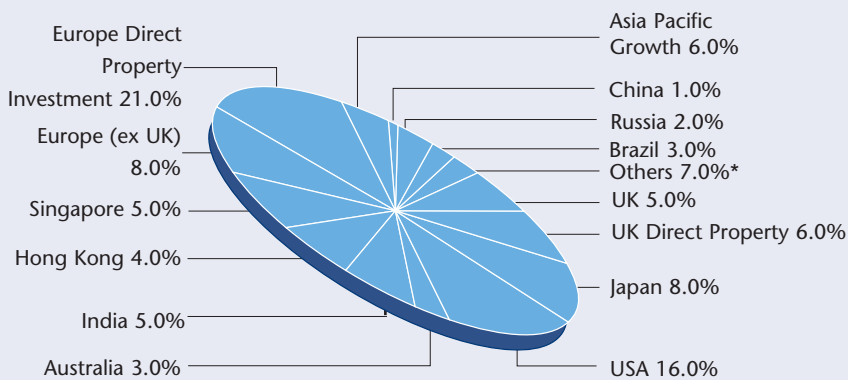


Select Property Fund - June 2008

Fund Description

To provide income, with some capital appreciation over the longer term. To Invest primarily in commercial property and property-related equities, property investment companies, other property collective investment schemes, fixed income and cash.

Composition of Portfolio as at 30 June 2008



*Others includes exposure to South Africa, Malaysia and Vietnam

Fund Manager	Andrew Jackson
Launch Date	May 2006
Current Fund Size	£1,164m
No. of holdings	53

Top Ten Holdings	(%)
Dolphin Capital Investors (Europe)	3.9
Vornado Realty (US)	3.3
Simon Property (US)	3.0
ProLogis (US)	2.6
SL Green (US)	2.5
Capitaland (Singapore)	2.4
Sun Hung Kai (Hong Kong)	2.3
PIK Group (Russia)	2.3
Westfield (Australia)	2.2
Nippon Building Fund (Japan)	2.2
Assets in top ten holdings	26.7

Investment Review & Outlook

Environment

Conditions remained challenging during the quarter, for global listed property markets. Despite showing signs of stabilisation early in the quarter, property markets once again came under pressure from mid May, precipitated by worsening global economic prospects. Escalating oil prices led to a renewed focus on inflation by investors, while there were also widespread fears of further writedowns by global financial institutions. In a reversion of last quarter's weakness, Japan was the strongest performing market, while the UK delivered the most negative returns, impacted by the possibility of a 'double dip' in UK property values and heightened recessionary worries.

Activity

We used market weakness to selectively add to UK and US REITs, such as British Land, Great Portland Estates, SL Green Realty and Prologis. We increased exposure to Brazilian residential developers, adding to Cyrela Brazil Realty and initiating a holding in MRV Engenharia. Both companies are focused on low income housing, which has strong growth prospects. In Japan, we sold NTT Urban Development in favour of Mitsui Fudosan, which has a more conservative balance sheet. We continued to exit Macquarie DDR in Australia, on concerns over the trust's dividend safety. Our direct property exposure was increased through the acquisition of a prime office building in the central business district of Brisbane, Australia.

Outlook

The outlook for listed property stocks globally is dependent on investor sentiment turning more positive and this will most likely occur when we see a period of prolonged stability in global financial markets. Until then, global listed property markets remain susceptible to volatility. Many listed property markets are trading at significant discounts to underlying property valuations. We continue to focus on property markets that exhibit strong economic fundamentals coupled with favourable conditions in terms of vacancy rates and projected future development.

Performance Commentary

During the second quarter of 2008, the Select Property Fund returned -5.5% against the CPI +5% annualised on a rolling 3-year basis return of 3.4%. Over the year to 30 June 2008, the Fund returned -24.7% against the benchmark return of 9.0%.

The performance of the Fund was negatively impacted by the uniform weakness in global listed property markets. Our UK-REIT exposure was particularly detrimental, as recessionary fears and growing concerns on the occupier market led the market to underperform. An overweight position in Singapore and

underweight exposure to the US market were also damaging. However, the Fund's direct property holdings helped limit some of the underperformance, while an underweight position in Australia was also beneficial during the pronounced market volatility.

Fund Performance

	Q2	1 Year (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception (% p.a.)
	-5.5%	-24.7%	n/a	n/a	-6.5
		Year to 30/06/2008 (%)	Year to 30/06/2007 (%)	Year to 30/06/2006 (%)	Year to 30/06/2005 (%)
Select Property Fund		-24.7%	27.0%	n/a	n/a
CPI +5% Annualised on a rolling 3yr basis		9.0%	7.6%	n/a	n/a

Investment Market Line

If you would like more details on our current market views please call:

0845 60 60 062

Performance figures are calculated on a gross basis over the periods to 30/06/08. They do not allow for any charges which may be deducted.

Source: Standard Life Investments

Note: Past performance is not necessarily a guide to future performance and the value of units can go down as well as up.

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