

Select Property Fund

Quarterly Update from 1 October to 31 December 2009

STANDARD LIFE INVESTMENTS



Fund Facts

Fund Launch Date	13/10/2005	
Fund Manager	Andrew Jackson (since launch)	
Base Currency	GBP	
IMA Sector	IMA Property	
Target	Consumer Price Index +5%	
Type of Share	Income & Accumulation	
Initial Charge	5.0%	
Annual Management Charge	1.75%	
TER*	1.86%	
Reporting Dates	Interim	Annual
	30 April	31 October
XD Dates	Interim	Annual
	31 January	31 October
	30 April	
	31 July	
Payment Dates	Interim	Annual
	31 March	31 December
	30 June	
	30 September	
Valuation Point	7.30am	

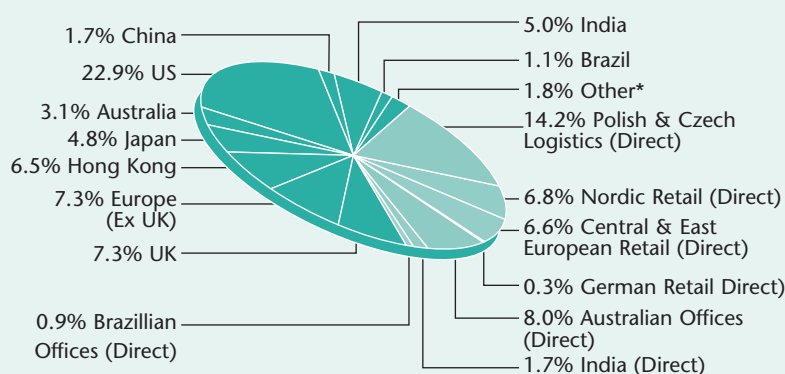
Lipper	Ret Acc	Ret Inc	Inst Acc	Inst Inc
	65006814	65006815	65006796	65006797
Bloomberg (Retail Acc)				SLPRORA:LN
Bloomberg (Retail Inc)				SLPRORI:LN
Bloomberg (Institutional Acc)				SLPROIA:LN
Bloomberg (Institutional Inc)				SLPROII:LN
ISIN (Retail Acc)				GB00B0LD3V96
ISIN (Retail Inc)				GB00B0LD3W04
ISIN (Institutional Acc)				GB00B0LD3X11
ISIN (Institutional Inc)				GB00B0LD3Y28
SEDOL	Ret Acc	Ret Inc	Inst Acc	Inst Inc
	B0LD3V9	B0LD3W0	B0LD3X1	B0LD3Y2
OBSR Rating				n/a
S&P Rating				n/a
ISA Option				Yes
Number of Holdings				63
Fund Size				£639.79m

*TER: ratio of total operating costs to average net assets.

Unless stated otherwise, all information refers to the Retail Accumulation share class.

Fund Holdings as at 31 December 2009

Underlying Property Market Exposure



Ten Largest Listed Holdings

Holding	Percentage of Fund
Westfield (USA)	3.9
Simon Property (USA)	3.8
Sun Hung Kai (Hong Kong)	3.6
Vornado (USA)	3.3
Boston Property (USA)	2.9
Dolphin Capital (UK)	2.8
Hirco (India)	2.7
Great Portland (UK)	2.1
Digital Realty (USA)	1.9
Mitsubishi Estate (Japan)	1.7

*Other includes exposure to Singapore, South Africa, Malaysia and Vietnam.

Quarterly Update (continued)

Investment Strategy & Goal*

The Standard Life Investments Select Property Fund aims to provide long term growth from a combination of income and capital growth. It invests predominantly in global property markets and can invest in both direct and indirect property. The indirect property investments can include investment in REITs and other listed property companies, property collective investment schemes and property-related fixed income securities. Non-Sterling denominated assets will typically be hedged back to Sterling.

The value of investments within the fund can fall as well as rise and is not guaranteed – you may get back less than you pay in.

The fund may use derivatives for the purpose of efficient portfolio management.

The sterling value of overseas assets held in the fund may rise and fall as a result of exchange rate fluctuations.

Investment Review

- Global listed property markets continued to recover during the final quarter
- Singapore was the strongest performing market, while Australia and Japan lagged
- Investors continued to allocate funds to commercial property, particularly in the UK

Environment

The recovery in global listed property markets continued to gain traction during the final quarter of 2009. Investor sentiment was boosted by better corporate and economic news, which fed through positively to the shares of property companies. Singapore was the strongest performing market, benefiting from signs of stabilisation in its domestic office market, as well as its currency peg with the US dollar, which ensured interest rates remained low. The floatation of CapitaMall's Asian business, which enjoyed strong investor demand, also boosted the market. The performance of US listed property companies was also strong, particularly in December, as a result of short covering and the repositioning of portfolios ahead of the year-end.

Both Japan and Australia lagged the other global property markets by some margin. Although Japan moved out of recession during 2009, there were doubts over its recovery. Meanwhile, the performance of J-REITs was hindered by news on further rental decline in Tokyo's central business district and potential writedowns in the condominium market. While the economic picture in Australia remained strong, investor sentiment was noticeably subdued towards the end of the year, as the country's Reserve Bank toned down rate hike expectations after three consecutive rises.

The UK commercial property market undoubtedly drew the most international attention, with income-seeking investors enticed by its attractive yield, as well as sterling's depreciation.

Environment (continued)

However, this escalating demand was met with limited supply, which led to the return of competitive bidding for assets. There was also a flurry of headline-grabbing transactions from listed property companies including Hammerson, Land Securities and British Land.

Activity

We took profits in some of the Fund's strongly performing US REIT holdings and recycled proceeds into UK holdings Segro, Hammerson, Derwent Valley, Land Securities and British Land. These UK REITs were attractively valued compared to their US counterparts, with a number of catalysts falling into place to support positive performance. We also strategically increased our weighting in US hotels such as Starwood and Host Hotels and Resorts, as well as US apartment REIT AvalonBay Communities, all of which we expect to outperform in an environment where consumer confidence is recovering. Finally, we added to our position in Australia by increasing defensive holdings in ING Office Fund, Mirvac and Dexus Property Group. The Fund also made its first direct property acquisition in Brazil; an office building in São Paulo offering strong asset management opportunities.

Performance

The Select Property Fund delivered a return of +6.3% over the quarter. Positive influences on performance included strong stock selection in the US, with holdings such as Simon Realty, Macerich and SL Green Realty contributing strongly. An overweight position and good stock selection in the UK were both helpful, particularly our exposure to Derwent Valley and Great Portland Estates. Our Brazilian holdings were consistently positive, given the country's healthy economy and attractive demographics. We also benefited from stock selection in Japan. Negative influences came from our AIM-listed holdings, which underperformed, as well as our stock selection in Australia.

Outlook

We expect commercial property markets to show a marked recovery through 2010 as investors increase their allocation to property. As an asset class, property continues to offer relatively high income yields, while there are encouraging signs of a pick-up in activity by occupiers relocating or implementing expansion plans that were put on hold during the economic downturn. We expect global economies that experience strong economic growth and muted construction activity to experience the most robust property returns. These include Brazil, Poland and some countries in Asia. However, we expect the recovery of both direct and listed property markets to be volatile, as debt refinancing concerns become more prominent through 2010 and 2011, and equity markets continue to influence listed property over the short term.

*For full details of the fund's objective, policy and investment and borrowing powers please refer to the full prospectus.

Source: Morningstar performance figures are calculated on a bid-to-bid basis over periods to 31 December 2009.

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.

Fund Statistics

Alpha	-1.02
Beta	1.20
Information Ratio	-0.63
Sharpe Ratio	-5.44
Annualised Volatility*	5.41%
R Squared	0.01
Tracking Error**	18.56

All fund statistics have been calculated over a period of 60 months.
Source: Standard Life Investments

*Volatility measures the extent to which the price of a fund has risen or fallen over a particular historic period. Volatility figures are calculated using the standard deviation of a fund's monthly return (with income reinvested) over the most recent 36 month period. Source: Morningstar

**Tracking error is a measure of how closely a fund follows a given index. It is measured as the standard deviation of the difference between the fund and the index returns. As with most measures of risk, it is best looked at in conjunction with the return to fully understand the implications.

Source: Standard Life Investments

Fund Performance

1 Jan 09- 1 Jan 10	1 Jan 08- 1 Jan 09	1 Jan 07- 1 Jan 08	1 Jan 06- 1 Jan 07	1 Jan 05- 1 Jan 06
15.5%	-50.0%	-10.6%	33.1%	-

The performance has been calculated over the stated periods using bid-to-bid basis for a UK basic rate taxpayer.

Calendar Year to 31 December

SLI Select Property

Discrete %	Fund (%)
2005**	8.0
2006	33.1
2007	-10.6
2008	-50.0
2009	15.5

**From launch of fund 13 October 2005

Cumulative Performance to 1 January 2010

SLI Select Property

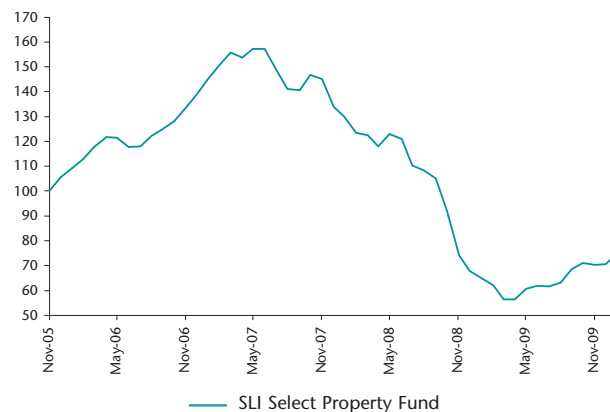
	Fund (%)
6 Months	21.9
1 Years	15.5
3 Years	-48.3
Since Launch	-25.7

The performance has been calculated over the stated periods to 1 January 2010 using bid-to-bid basis for the UK basic rate taxpayer.

Source: Morningstar

01 November 2005 to 1 January 2010, Bid-Bid, UK Basic Rate, Based in UK Sterling, Calculation Indexed

Price Indexed



Source: Morningstar

Performance shown on a bid-to-bid basis for the UK basic rate taxpayer.

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Contact us

For further information on the Standard Life Select Property Fund contact your Standard Life Consultant.

For more details on our current market views please call the Investment Market Line on 0845 60 60 062

Standard Life Investments may record and monitor telephone calls to help improve customer service.