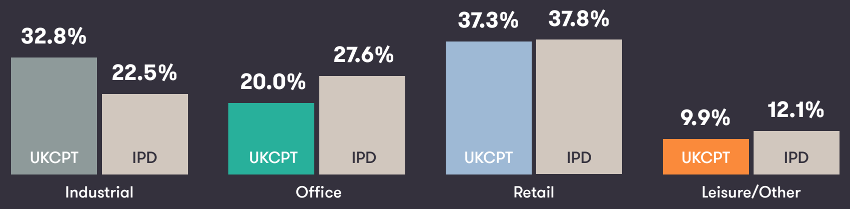
INTERIM REPORT & ACCOUNTS

for the half year ended 30 June 2017

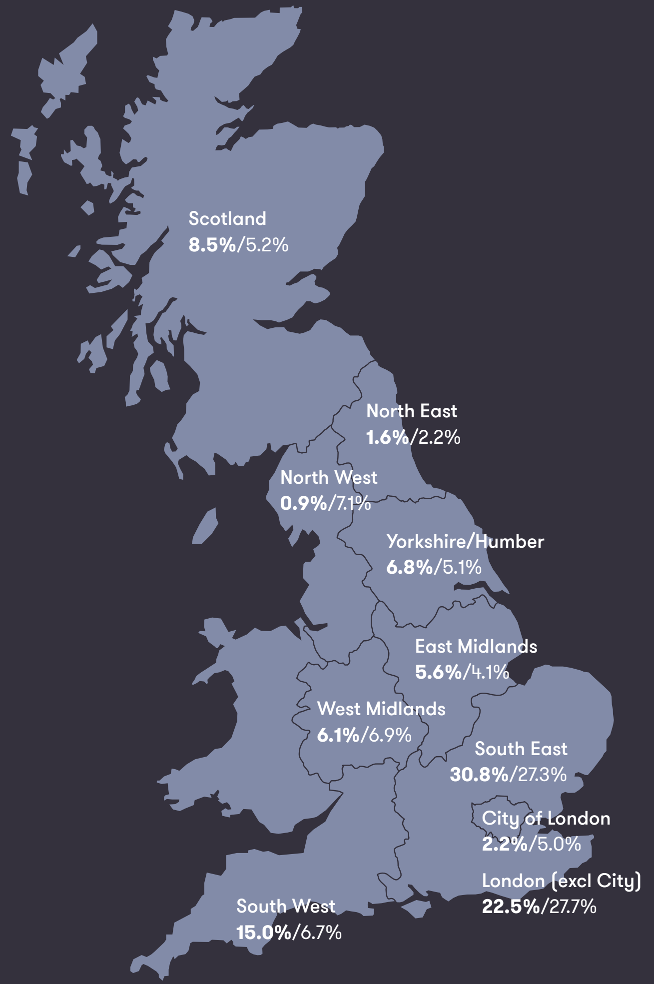
UK Commercial Property Trust

UKCPT PORTFOLIO IN NUMBERS
AS AT 30 JUNE 2017

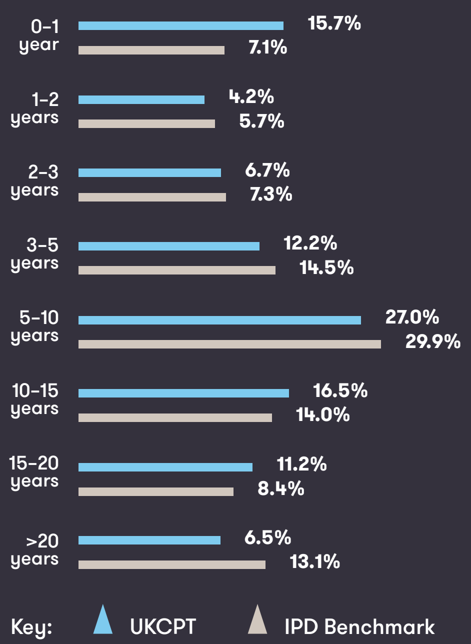
1 SECTOR SPLIT VS IPD BENCHMARK
(based on market value)



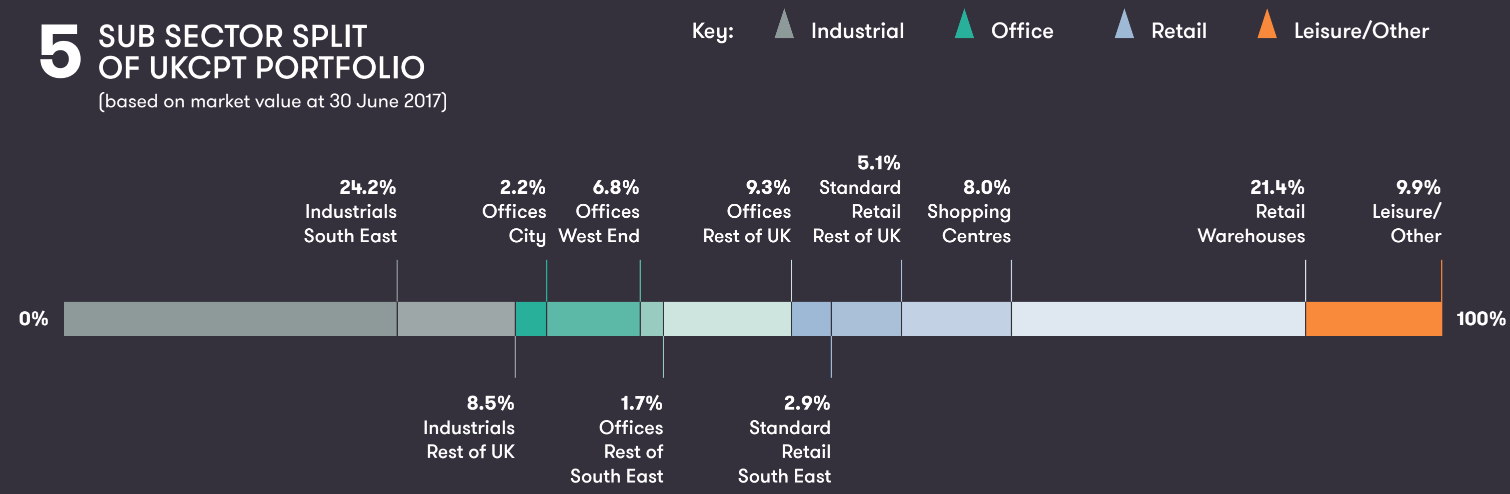
2 GEOGRAPHIC SPLIT vs IPD BENCHMARK
Key: **UKCPT**/IPD Benchmark



3 LEASE EXPIRY PROFILE



5 SUB SECTOR SPLIT OF UKCPT PORTFOLIO
(based on market value at 30 June 2017)



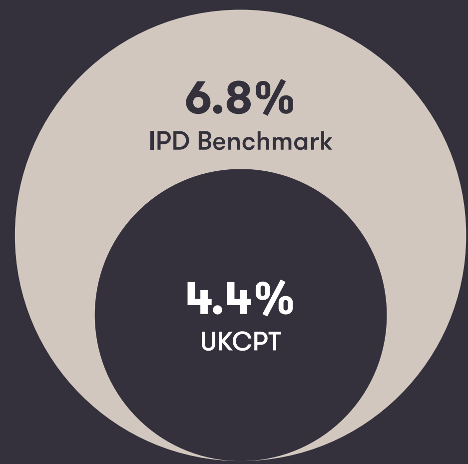
6 NO OF PROPERTIES, TENANCIES AND AVERAGE PROPERTY VALUE

43 Properties

337 Tenancies

£30.1m Average property value

7 OVERALL VOID RATE
(based on ERV)



4 TOP 10 TENANTS BY RENT

Company	Primary sector	% of Passing rent	IPD Risk band
CINEWORLD GROUP PLC	Leisure	2.6%	Negligible
TOTAL E&P UK LIMITED	Industrial	2.7%	Negligible
ODEON CINEMAS LIMITED	Leisure	2.7%	Low/Medium
DSG RETAIL LIMITED	Retail Warehouse	2.9%	Negligible
MARKS & SPENCER PLC	Industrial	3.1%	Negligible
SONY	Office	3.1%	Negligible
SAINSBURY'S including Argos	Retail Warehouse	3.8%	Negligible
OCADO LIMITED	Industrial	3.9%	Low
PUBLIC SECTOR	Office	4.8%	Negligible
B&Q PLC	Retail Warehouse	5.8%	Negligible

CONTENTS

COMPANY SUMMARY

An overview

The Company

UK Commercial Property Trust Limited ("the Company") is an authorised closed ended, Guernsey registered investment company which was launched on 22 September 2006.

The Company has a single class of share in issue, which is premium listed on the official list and traded on the London Stock Exchange.

The Company has an indefinite life, subject to periodic continuation votes, and was incorporated on 24 August 2006. The next periodic continuation vote is scheduled for the first quarter of 2020.

The Group

The Group consists of the Company and its subsidiaries.

The subsidiaries are disclosed in note 10 to the audited financial statements and include; UK Commercial Property Finance Holdings Limited (UKCPFH), UK Commercial Property Holdings Limited (UKCPH), UK Commercial Property GP Limited (the GP), UK Commercial Property Nominee Limited (UKCPN), UK Commercial Property Estates Holdings Limited (UKCPEH) and UK Commercial Property Estates Limited (UKCPEL) and are incorporated in Guernsey. Brixton Radlett Property Limited (BRPL) is a company incorporated in the UK. The principal business of UKCPFH, UKCPEL, BRPL and the GP are that of an investment and property company. The principal business of UKCPN is that of a nominee company. The principal business of UKCPFH and UKCPEH are that of a holding company.

The limited partnership, UKCPT Limited Partnership, ("the GLP") is a Guernsey limited partnership. UKCPH and the GP have a partnership interest of 99 and 1 per cent respectively in this entity.

The GP is the general partner and UKCPH is a limited partner of the GLP. The limited partnership's principal business is that of an investment and property entity.

Objectives

The investment objective of the Company is to provide ordinary shareholders with an attractive level of income together with the potential for capital and income growth from investing in a diversified portfolio of UK commercial properties.

Management

Standard Life Investments (Corporate Funds) Limited is the Investment Manager of the Group.

Further details of the management contract are provided in the Notes to the Accounts.

ISA Status

The Company's shares are eligible for ISA investment.

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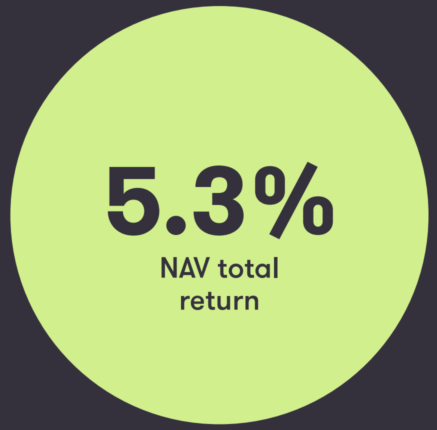
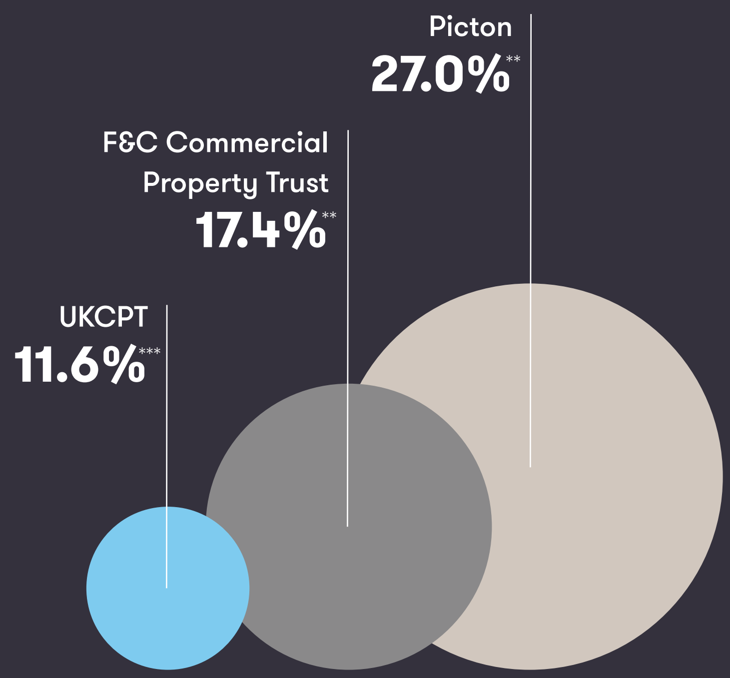
FINANCIAL HIGHLIGHTS

NAV TOTAL RETURN
NAV total return of 5.3% – Robust return against a background of slowing growth in the property market

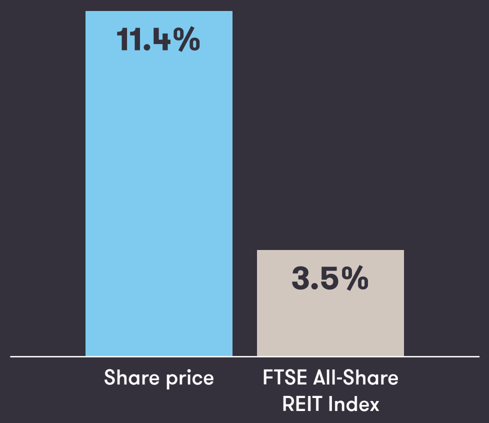


NET GEARING
Net gearing of 11.6%, remaining one of the lowest in the Company's peer group

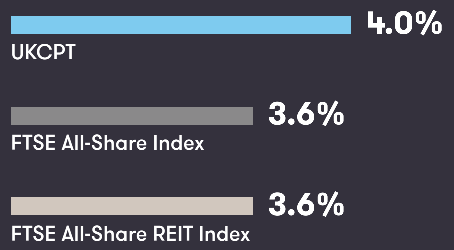


** As of 30 June 2017 *** As defined in the Performance Summary on page 4

SHARE PRICE TOTAL RETURN
Strong share price total return of 11.4% as Company's shares re-rated from a discount to a premium in the period. Compares favourably to FTSE All-Share REIT Index total return of 3.5%



DIVIDEND YIELD
Attractive dividend yield of 4.0% v FTSE All-Share Index yield of 3.6% and FTSE All-Share Index REIT yield of 3.6%

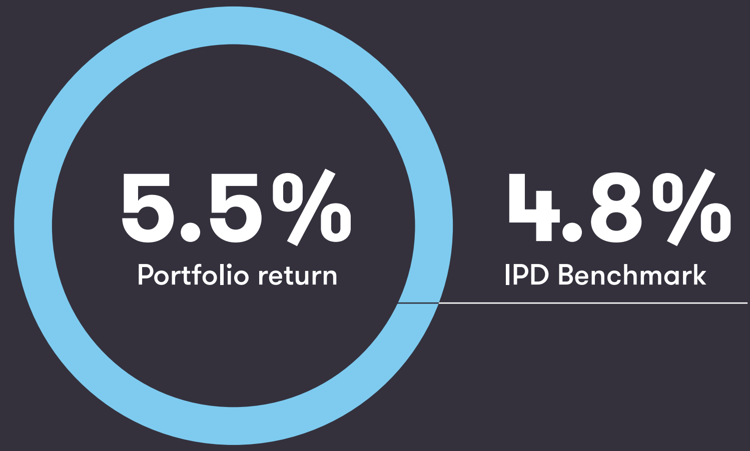


DAILY LIQUIDITY
Good liquidity in UKCPT's shares with an average 1.8 million traded daily in six months to 30 June 2017

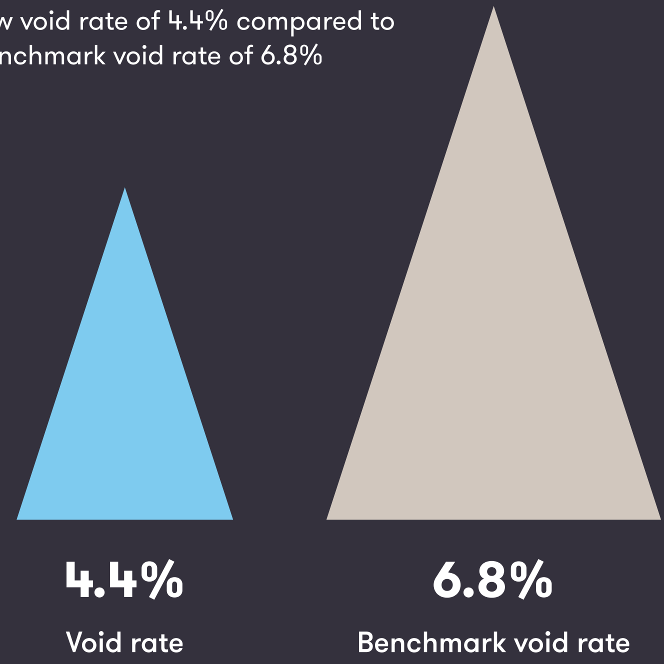
AVAILABLE FOR INVESTMENT
Significant uncommitted cash resources of £50 million available for investment at period end plus another £50 million available from Company's revolving credit facility

PORTFOLIO HIGHLIGHTS

PORTFOLIO TOTAL RETURN
Above benchmark portfolio total return of 5.5% v IPD benchmark return of 4.8% driven by Company's above benchmark exposure to Industrial sector



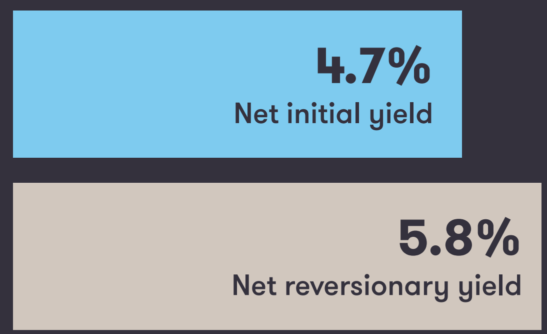
VOID RATE
Low void rate of 4.4% compared to benchmark void rate of 6.8%



RENT COLLECTION
99% of rent collected within 21 days underlining strength of tenant base

PORTFOLIO VALUE
£1.3 billion Portfolio value diversified by sector and geography

PORTFOLIO YIELD
Portfolio yield of 4.7% with reversionary yield of 5.8% highlighting reversionary nature of portfolio



PERFORMANCE SUMMARY

CAPITAL VALUES AND GEARING	30 June 2017	31 December 2016	% Change
Total assets less current liabilities (excl bank loan & swap) £'000	1,406,632	1,372,926	2.5
Net asset value per share (p)	88.9	86.2	3.1
Ordinary share price (p)	92.15	84.5	9.0
Premium/(Discount) to net asset value (%)	3.7	(2.0)	n/a
Gearing (%) — Net*	11.6	11.4	n/a
Gearing (%) — Gross**	17.8	18.2	n/a

TOTAL RETURN	6 month % return	1 year % return	3 year % return	5 year % return
NAV†	5.3	7.2	29.6	61.3
Share Price†	11.4	33.6	28.9	71.0
MSCI (IPD) Balanced Monthly and Quarterly Funds	4.8	5.8	32.8	61.2
FTSE All-Share REIT Index	3.5	9.2	19.6	78.3
FTSE All-Share Index	5.5	18.1	23.9	65.2

EARNINGS AND DIVIDENDS	30 June 2017	30 June 2016
EPRA Earnings per share (p)	1.73	1.73
Dividends declared per ordinary share (p)	1.84	1.84
Dividend Yield (%)‡	4.0	5.1
IPD Benchmark Yield (%)	5.0	5.0
FTSE All-Share REIT Index Yield (%)	3.6	3.7
FTSE All-Share Index Yield (%)	3.6	3.7

* Calculated as net borrowings (gross borrowings less cash, excluding swap valuation) divided by total assets less current liabilities (excluding cash, borrowing and swaps).
** Calculated as gross borrowings (excluding swap valuation) divided by total assets less current liabilities (excluding borrowing and swaps).
† Assumes re-investment of dividends excluding transaction costs.
‡ Based on an annual dividend of 3.68p per share and the share price at 30 June.

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

UKCPT is financially well positioned for the current environment, with low gearing, significant financial resources available for investment and an attractive dividend yield.

5.3%

NAV Total Return for six month period of 5.3%

11.4%

Share price total return of 11.4%

£69.1m

Portfolio annualised passing rent £69.1m

"The Company is in a strong financial position with low gearing and significant resources for further investment should opportunities arise. Combined with an Investment Manager who has a proven track record of delivering successful asset management initiatives, I continue to believe that your Company has the strong foundations required to create value for shareholders."

Andrew Wilson
Chairman

CHAIRMAN'S STATEMENT

PORTFOLIO PERFORMANCE

5.5% UKCPT Portfolio Total Return

4.8% IPD Benchmark Total Return

I am pleased to report that the positive performance that your Company delivered in 2016 has continued into the first six months of 2017. Against a background of heightened political uncertainty, UKCPT's portfolio has again produced above benchmark returns as a number of portfolio initiatives, combined with judicious sales and acquisition activity, have secured long-term income and driven value. This performance has contributed to a strong return for shareholders in the period, with the Company's shares trading at a premium to Net Asset Value ("NAV") at the period end.

Over the period, the Company's portfolio, valued at £1.32 billion at 30 June, generated a total return of 5.5%, significantly ahead of the IPD benchmark return of 4.8%. The property market has stabilised following the volatility surrounding the EU referendum and has delivered solid income-led returns. The industrial sector, where the Company has an overweight exposure of 10% versus the IPD benchmark, was the main driver of performance. Property also offers an attractive elevated yield compared with other asset classes. Against this backdrop, UKCPT was well positioned in the period with its portfolio, diversified geographically and across all the main sectors, delivering a number of successful asset management initiatives.

The sale of 13 Great Marlborough Street, London crystalised profit from the asset and the recycling of the proceeds into higher-yielding assets, in line with the Company's strategy. This included the forward purchase of a pre-let industrial development at Burton upon Trent, which was completed after the period end, and an office in Sheffield which, taken together, generate a yield of 5.4% compared to the 3.3% yield from Great Marlborough Street. Both of these acquisitions are let on long leases, of 15 and 22 years respectively, to tenants with strong covenants and have inflation-linked uplifts in rent. The portfolio now contains 13% of income with inflation linked or fixed increase rent reviews, which provides a balance to the shorter-term leases which have greater asset management opportunities. We continue to target acquisitions in both these areas. It should also be highlighted that our retail portfolio, the majority of which is in good, out of town, retail warehouse parks, also generated above retail benchmark returns.

The positive portfolio performance was the main contributor to a NAV total return for the period of 5.3%. This attractive return helps highlight the defensive qualities of UKCPT with its strong balance sheet, low gearing and low void rate combined with a sustainable tenant base that pays 99% of rents within 21 days.

Over the period, the Company's share price total return was a commendable 11.4% compared to a return of 3.5% on the FTSE All-Share REIT index. The Company's shares re-rated from a 2% discount to NAV at the year end to a 3.7% premium as at 30 June, as investors sought the stable income return our portfolio offers. This return also compares favourably to the wider equity market, with the FTSE All-Share Index delivering a total return of 5.5% in the period.

Over the longer term, the Company has also performed well. Since inception in September 2006, driven by above-benchmark portfolio returns, the Company has delivered a NAV total return of 72.3% and share price total return of 75.7% both considerably in excess of the wider FTSE All-Share REIT index which returned -11.8% over the same period.

Borrowings and Cash

UKCPT is financially well positioned for the current environment. As at the period end the Company's net gearing was 11.6% (gross gearing 17.8%), one of the lowest in the Company's immediate peer group and the wider REIT sector. The interest rate on this gearing is fixed at an attractive 2.89% per annum with an average maturity profile of 5.5 years. As capital values in the market are expected to come under pressure, low gearing remains a sensible defensive strategy. Additionally, UKCPT has significant financial resources with £50 million of uncommitted cash and a further £50 million revolving credit facility available to utilise. This will allow the Investment Manager to take advantage of opportunities that could arise in the current market environment and invest in income-accretive acquisitions that will further boost dividend cover, which was 94% for the six month period.

Dividends

UKCPT declared and paid its shareholders the following dividends in the six month period to 30 June 2017.

	Payment date (2017)	Dividend per share (p)
Fourth interim for prior period	Feb	0.92
First interim	May	0.92
TOTAL		1.84

A second interim dividend of 0.92p was declared on 28 July and paid on 31 August 2017. This equates to a dividend yield of 4.0% as at 31 August 2017 and compares favourably with the yield on the 10 year gilt (1.04%), the FTSE All-Share Index (3.62%) and, from a property perspective, the FTSE REIT index (3.47%) as at the same date. In an environment where interest rates are expected to remain at historically low levels for the foreseeable future, the demand for attractive but secure income continues unabated. The yield differential that the shares of UKCPT offer, derived from a well-diversified prime portfolio of UK commercial property, is a positive foundation for future returns.

Distribution warehouse
Burton upon Trent

CHAIRMAN'S STATEMENT
Continued

"Against a background of heightened political uncertainty, UKCPT's portfolio has again produced above benchmark returns as a number of portfolio initiatives, combined with judicious sales and acquisition activity, have secured long-term income and driven value. This performance has contributed to a strong return for shareholders in the period, with the Company's shares trading at a premium to Net Asset Value."

REIT Conversion

In its 2016 annual report, the Company stated that it was actively considering joining the UK REIT regime as a result of the proposed restrictions on interest deductions for non-UK resident property companies. These restrictions would be likely to result in income tax being paid (the current rate being 20%) on the net rental profits of the Company within the next few years were the Company to maintain its current structure. Since then, the Company has liaised with a number of shareholders on this issue. Following these discussions, the Company has received from Phoenix Life Limited, its largest shareholder, an indication of support for REIT conversion, should the Board decide that is the best course of action for the Company and shareholders as a whole. The Company continues to progress its evaluation of the implications of entering the UK REIT regime and expects to make a final decision before the end of 2017. Shareholders will be updated at that time and, if the decision is taken to convert, it is likely that the date of this conversion will be early in the second quarter of 2018.

It should be highlighted that if the decision is taken to adopt REIT status for UK tax purposes the Company will become UK resident for tax purposes but will remain incorporated in Guernsey for company law purposes. The share register of the Company will continue to be maintained in Guernsey and accordingly shares in the company will remain as non-UK situs assets for UK inheritance tax purposes. This notwithstanding, property income distributions paid by the Company following its adoption of REIT status for UK tax purposes should be treated as being UK source (rental) income in the hands of shareholders.

Investment Manager

The Board notes the recently completed merger between Standard Life and Aberdeen Asset Management. It is too early in the integration process of the two companies to comment on what, if any, implications this will have for the Company. The Board continues to monitor developments very closely.

Outlook

The UK continues to be caught in a period of political uncertainty. The indecisive result of the UK general election has added a further layer of complexity to the Brexit negotiations and has resulted in an uncertain political environment the likes of which has not been seen in this country for decades. While the economy seems to have shrugged off the outcome of the election, the depreciation of sterling following the decision to leave the EU has increased inflation, weakened consumer confidence and led to a slowdown in the economy. This has resulted in a number of UK GDP growth forecasts recently being pared back, among them being that of the Bank of England which cut its 2017 forecast from 1.9% to 1.7%.

In relation to the UK real estate market, a level of normality has returned following the volatility experienced after the Brexit vote, with the sector continuing to provide a yield profile that is attractive when compared with other asset classes. In addition, the fundamentals of the sector remain strong compared to previous cycles with lending to the sector at a lower level than in 2007/2008, relatively limited development, lower vacancy levels and liquidity in the market with investment volumes above the long term average. In this environment the steady, secure income component of a portfolio, with an elevated yield that continues to provide a significant margin compared to other asset classes, is likely to be the key driver of returns.

Set against this, UKCPT, with its many defensive qualities, is well positioned for the future. The portfolio is prime in nature, which should be beneficial in the current risk-averse environment. It is also well diversified both in terms of sector and geography, with an overweight exposure to the Industrial sector (33% of the portfolio), which is expected to be the best performing sector over the medium term. Geographically, the portfolio has limited exposure to the City of London (2.2% of the portfolio), which is forecast to be one of the weakest markets due to the uncertainties over how Brexit will affect the financial services industry, a major employer in London. Furthermore, the Company has limited voids which, combined with a strong tenant base and rent collection profile, underpins the Company's attractive dividend yield in a world where secure income is still very much in demand. The Company is in a strong financial position with low gearing and significant resources for further investment should opportunities arise. Combined with an Investment Manager who has a proven track record of delivering successful asset management initiatives, I continue to believe that your Company has the strong foundations required to create value for shareholders in an uncertain environment.

Andrew Wilson
Chairman
12 September 2017

During the first half of 2017 the UKCPT portfolio delivered a robust performance driven by the effective implementation of our strategy, which focuses on delivering long term, sustainable income, supported by successful asset management initiatives across all of our principal sub-sectors – industrial, retail and offices.

INVESTMENT MANAGER REVIEW

For the half year ended 30 June 2017

Will Fulton
Fund Manager

Market Review

While UK real estate continues to provide an elevated yield compared to other asset classes, in the first half of 2017 the resilience of the UK economy seen after the EU Referendum diminished somewhat. A weaker consumer sector, impacted by a squeeze on spending power, caused the economy to grow by only 0.2% and 0.3% in the first and second quarters of 2017, compared to the 0.7% growth recorded in Q4 2016.

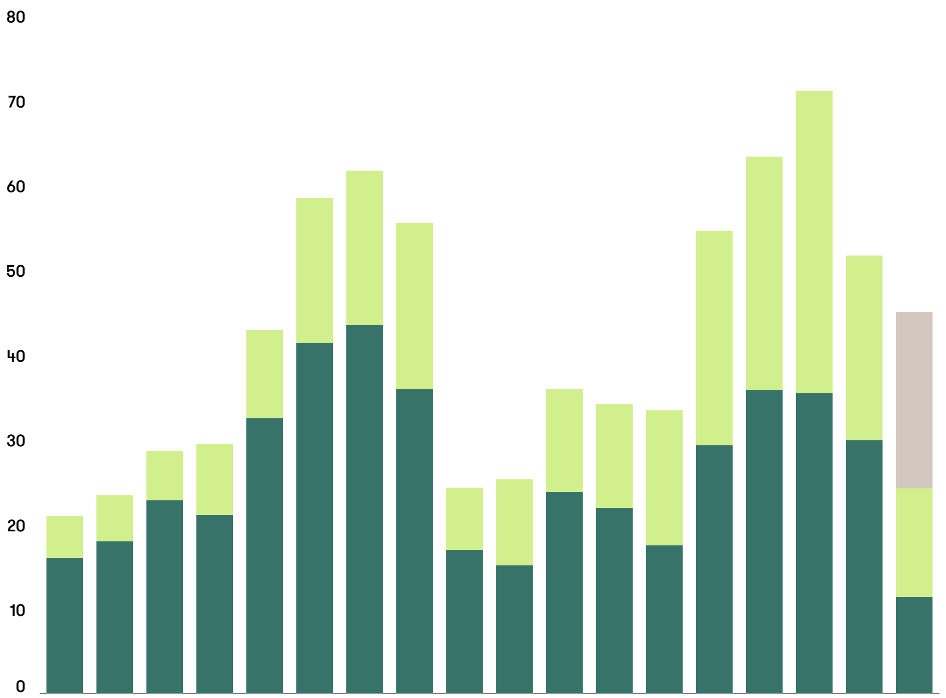
As wages lagged further behind inflation, forecasts for household spending continued to be mixed, despite the employment rate in the three month period to June showing the strongest rise since 1975. Wage growth is one of the key indicators that the Bank of England is monitoring closely as, in recent months, the Monetary Policy Committee ("MPC") has become increasingly divided as to the timing of shifting its policy stance. The majority in favour of keeping policy on hold increased, however, at the MPC's latest meeting, bolstered by downgrades to the Bank's economic forecast and by a less positive view on the outlook for pay.

Commercial Property

Market conditions and sentiment have stabilised in recent months following the capital decline immediately following the result of the EU Referendum in June 2016. Although economic growth is moderating, the All Property total return for the market (as measured by the MSCI/IPD Balanced Monthly and Quarterly Index) recorded a reasonable 4.8% over the first six months of 2017. Capital values rose by 2.3% and rents grew by 0.7% over this time frame. As for equity markets, the FTSE All Share and the FTSE 100 total returns were 5.5% and 4.7% respectively over the period. For listed real estate equities, total returns were 4.0%.

Overseas investors continued to favour the UK market with the chart illustrating both the volume of total transactions and the split between overseas and domestic UK investors.

OVERSEAS INVESTORS CONTINUED TO FAVOUR THE UK MARKET



Key: UK Investors Overseas Estimate (H2 2017)

Source: Property Data and Standard Life Investment, August 2017

In terms of sectors, the industrial and logistics distribution sector continued to demonstrate its strength, generating a total return of 8.1% in the first half of 2017. While retail again lagged the other sectors, the margin of difference between sector performance has narrowed lately. Retail recorded a 3.3% total return in the first six months of 2017 compared to 3.9% for offices, where returns felt the impact of political uncertainty feeding into the leasing market. In terms of capital growth, industrial values rose by 5.4%. Retail continued to be the weakest, with values rising by 0.6% over the first six months of the year, whilst office values rose by 1.8% over the same time frame. In line with the strong returns for industrials recently, the sector also recorded the strongest rental growth at 2.0%. This compares to largely stable office and retail rents, which demonstrated relatively muted rental growth of 0.4% and 0.2% respectively over the period.

TOTAL PORTFOLIO RETURN

5.5%
Portfolio return

4.8%
IPD Benchmark

Portfolio Performance

Against this backdrop, it is pleasing to report a robust performance from the Company during the reporting period, with its property portfolio generating a 5.5% total return versus 4.8% for its MSCI/IPD benchmark. The table below sets out the components of these returns for the six month period to 30 June 2017. All valuations are undertaken by the Company's valuer, CBRE Ltd.

	Total Return		Income Return		Capital Growth	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
Industrial	7.5	8.1	2.5	2.5	4.9	5.4
Office	6.0	3.9	2.5	2.0	3.4	1.8
Retail	4.0	3.3	1.8	2.7	2.2	0.6
Leisure/ Other	3.6	5.9	2.5	2.4	1.1	3.4
TOTAL	5.5	4.8	2.2	2.4	3.2	2.3

Source: MSCI/IPD, assumes reinvestment of income in capital gain/loss

7.5%

UKCPT industrial assets delivered a total return of 7.5%

As has been the case for some years, the Company's income profile provided a stable and reliable element of the portfolio return, delivering 2.2% for the six month period (2.4% excluding exceptional leasing revenue expenditure, principally associated with the Company's new Primark store at Shrewsbury), whilst capital growth accelerated to 3.2% against the benchmark's 2.3%. The main drivers of this outperformance arose from a strategic overweight position in the industrial (including logistics distribution) sector and strong asset performance from active management. Activity of particular note arose in the Company's West End office and shopping centre portfolios, with a significant Soho office sale in January and retail letting success at The Parade, Swindon.

Industrial

The strongest performance during the first half came from the Company's industrial portfolio, with a total return of 7.5%. A significant vacancy at Radlett and short term lease expiry dates at both Lutterworth (Magna Park) and Neasden, Wembley, had an impact on the relative performance against the benchmark of 8.1%. Investment demand is strong and good stock is scarce, particularly in London and the South East, where the market continues to reward the strong income characteristics of the sector. Underpinning this demand and performance are positive rental growth expectations and encouraging letting prospects for well-located vacant stock. Within this period the Company benefited from leasing activity on its multi-let industrial estates at Gatwick Airport, Dartford and Radlett, together with yield improvement across the sector. The Company's industrial portfolio is well located and split approximately 40:60 between single-let 'big box' logistics assets and London-focused multi-let industrial estates; the prime characteristics of the portfolio should stand it in good stead with both 'big box' and 'multi-let estate' well placed to continue providing sustainable income, while also offering some growth opportunities.

6.0%

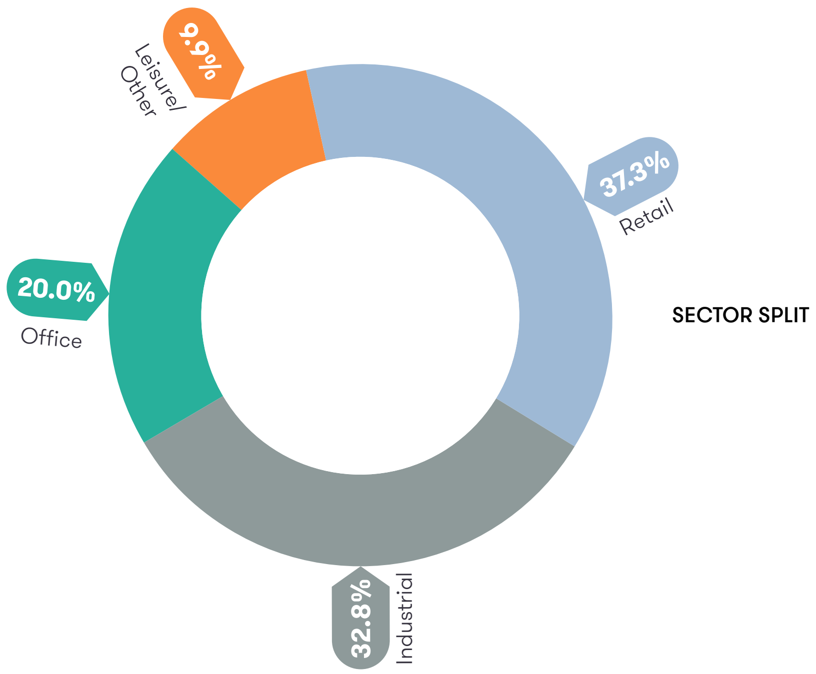
UKCPT office assets delivered a total return of 6.0%

4.0%

UKCPT retail assets delivered a total return of 4.0%

3.6%

UKCPT leisure assets delivered a total return of 3.6%



SECTOR SPLIT

Metro Bank
The Parade, Swindon

Hartstead House
2 Cutlers Gate, Sheffield

Palletforce
Burton upon Trent

Office

Boosted by the profitable sale of a low-yielding office investment in London's Soho, 13 Great Marlborough Street, the return posted by the Company's office portfolio was a close second to the industrial performance, at 6.0% for the period against 3.9% for the benchmark.

The Company has a desired underweight position in Central London and South East offices and is marginally overweight in the better yielding UK regions. Overall, the portfolio is underweight in the office sector. The latest data from benchmark provider MSCI/IPD suggests that Central London rents are declining modestly. In particular, the City of London office market is under the spotlight following the EU Referendum decision, with uncertainty cast on future financial services cross-border trading. The Company has just one small office investment in the City, which accounts for only 2% of its portfolio and is let on generally modest rents. The asset is strategically located within a stone's throw of the new Liverpool Street Elizabeth Line Crossrail station due to open next year.

During the period we witnessed continuing investment demand, particularly from overseas investors, for Central London offices. UK based demand was stronger for regional offices, being attracted by a more generous yield.

Retail

The Company is currently in line with its benchmark retail weight, although a number of initiatives are underway which may lead to a reduction in this holding. However it is reflective of our asset management success that, although UK retail as a whole underperformed UK All Property, the Company's retail holding outperformed UK Retail with a total return of 4.0% compared to the 3.3% benchmark.

Led by a series of successful leasing initiatives at The Parade, Swindon, most notably reletting the Company's only BHS exposure and securing a long lease to Metro Bank, the Company's shopping centres returned a healthy 5.4%. It is also pleasing to report the successful opening of the new Primark store in the Charles Darwin Centre, Shrewsbury, following the period end in July; early reports show a significant increase in footfall throughout both Charles Darwin and Pride Hill centres which, it is hoped, will lead to improved net operating income.

Leisure

The Company's leisure assets in Kingston upon Thames, Swindon, and Glasgow, altogether representing 10% of the portfolio, delivered a total return of 3.6% during the first six months of the year. Performance is relatively lacklustre against the benchmark of 5.9% and this remains a focus.

Investment Activity

At the start of the year the Company took advantage of the strong Investment market in London's West End and sold 13 Great Marlborough Street to a special purchaser for £30.5 million, reflecting a 3.3% net initial yield. The property is let to Sony Interactive Entertainment whose lease expires in September 2018 and so the disposal also served to reduce letting risk in the portfolio.

In July, just after the period end, the Company achieved practical completion of the prelet development it committed to in February 2017, comprising a 258,370 sq ft distribution warehouse in Burton upon Trent for a total consideration of £22.2 million, reflecting a yield on capital of 5.8%. Let to Palletforce Limited for 15 years at £5.58 psf, or £1.4 million per annum, the rent benefits from RPI inflation linked rent increases of between 1% and 3% per annum, compounded and effective five yearly. Situated on Centrum West, an industrial park situated in a prime logistics location, equidistant between Nottingham and Birmingham on the A38 dual carriageway between the M1 and M6 motorways, 87% of the UK population can be accessed within a legally continuous 4.5 hour HGV drive time.

> *"We believe that the portfolio is well positioned at present but, with our strong balance sheet and resources available for deployment, we remain mindful of opportunities that may arise in the current market and which will be accretive to our recurring dividend cover."*

In June, Hartshead House, 2 Cutlers Gate, Sheffield, where the city centre railway station is earmarked as a stop for the future HS2 rail line, was acquired for £20.2 million reflecting a net initial yield of 5%. This prominent 61,638 sq ft Grade A office is let to Capita Business Services Limited, part of Capita plc, on a lease with annual indexed linked rent increases and 22 years to expiry. Delivering a current rent of almost £1.1 million per annum, the transaction further increases the Company's exposure to long term, secure and growing income streams.

Collectively these transactions are a strong example of recycling capital from mature expensive markets into higher yielding assets, here on long term leases, to deliver sustainable income. £42.4 million has been invested generating a blended index-linked yield on cost of 5.4%.

At The Parade, Swindon two strategic shop units were purchased at the entrance to the shopping centre which, when incorporated with an existing unit, allowed the Company to secure a new 25 year unbroken lease with challenger bank, Metro Bank Plc, at a rent of £275,000 per annum. Metro Bank will construct a new flagship unit at their cost, scheduled to open in December 2017.

In July, after the period end, the Company sold its smallest investment, an industrial warehouse let to UK bed retailer, Dreams Ltd, at Loudwater, High Wycombe, for £4.7 million, ahead of valuation.

George Street
Edinburgh

Central Square
Newcastle

Gatwick Gate
Crawley

Ventura Park
Radlett

Asset Management Activity

It was pleasing to see the Company maintain its low void position of 4.4% (of ERV) at 30 June 2017, comfortably below the MSCI/IPD benchmark void rate of 6.8%.

During the year the Company continued its drive to strengthen income streams, extend lease lengths and add value to the portfolio. A total of £3.4 million of annual income was generated from 15 new lettings, after rent free periods and incentives, and 20 lease renewals/rent reviews.

With one exception, all open market rent reviews agreed during the period saw increases and settlements ahead of rental value. A particularly good example was at the Company's holding on Exeter High Street where the rent review from 24 May 2015 with Barclays Bank Plc was agreed at £450,000 per annum, 38% ahead of the previous rent passing.

Helping to improve the portfolio's rental income, three lettings completed at Gatwick Gate, Crawley, to Airbase Interiors, Capital Scenery and USP Designs, secured over £600,000 per annum and also improved the capital value and unexpired lease length at this property. This asset delivered the highest total return in the portfolio within the first half of the year.

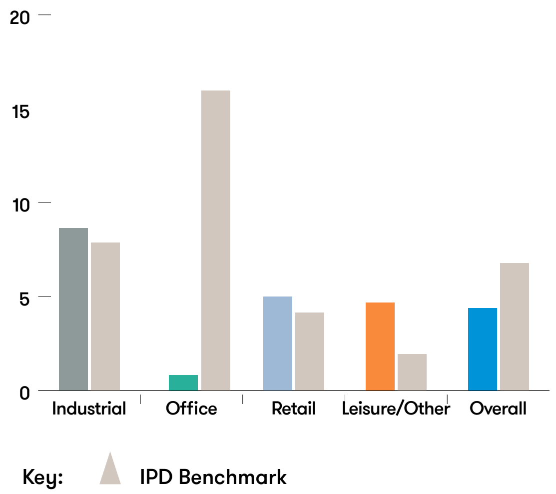
On the Company's largest South East industrial holding at Ventura Park in Radlett, lease renewals took place with JMT Indisplay and UK Mail, securing £627,769 per annum, 8% ahead of ERV. This asset management activity helped to deliver the largest positive contribution to portfolio total return during the first six months of the year.

A new 10 year lease renewal was completed with Jacksons Commercial & Private Law, at Central Square, Newcastle. The new rent of £64,389 per annum reflects an uplift of 4% ahead of ERV and the lease also improved the average weighted unexpired lease length at the building.

At the Charles Darwin Centre, Shrewsbury, building contractor McLaughlin and Harvey successfully completed the mall refurbishment and also the creation of the new anchor store for Primark, which opened on 27 July 2017. As mentioned above, footfall levels have increased strongly as a result. Also referred to above is positive progress in securing the signature of an Agreement for Lease at The Parade, Swindon, with strong covenant Wilko to take the Company's only former BHS store. The new 15 year lease, let at ERV, will generate rental income of £385,000 per annum, leaving only a small proportion remaining to let in the upper floors. Augmenting this, and following the purchase of two strategic units, at the entrance to The Parade, the Company secured a new 25 year lease with Metro Bank Plc at a rent of £275,000 per annum. Metro Bank will fund the construction of a new flagship unit, scheduled to open in December 2017. This profitable transaction, as well as providing good income, will greatly enhance the appearance of this important street corner.

Within the Company's multi-use office and retail investment at 83/85 George Street, Edinburgh, Clydesdale Bank's new flagship branch opened during February. In the same month a new 10 year lease was completed with global power generation company InterGen, securing a headline rent of £30 psf per annum, following the comprehensive refurbishment of its office floor. The remaining 10,000 sq ft top floor has been recently refurbished and is now available with minimal Grade A office competition in Edinburgh.

VOID RATE BY SECTOR



Source: IPD, Standard Life Investments

Rent Collection, Voids and Leasing Tone

Tenant covenants are monitored on a quarterly basis. The Company's average rent collection efficiency over the past 12 months shows that 99% of rent was collected within 21 days of the due date, indicative of the quality of the Company's tenant profile.

As reported above it was pleasing to see the Company maintain its low void position of 4.4% (of ERV) at 30 June 2017, ahead of the MSCI/IPD benchmark figure of 6.8%.

Market Outlook

UK real estate continues to provide an elevated yield compared to other assets in a market which has stabilised following last year's post-Brexit upheaval. Lending to the sector is at a lower level than in 2007/08 and liquidity remains reasonable. At the same time development continues to be relatively constrained by historical standards, with below average vacancy levels in most markets, which should help to maintain the positive returns that 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 future returns, and the strategy for UKCPT reflects this. The market is expected to continue to be sentiment driven in the short term as the political 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 macroeconomic uncertainty, investors are becoming more risk averse and better quality assets are once again broadly outperforming those of a poorer quality.

In the current "lower for even longer" interest rate environment, coupled with an increasing investor global search for yield and the retention of the UK's standing as a transparent market with a robust legal framework, real estate as an asset class should be well placed for the longer term.

Portfolio Strategy

Your Company aims to deliver an attractive level of income, together with the potential for capital and income growth, through investment in a diversified UK commercial property portfolio. Our strategy to achieve this combines investment, sales, and proactive asset management, including disciplined investment in existing stock where accretive.

Having undertaken a number of sales and purchases in the first half of the year, UKCPT retains a generous cash position of £50 million which is available for new investment in line with the Company's investment policy. This cash available is after allowing for dividend and capital expenditure commitments and, if opportunities arise, the Company has a further £50 million of capital available to be drawn down tactically from its revolving credit facility.

When looking at opportunities to deploy these resources, we continue our focus on long-term secure income, often found in alternative sectors which we will look to access, provided they would be accretive to recurring dividend cover; examples might include well-located hotels, funding the construction of pre-let logistics facilities, and potentially re-priced right-sized supermarkets in vibrant economies with strong demographics.

We will continue to review opportunities in the South East office sector – modern, well-let properties in strong locations to limit the impact of depreciation on returns - but only if an element of 're-pricing' has occurred to offset lower rental growth expectations. Importantly we are also open to exploiting pricing opportunity in the market, across most sectors, with a large team and the resource to react quickly. With uncertainty continuing in the wider economy and market as the path to Brexit evolves, interesting opportunities will, we believe, arise in the property market.

Turning to income, whilst we are pleased with the Company's continued low vacancy rate of 4.4% we anticipate it is likely to grow before shrinking again with at least one, and possibly two, large but very well located prime logistic distribution units likely to become vacant (together approximately 5.7% of ERV). Prospects for reletting at good rents are strong, warranting the current strategy to retain these investments (at Wembley, London, and Magna Park, Lutterworth) in order to benefit from future rental growth and capital appreciation on reletting or lease renewal.

In our 2016 year-end report we stated our belief that the Company was well positioned to enter a new phase of the property cycle focused on income return rather than capital growth as returns slowed. That income return component will remain in sharp focus as Brexit uncertainty evolves and we maintain our belief that the Company remains well positioned to face this new environment with a strong balance sheet, a well-diversified portfolio, low gearing and a low vacancy rate.

Will Fulton
Fund Manager
12 September 2017

In the current "lower for even longer" interest rate environment, coupled with an increasing investor global search for yield and the retention of the UK's standing as a transparent market with a robust legal framework, real estate as an asset class should be well placed for the longer term.

CINEWORLD
Glasgow

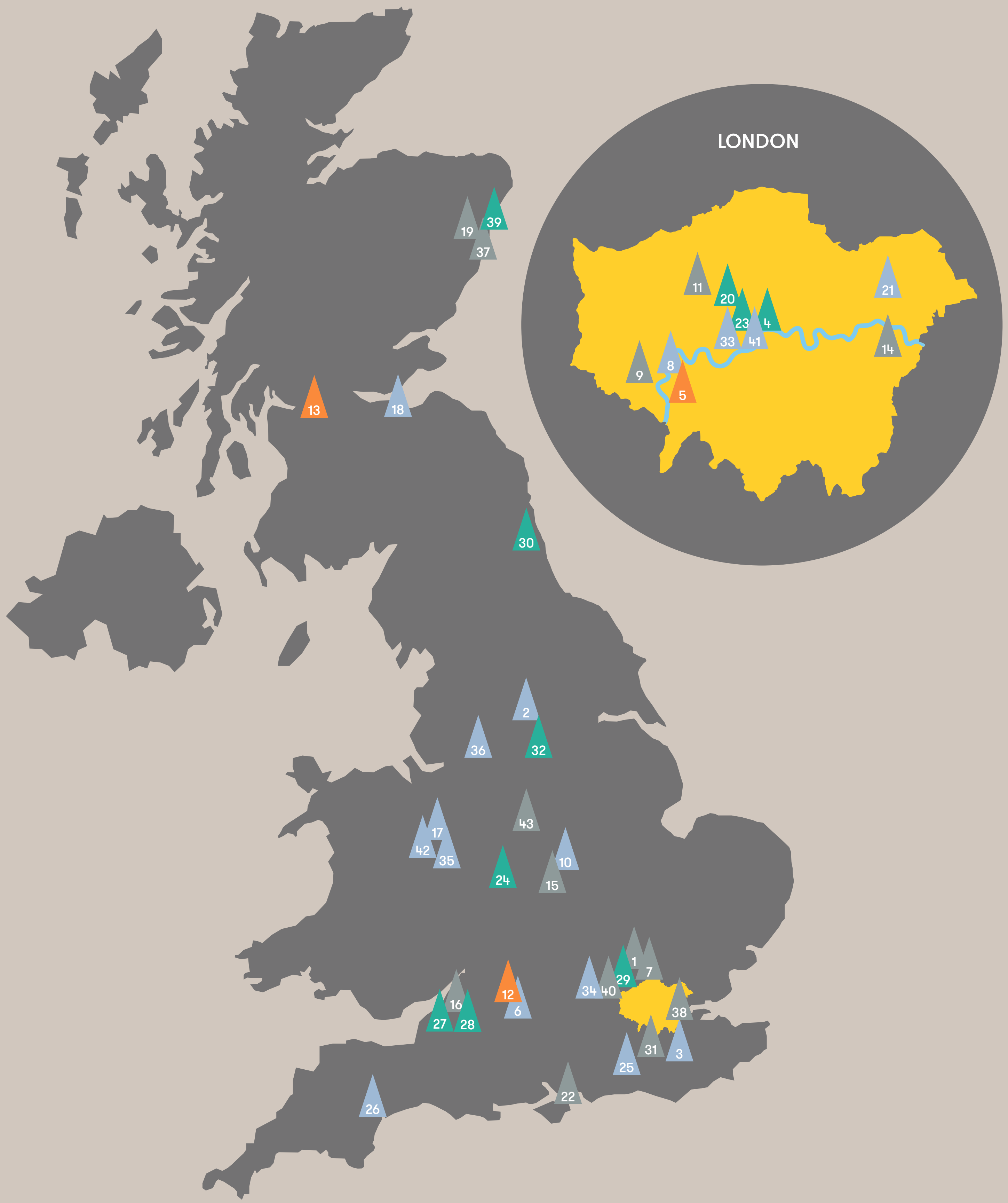
Property Portfolio

by location

UK Commercial Property Trust

PROPERTY PORTFOLIO

As at 30 June 2017



	PROPERTY	Tenure	Sector	Principal Tenant	Value Range
1	Ventura Park, Radlett	Freehold	Industrial	DHL	Over £50m (representing 42% of the portfolio capital value)
2	Junction 27 Retail Park, Birstall, Leeds	Freehold	Retail Warehouse	DSG Retail Ltd	
3	Great Lodge Retail Park, Tunbridge Wells	Freehold	Retail Warehouse	B&Q Plc	
4	15 Great Marlborough Street, London, W1	Freehold	Office	Sony Ltd	
5	The Rotunda, Kingston upon Thames	Freehold	Leisure	Odeon Cinemas Ltd	
6	The Parade, Swindon	Freehold	Shopping Centre	H&M Hennes & Mauritz UK Ltd	
7	Ocado Distribution Unit, Hatfield Business Area, Hatfield	Freehold	Industrial	Ocado Ltd	
8	Kew Retail Park, Richmond	Freehold	Retail Warehouse	Mothercare (UK) Ltd	
9	Dolphin Estate, Sunbury-on-Thames	Freehold	Industrial	Access Self Storage Properties Ltd	
10	St George's Retail Park, Leicester	Freehold	Retail Warehouse	Toys R Us Ltd	£30m–£50m (representing 26% of the portfolio capital value)
11	Hannah Close, London, NW10	Leasehold	Industrial	Marks & Spencer Plc	
12	Regent Circus, Swindon	Freehold	Leisure	Wm Morrison Supermarkets Plc	
13	Cineworld Complex, Glasgow	Freehold	Leisure	Cineworld	
14	Newton's Court, Dartford, Kent	Freehold	Industrial	Gisela Graham Ltd	
15	Argos Unit, Magna Park, Lutterworth	Leasehold	Industrial	Argos Ltd	
16	Emerald Park East, Emersons Green, Bristol	Freehold	Industrial	Knorr-Bremse Systems Ltd	
17	Darwin Shopping Centre, Shrewsbury	Freehold	Shopping Centre	Primark	
18	81/85 George Street, Edinburgh	Freehold	High St, Retail	Clydesdale Bank	
19	Total, Aberdeen Gateway, Aberdeen	Freehold	Industrial	Total E&P UK Ltd	
20	Eldon House, City of London, EC2	Freehold	Office	Stace LLP	£20m–£29.9m (representing 24% of the portfolio)
21	B&Q, Roneo Corner, Romford	Freehold	Retail Warehouse	B&Q Plc	
22	Motor Park, Eastern Road, Portsmouth	Freehold	Industrial	Volkswagen Group UK Ltd	
23	Craven House, Fouberts Place, London, W1	Freehold	Office	Molinaire UK Ltd	
24	Colmore Court, 9 Colmore Row, Birmingham	Leasehold	Office	BNP Paribas	
25	Broadbridge Retail Park, Horsham	Freehold	Retail Warehouse	Bunnings	
26	16/20 High Street & 1/3 Bedford Street, Exeter	Leasehold	High St, Retail	H&M Hennes & Mauritz UK Ltd	
27	No 2 Temple Quay, Bristol	Freehold	Office	Public Sector	
28	No 1 Temple Quay, Bristol	Freehold	Office	British Telecommunications Plc	
29	Network House & Meadowside House, Hemel Hempstead	Freehold	Office	Public Sector	
30	Central Square Offices, Forth Street, Newcastle Upon Tyne	Freehold	Office	Ove Arup & Partners	
31	Gatwick Gate Industrial Estate, Crawley	Freehold	Industrial	Industrial Logistics Group	
32	Hartshead House, Sheffield	Freehold	Office	Capita Business Services Ltd	
33	140/144 Kings Road, London, SW3	Freehold	High St, Retail	French Connection UK Ltd	Below £20m (representing 8% of the portfolio)
34	14–22 West Street, Marlow	Freehold	High St, Retail	Sainsbury's Supermarket Ltd	
35	Pride Hill Shopping Centre, Shrewsbury	Freehold	Shopping Centre	Next Plc	
36	52/56 Market Street, Manchester	Freehold	High St, Retail	Adidas (UK) Ltd	
37	Tetra, Aberdeen Gateway, Aberdeen	Freehold	Industrial	Tetra Technologies UK Ltd	
38	Crossways Cargo Depot, Dartford	Freehold	Industrial	Veerstyle Ltd	
39	Ensco, Aberdeen Gateway, Aberdeen	Freehold	Office	Ensco Services Ltd	
40	Knaves Beech Industrial Estate, Loudwater*	Freehold	Industrial	Dreams Ltd	
41	146 King's Road, London, SW3	Freehold	High St, Retail	Telefonica O2 UK Ltd	
42	Riverside Shopping Centre, Shrewsbury	Leasehold	Shopping Centre	Wilkinson Hardware Stores Ltd	
43	Unit B, Centrum West, Burton on Trent	Freehold	Industrial	Palletforce Plc	

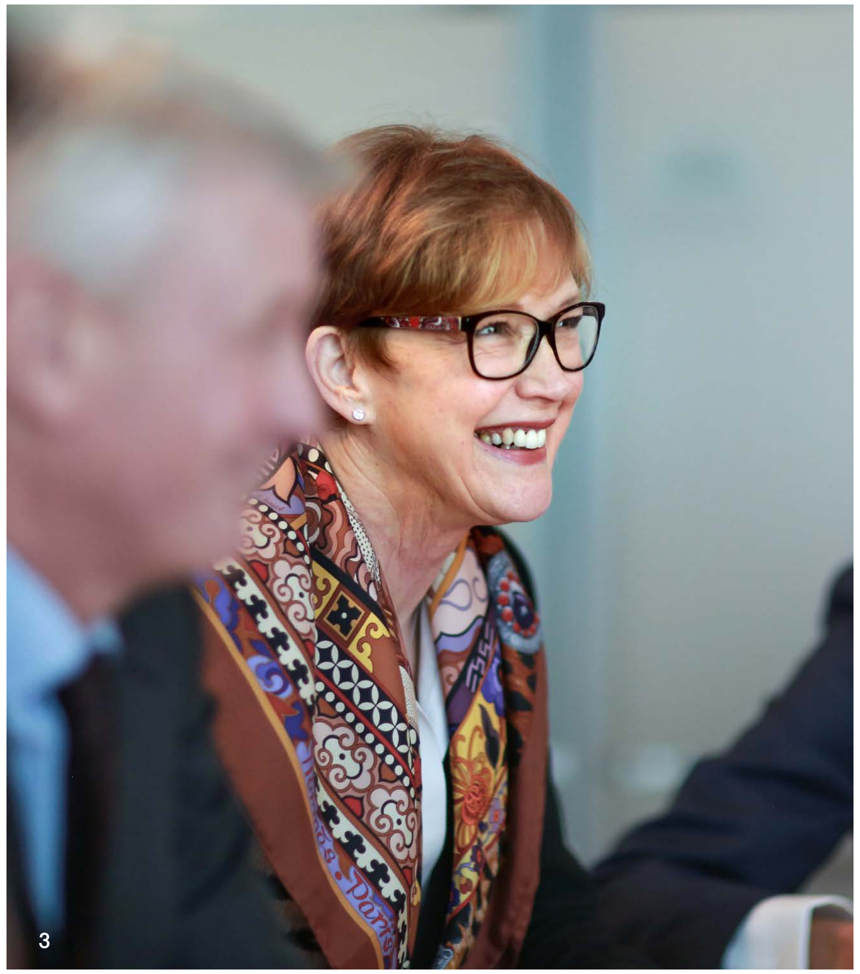
Overall number of properties	43
Total number of tenancies	337
Total average property value	£30.1m
Total floor area	6,041,477 sq ft
Freehold/Leasehold (leases over 100 years)	90%/10%

Key: Industrial Office Retail Leisure/Other

* Sold post half year end

BOARD OF DIRECTORS AND MANAGEMENT TEAM

The Directors, all of whom are non-executive and are independent of the Investment Manager, are responsible for the determination of the investment policy of the Group and its overall supervision.



1 Ken McCullagh is a resident of Ireland. Since 2000 he has been Chief Executive Officer of LNC Property Group, a private real estate investment company which held and managed €500 million of assets. Previously he worked as a Director and Partner of Corporate Finance for Farrell Grant Sparks, Chartered Accountants and was also a Financial Controller of Gunne Estate Agents (now CBRE) in Dublin. He is a Fellow of the Institute of Chartered Accountants of Ireland. Mr McCullagh was appointed to the Board in February 2013.

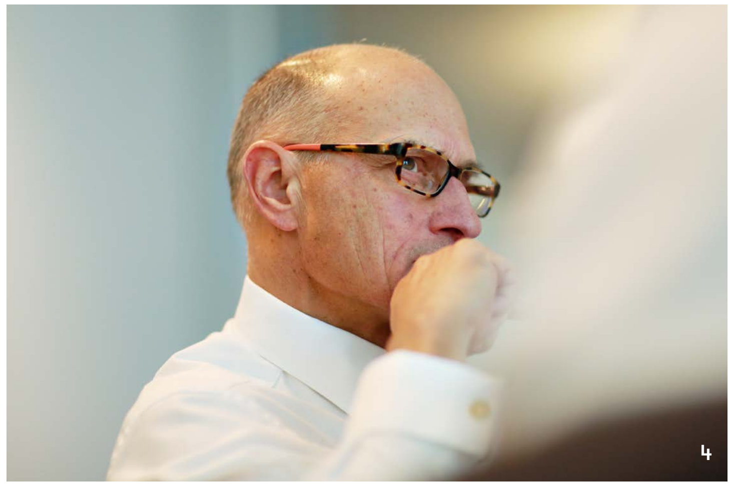
2 John Robertson is a resident of the UK. Mr Robertson has over 35 years' experience in investment management in a variety of roles, and was most recently Director — Funds and Corporate Governance at Ignis Investment Services Limited. Prior to his retirement in 2012, he was a director of Ignis International Funds Plc, Ignis Alternative Funds Plc, Ignis Liquidity Fund Plc, Ignis Strategic Solutions Funds Plc and Ignis Global Funds SICAV. He is a Fellow of the Chartered Association of Certified Accountants. Mr Robertson has been a Director of the Company since launch in September 2006.

3 Sandra Platts is a resident of Guernsey and is a non-executive director of Investec Bank (C.I.) Ltd and Starwood European Finance Partners Ltd. Sandra was Managing Director of Kleinwort Benson in Guernsey and Chief Operating Officer for Kleinwort Benson Private Banking Group (UK and Channel Islands). She also held directorships of the Kleinwort Benson Trust Company and Operating Boards, retiring from Kleinwort Benson boards in 2010. Sandra holds a Masters in Business Administration and The Certificate in Company Direction from the Institute of Directors. Mrs Platts was appointed to the Board in December 2013.

4 Andrew Wilson is a resident of the UK. He was formerly of Richard Ellis, Royal Insurance as Chief Surveyor and he joined Rugby Securities as a director in 1987. He was a founder director of Rugby Estates Plc in 1990 and Chief Executive Officer through its official listing, move to the Alternative Investment Market and subsequent de-listing and sale. He is also a non-executive Chairman of a London based Family Office and of a major West End office agency. He was previously a non-executive Director of a Building Society. He is a Chartered Surveyor and was until his appointment as Chairman, the Senior Independent Director and Chair of the Property Valuation Committee.

6 Will Fulton graduated from the University of Aberdeen in 1987 with a degree in Land Economy when he joined Standard Life, becoming a member of the Royal Institution of Chartered Surveyors in 1990. Throughout his 29 year career he has held a variety of commercial real estate positions gaining multi-disciplinary experience spanning investment, valuation, asset management, debt facility management, development and investor relations both in the UK and across continental Europe. Prior to managing UKCPT, he oversaw a team managing the £2.3 billion Standard Life Heritage With Profits Real Estate Fund.

BOARD OF DIRECTORS



MANAGEMENT TEAM

5 Michael Ayre is a resident of Guernsey. He is currently a consultant to the Guernsey taxation and private client business of Intertrust Group, Intertrust Reads Private Clients Limited. Mr Ayre is also currently a Director of ABN Amro (Guernsey) Limited and Brooks MacDonald Investment Funds Plc which is listed in Ireland. Mr Ayre is member of the Chartered Association of Certified Accountants and is also a member of the Chartered Institute of Taxation. Mr Ayre was appointed to the Board in February 2016.

7 Graeme McDonald graduated from the University of Strathclyde in 1995 with a BA degree in Accountancy and joined Hardie Caldwell Chartered Accountants in 1996 where he qualified as a Chartered Accountant in 1999. In 2001 Graeme joined Glasgow Investment Managers ("GIM") as chief accountant focusing on the finance, administration and company secretarial work for three investment trusts. Following GIM's takeover by Aberdeen Asset Managers in 2007, Graeme transferred to the investment trust secretarial team within Aberdeen working on both investment trusts and Venture Capital trusts. In 2009 Graeme joined Scottish Widows Investment Partnership where he was a finance project manager before joining Ignis in January 2011 as a Fund Accounting Manager to provide a dedicated fund accounting and company secretarial service to the closed end clients within Ignis Asset Management. Graeme transferred over to Standard Life Investments in October 2014.

HALF YEARLY CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 June 2017

	Notes	Half year ended 30 June 2017 £'000	Half year ended 30 June 2016 £'000	Year ended 31 December 2016 (audited) £'000
REVENUE				
Rental income		35,027	33,792	68,573
Gains/(Losses) on investment properties	2	37,495	4,389	(5,944)
Interest income		163	199	455
Total income		**72,685**	**38,380**	**63,084**
EXPENDITURE				
Investment management fee		(4,526)	(4,462)	(8,870)
Direct property expenses		(2,666)	(1,453)	(3,716)
Other expenses		(1,494)	(1,117)	(3,362)
Total expenditure		**(8,686)**	**(7,032)**	**(15,948)**
Net operating profit before finance costs		**63,999**	**31,348**	**47,136**
FINANCE COSTS				
Finance costs		(4,018)	(4,020)	(8,101)
		(4,018)	**(4,020)**	**(8,101)**
Net profit from ordinary activities before taxation		59,981	27,328	39,035
Taxation on profit on ordinary activities	9	(2,623)	(492)	6,151
Net profit for the period	4	**57,358**	**26,836**	**45,186**
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS				
Gain/(Loss) arising on effective portion of interest rate swap		913	(5,506)	(3,913)
Other comprehensive income		**913**	**(5,506)**	**(3,913)**
Total comprehensive income for the year		**58,271**	**21,330**	**41,273**
Basic and diluted earnings per share	3	**4.41p**	**2.07p**	**3.48p**
EPRA earnings per share (excluding deferred tax movement)		**1.73p**	**1.73p**	**3.46p**

HALF YEARLY CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2017

	Notes	30 June 2017 (unaudited) £'000	30 June 2016 (unaudited) £'000	Year ended 31 December 2016 (audited) £'000
NON-CURRENT ASSETS				
Investment properties	2	1,309,844	1,274,457	1,242,274
Deferred tax asset	9	3,909	—	6,515
		1,313,753	**1,274,457**	**1,248,789**
CURRENT ASSETS				
Investment properties held for sale		—	—	28,350
Trade and other receivables		18,777	12,423	16,035
Cash and cash equivalents		98,611	114,353	104,893
		117,388	**126,776**	**149,278**
Total assets		**1,431,141**	**1,401,233**	**1,398,067**
CURRENT LIABILITIES				
Trade and other payables		(24,509)	(22,922)	(25,141)
Interest rate swap		(1,326)	(2,449)	(1,340)
		(25,835)	**(25,371)**	**(26,481)**
NON-CURRENT LIABILITIES				
Bank loan		(248,790)	(248,357)	(248,532)
Interest rate swap		(1,515)	(2,898)	(2,414)
		(250,305)	(251,255)	(250,946)
Total liabilities		**(276,140)**	**(276,626)**	**(277,427)**
Net assets	6	**1,155,001**	**1,124,607**	**1,120,640**
REPRESENTED BY				
Share capital		539,872	539,872	539,872
Special distributable reserve		586,547	585,821	590,594
Capital reserve		31,423	4,261	(6,072)
Revenue reserve		—	—	—
Interest rate swap reserve		(2,841)	(5,347)	(3,754)
Equity shareholders' funds		**1,155,001**	**1,124,607**	**1,120,640**
Net asset value per share		**88.9p**	**86.5p**	**86.2p**
EPRA Net asset value per share		**89.1p**	**87.0p**	**86.5p**

HALF YEARLY CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2017

	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Total £'000
HALF YEAR ENDED 30 JUNE 2017 unaudited							
At 1 January 2017		539,872	590,594	(6,072)	—	(3,754)	1,120,640
Net Profit for the period		—	—	—	57,358	—	57,358
Other comprehensive income		—	—	—	—	913	913
Dividends paid	7	—	—	—	(23,910)	—	(23,910)
Transfer in respect of gains on investment property		—	—	37,495	(37,495)	—	—
Transfer from special distributable reserve		—	(4,047)	—	4,047	—	—
At 30 June 2017		**539,872**	**586,547**	**31,423**	**—**	**(2,841)**	**1,155,001**

	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Total £'000
HALF YEAR ENDED 30 JUNE 2016 unaudited						
At 1 January 2016	539,872	587,284	(128)	—	159	1,127,187
Net Profit for the period	—	—	—	26,836	—	26,836
Other comprehensive income	—	—	—	—	(5,506)	(5,506)
Dividends paid	—	—	—	(23,910)	—	(23,910)
Transfer in respect of gains on investment property	—	—	4,389	(4,389)	—	—
Transfer from special distributable reserve	—	(1,463)	—	1,463	—	—
At 30 June 2016	**539,872**	**585,821**	**4,261**	**—**	**(5,347)**	**1,124,607**

	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Total £'000
FOR THE YEAR ENDED 31 DECEMBER 2016 audited						
At 1 January 2016	539,872	587,284	(128)	—	159	1,127,187
Net Profit for the year	—	—	—	45,186	—	45,186
Other comprehensive income	—	—	—	—	(3,913)	(3,913)
Dividends paid	—	—	—	(47,820)	—	(47,820)
Transfer in respect of gains on investment property	—	—	(5,944)	5,944	—	—
Transfer from special distributable reserve	—	3,310	—	(3,310)	—	—
At 31 Decmber 2016	**539,872**	**590,594**	**(6,072)**	**—**	**(3,754)**	**1,120,640**

HALF YEARLY CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the half year ended 30 June 2017

	Notes	30 June 2017 (unaudited) £'000	30 June 2016 (unaudited) £'000	Year ended 31 December 2015 (audited) £'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the period before taxation		59,981	27,328	39,035
Adjustments for:				
(Gains)/Losses on investment properties	2	(37,495)	(4,389)	5,944
Movement in lease incentive		(3,165)	(113)	(2,271)
Movement in provision for bad debts		(38)	(262)	(75)
Decrease/(Increase) in operating trade and other receivables		460	(669)	(2,310)
(Decrease)/Increase in operating trade and other payables		(646)	(1,311)	1,421
Finance costs		4,018	4,040	8,125
Cash generated by operations		23,115	24,624	49,869
Tax paid		—	—	(453)
Net cash inflow from operating activities		**23,115**	**24,624**	**49,416**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment properties	2	(27,500)	—	(1,911)
Sale of investment properties	2	30,500	45,600	45,595
Capital expenditure	2	(4,725)	(3,973)	(8,558)
Net cash (outflow)/inflow from investing activities		**(1,725)**	**41,627**	**35,126**
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	7	(23,910)	(23,910)	(47,820)
Bank loan interest paid		(3,070)	(3,237)	(6,467)
Payments under interest rate swap arrangement		(692)	(537)	(1,148)
Net cash (outflow) from financing activities		**(27,672)**	**(27,684)**	**(55,435)**
Net (decrease)/increase in cash and cash equivalents		**(6,282)**	**38,567**	**29,107**
Opening balance		**104,893**	**75,786**	**75,786**
Closing cash and cash equivalents		**98,611**	**114,353**	**104,893**
REPRESENTED BY				
Cash at bank		54,150	18,729	44,821
Money market funds		44,461	95,624	60,072
		98,611	**114,353**	**104,893**

The accompanying notes are an integral part of this statement.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The condensed 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 2016.

The condensed 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 2016, which were prepared under full IFRS requirements.

2. INVESTMENT PROPERTIES

FREEHOLD AND LEASEHOLD PROPERTIES	£'000
Opening valuation	1,270,624
Purchases at cost	27,500
Capital expenditure	4,725
Gain on revaluation to fair value	38,510
Disposal at prior year valuation	(28,350)
Adjustment for lease incentives	(3,165)
Total fair value at 30 June	1,309,844

GAIN ON INVESTMENT PROPERTIES AT FAIR VALUE COMPRISE	
Valuation Gains	38,510
Movement in provision for lease incentives	(3,165)
Gain on disposal	2,150
	37,495

GAIN ON INVESTMENT PROPERTIES SOLD	
Original cost of investment properties sold	(15,339)
Sale proceeds	30,500
Profit on investment properties sold	15,161
Recognised in previous periods	13,011
Recognised in current period	2,150
	15,161

3. BASIC AND DILUTED EARNINGS PER SHARE

The earnings per ordinary share are based on the net profit for the period of £57,358,000 (30 June 2016 net profit of £26,836,000) and 1,299,412,465 (30 June 2016: 1,299,412,465), Ordinary Shares, being the weighted average number of shares in issue during the period.

4. EARNINGS

Earnings for the period to 30 June 2017 should not be taken as a guide to the results for the year to 31 December 2017.

5. SHARES

As at 30 June 2017 the total number of shares in issues is 1,299,412,465 (30 June 2016: 1,299,412,465).

6. NET ASSET VALUE

The net asset value per ordinary share is based on net assets of £1,155,001,000 (30 June 2016: £1,124,607,000) and 1,299,412,465 (30 June 2016: 1,299,412,465) ordinary shares.

7. DIVIDENDS

PERIOD TO 30 JUNE 2017	Rate (pence)	£'000
Dividend for the period 1 October 2016 to 31 December 2016, paid 28 February 2017	0.92	11,955
Dividend for the period 1 January 2017 to 31 March 2017, paid 31 May 2017	0.92	11,955
		23,910

A dividend of 0.92p per share for the period 1 April 2017 to 30 June 2017 was paid on 31 August 2017. Under International Financial Reporting Standards, these unaudited financial statements do not reflect this dividend.

8. DIRECTORS

No Director has an interest in any transactions which are, or were, unusual in their nature or significance to the Group. The Directors of the Company received fees for their services totaling £111,000 (30 June 2016: £114,000) for the six months ended 30 June 2017, none of which was payable at the period end (30 June 2016: Nil). Standard Life Investments (Corporate Funds) Limited received fees for its services as Investment Managers. The total charge to the Income Statement during the period for these fees was £4,576,000 (30 June 2016: £4,512,000) of which £50,000 was administration fees (30 June 2016: £50,000). £2,312,000 (30 June 2016: £2,287,000) of this total charge remained payable at the period end.

9. TAXATION

TAXATION ON PROFIT ON ORDINARY ACTIVITIES COMPRISES	£'000
Release of deferred tax asset	2,606
Corporation tax charge	17
	2,623

During the year to 31 December 2016 the Group recognised a net deferred tax asset of £6,515,000. This was a result of the Group forecasting it would begin to utilise tax losses built up since inception to offset future taxable profits. During the half year to 30 June 2017, £2,606,000 of this asset was written-off as these tax losses begin to be utilised.

The company owns one UK Limited Company, Brixton Radlett Property Limited ("BRPL"). As the losses of the Group cannot be used to offset the profits of BRPL, the profits of this Company are subject to corporation tax in the UK, at a rate of 20%. For the half year to 30 June 2017, this is estimated at £17,000.

10. FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

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 the fair value hierarchy during the six months ended 30 June 2017. Explanation of the fair value hierarchy:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Use of a model with inputs (other than quoted prices included in level 1) that are directly or indirectly observable market data.
Level 3	Use of a model with inputs that are not based on observable market data.

Sensitivity of measurement to variance of significant unobservable inputs:

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 2016. 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 bank loans are estimated by discounting expected future cash flows using the current interest rates applicable to each loan. There have been no transfers between levels in the year for items held at fair value.

Fair value hierarchy

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

30 June 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Investment properties	—	—	1,309,844	1,309,844

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 value of bank loans recognised in the balance sheet by level of the fair value hierarchy:

30 June 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Loan Facilities	—	266,222	—	266,222

The lowest level of input is the interest rate applicable to each borrowing as at the balance sheet date which is a directly observable input.

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

30 June 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Interest rate swap	—	(2,841)	—	(2,841)
Trade and other receivables	—	18,777	—	18,777
Trade and other payables	—	(24,509)	—	(24,509)

The lowest level of input is the three month LIBOR yield curve which is a directly observable input. The carrying amount of trade and other receivables and payables is equal to their fair value, due to the short term.

11. FINANCING

The Company has fully utilised all of the £150 million facility in place with Barclays Bank Plc.

The Company has in place an interest rate swap with Barclays Bank Plc totalling £150 million. The fair value in respect of this interest rate swap as at 30 June 2017 is a liability of £2,841,000 (June 2016: Liability of £5,347,000).

The Company has fully utilised all of the £100 million facility in place with Cornerstone Real Estate Advisors Europe LLP.

The Company has in place a £50 million revolving credit facility with Barclays Bank Plc none of which was utilised at the period end.

12. SUBSIDIARY UNDERTAKINGS

The Company owns 100 per cent of the issued ordinary share capital of UK Commercial Property Finance Holdings Limited (UKCFH), a company incorporated in Guernsey whose principal business is that of a holding company.

The Company owns 100 per cent of the issued share capital of UK Commercial Property Estates Holdings Limited (UKCPEH), a company incorporated in Guernsey whose principal business is that of a holding company. UKCPEH Limited owns 100 per cent of the issued share capital of UK Commercial Property Estates Limited, a company incorporated in Guernsey whose principal business is that of an investment and property company. UKCPEH also owns 100% of Brixton Radlett Property Limited, a UK company, whose principal business is that of an investment and property company.

UKCFH owns 100 per cent of the issued ordinary share capital of UK Commercial Property Holdings Limited (UKCPH), a company incorporated in Guernsey whose principal business is that of an investment and property company.

UKCFH owns 100 per cent of the issued share capital of UK Commercial Property GP Limited, (GP), a company incorporated in Guernsey whose principal business is that of an investment and property company.

UKCPT Limited Partnership, (GLP), is a Guernsey limited partnership, and it holds a portfolio of properties. UKCPH and GP, have a partnership interest of 99 and 1 per cent respectively in the GLP. The GP is the general partner and UKCPH is a limited partner of the GLP.

UKCFH owns 100 per cent of the issued share capital of UK Commercial Property Nominee Limited, a company incorporated in Guernsey whose principal business is that of a nominee company.

In addition the Group wholly owns seven Jersey Property Unit Trusts (JPUTs) namely Junction 27 Retail Unit Trust, Charles Darwin Retail Unit Trust, St Georges Leicester Unit Trust, Kew Retail Park Unit Trust, Pride Hill Retail Unit Trust, Riverside Mall Retail Unit Trust and Rotunda Kingston Property Unit Trust. The principal business of the Unit Trusts is that of investment in property.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's assets consist of direct investments in UK commercial property. Its principal risks are therefore related to the UK commercial property market in general, but also the particular circumstances of the properties in which it is invested and their tenants. Other risks faced by the Group include economic, strategic, regulatory, management and control, financial and operational. These risks, and the way in which they are mitigated and managed, are described in more detail under the heading Principal Risks and Uncertainties within the Report of the Directors in the Company's Annual Report for the year ended 31 December 2016. The Group's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Group's financial year.

No 1 TEMPLE QUAY
Bristol

STATEMENT OF DIRECTORS' RESPONSIBILITIES
in respect of the half yearly financial report to 30 June 2017

We confirm that to the best of our knowledge:

- The condensed set of half yearly financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", and give a true and fair view of the assets, liabilities, financial position and return of the Company.
- The half yearly Management Report includes a fair value review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

Andrew Wilson
Chairman
xx September 2017

CORPORATE INFORMATION

Directors (all non-executive)

Andrew Wilson
Chairman

Ken McCullagh
Chairman of Audit Committee
and Senior Independent Director

Michael Ayre
Chairman of the Property
Valuation Committee

Sandra Platts
Chairman of the Management
Engagement Committee

John Robertson
Chairman of the Risk Committee

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Registered Number

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Corporate P.R. Advisor

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Corporate Broker

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Depositary

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E14 5LB

Standard Life Investments Limited
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GLOSSARY

AIC	Association of Investment Companies. The trade body representing closed-ended investment companies.
Annual rental income	Cash rents passing at the Balance Sheet date.
Average debt maturity	The weighted average amount of time until the maturity of the Group's debt facilities.
Break option	A break option (alternatively called a 'break clause' or 'option to determine') is a clause in a lease which provides the landlord or tenant with a right to terminate the lease before its contractual expiry date, if certain criteria are met.
Contracted rent	The contracted gross rent receivable which becomes payable after all the occupier incentives in the letting have expired.
Covenant Strength	This refers to the quality of a tenant's financial status and its ability to perform the covenants in a Lease.
Dividend	A sum of money paid regularly by the company to its shareholders. The Company currently pays dividends to shareholders quarterly.
Dividend cover	The ratio of the company's net profit after tax (excluding capital items) to the dividends paid.
Dividend yield	Annual dividend expressed as a percentage of share price.
Earnings per share (EPS)	Profit for the period attributable to shareholders divided by the average number of shares in issue during the period.
EPRA	European Public Real Estate Association. The industry body representing listed companies in the real estate sector.
ERV	The estimated rental value of a property, provided by the property valuers.
Fair value	Fair value is defined by IFRS 13 as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'.
Fair value movement	Fair value movement is the accounting adjustment to change the book value of an asset or liability to its market value, and subsequent changes in market value.
Gross Gearing	Calculated as gross borrowings (excl swap valuation) divided by total assets less current liabilities (excl borrowings and swaps). SWAP valuations at fair value are not considered relevant in gearing calculations.
Group	UK Commercial Property Trust and its subsidiaries.
IFRS	International Financial Reporting Standards.
Index Linked	The practice of linking the review of a tenant's payments under a lease to a published index, most commonly the Retail Price Index (RPI) but also the Consumer Price Index (CPI).
IPD	Investment Property Databank. An independent organisation supplying an expansive range of regional and global indexes, research, performance modelling, data metrics and risk analytics across direct property, listed and unlisted vehicles, joint ventures, separate accounts and debt.
IPD Benchmark	The MSCI IPD Balanced Monthly and Quarterly Funds Benchmark
NAV	Net Asset Value is the equity attributable to shareholders calculated under IFRS.
NAV Total Return	The return to shareholders, expressed as a percentage of opening NAV, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in NAV. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs.
Net Gearing	Calculated as net borrowings (gross borrowings less cash excl swap valuation) divided by total assets less current liabilities (excl cash, borrowings and swaps). SWAP valuations at fair value are not considered relevant in gearing calculations.
Net initial yield (NIY)	The net initial yield of a property is the initial net income at the date of purchase, expressed as a percentage of the gross purchase price including the costs of purchase.
Over-rented	Space where the passing rent is above the ERV.
Passing Rent	The rent payable at a particular point in time.
Portfolio Fair Value	The market value of the company's property portfolio, which is based on the external valuation provided by CBRE Limited.
Portfolio Total Return	Combining the Portfolio Capital Return (the change in property value after taking account of property sales, purchases and capital expenditure in the period) and Portfolio Income Return (net property income after deducting direct property expenditure), assuming portfolio income is re-invested.
Portfolio Yield	Passing rent as a percentage of gross property value.
Premium / Discount to NAV	The difference between the share price and NAV per share, expressed as a percentage of NAV. Premium representing a higher share price compared to NAV per share, discount the opposite.
Rack-rented	Space where the passing rent is the same as the ERV.
REIT	A Real Estate Investment Trust (REIT) is a single company REIT or a group REIT that owns and manages property on behalf of shareholders. In the UK, a company or group of companies can apply for 'UK-REIT' status, which exempts the company from corporation tax on profits and gains from their UK qualifying property rental businesses.
Rent Free	A period within a lease (usually from the lease start date on new leases) where the tenant has been granted that they do not have to pay any rent.
Rent review	A rent review is a periodic review (usually five yearly) of rent during the term of a lease. The vast majority of rent review clauses require the assessment of the open market, or rack rental value, at the review date, in accordance with specified terms, but some are geared to other factors, such as the movement an Index.
Reversionary yield	Estimated rental value as a percentage of the gross property value.
RICS	The Royal Institution of Chartered Surveyors, the global professional body promoting and enforcing the highest international standards in the valuation, management and development of land, real estate, construction and infrastructure.
Share Price	The value of each of the company's shares at a point in time as quoted on the Main Market of the London Stock Exchange.
Share Price Total Return	The return to shareholders, expressed as a percentage of opening share price, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in share price. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs.
Void Rate	The quantum of rent relating to properties which are unlet and generating no rental income. Stated as a percentage of Estimated Rental Value.

Well positioned
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2017

UK
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