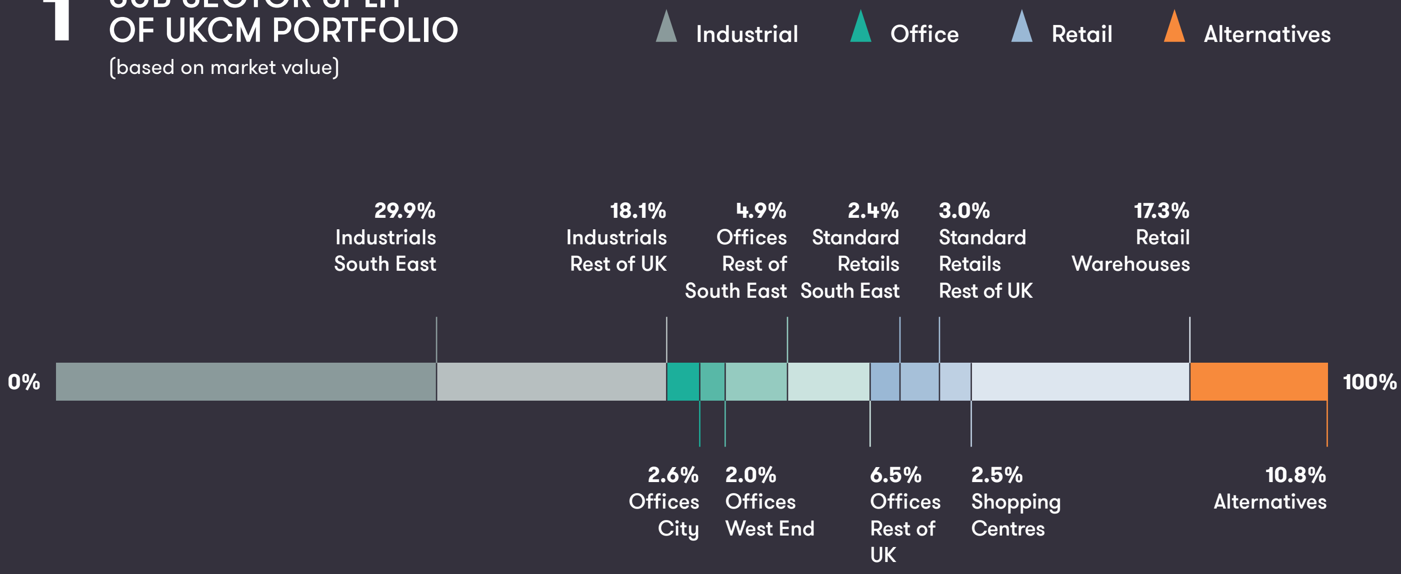
UK Commercial Property REIT

INTERIM REPORT & ACCOUNTS

for the half year ended 30 June 2019

UKCM PORTFOLIO IN NUMBERS
AS AT 30 JUNE 2019

1 SUB SECTOR SPLIT OF UKCM PORTFOLIO
(based on market value)



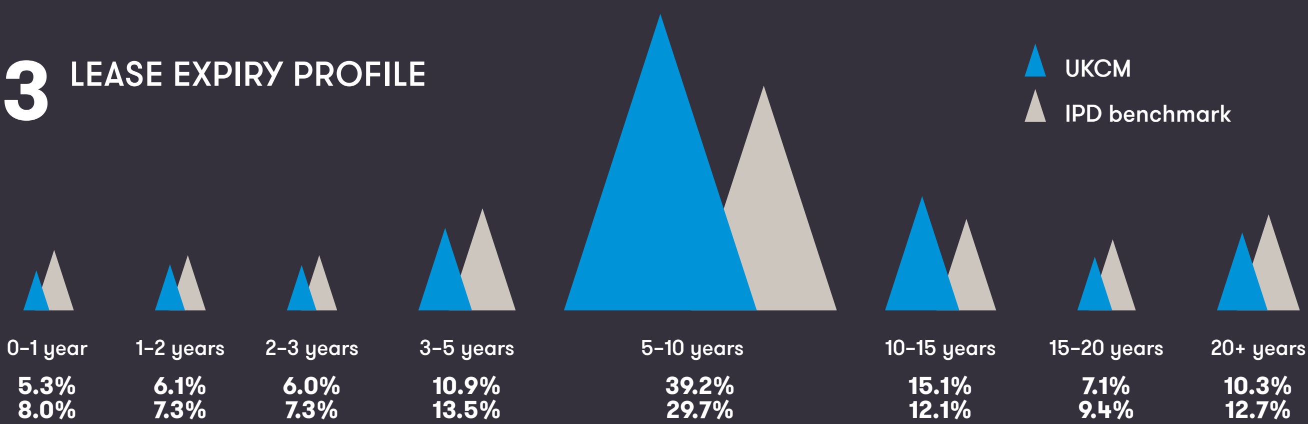
2 NUMBER OF PROPERTIES, TENANCIES AND AVERAGE PROPERTY VALUE

43
Properties

276
Tenancies

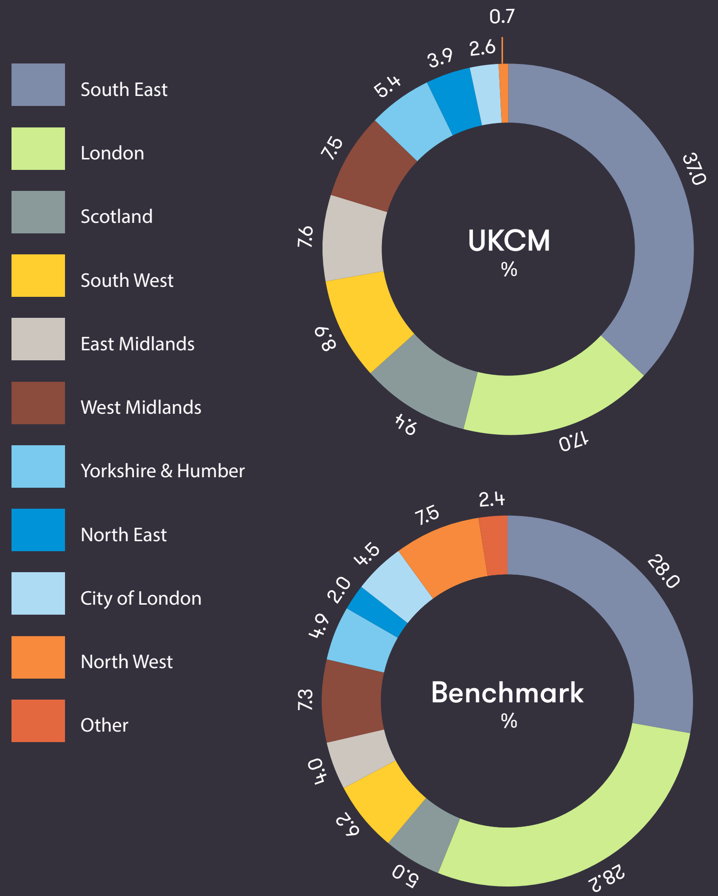
£33.9m
Average property value

3 LEASE EXPIRY PROFILE



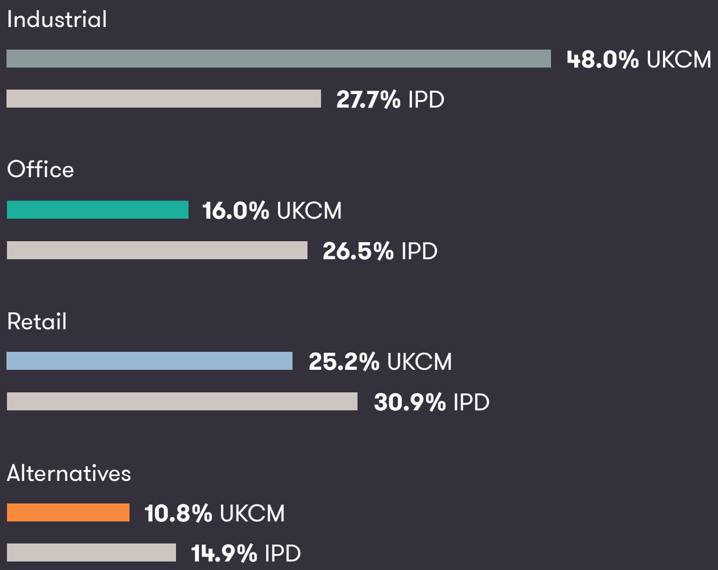
4 GEOGRAPHIC SPLIT vs IPD BENCHMARK

(based on market value)



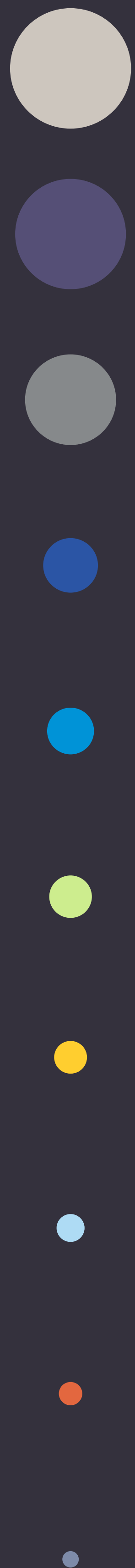
5 SECTOR SPLIT vs IPD BENCHMARK

(based on market value)



6 TOP 10 TENANTS BY PASSING RENT

32.4% of passing rent



#01
PUBLIC SECTOR
Office
5.3% of passing rent
IPD risk band: Negligible

#02
B&Q PLC
Retail Warehouse
5.2% of passing rent
IPD risk band: Negligible

#03
OCADO RETAIL LIMITED
Industrial
4.6% of passing rent
IPD risk band: Low

#04
DSG RETAIL LIMITED
Retail Warehouse
3.0% of passing rent
IPD risk band: Low

#05
ODEON CINEMAS LIMITED
Alternatives
2.8% of passing rent
IPD risk band: Negligible

#06
TOTAL E&P UK LIMITED
Industrial
2.8% of passing rent
IPD risk band: Negligible

#07
DALATA CARDIFF LIMITED
Industrial
2.4% of passing rent
IPD risk band: Low

#08
CINEWORLD ESTATES LIMITED
Alternatives
2.3% of passing rent
IPD risk band: Negligible

#09
PALLETFORCE LIMITED
Industrial
2.2% of passing rent
IPD risk band: Negligible

#10
TJX UK (TK MAXX)
Retail Warehouse/Industrial
1.8% of passing rent
IPD risk band: Negligible

CONTENTS

COMPANY SUMMARY
An overview

The Company

UK Commercial Property REIT Limited ("the Company" or "UKCM" – formerly known as UK Commercial Property Trust Limited) is an authorised closed ended, Guernsey registered investment company which was launched on 22 September 2006. On 1 July 2018 the Company became tax resident in the United Kingdom, entered the real estate investment trust ("REIT") regime and changed its name to UK Commercial Property REIT Limited (see below for further information on a REIT).

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 Company is the ultimate controlling party. Details of all subsidiaries are set out on page 33 of the report.

The Group invests in a diversified portfolio of predominantly prime, institutional quality properties across the industrial, office, retail and alternative sectors.

Through its Investment Manager, the Group also works closely with its tenants to understand their needs and actively implements asset management initiatives which will enhance the tenants' experience and add value to the portfolio.

REIT

A Real Estate Investment Trust (REIT) is a specialist and tax-efficient collective investment vehicle consisting primarily of properties with rental income. REITs are a well established and globally recognised structure for real estate investments. They provide investors with the opportunity to invest in a diverse portfolio of properties across different sectors for less capital and in a more liquid form compared to direct property investment.

The UK REIT tax regime was first introduced and approved by HMRC in 2007. A UK REIT is a UK listed company or group of companies, that own and manage a portfolio of properties to generate rental income and capital gains for its shareholders.
A UK REIT is exempt from UK corporation tax on its rental profits and capital gains derived from its UK property rental activities, providing certain qualifying conditions are met. A key requirement is to distribute a minimum of 90% of its net property rental income to investors within 12 months of each accounting period. These distributions are termed as "property income distributions" (PIDs) and can be supplemented by normal dividends. The effect of this tax treatment is to transfer the tax liability from the REIT to the shareholder, thereby removing the possibility of double taxation, and the end investor receives broadly the same tax treatment as if owning the properties directly.

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. The investment policy of the Company is set out on page 28 of the 2018 Annual Report.

Management

From 10 December 2018, Aberdeen Standard Fund Managers Limited became the Investment Manager of the Group, taking over from Standard Life (Corporate Funds) Limited.

Further details of the management contract are provided in note 4 to the Accounts in the 2018 Annual Report.

ISA Status

The Company's shares are eligible for ISA investment and are also included in the Aberdeen Standard Investments Trust Share Plan more details of which are provided on pages 36–37.

FINANCIAL HIGHLIGHTS
AS AT 30 JUNE 2019

1.9%

NAV TOTAL RETURN
Positive NAV total return in the six month period of 1.9% achieved with low relative gearing as property portfolio continued to outperform benchmark.

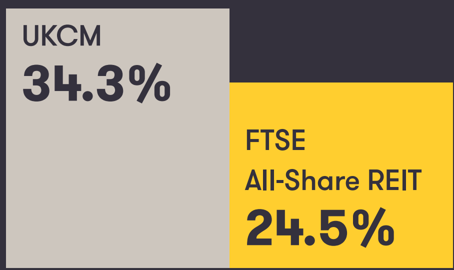
£50m

DEBT REFINANCING IN FEBRUARY 2019 ACHIEVED FOLLOWING:
Increased maturity profile of debt from 4.1 years to 8.5 years

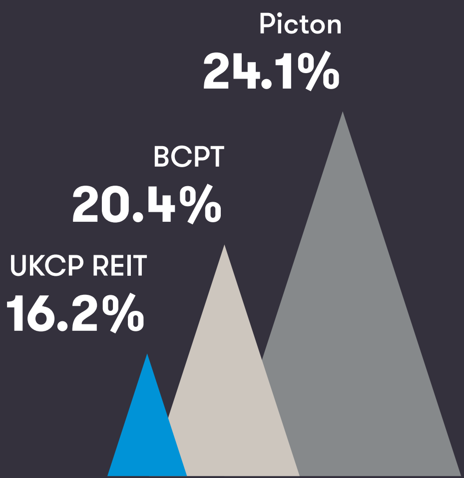
Increased flexibility of debt

Increased quantum of debt available by £50 million

Decreased cost from 2.89% to 2.78%



SHARE PRICE TOTAL RETURN
Share price total return over five years of 34.3% compared to FTSE All-Share REIT Index total return of 24.5% over the same period.



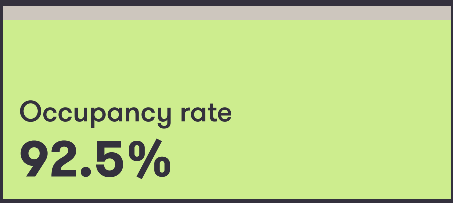
NET GEARING
Net Gearing of 16.2% remains one of the lowest in the REIT sector (Picton – 24.1%, BCPT – 20.4%)

£90m

AVAILABLE FOR INVESTMENT
Up to £90 million available for investment at 30 June 2019 being the unutilised portion of the Company's low cost, flexible, revolving credit facility.

EPRA EARNINGS PER SHARE
EPRA Earning per share of 1.70p equating to dividend cover of 92% for the six months. This represents a 19% increase in earnings compared to the same period last year as income accretive acquisitions and successful asset management boosted earnings.

PORTFOLIO HIGHLIGHTS



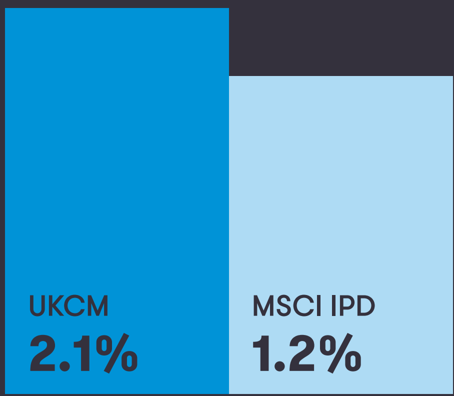
OCCUPANCY RATE

High occupancy rate of 92.5% with over half of remaining vacancy in well located industrial properties.

£1.46bn

PORTFOLIO TOTAL RETURN

Portfolio total return of 2.1% ahead of MSCI IPD benchmark total return of 1.2% as strategic overweight position in industrial sector (now 48% of portfolio by value) and successful asset management initiatives continued to drive performance.



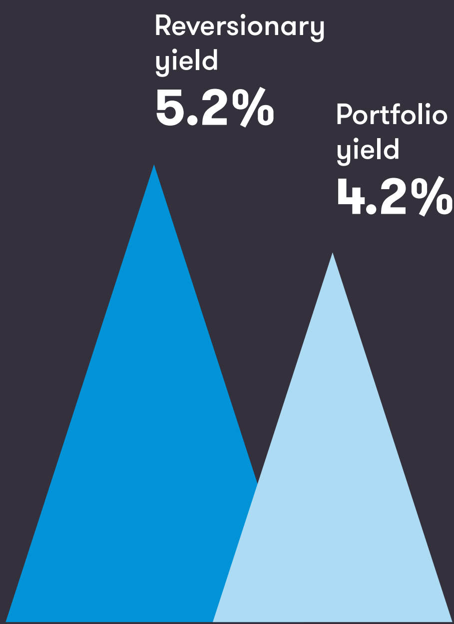
PORTFOLIO VALUE

Portfolio Value of £1.46 billion compared to £1.45 billion at 31 December 2018 with increase due to capital growth and continued investment in the portfolio.

£5.2m

ANNUALISED INCOME

£5.2 million of annualised income, after rent free periods, secured through a number of successful asset management initiatives that boosted earnings and captured longer term, secure income.



RENT COLLECTION

99% of rent collected within 21 days highlighting strength of underlying tenant base.

99%

PORTFOLIO YIELD

Net initial yield on portfolio of 4.2% with reversionary yield of 5.2% highlighting opportunity to grow earnings by capturing future reversion.

PERFORMANCE SUMMARY

CAPITAL VALUES AND GEARING	30 June 2019	31 December 2018	% Change
Total assets less current liabilities (excl bank loan & swap) £'000	1,468,879	1,462,982	0.4
Net asset value £'000	1,211,335	1,212,619	(0.1)
Net asset value per share (p)	93.2	93.3	(0.1)
Ordinary share price (p)	88.5	83.2	6.4
Discount to net asset value (%)	(5.0)	(10.8)	n/a
Gearing (%) — Net*	16.2	14.6	n/a
Gearing (%) — Gross**	17.7	17.1	n/a

TOTAL RETURN	6 month % return	1 year % return	3 year % return	5 year % return
NAV†	1.9	2.5	21.7	47.1
Share Price†	8.3	4.7	39.2	34.3
UKCM Property portfolio	2.1	3.3	23.3	50.1
MSCI IPD Balanced Monthly & Quarterly Funds Benchmark	1.2	3.9	20.5	51.3
FTSE All-Share Real Estate Investment Trusts Index	9.7	(5.2)	13.6	24.5
FTSE All-Share Index	13.0	0.6	29.5	35.8

EARNINGS AND DIVIDENDS	30 June 2019	30 June 2018
EPRA Earnings per share (p)	1.70	1.43
Dividends declared per ordinary share (p)	1.84	1.84
Dividend Yield (%)‡	4.2	4.2
IPD Benchmark Yield (%)	4.7	4.7
FTSE All-Share Real Estate Investment Trusts Index Yield (%)	4.5	3.9
FTSE All-Share Index Yield (%)	4.1	3.6

* Calculated as net borrowings (gross borrowings less cash) divided by total assets less cash and current liabilities. See glossary on page 40–41 for further details.
** Calculated as gross borrowings divided by total assets less current liabilities.
† Assumes re-investment of dividends excluding transaction costs.
‡ Based on an annual dividend of 3.68p and the share price at 30 June.

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

UKCM is strategically well-positioned both at a portfolio and corporate level. It has a reversionary portfolio, weighted towards outperforming sectors and a strong balance sheet, improved by a successful debt refinancing, with significant resources still available for investment.

Andrew Wilson
Chair

▲ 1.9%

NAV total return – Positive NAV total return driven by outperforming property portfolio

▲ 19%

increase in EPRA earnings compared to same period last year

▲ £90m

Up to £90 million available for investment as at 30 June 2019

The Company is financially strong with prudent, low cost, flexible gearing and significant financial resources available for future opportunities that can now be sourced from a wider pool of potential investments following the updating of the Company's investment strategy to include additional real estate sectors.

UKCM delivered double digit percentage growth in its EPRA earnings, assisted largely by the positive contribution from the high quality industrial portfolio acquired by the Company in December 2018.

PROPERTY PORTFOLIO

£1.46bn

In my final statement as your Chair I am pleased to report that UK Commercial Property REIT Limited ("UKCM") continues to make significant progress against a background of political and economic uncertainty. The Company delivered a NAV total return of 1.9% in the six months to June 2019. This performance was driven by a £1.46 billion property portfolio which continues to outperform its benchmark primarily as a result of its industrial weighting and following a number of successful asset management initiatives. UKCM also delivered double digit percentage growth in its EPRA earnings, assisted largely by the positive contribution from the high quality industrial portfolio acquired by the Company in December 2018. As referenced in its Annual Report, the Company also completed a successful debt refinancing in the first quarter of this year that increased the flexibility of the Company's overall debt profile. Finally, UKCM also received shareholder approval to expand its investment policy, providing flexibility to consider appropriate opportunities from a wider universe of alternative real estate sectors that have evolved and matured since the Company was formed.

Portfolio Performance & Activity

The property portfolio generated a total return of 2.1% in the six month period, well in excess of the 1.2% total return delivered by the Company's benchmark. This outperformance was driven by a 5.2% total return from the Company's industrial assets (benchmark return: 3.4%) which now represent 48% by value of the total portfolio. A major contributor to this return was the pre-letting of a 180,000 sq ft industrial unit in Wembley, North London to an international e-commerce provider. The lease is for 10 years and is index-linked. The letting secured long term income, increased capital value and removed a potentially significant void. The Company's office portfolio also outperformed. It generated a total return of 3.0% compared to the benchmark return of 2.1%, boosted by another successful asset management initiative at our holding in Hemel Hempstead. The Company was not immune to the ongoing travails of the retail market, with the use of company voluntary arrangements, the impact of online retail on high street performance and the increasingly negative sentiment to this sector regardless of individual property fundamentals. These factors contributed to a total return of -2.4% (benchmark: -2.2%). It should, however, be noted that the Company's retail portfolio is predominantly in well located, high demand areas demonstrated by a number of lettings undertaken in this sector over the period. Most notable was a new 20 year index-linked lease with Aldi, for a 27,000 sq ft unit at Great Lodge Retail Park, Tunbridge Wells, which was formerly sub-let by B&Q to Toys R Us. As well as securing longer term income from a high quality tenant and thereby increasing the capital value of this asset in the second quarter, UKCM also negotiated a substantial surrender premium from B&Q, further boosting earnings in the period.

Looking back on the Company's track record, it is pleasing to see that of the leases due for expiry in the 12 months to 30 June 2019, 81% of rental income was renewed with the existing tenants or let to new tenants thereby avoiding void periods.

At a time when investment activity in the market is muted, the key driver of performance will be through successful asset management initiatives. The examples above are a selection of those which demonstrate UKCM's ongoing ability to extract latent value from such initiatives across all sectors. Over half the Company's low 7.5% vacancy (as at 30 June 2019) is in well located industrial units that should provide opportunities to secure longer term rental income.

Corporate Performance

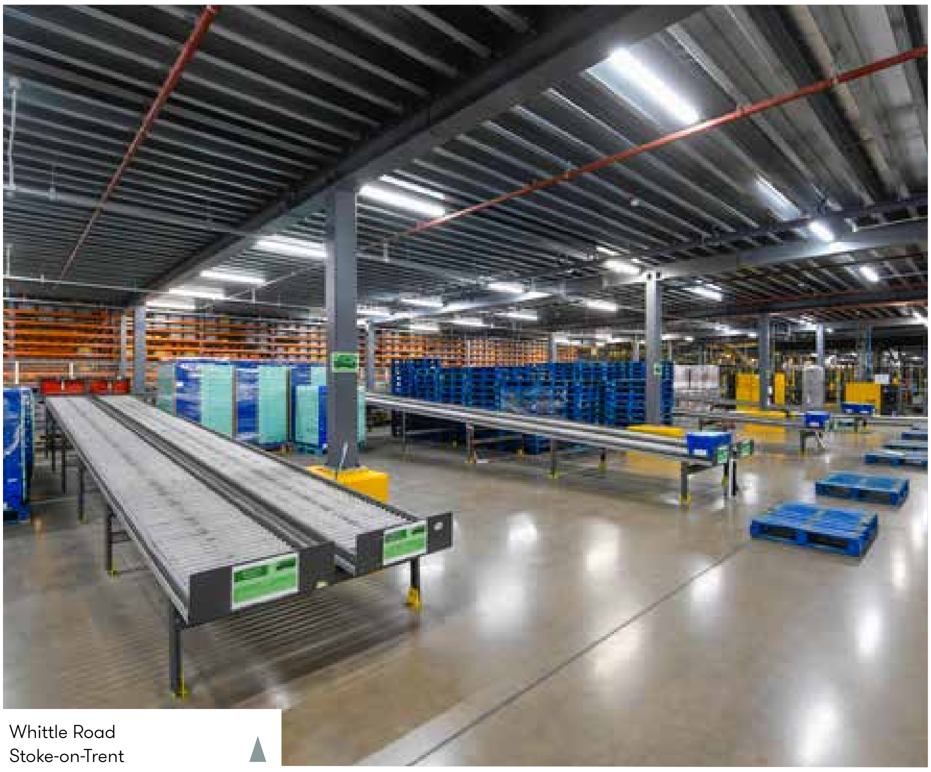
The 1.9% NAV total return is a solid return in an environment where there has been a decline in capital values for some assets and demonstrates the relative benefit of UKCM's low gearing compared to other more highly leveraged vehicles. The share price total return for the period was 8.3%, as the discount at which the Company's shares trade versus their net asset value narrowed from 10.8% at the end of December 2018 to 5.0% at 30 June 2019.

Over a five year term, the Company has performed well with a NAV total return of 47.1% and share price total return of 34.3%, both ahead of the FTSE All-Share REIT index of 24.5%. In addition, UKCM's returns are ahead of the Investment Association Open Ended Funds UK Direct Property sector return of 29.6% over the same period.

Financial Resources

UKCM continues to be in a strong financial position with a NAV of over £1.1 billion and contracted annual rent of £71.3 million. This position has been further enhanced by the debt refinancing completed in February 2019 which achieved the following:

- Increased the maturity profile of the Company's debt from 4.5 years to 8.1 years at end of June 2019;
- Increased flexibility of debt with 43% of the Company's total debt facilities (£150 million) now in the form of a variable rate revolving credit facility ("RCF");
- Increased resources available by securing additional debt of £50 million;
- Decreased the cost of the Company's drawn debt from 2.89% to 2.78% as at 30 June.



Whittle Road
Stoke-on-Trent

The Company currently has net gearing of 16.2% (gross gearing 17.7%) and remains one of the lowest geared companies in the REIT sector, which should position the Company well in the current property cycle. In addition, UKCM still has up to £90 million of low cost, flexible firepower being the undrawn element of the RCF, which can be used to take advantage of opportunities both at a portfolio and corporate level should they arise.

Earnings & Dividends

EPRA earnings per share grew by 19% to 1.70p for the six months compared to the same period last year. This was boosted by the £85.4 million Midlands industrial portfolio acquisition in December 2018 and the various earnings-accretive asset management initiatives successfully undertaken. This equates to dividend cover of 92% for the six months compared to 82% for the whole of 2018. As I highlighted in the 2018 annual report, one of the key objectives of the Board is to create sustainable earnings growth and it is pleasing to see this metric on an upward trajectory. While there will inevitably be fluctuations in earnings due to portfolio investment activity, the Company's proven track record through its asset management activities, financial resources and reversionary portfolio should combine to ensure continued earnings momentum in the medium term. It is also fortunate in having a committed manager in Aberdeen Standard Investments focussed on delivering performance for UKCM.

The Company paid and declared dividends totalling 1.84p per share in the six month period to 30 June 2019. This equates to an annual dividend yield of 4.2% based on the period end share price of 88.5p. In the current economic and political environment, this represents an attractive income yield, underpinned by a prime portfolio and a strong tenant base that pays 99% of its rent within 21 days. Also worthy of note is that 18% of rents are now fixed or inflation-linked, a figure which should grow once our new lettings referred to earlier come on-stream.

81/85 George Street
Edinburgh

Centrum 260
Burton upon Trent

Outlook

The UK economy continues to stagnate as Brexit uncertainty holds back corporate investment, thereby negatively impacting GDP growth. Our investment manager is forecasting GDP growth of 1.4% in both 2019 and 2020 in its base case, although it should be highlighted downside risks exist and leading indicators have weakened in recent months.

Given the macroeconomic environment, the UK commercial property market is holding up well with positive total returns still forecast. While investment volumes are considerably down compared to previous years, occupancy is generally high, apart from the much-publicised problems in the retail sector. Conversely, the industrial sector benefits from this trend as retailers move more of their business online, increasing the need for storage and distribution space. The property market continues to be underpinned by strong fundamentals: relatively high yields compared to other asset classes, limited development, high occupancy rates and, in most cases, controlled leverage.

The Board and I believe that against such a backdrop, UKCM is strategically well-positioned both at a portfolio and corporate level. The Company has a prime portfolio that is diversified by both sector and geography, but importantly is overweight in the industrial sector, which is anticipated to be the strongest driver of returns over the next three years. In addition, the portfolio is underweight to the retail sector, which it is anticipated will continue to have challenges. In terms of occupancy levels, UKCM has a proven track record of delivering successful asset management initiatives. Coupled with the fact that over half of the Company's vacancies are in the industrial sector, this represents an opportunity to increase earnings in a portfolio that is reversionary in nature.

From a corporate perspective, the Company is financially strong with prudent, low cost, flexible gearing and significant financial resources available for future opportunities that can now be sourced from a wider pool of potential investments following the updating of the Company's investment strategy to include additional real estate sectors. In addition, the Company's earnings are also on an upward trajectory over the medium term as cash has been invested in assets that should generate long term, secure income. This is crucial given that sustainable income will be the main component of returns in the current phase of the property cycle.

I believe that UKCM, which continues to be one of the largest diversified REITs in the UK, is delivering on its strategy and should continue to do so with a Board of Directors and an Investment Manager who are committed to maximising shareholder value.

I would also like to take this opportunity to thank all our shareholders, advisors, other stakeholders and my fellow Directors for all their invaluable support during my tenure at UK Commercial Property REIT since its formation in 2006. As I prepare to step down, I firmly believe your Company is well placed for the future and in very capable hands.

Andrew Wilson
Chair
18 September 2019

The Company's earnings are also on an upward trajectory over the medium term as cash has been invested in assets that should generate long term, secure income. This is crucial given that sustainable income will be the main component of returns in the current phase of the property cycle.

INVESTMENT MANAGER REVIEW

For the half year ended 30 June 2019

Will Fulton
Fund Manager

INDUSTRIAL PRE-LET

£2.7m

A new pre-letting of UKCM's distribution warehouse at Neasden will secure £2.7 million per annum in rental income.

27%

Representing an approximate increase from the rent payable up to March 2018.

Market Commentary

Although UK GDP recorded robust growth in Q1, inventory building was key to this, as companies stockpiled resources ahead of the anticipated disruption to supply chains caused by a potential "cliff edge" withdrawal from the EU at the end of March. The eventual six-month extension to the Article 50 process averted this, but UK GDP was estimated to have fallen by -0.2% in Q2, amid the unwinding of stockpiling activity. As long as questions remain around the Brexit process, we expect business investment to remain subdued.

In spite of a relatively tight labour market, accommodative monetary policy and high corporate profit margins, inflation remains stubbornly low. Although the Bank of England has given hawkish signals, we expect interest rates to remain lower for longer if they are to support the backdrop of decelerating growth, particularly until greater clarity on the UK's future relationship with the EU emerges. Indeed, we have taken very modest tightening cycles in the UK and the Eurozone out of our forecasts entirely, with the US Federal Reserve expected to cut interest rates twice this year and monetary policy easing also expected in most major economies. Low inflation globally, slowing growth and trade war uncertainty, on top of those more UK-specific risks, are pointing towards a longer period of ultra-low interest rates.

Commercial Property

According to MSCI IPD*, UK real estate continued to deliver a positive total return of 1.2% for the first six months of 2019. While retail returns have been negative as expected, and have borne the brunt of the capital decline, growth in the industrial sector has moderated after a period of record capital value gains but remains positive, resulting in a 3.4% total return within MSCI IPD's index over the six month period.

The second quarter has seen a fall in transaction activity to levels last seen in 2012. Overseas investors have been net sellers of the UK office market with Chinese capital controls now appearing to have a significant effect on global real estate markets. Although New York has perhaps borne the brunt of Chinese disinvestment, London is not immune, and there are indications that other global investors are displaying more caution towards London too, which could see London office pricing soften in the second half of the year.

The White Building, Reading

Despite this, take-up in the office sector remains robust and central London take-up has recovered, following a muted period around the EU referendum, and is now back close to the high watermark set in 2015. However this is largely driven by flexible office providers; traditional take-up has been broadly flat-lining since early 2016. The now roughly 20% of take-up accounted for by flexible office providers does not actually absorb supply, as it must all be re-let into the market and, importantly, at higher densities of occupation.

Regionally, office headline rents are steadily rising in the big six office markets, boosted by the trend towards consolidation among some of the largest corporate occupiers, as well as the public sector's shift towards large regional hubs. Vacancy rates have been steadily falling in these markets since 2017, with high net absorption pushing rents on and virtually no new construction in the last two years. While supply has tightened, the economic backdrop is expected to negatively affect demand going forward and, therefore, rents. A similar dynamic has been playing out in office markets in the South East, although vacancy has not fallen as dramatically – indeed, demand has gravitated towards those sub-markets with critical mass and good infrastructure, such as Reading.

The retail sector has a very shallow pool of buyers tending to be opportunistic in nature with a large amount of stock being quietly marketed. The lack of demand in the occupier market and uncertainty about where rental values will settle mean investors are, in many retail sub-sectors, demanding discounts to valuation. The share price discount to net asset value for listed stocks with a high retail weighting provides an indication of sentiment towards this sector which is catch all in nature and often ignores the underlying fundamentals of individual assets.

Furthermore, a wave of company voluntary arrangements (CVAs) in retail has put negative pressure on rental values in the sector, and on risk premia requirements, and so also on certain valuations.

Industrial demand, however, remains especially high in London and the South East, while logistics has had another strong start to the year with a number of significant lettings of speculatively developed space in core markets.

SECTOR SPLIT

Industrial
48.0%

Office
16.0%

Retail
25.2%

Alternatives
10.8%

Hartshead House
Sheffield

* MSCI IPD Balanced Monthly & Quarterly Funds, UKCM benchmark

Portfolio Performance

It is pleasing to report outperformance for the first half, with a total return from the Company's property portfolio of 2.1% versus 1.2% for its MSCI IPD benchmark. The table below breaks down this return by sector for the six month period to 30 June 2019; all valuations are undertaken by the Company's external valuer, CBRE Ltd.

	Exposure		Total Return		Income Return		Capital Growth	
			UKCM %	Benchmark %	UKCM %	Benchmark %	UKCM %	Benchmark %
Office	16%	£234m	3.0	2.1	2.1	2.0	0.8	0.1
Industrials	48%	£701m	5.2	3.4	1.5	2.1	3.7	1.3
Retail	25%	£366m	-2.4	-2.2	3.0	2.7	-5.2	-4.7
Alternatives	11%	£158m	-1.3	2.7	2.5	2.2	-3.8	0.5
TOTAL	**100%**	**£1,459m**	**2.1**	**1.2**	**2.1**	**2.3**	**0.0**	**-1.1**

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

Roca, Interlink Park, Leicestershire

The main drivers of outperformance arose from a strategic overweight position to the industrial (including logistics distribution) sector which, from summer 2017, became the Company's largest sector exposure; the Company benefited from both the scale of its weighting in this sector and the relative outperformance of its industrial assets. Meanwhile the Company's retail and alternative* exposure acted as a brake on outperformance with the alternatives portfolio, historically weighted to leisure with an element of ex-growth rent (over-renting), posting negative capital growth. A similar result arose in retail where, despite the Company's largest exposure to out of town retail warehouses outperforming its benchmark peer assets, it posted a relative decline when adding returns from the single shopping centre asset and south east shops.

The Company's income profile continues to provide a stable and reliable element of the portfolio return, delivering 2.1% for the six month period against relatively constant portfolio occupancy over the period of 92%; positively over half of the remaining vacancy rests in well located industrial assets.

Industrial

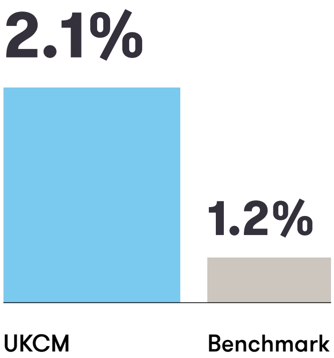
Of particular note, and turbo-charging the period's industrial performance, was the Company's new pre-letting of its distribution warehouse at Neasden, Wembley, to an international company for ten years. This will secure £2.7 million per annum in rental income, after completion of landlords' works expected in the last quarter of this year, representing an approximate 30% increase from the rent payable up to March 2018 (after which the previous tenant was granted a temporary lease extension at a higher rent, £2.35 million per annum). This investment delivered a total return of 27% over the first six months of the year and was the best performing asset within the Company's ownership for the period.

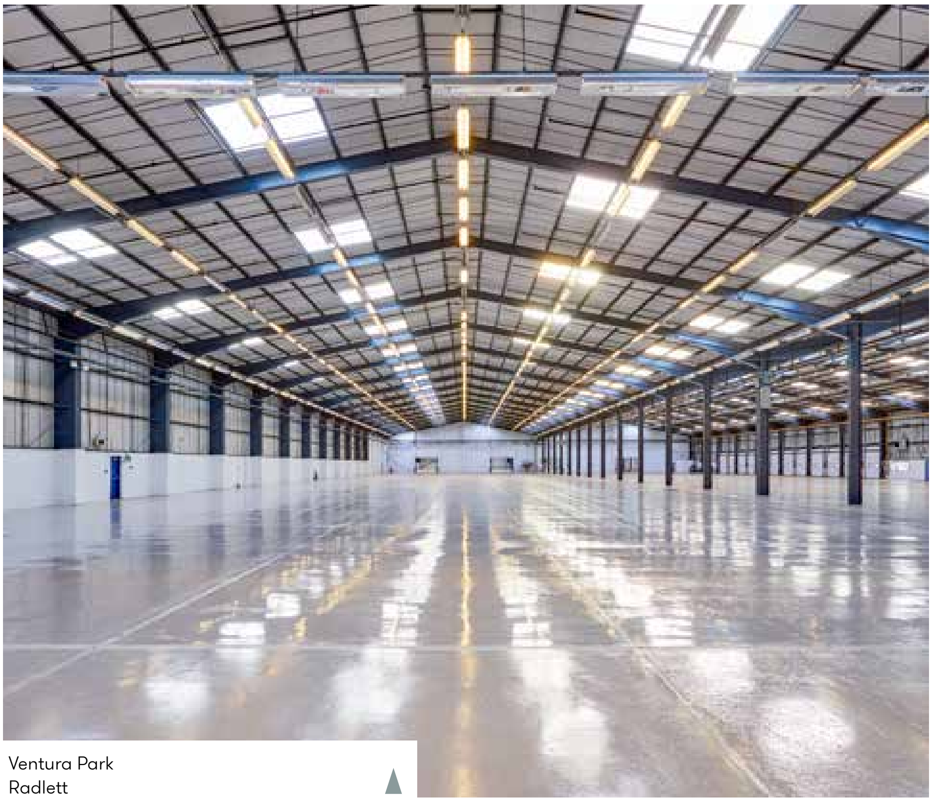
As anticipated the Company's industrial portfolio delivered the strongest performance during the period where active management accelerated total returns to 5.2% against 3.4% for the benchmark. This performance was achieved despite this portfolio holding the Company's largest vacancy, XDock 377 logistics warehouse located at Magna Park, Lutterworth, one of the UK's premier national distribution spots. Reinvigorated to a high specification in February 2019, the warehouse accounts for 40% of the Company's total 7.5% vacancy measured by rental value. Interest from occupiers has been good and leasing remains a case of matching the warehouse to a particular requirement.

* The term commercial property generally refers to buildings or land intended to generate a profit, either from capital gain or rental income; over recent years the sectors understood to fall within this definition have broadened to include additional sectors such as healthcare, student housing, hotels, car parks, pubs, petroleum and automotive, and the commercially-managed private residential rental sector, amongst others. Over the last five years these additional sectors have come to be regarded as mainstream and are commonly referred to in the property industry as "alternative sectors".

The Company's portfolio has a strategic mix of 'south-east / regional' and 'urban / non-urban' strategic distribution in ratios of approximately 60:40 and 55:45 respectively; this balance of higher yielding 'regional/non-urban' and stronger growth 'south-east/urban', combined with opportunities for active asset management as demonstrated later, continues to position the Company well.

PORTFOLIO TOTAL RETURN





Ventura Park
Radlett

Office

The Company's office portfolio also out-performed its benchmark, recording a total return of 3.0% v 2.1%; in fact all office sub-sectors within the portfolio out-performed, with the one exception of the Company's last, low yielding London West End asset. Question marks over the prospects of the central London office market, as a result of political uncertainty and the large amount of space leased by WeWork (who by the nature of their business are a somewhat artificial tenant requiring 'real' occupiers to fill their space thus muddying potential vacancy rates), has led to the Company's strategically underweight position in central London offices. It has only one investment in each of the West End and City markets accounting for a combined 5% of its total portfolio, both are fully let. Vacancy in the office portfolio sits at a relatively modest 7% and is focused in Birmingham and Reading, both locations experiencing significant infrastructure and public realm improvement with a subsequent rise in tenant demand.

Retail

Despite delivering the highest income return for the Company, 3.0% for the six month period versus the benchmark's 2.7%, retail produced the weakest total return of the four principal commercial property sectors, broadly in line with the benchmark, recording -2.4% versus -2.2% respectively. When analysing attribution, two of the Company's assets were the principal culprits for this performance. The Company's one remaining shopping centre investment in Swindon, where an asset management plan has been completed to improve the attractiveness and liquidity of the asset. The other is one of the Company's larger retail parks, Junction 27, Leeds, which, despite being adjacent to the draw of a large and successful regional Ikea store and being fully let, experienced a sentiment driven decline in rental value and softening yield.

Following a number of retail asset sales in recent years, the Company continues to have a strategically underweight position to the retail sector which represents 25% of its portfolio.

Alternatives

Within the alternatives sector, two leisure assets offset some of the strong industrial performance over the period. While still producing good income at 2.5% for the first six months (benchmark 2.2%) the assets, in Kingston upon Thames and Swindon, came under pressure from a combination of some over-renting, a number of restaurant CVAs and a resultant softening of yield. Overall performance was lacklustre at -1.3% v 2.7% for the benchmark. In isolation, the Company's newer hotel investment in Newcastle upon Tyne saw both good capital and income returns.

Investment Activity

While the Company continues to look for suitable investment opportunities, it remains prudent in its approach and no purchases or disposals were undertaken in the period.

Successful debt refinancing further strengthens balance sheet

As the Chair has noted, the Company successfully restructured its debt facilities in February 2019 providing shareholders with greater 'firepower', flexibility, weighted maturity profile, and all at a lower cost whilst retaining one of the lowest gearing ratios in the Company's peer group and the quoted REIT sector.

Asset management and leasing momentum underpinning performance

During the first half of the year the Company continued its drive to strengthen income streams, extend lease lengths and add value to the portfolio. A total of £5.2 million of annual income was secured after rent free periods and incentives from eighteen new leases and nine lease renewals/rent reviews. The Company's portfolio now has 18% of its rent secured from leases with either inflation linked or fixed uplifts in rent.

Furthermore, it was pleasing to see that all open market rent reviews agreed during the period, with one exception, saw increases and settlements ahead of rental value.

Overall, occupancy of the portfolio remained relatively constant at 92% as at 30 June 2019, with over half the remaining vacancy in well located industrial assets with good prospects to increase occupancy.

Asset management highlights within the period included;

Pre-letting the entire 180,000 sq ft Wembley logistics distribution centre at Hannah Close, Neasden, ahead of the previous tenant, Marks & Spencer, moving out at the end of March 2019. The Company exchanged contracts for a new 10 year index-linked lease with an international business at a rent of £2.7 million per annum capturing and exceeding the property's reversionary rental value. The new occupier is expected to take occupation in October 2019 following a comprehensive refurbishment by the Company, with work well underway on site.

After landlord works, completion of leases at St George's Retail Park, Leicester, to Home Bargains securing £200,000 per annum under a new 15 year lease where they replaced Wickes on lease expiry, and four new 10 year leases to Wren Living, Tapi Carpets, Costa Coffee & Laura Ashley, generating £658,000 per annum after lease incentives. The new terrace and Costa 'pod' unit, together with reconfiguration of the park's entrance to improve accessibility, greatly enhances shoppers' experience.

TJX
Newcastle-under-Lyme

Hannah Close
Neasden, Wembley

St George's Retail Park
Leicester

The Glee Club, Cineworld Glasgow


81/85 George Street, Edinburgh

81/85 George Street, Edinburgh, is now 100% occupied. This followed the letting of the third floor office suite on a 10 year lease, with a break option at year five, to a global information technology company at a rent of £304,399 per annum, in line with estimated rental value.

Reletting of an ex-Carpetright unit at Junction 27 Retail Park, Leeds, a prime retail destination adjacent to a large Ikea store, to Natuzzi for a 10 year term at a rent of £225,450 per annum in line with both ERV and the previous tenant's rent.

Cineworld, Glasgow – Comic Enterprises, trading as The Glee Club, signed a new 15 year lease at a rent of £100,000 per annum, completing the asset management plan for this asset which is now 100% let on indexed leases with an average weighted lease length of over 30 years to earliest termination.

At the logistics Cargo Centre, Newton's Court, Dartford a lease renewal completed with Veerstyle Limited which has entered into a new unbroken 10 year lease at a rent of £575,237 per annum. This represents a 31% increase over the previous rent passing of £440,000 per annum and in line with the ERV for the unit.


Newton's Court
Dartford

Junction 27 Retail Park
Leeds

A new letting to Aldi took place on Great Lodge Retail Park, Tunbridge Wells, which took occupation of a 27,000 sq ft unit that was formerly occupied by Toys R Us under a sublease from B&Q. The Company negotiated a partial surrender of the space from B&Q, obtaining a substantial surrender premium in doing so, and simultaneously let the space to Aldi on a new 20 year lease, with a rent of £500,000 per annum after lease incentives, and incorporating five yearly rent reviews geared to RPI indexation with a collar and cap of 1% and 3% compounded annually. In contrast to the general retail warehouse market it was pleasing to see a capital value increase at this property as a result.

On the multi let M8 Interlink Estate, Glasgow, SPL Powerlines took occupation of No. 7 Kirkshaws Road on a new 10 year lease with a tenant only break option in year 5 at a rent of £88,416 per annum in line with ERV.

An important lease renewal took place with Hertfordshire County Council at the Apsley One office in Hemel Hempstead, where a new 10 year reversionary lease was entered into at an improved level of rent of £825,000 per annum. This showed an uplift of 36% from the previous rent of £607,068 per annum, 19% ahead of rental value. Liquidity of this asset is considerably improved as a result.

At the Company's multi let industrial estate in Sunbury a rent review was settled with Trans Global Freight Management Ltd. This was secured at a new annual rent of £704,000 per annum, 16% ahead of ERV at the review date, and an uplift of £192,150 per annum on the previous passing rent.

Great Lodge Retail Park
Tunbridge Wells

M8 Interlink, Glasgow

Rent Collection, Voids and Leasing Tone

Tenant covenants are monitored on a quarterly basis. The Company collected rent efficiently with the last 12 months' statistics showing 99% of rent was collected within 21 days of the due date, indicative of the quality of the Company's tenant profile.

Environmental Social Governance (ESG)

The Company was proud to receive the GRESB European Sector Leader award in 2018 following a 9% annual improvement in its ESG KPIs and an EPRA Gold Award for improved reporting. Highlights included a 12% reduction in greenhouse gas emissions intensity and a 99% diversion of waste away from landfill. The Company is undertaking an ongoing feasibility into the use of Solar Photovoltaic Cells on the roofs of various industrial and retail properties and investigating the potential for biodiversity projects.

Investment Outlook

The UK economy continues to be affected by political and macroeconomic uncertainty which looks likely to persist in the near term, holding back growth. We have revised our GDP growth expectations downwards to 1.4% in both 2019 and 2020 in its base case, although downside risks exist and leading indicators have weakened in recent months.

Occupier markets are, overall, holding up relatively well with office demand being supported by the rapid expansion of flexible office providers and, in the regions, by corporate and public sector consolidation. The polarisation of retail is an ongoing trend and weaker locations are under increasing pressure, however, the twin engines of urbanisation and the rise of e-commerce continue to propel the industrial sector.

Whilst the investment market has slowed this year, and with political uncertainty causing many to adopt a cautious approach to investment, there remains considerable capital with potential for deployment attracted to UK real estate's income yield and, retail sector aside, good occupational fundamentals.

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.

Whilst we have had major successes in extending leases, removing risk, and reletting space our occupancy has remained similar over the last six months and our portfolio focus remains firmly on further increasing occupancy and generating income.

Having undertaken a number of portfolio transactions in 2018, and after refinancing and rearranging its debt, we have access to cash of £90 million from the Company's revolving credit facility for new investment, after allowing for dividend and existing capital expenditure commitments.

Repositioning undertaken from 2015 has intentionally led to a strategic overweight position in the industrial/logistics sector, the Company's largest exposure, which has outperformed through a mix of picking well located assets and successful asset management initiatives. Whilst the Company has successfully been reducing its retail exposure since 2015 we will continue to consider opportunities to make further disposals in the right circumstances. There is a delicate balance between declining value risk and what is becoming a better yielding sector – it is important to understand on an asset by asset basis the accurate rental value trajectory and have an appreciation of any 'bonus' value from a potential underlying use.

When looking to deploy cash resources we continue our focus on sustainable income streams that would be accretive to recurring dividend cover. We will consider funding the construction of 'pre-let' development property, where planning and leasing risk has been removed and we may benefit from an edge on pricing through our experience operating in this field. With the advantage of an enhanced investment policy allowing us to invest in the growing alternatives sector, we actively monitor opportunities for investments we believe will produce sustainable income and exhibit growth potential within the better yielding sub-sectors, and not necessarily through long leases. We are also increasingly alert to exploring opportunistic pricing through potential vendor distress in assets situated in vibrant economies with strong demographics; with political uncertainty seemingly nearing a crescendo as the path to Brexit evolves, we believe interesting opportunities may be available if, for example, owners require to increase liquidity quickly.

The Company is in good shape with, we believe, a sustainable income stream and potential to grow earnings, a good portfolio allocation weighted towards urban and regional industrial distribution with flexibility to expand into the growing alternatives sector, low gearing and a strong balance sheet with capital available to deploy.

Will Fulton
Fund Manager
18 September 2019

Dolphin Industrial Estate
Sunbury-on-Thames

THE WHITE BUILDING
Reading

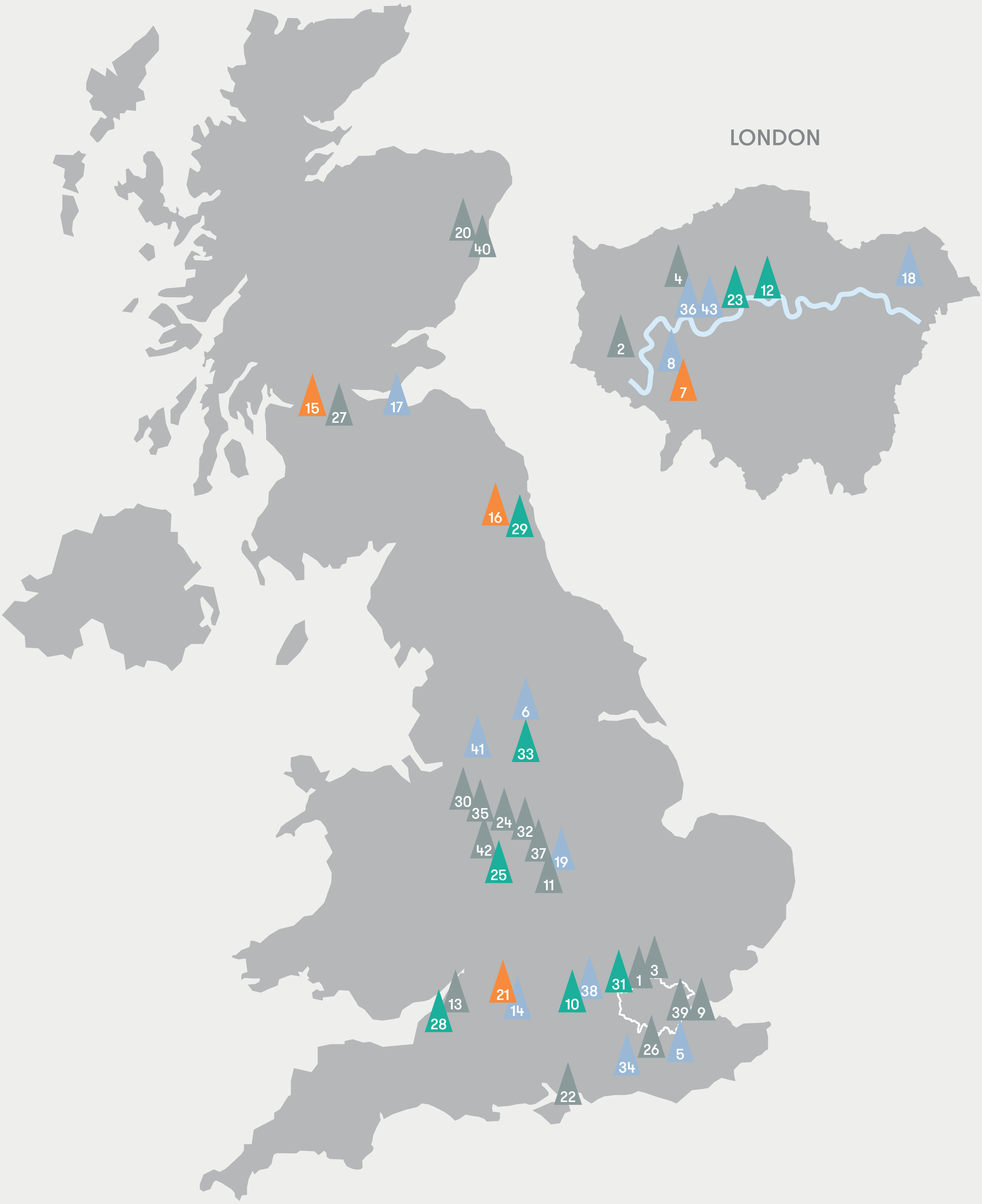
Property Portfolio

by location

UK Commercial Property REIT

PROPERTY PORTFOLIO

As at 30 June 2019



PROPERTY		Tenure	Sector	Principal Tenant	Value Range
1	Ventura Park, Radlett	Freehold	Industrial	Warner Bros. Studios Leavesden Ltd	Over £50m (representing 37% of the portfolio capital value)
2	Dolphin Estate, Sunbury-on-Thames	Freehold	Industrial	Trans Global Freight Management Ltd	
3	Ocado Distribution Unit, Hatfield Business Area, Hatfield	Freehold	Industrial	Ocado Ltd	
4	Hannah Close, Neasden, Wembley	Leasehold	Industrial	Pre-let to an international business*	
5	Great Lodge Retail Park, Tunbridge Wells	Freehold	Retail Warehouse	B&Q Plc	
6	Junction 27 Retail Park, Birstall, Leeds	Freehold	Retail Warehouse	DSG Retail Ltd	
7	The Rotunda, Kingston upon Thames	Freehold	Alternatives	Odeon Cinemas Ltd	
8	Kew Retail Park, Richmond	Freehold	Retail Warehouse	TK Maxx Ltd	
9	Newton's Court, Dartford	Freehold	Industrial	Compagnie Fruitiere UK Limited	£30m – £50m (representing 35% of the portfolio capital value)
10	The White Building, Reading	Freehold	Office	Workday (UK) Ltd	
11	XDock 377, Magna Park, Lutterworth	Leasehold	Industrial	Vacant	
12	Eldon House, City of London EC2	Freehold	Office	Stace LLP	
13	Emerald Park East, Emersons Green, Bristol	Freehold	Industrial	Knorr-Bremse Systems Ltd	
14	The Parade, Swindon	Freehold	Shopping Centre	Wilko Retail Ltd	
15	Cineworld Complex, Glasgow	Freehold	Alternatives	Cineworld	
16	Maldron Hotel, Newcastle	Leasehold	Alternatives	Dalata Group plc	
17	81/85 George Street, Edinburgh	Freehold	High St, Retail	Clydesdale Bank plc	
18	B&Q, Roneo Corner, Romford	Freehold	Retail Warehouse	B&Q Plc	
19	St Georges Retail Park, Leicester	Freehold	Retail Warehouse	DSG Retail Ltd	
20	Total, Aberdeen Gateway, Aberdeen	Freehold	Industrial	Total E&P UK Ltd	
21	Regent Circus, Swindon	Freehold	Alternatives	WM Morrison Supermarkets Plc	
22	Motor Park, Eastern Road, Portsmouth	Freehold	Industrial	Pentagon Ltd	
23	Craven House, Fouberts Place, London W1	Freehold	Office	Molinaire Ltd	£20m-£29.9m (representing 19% of the portfolio capital value)
24	Centrum 260, Burton on Trent	Freehold	Industrial	Palletforce plc	
25	Colmore Court, 9 Colmore Row, Birmingham	Leasehold	Office	Brewin Dolphin Limited	
26	Gatwick Gate Industrial Estate, Crawley	Freehold	Industrial	Airbase Interiors Ltd	
27	M8 Interlink, Glasgow	Freehold	Industrial	Boots UK Ltd	
28	No 2 Temple Quay, Bristol	Freehold	Office	Public Sector	
29	Central Square Offices, Forth Street, Newcastle Upon Tyne	Freehold	Office	Ove Arup & Partners	
30	Dalewood Road, Newcastle-Under-Lyme	Freehold	Industrial	TK Maxx Ltd	
31	Network House & Meadowside House, Hemel Hempstead	Freehold	Office	Public Sector	
32	Tetron Point, Swadlincote	Freehold	Industrial	Clipper Logistics Plc	
33	Hartshead House, Sheffield	Freehold	Office	Capita Business Services Ltd	
34	Broadbridge Retail Park, Horsham	Mixed	Retail Warehouse	HHGL Ltd	Below £20m (representing 9% of the portfolio)
35	Whittle Road, Stoke-on-Trent	Freehold	Industrial	Bestway Pharmacy NDC Limited	
36	140/144 King's Road, London SW3	Freehold	High St, Retail	French Connection UK Ltd	
37	Interlink Way West, Bardon	Freehold	Industrial	Roca Ltd	
38	14–22 West Street, Marlow	Freehold	High St, Retail	Sainsbury's Supermarket Ltd	
39	Crossways Cargo Depot, Dartford	Freehold	Industrial	Veerstyle Ltd	
40	Tetra, Aberdeen Gateway, Aberdeen	Freehold	Industrial	Tetra Technologies UK Ltd	
41	52/56 Market Street, Manchester	Freehold	High St, Retail	Adidas (UK) Ltd	
42	Watling Street, Cannock	Freehold	Industrial	Rhenus Logistics Limited	
43	146 King's Road, London SW3	Freehold	High St, Retail	Telefonica O2 UK Ltd	

Overall number of properties	43
Total number of tenancies	276
Total average property value	£34m
Total floor area	6,743,802 sq ft
Freehold/Leasehold (leases over 100 years)	89%/11%

Key: Industrial Office Retail Alternatives

*Specific name subject to confidentiality agreement

BOARD OF DIRECTORS AND MANAGEMENT TEAM

BOARD OF DIRECTORS

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.

2

1

1 Andrew Wilson, Chair of the Board, 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 Chair of a London based Family Office and, until June 2018, 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 Chair, the Senior Independent Director and Chair of the Property Valuation Committee of the Company. Mr Wilson will retire from the Board on 31 December 2019.

2 Margaret Littlejohns, Chair of the Risk Committee, is a resident of the UK. Ms Littlejohns has 18 years' experience with Citigroup in investment and commercial banking, with specific expertise in risk management (both market and credit risk). Between 2004 and 2006, following an MBA at Imperial College, she co-founded two start-up ventures providing self storage facilities in the Midlands and acted as Finance Director until the businesses were successfully sold to a regional self storage chain in 2016. She is also a Non-Executive Director of JPMorgan Mid Cap Investment Trust plc and Foresight VCT plc as well as being Chair of Henderson High Income Trust plc. Ms Littlejohns was appointed to the Board on 1 January 2018.

7

7 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 30 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 UKCM, he oversaw a team managing the £2.3 billion Standard Life Heritage With Profits Real Estate Fund.

8

MANAGEMENT TEAM


4

4 Ken McCullagh, Chair of Audit Committee and Senior Independent Director, 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 and is Senior Independent Director. Mr McCullagh will become Chair of the Board on 1 January 2020.

3 Michael Ayre, Chair of the Property Valuation Committee, is a resident of Guernsey. He joined BDO Reads, a Guernsey chartered accountancy practice from the London office of Touche Ross, in February 1987 progressing to his appointment as a tax partner in 1991. Subsequent to the purchase of the fiduciary, investment and taxation divisions of BDO Reads by Banque Generale du Luxembourg in 1999, Mr Ayre was appointed in 2003 as the Group Managing Director of its successor, Fortis Guernsey – a position he held until 2009. He continued to work for its successor business, Intertrust, until June 2019. In addition, until its sale in July 2019 he was a director of ABN Amro (Channel Islands) Limited. Mr Ayre is a fellow of the Association of Chartered Certified Accountants and is also a member of the Chartered Institute of Taxation. Mr Ayre was appointed to the Board in February 2016.


3


5

5 Robert Fowlds, Non-executive Director, is a resident of the UK. Mr Fowlds is a Chartered Surveyor and worked in the listed Real Estate Sector for c.30 years. He retired in 2015 as Managing Director & Head of Real Estate Investment Banking for UK & Ireland at J.P. Morgan Cazenove, where in 10 years he doubled the size of the franchise. Prior to his career in Corporate Finance, he was Co-Head of Pan-European Real Estate Equity Research at Merrill Lynch, and previously Kleinwort Benson. His first career was as a Chartered Surveyor specialising in UK investment and development markets. Mr Fowlds now consults for a few leading real estate organisations, and was appointed to the Board on 1 April 2018. He was also appointed to the Supervisory Board of Klepierre S.A. on 24 April 2018, and appointed a Non-Executive Director of LondonMetric Property Plc on 31 January 2019. He was a member of the EPRA Board until 2012.


6

6 Sandra Platts, Chair of the Management Engagement Committee and Nomination Committee, is a resident of Guernsey and is a non-executive director of Investec Bank (C.I.) Ltd and Starwood European Finance Partners Ltd. Mrs Platts 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. Mrs Platts 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.

8 Tom Elviss has an MA from Edinburgh University and an MSc from the University of Northumbria and started his career at JLL in London. After 6 years working in investment agency, Tom joined Scottish Widows Investment Partnership in June 2011 as an investment manager, before being appointed deputy fund manager for a £2.3bn Institutional Fund in 2014, with responsibility for transactions, asset management, risk reporting and strategy. Tom was appointed deputy fund manager for UKCM in August 2019.


9

9 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 Mr McDonald 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, Mr McDonald transferred to Aberdeen working on both investment trusts and Venture Capital trusts. In 2009 Mr McDonald joined Scottish Widows Investment Partnership as 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 UKCM. Mr McDonald transferred over to Standard Life Investments in October 2014.

HALF YEARLY CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 June 2019

	Notes	Half year ended 30 June 2019 (unaudited) £'000	Half year ended 30 June 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
REVENUE				
Rental income		35,777	32,851	65,936
Service charge income		2,430	2,721	5,950
Gains on investment properties	2	558	31,090	18,947
Interest income		152	263	510
Total Income		**38,917**	**66,925**	**91,343**
EXPENDITURE				
Investment management fee		(4,405)	(4,780)	(9,567)
Direct property expenses		(2,381)	(1,515)	(3,569)
Service charge expenses		(2,430)	(2,721)	(5,950)
Other expenses		(2,888)	(3,646)	(5,446)
Total expenditure		**(12,104)**	**(12,662)**	**(24,532)**
Net operating profit before finance costs		**26,813**	**54,263**	**66,811**
FINANCE COSTS				
Finance costs		(4,186)	(4,145)	(7,976)
Loss on derecognition of interest rate swap		(703)	—	—
		(4,889)	**(4,145)**	**(7,976)**
Net profit from ordinary activities before taxation		21,924	50,118	58,835
Taxation on profit on ordinary activities	9	—	(5,830)	(5,830)
Net profit for the period	4	**21,924**	**44,288**	**53,005**
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS				
Net change in fair value of swap reclassified to profit and loss		703	—	—
(Loss)/Gain arising on effective portion of interest rate swap		(1)	972	1,388
Other comprehensive income		**702**	**972**	**1,388**
Total comprehensive income for the period		**22,626**	**45,260**	**54,393**
Basic and diluted earnings per share	3	**1.69p**	**3.41p**	**4.08p**
EPRA earnings per share		**1.70p**	**1.43p**	**3.03p**

HALF YEARLY CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2019

	Notes	30 June 2019 (unaudited) £'000	30 June 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
NON-CURRENT ASSETS				
Investment properties	2	1,404,363	1,403,690	1,430,851
Interest rate swap		—	—	166
		1,404,363	**1,403,690**	**1,431,017**
CURRENT ASSETS				
Investment properties held for sale		36,275	—	—
Trade and other receivables		26,617	19,499	23,765
Cash and cash equivalents		26,851	84,080	43,505
		89,743	103,579	67,270
Total assets		**1,494,106**	**1,507,269**	**1,498,287**
CURRENT LIABILITIES				
Trade and other payables		(25,227)	(29,252)	(35,139)
Interest rate swap		—	(867)	(868)
		(25,227)	**(30,119)**	**(36,007)**
NON-CURRENT LIABILITIES				
Bank loan		(257,544)	(249,503)	(249,661)
Interest rate swap		—	(251)	—
		(257,544)	(249,754)	(249,661)
Total liabilities		**(282,771)**	**(279,873)**	**(285,668)**
Net assets	6	**1,211,335**	**1,227,396**	**1,212,619**
REPRESENTED BY				
Share capital		539,872	539,872	539,872
Special distributable reserve		567,614	573,208	570,158
Capital reserve		103,849	115,434	103,291
Revenue reserve		—	—	—
Interest rate swap reserve		—	(1,118)	(702)
Equity shareholders' funds		**1,211,335**	**1,227,396**	**1,212,619**
Net asset value per share		**93.2p**	**94.5p**	**93.3p**
EPRA Net asset value per share		**93.2p**	**94.6p**	**93.4p**

HALF YEARLY CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2019

	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Equity shareholders' funds £'000
At 1 January 2019		539,872	570,158	103,291	-	(702)	1,212,619
Net Profit for the period		—	—	—	21,924	-	21,924
Other comprehensive income		—	—	—	-	702	702
Total comprehensive income		—	—	—	21,924	702	22,626
Dividends paid	7	—	—	—	(23,910)	—	(23,910)
Transfer in respect of gains on investment property		—	—	558	(558)	—	—
Transfer from special distributable reserve		—	(2,544)	—	2,544	—	—
As 30 June 2019		**539,872**	**567,614**	**103,849**	**—**	**—**	**1,211,335**

	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Equity shareholders' funds £'000
At 1 January 2018		539,872	583,920	84,344	—	(2,090)	1,206,046
Net Profit for the period		—	—	—	44,288	—	44,288
Other comprehensive income		—	—	—	—	972	972
Total comprehensive income		—	—	—	44,288	972	45,260
Dividends paid		—	—	—	(23,910)	—	(23,910)
Transfer in respect of gains on investment property		—	—	31,090	(31,090)	—	—
Transfer from special distributable reserve		—	(10,712)	—	10,712	—	—
As 30 June 2018		**539,872**	**573,208**	**115,434**	**—**	**(1,118)**	**1,227,396**

FOR THE YEAR ENDED 31 DECEMBER 2018 (AUDITED)	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Equity shareholders' funds £'000
At 1 January 2018		539,872	583,920	84,344	—	(2,090)	1,206,046
Net Profit for the year		—	—	—	53,005	—	53,005
Other comprehensive income		—	—	—	—	1,388	1,388
Total comprehensive income		—	—	—	53,005	1,388	54,393
Dividends paid		—	—	—	(47,820)	—	(47,820)
Transfer in respect of gains on investment property		—	—	18,947	(18,947)	—	—
Transfer from special distributable reserve		—	(13,762)	—	13,762	—	—
As 31 December 2018		**539,872**	**570,158**	**103,291**	**—**	**(702)**	**1,212,619**

HALF YEARLY CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the half year ended 30 June 2019

	Notes	30 June 2019 (unaudited) £'000	30 June 2018 (unaudited) £'000	Year ended 31 December 2018 (audited) £'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the period before taxation		21,924	50,118	58,835
Adjustments for:				
Gains on investment properties	2	(558)	(31,090)	(18,947)
Movement in lease incentive	2	(3,718)	(1,328)	2,408
Movement in provision for bad debts		(74)	(545)	71
Decrease/(Increase) in operating trade and other receivables		940	(981)	(7,996)
(Decrease)/Increase in operating trade and other payables		(8,731)	4,543	4,571
Finance costs		4,186	3,737	7,976
Loss on derecognition of interest rate swap		703	—	—
Cash generated by operations		14,672	24,454	46,918
Tax paid		(1,778)	—	(1,010)
Net cash inflow from operating activities		**12,894**	**24,454**	**45,908**
CASH FLOWS FROM OPERATING ACTIVITIES				
Purchase of investment properties	2	—	(46,572)	(156,030)
Sale of investment properties	2	1,156	75,481	171,928
Capital expenditure	2	(10,386)	(14,198)	(40,490)
Net cash (outflow)/inflow from investing activities		**(9,230)**	**14,711**	**(24,592)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from utilisation of bank loan		7,989	—	—
Dividends paid	7	(23,910)	(23,910)	(43,008)
Bank loan interest paid		(3,510)	(2,983)	(6,215)
Payments under interest rate swap arrangement		(184)	(635)	(1,031)
Swap breakage costs		(703)	—	—
Net cash outflow from financing activities		**(20,318)**	**(27,528)**	**(50,254)**
Net (decrease)/increase in cash and cash equivalents		**(16,654)**	**11,637**	**(28,938)**
Opening cash and cash equivalents		**43,505**	**72,443**	**72,443**
Closing cash and cash equivalents		**26,851**	**84,080**	**43,505**
REPRESENTED BY				
Cash at bank		16,968	20,536	16,363
Money market funds		9,883	63,544	27,142
		26,851	**84,080**	**43,505**

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 2018.

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 2018, which were prepared under full IFRS requirements.

2. INVESTMENT PROPERTIES

	£'000
FREEHOLD AND LEASEHOLD PROPERTIES	
Opening valuation	1,430,851
Capital expenditure	10,386
Gain on revaluation to fair value	3,474
Disposal at prior year valuation	(355)
Adjustment for lease incentives	(3,718)
Total fair value at 30 June 2019	**1,440,638**
Less: reclassified as held for sale	**(36,275)**
Fair value as at 30 June 2019	**1,404,363**

GAINS ON INVESTMENT PROPERTIES AT FAIR VALUE COMPRISE	
Valuation Gains	3,474
Movement in provision for lease incentives	(3,718)
Gain on disposal	802
	558

3. BASIC AND DILUTED EARNINGS PER SHARE

The earnings per ordinary share are based on the net profit for the period of £21,924,000 (30 June 2018 net profit of £44,288,000) and 1,299,412,465 (30 June 2018: 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 2019 should not be taken as a guide to the results for the year to 31 December 2019.

5. SHARES

As at 30 June 2019 the total number of shares in issue is 1,299,412,465 (30 June 2018: 1,299,412,465).

6. NET ASSET VALUE

The net asset value per ordinary share is based on net assets of £1,211,335,000 (30 June 2018: £1,227,396,000) and 1,299,412,465 (30 June 2018: 1,299,412,465) ordinary shares.

7. DIVIDENDS

PERIOD TO 30 JUNE 2019	Rate (pence)	£'000
2018 Fourth interim of 0.92p per share (PID: 0.775p, Ordinary dividend: 0.145p) paid 28 February 2019 (2017 Fourth interim: 0.92p)	0.92	11,955
2019 First interim of 0.92p per share (PID: 0.92p) paid 31 May 2019 (2018 First interim: 0.92p)	0.92	11,955
		23,910

8. RELATED PARTY TRANSACTIONS

No Director has an interest in any transactions which are or were unusual in their nature or significant to the nature of the Group.

Aberdeen Standard Fund Managers Limited received fees for their services as investment managers. The total management fee charged to the Statement of Comprehensive Income during the period was £4,405,000 (30 June 2018: £4,780,000, which was received by Standard Life Investments (Corporate Funds) Limited) of which £2,217,000 (30 June 2018: £2,405,000) remained payable at the period end. In the prior period, the investment manager also received an administration fee of £50,000.

The Directors of the Company are deemed as key management personnel and received fees for their services. Total fees for the period were £184,000 (30 June 2018: £139,000) of which £Nil (30 June 2018: £Nil) was payable at the period end.

The Group invests in the Aberdeen Standard Investments Liquidity Fund which is managed by Aberdeen Standard Investments Limited. As at 30 June 2019 the Group had invested £9.8 million in the Fund (30 June 2018: £63.5 million). No additional fees are payable to Aberdeen Standard Investments as a result of this investment.

9. TAXATION

TAXATION ON PROFIT ON ORDINARY ACTIVITIES COMPRISES	£'000
Net profit from ordinary activities before tax	21,924
UK corporation tax at a rate of 19 per cent	4,166
Effects of:	
UK REIT exemption on rental profits and gains	(4,166)
Total tax charge	—

The Group operates as a UK REIT therefore, the income profits of the Group's UK property rental business are exempt from corporation tax as are any gains it makes from the disposal of its properties, provided they are not held for trading or sold within three years of completion of development. The Group is otherwise subject to UK corporation tax at the prevailing rate.

As the principal company of the REIT, the Company is required to distribute at least 90% of the income profits of the Group's UK property rental business. There are a number of other conditions that also are required to be met by the Company and the Group to maintain REIT tax status. These conditions were met in the period and the Board intends to conduct the Group's affairs such that these conditions continue to be met for the foreseeable future.

10. FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

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

Consistent with that objective, the Group holds UK commercial property investments. The Group's financial instruments consist of cash, receivables and payables that arise directly from its operations and loan facilities.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, market risk and interest rate risk. The Board reviews and agrees policies for managing its risk exposure. These policies are set out in the statutory accounts of the Group for the year ended 31 December 2018 and remained unchanged during the period.

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:

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.

30 June 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Investment properties	—	—	1,440,638	1,440,638

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

The fair value of investment properties is calculated using unobservable inputs as set out in the statutory accounts of the Group for the year ended 31 December 2018.

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 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Loan Facilities	—	270,660	—	270,660

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

30 June 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Trade and other receivables	—	26,617	—	26,617
Trade and other payables	—	25,227	—	25,227

The table above shows an analysis of the fair values of financial instruments and trade receivables and payables recognised at amortised cost in the balance sheet by level of the fair value hierarchy.

The carrying amount of trade and other receivables and payables is equal to their fair value, due to the short-term maturities of these instruments. Expected maturities are estimated to be the same as contractual maturities.

There have been no transfers between levels of the fair value hierarchy during the period.

11. FINANCING

The Company has fully utilised the £100 million facility, which is due to mature in April 2027, with Barings Real Estate Advisers.

The Company has fully utilised the £100 million facility, which is due to mature in February 2031, with Barings Real Estate Advisers.

The Company has in place a £150 million revolving credit facility with Barclays Bank Plc of which £60 million (30 June 2018: £Nil) 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 to hold and manage investment properties for rental income.

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 to hold and manage investment properties for rental income. 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 to hold and manage investment properties for rental income. UKCFH also 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.

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 to hold and manage investment properties for rental income. 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 to hold and manage investment properties for rental income. UKCPEH also owns 100 per cent of Brixton Radlett Property Limited and UK Commercial Property Estates (Reading) Limited, companies incorporated in UK, whose principal business is to hold and manage investment properties for rental income.

UKCPT Limited Partnership, (GLP), is a Guernsey limited partnership. 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.

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

13. POST BALANCE SHEET EVENTS

The Company has no post balance sheet events.

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 those relating to strategy, investment & asset management, macroeconomics & finance, operations, regulation and shareholder engagement. 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 2018 on pages 31 to 37. 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.

MALDRON HOTEL
Newcastle

STATEMENT OF DIRECTORS' RESPONSIBILITIES
in respect of the half yearly financial report to 30 June 2019

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
Chair
18 September 2019

SHAREHOLDER INFORMATION

AIFMD/PRE-INVESTMENT DISCLOSURE DOCUMENT ("PIDD")

The Company has appointed Aberdeen Standard Fund Managers Limited as its alternative investment fund manager and Citibank Europe Plc as its depositary under the AIFMD. AIFMD requires Aberdeen Standard Fund Managers Limited, as the alternative investment fund manager ("AIFM") of UK Commercial Property REIT Limited, to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under AIFMD are published in the Company's PIDD, which can be found on its website. The periodic disclosures required to be made by the AIFM under AIFMD are set out on page 112 of the 2018 Annual Report.

INVESTOR WARNING: BE ALERT TO SHARE FRAUD AND BOILER ROOM SCAMS

Aberdeen Standard Investments has been contacted by investors informing them that they have received telephone calls and emails from people who have offered to buy their investment trust shares, purporting to work for Aberdeen Standard Investments.

Aberdeen Standard Investments has also been notified of emails claiming that certain investment companies under its management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identify fraud or could be "boiler room" scams where a payment from you is required to release the supposed payment for your shares. These callers/email senders do not work for Aberdeen Standard Investments and any third party making such offers/claims has no link with Aberdeen Standard Investments.

Aberdeen Standard Investments does not "cold-call" investors in this way. If you have any doubt over whether a caller is genuine, do not offer any personal information, end the call and contact our Customer Services Department (see next section for the contact details).

The Financial Conduct Authority providers advice with respect to share fraud and boiler room scams: www.fca.org.uk/consumers/scams

KEEPING YOU INFORMED

The Company's shares are listed on the London Stock Exchange and the share price is quoted daily in the Financial Times.

Details of the Company may also be found on the Company's own dedicated website at: www.ukcpreit.com. This provides information on the Company's share price performance, capital structure, stock exchange announcement and an Investment Manager's monthly factsheet. Alternatively you can call 0808 500 0040 (free when dialing from a UK landline) for Company information.

If you have any questions about your Company, the Investment Manager or performance, please telephone the Customer Services Department (direct private investors) on 0808 500 0040. Alternatively, please send an email to inv.trusts@aberdeenstandard.com or write to Aberdeen Standard Investments, PO Box 11020, Chelmsford, Essex CM99 2DB.

In the event of queries regarding holding of shares, lost certificates, dividend payments, or registered details, shareholders holding their shares in the Company directly should contact the registrars, Computershare Investor Services (Guernsey) Limited on 0370 707 4040 or by writing to the address on page 38. Calls may be recorded and monitored randomly for security and training purposes. Changes of address must be notified to the registrars in writing.

HOW TO INVEST IN THE COMPANY

Individual investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through Aberdeen Standard Investments' Plan for Children, Investment Trust Share Plan or Investment Trust ISA.

ABERDEEN STANDARD INVESTMENTS PLAN FOR CHILDREN

Aberdeen Standard Investments runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company.

Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

ABERDEEN STANDARD INVESTMENTS TRUST SHARE PLAN

Aberdeen Standard Investments runs a Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

ABERDEEN STANDARD INVESTMENTS TRUST ISA

Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2018/2019.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount.
Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and

collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA TRANSFER

You can choose to transfer previous tax year investments to the Aberdeen Standard Investments Trust ISA which can be invested in the Company while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

LITERATURE REQUEST SERVICE

For literature and information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer including application forms for the Company and the Manager's investment trust products, please contact:

Aberdeen Standard Investments Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB
Telephone: 0808 500 00 40
(free when dialling from a UK landline)

Terms and conditions for the Aberdeen Standard Investments managed savings products can also be found under the literature section of www.invtrusts.co.uk.

ONLINE DEALING DETAILS

Investor information

There are a number of other ways in which you can buy and hold shares in this investment company.

Online dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell Youinvest; Alliance Trust Savings; Barclays Stockbrokers/Smart Investor; Charles Stanley Direct; Equiniti/Shareview; Halifax Share Dealing; Hargreave Hale; Hargreaves Lansdown; iDealing; Interactive Investor/TD Direct; Selftrade; The Share Centre; Stocktrade.

Discretionary private client stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit the Wealth Management Association at www.thewma.co.uk.

Independent Financial Advisers

To find an adviser who recommends on investment trusts, visit www.unbiased.co.uk.

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: 0800 111 6768 or at www.fca.org.uk/firms/systems-reporting/register/search
Email: register@fca.org.uk

EFFECT OF REIT STATUS ON PAYMENT OF DIVIDENDS

REITs do not pay UK corporation tax in respect of rental profits and chargeable gains relating to property rental business. However, REITs are required to distribute at least 90% of their qualifying income (broadly calculated using the UK tax rules) as a Property Income Distribution ("PID").

Certain categories of shareholder may be able to receive the PID element of their dividends gross, without deduction of withholding tax. Categories which may claim this exemption include: UK companies, charities, local authorities, UK pension schemes and managers of PEPs, ISAs and Child Trust Funds.

Further information and the forms for completion to apply for PIDs to be paid gross are available from the Registrar.

Where the Group pays an ordinary dividend, in addition to the PID, this will be treated in the same way as dividends from non-REIT companies.

RETAIL DISTRIBUTION

On 1 January 2014, the FCA introduced rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes (non-mainstream investment products). UK REITs are excluded from these restrictions therefore, the FCA's restrictions on retail distribution do not apply.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

CORPORATE INFORMATION

Directors (all non-executive)

Andrew Wilson
Chair

Ken McCullagh
Chair of Audit Committee
and Senior Independent Director

Michael Ayre
Chair of the Property
Valuation Committee

Sandra Platts
Chair of the Management
Engagement Committee

Margaret Littlejohns
Chair of the Risk Committee

Robert Fowlds
Non-Executive Director

Registered Office

PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey
Channel Islands
GY1 3QL

Registered Number

45387

Administrator and Secretary

Northern Trust International Fund
Administration Services
(Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey
Channel Islands
GY1 3QL

Investment Manager and Alternative Investment Fund Manager

Aberdeen Standard Fund Managers Limited
Bow Bells House
1 Bread Street
London
EC4M 9HH

Property Valuer

CBRE Limited
St Martin's Court
10 Paternoster Row
London
EC4M 7HP

Independent Auditors

Deloitte LLP
PO Box 137
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
Channel Islands
GY1 3HW

Guernsey Legal Advisors

Mourant Ozannes
Royal Chanmbers
St Julian's Avenue
St Peter Port
Guernsey
Channel Islands
GY1 4HP

UK Legal Advisors and Sponsor

Dickson Minto W.S.
16 Charlotte Square
Edinburgh
EH2 4DF

Maples Teesdale LLP
30 King Street
London
EC2V 8EE

Registrar

Computershare Investor Services
(Guernsey) Limited
1st floor
Tudor House
Le Bordage
St Peter Port
Guernsey
Channel Islands
GY1 1DB

Principal Bankers and Lenders

Barclays Bank Plc
Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Barings Real Estate Advisors Europe LLP
Southwest House
11a Regent Street
London
SW1Y 4LR

Corporate P.R. Advisor

FTI Consulting Limited
200 Aldersgate
Aldersgate Street
London
EC1A 4HD

Corporate Broker

JP Morgan Cazenove
25 Bank Street
Canary Wharf
London
E14 5JP

Depositary

Citibank Europe Plc
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

UKCM, which continues to be one of the largest diversified REITs in the UK, is delivering on its strategy and should continue to do so with a Board of Directors and an Investment manager who are committed to maximising shareholder value.

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.
EPRA Earnings per share	Profit for the period, as defined within EPRA Best Practices Recommendation Guidelines November 2016, divided by the average number of shares in issue during the period.
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 divided by total assets less current liabilities.
Group	UK Commercial Property REIT 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	Benchmark which includes data relevant to all properties held by funds included in the MSCI IPD Balanced Monthly and Quarterly Funds Benchmark.
Lease incentive	A payment used to encourage a tenant to take on a new Lease, for example by a landlord paying a tenant a sum of money to contribute to the cost of a tenant's fit-out of a property or by allowing a rent free period.
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) divided by total assets less cash and current liabilities.
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.
Ongoing charges	A measure, expressed as a percentage of NAV, of the regular, recurring costs of running an investment company, calculated in line with AIC ongoing charge methodology.
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.
Property Income Distribution	UK REITs are required to distribute a minimum of 90% of the income from their qualifying property rental business. This distribution is known as a Property Income Distribution (“PID”). PIDs are taxable as UK property income in the hands of tax-paying shareholders.
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.
Revolving Credit Facility (“RCF”)	A bank loan facility from which funds can be withdrawn, repaid and redrawn again any number of times until the facility expires. As at 30 June 2019 UKCM had a RCF of £60 million.
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/vacancy rate	The quantum of rent relating to properties which are unlet and generating no rental income. Stated as a percentage of Estimated Rental Value.

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