues. Given the backdrop of continuing heightened macro uncertainty, investors are becoming more risk averse and better quality assets are once again broadly outperforming those of poorer quality.

growth of 1.1%. This, combined with an above market income yield boosted by one-off dilapidation receipts, led to a NAV total return in the quarter of 4.6%.

The Company had repaid all borrowings under the Revolving Credit facility at the end of the quarter and the Company's overall LTV at 30 June 2017 was 19.9%. The valuation of the interest rate swap against the term loan moved in the Company's favour during the quarter and now stands at a liability of £2.6million.

*Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by Standard Life**. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, Standard Life** or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Past performance is no guarantee of future results. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

**Standard Life means the relevant member of the Standard Life group, being Standard Life plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

www.standardlifeinvestments.co.uk

Useful numbers -

Information on your investment options

+44 (0)845 60 24 247.

Investment Marketline

+44 (0)845 60 60 062.

Call charges may vary.