UK COMMERCIAL PROPERTY REIT
INTERIM REPORT & ACCOUNTS

for the half year ended 30 June 2022

abrdn

UK Commercial Property REIT

COMPANY SUMMARY
An overview

ABOUT US

Launched in **2006**

FTSE **350**

£1.5bn
Net Asset Value
as at 30 June 2022

UK Commercial Property REIT Limited ("UKCM") is a listed Real Estate Investment Trust (REIT) with a net asset value of £1.5 billion as at 30 June 2022.

UKCM is one of the largest diversified REITs in the UK and is a component of the FTSE 350 Index, made up of the largest 350 companies with a primary listing on the London Stock Exchange.

OBJECTIVE

The 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. This objective is achieved by:

- Constructing a portfolio that is diversified across the four main commercial property sectors: Industrial, Offices, Retail and Alternatives.
- Investing in assets with a strong earnings and income focus.
- Delivering value through a proactive approach to acquisitions, sales and asset management.
- Selectively developing or funding developments, mostly pre-let.
- Employing modest levels of gearing.
- Considering Environmental, Social and Governance (ESG) factors as integral parts of the investment process.

Diversified portfolio

Industrial | Offices | Retail | Alternatives

BOARD & MANAGEMENT

abrdn manage **1,300** properties

in **23** countries

5
Board members

The Company has a Board of five experienced Non-Executive Directors who have significant expertise in property, accounting, risk and tax. UKCM is managed by abrdn, one of the world's largest real estate managers that manages over 1,300 properties in 23 countries.

Visit our website at:
ukcpreit.com to learn more

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your ordinary shares in UK Commercial Property REIT Limited, please forward this document, together with the accompanying documents, immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

UKCM IS ONE OF THE UK'S LARGEST DIVERSIFIED REITS

(all numbers as at 30 June 2022)

£1.7bn
(31 Dec 2021: £1.6bn)
Gross assets

£41.7m
(31 Dec 2021: £38.4m)
Average value of properties

227
(31 Dec 2021: 213)
Tenancies

41
(31 Dec 2021: 40)
Properties

UKCM FINANCIAL REVIEW
As at 30 June 2022

NAV TOTAL RETURN*
Net Asset Value ("NAV") total return of 12.3% (H1 2021: 6.0%) primarily driven by valuation increases and the portfolio weighting to the industrial sector.

12.3%

2.3%

SHARE PRICE TOTAL RETURN*
Share price total return of 2.3% (H1 2021: 13.4%). As at 30 June 2022 the share price stood at a discount of 33.5% to NAV.

0.85

DIVIDEND
Current quarterly dividend of 0.85 pence per ordinary share.

UKCM
13.7%

GEARING*
Low gearing of 13.7% (2021: 13.5%) as at 30 June 2022 remains one of the lowest in the Company's peer group.

13.3%

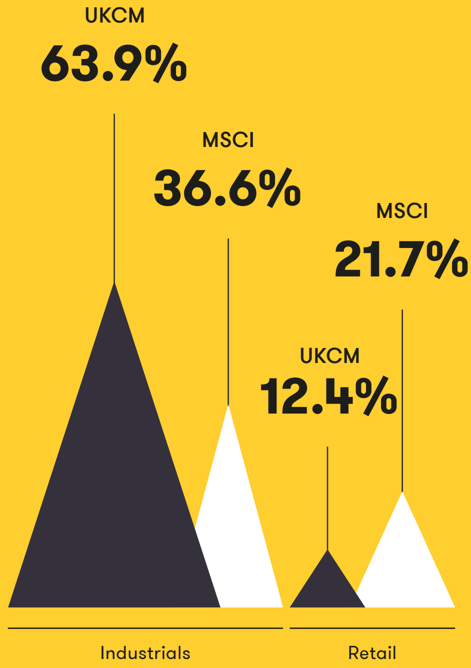
DIVIDEND INCREASES
Quarterly dividend increased by a further 6.3% to 0.85p per share, following the uplifts announced in both the fourth quarter of 2021 and the first quarter of 2022. This brings the increase in the H1 2022 fully covered dividend to 13.3%.

* Additional Performance Measures (see page 6 and glossary on pages 40 and 41 for further details)

UKCM PORTFOLIO REVIEW
As at 30 June 2022

11.2%

PORTFOLIO PERFORMANCE
Portfolio total return of 11.2% resulted in continued outperformance of the Company's MSCI benchmark of 8.1%, driven by the positive relative performance of the Company's industrial portfolio.



PORTFOLIO VALUE
Portfolio is now valued at £1.71 billion. We believe that the Company's well-let portfolio of scale, which is heavily weighted towards future-fit sectors, and offers good prospects for rental growth, is well placed to deliver positive relative performance with good potential for future earnings growth.

98.5%

OCCUPANCY
Occupancy rate of 98.5%.

99%

RENT COLLECTION
Rent collection for the three billing periods in 2022 of 99% as at 31 August 2022 with ongoing negotiations.

2040

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)
Net zero carbon target for all emissions.

PERFORMANCE SUMMARY

CAPITAL VALUES AND GEARING	30 June 2022	31 December 2021	% Change
Total assets less current liabilities (excl bank loan) £'000	1,733,981	1,573,554	10.2
IFRS Net asset value (£'000)	1,467,443	1,325,228	10.7
Net asset value per share (p)	112.9	102.0	10.7
Ordinary Share Price (p)	75.0	74.7	0.4
Discount to net asset value (%)	(33.5)	(26.8)	n/a
Gearing (%)*	13.7	13.5	n/a

TOTAL RETURN	6 month % return	1 year % return	3 year % return	5 year % return
NAV†	12.3	28.8	33.0	50.9
Share Price†	2.3	1.5	(5.0)	(1.1)
UKCM Direct Portfolio	11.2	26.8	35.5	56.0
MSCI Benchmark	8.1	19.6	25.7	43.2
FTSE Real Estate Investment Trusts Index	(18.8)	(5.2)	4.9	9.2
FTSE All-Share Index	(4.6)	1.6	7.4	17.8

EARNINGS AND DIVIDENDS	30 June 2022	30 June 2021
EPRA Earnings per share (p)	1.58	1.16
Dividends paid per ordinary share (p)#	1.55	1.635
Dividend Yield (%)‡	3.8	3.3
MSCI Benchmark Yield (%)	3.9	4.5
FTSE Real Estate Investment Trusts Index Yield (%)	3.6	2.7
FTSE All-Share Index Yield (%)	3.5	2.8

* Calculated, under AIC guidance, as gross borrowings less cash divided by portfolio value. See alternative performance measures on page 40 for further details.

† Assumes re-investment of dividends excluding transaction costs.

‡ Based on last four quarterly dividends, paid pre-30 June of 2.838p and the share price at 30 June 2022.

\# Notes to the accounts, note 6 on page 33 for further details.

Sources: abrdn, MSCI

Alternative Performance Measures are defined in the glossary on pages 40 and 41, and include: Discount to net asset value, Gearing, NAV and Share price total returns, EPRA Earnings per share, Dividend yield, Ongoing charges and Vacancy rate.

Chair’s Statement

Ken McCullagh
Chair

PORTFOLIO WEIGHTING

63.9% Industrial

13.3% Offices

12.4% Retail

10.4% Alternatives

Background

UKCM has delivered a strong set of results from our portfolio during the first half of 2022, with capital allocation and further positive leasing momentum by our asset management team driving rental growth and an increase in portfolio valuation. The Company delivered a NAV total return of 12.3% for the period and once again outperformed its benchmark. Over the past few years we have taken advantage of our ability to invest in a diversified range of sectors to proactively manage our portfolio towards income growth and security, with a focus on future fit and operational asset classes. Of particular note we have built a strong position in both urban and big box logistics and the living asset classes, where we are invested in student housing and hotels. In all of these, the imbalance between supply and demand and the societal changes continue to be highly supportive of the occupational markets and rental growth.

We are acutely aware of the broader economic challenges ahead, including rising inflation and interest rates, that could be negative on valuations. However we believe that we are well placed, both in terms of the quality of our portfolio and the strength of our lowly leveraged balance sheet, to continue to deliver shareholder value through a growing level of income. The Investment Manager has delivered a 19% increase in portfolio annual rent over the last 12 months and 9% ERV growth within the standing portfolio. This confidence is reflected in the additional – and fully covered – dividend increases the Company announced in the first half of 2022.

The Board, as noted in recent prior statements, is conscious of the significant discount on the share price to NAV which, in line with the broader real estate sector, has continued to widen since the end of June. The Company paid a special dividend of 1.92p per share in August to return some of the strong gains that have been realised over the last number of quarters from capital allocation and asset management initiatives allowing all shareholders to benefit from the recent growth in net asset value that is not currently being reflected in the Company's share price. The Board believes this type of distribution could be utilised in the future to reward shareholders, while still also keeping the option of share buy-backs under consideration.

While the ongoing situation in Ukraine has created further economic uncertainty just as Covid-19 restrictions were receding, resulting in higher energy and developments costs, we remain confident in the robustness and resilience of our portfolio. The Company is also benefitting from the improved corporate efficiencies arising from the reduction in investment management fees we announced at year end. These factors combined with the strength of the current financial performance and future investment pipeline were integral to our decision to recommend further increases to shareholder dividends.

“We have delivered a strong set of results from our portfolio during the first half of 2022 with further positive leasing momentum by our asset management team driving rental growth.”

Portfolio Activity

In line with our strategy of increasing portfolio exposure to operational assets and the alternatives sector, the Company committed to funding the development of a high-quality hotel in central Leeds which will operate under the renowned Hyatt brand. The development has a maximum commitment of £62.7 million and will complete in mid-2024 when it will be operated under a lease by Interstate Hotels & Resorts. We expect it to be one of the best hotels in Leeds on completion and to deliver a high income return as the lease structure means the rents will be derived from the performance of the hotel.

After the reporting period to 30 June 2022 the Company disposed of its 68,400 sq ft central Birmingham office, 9 Colmore Row, to Birmingham City Council at a price of £26.48 million, ahead of the asset’s book cost and at a premium to the latest valuation. In addition to securing a strong sale price, the disposal is in line with the Company’s strategy of exiting risk assets and those in need of capital expenditure which will not enhance value with a particular focus on assets with weaker ESG credentials.

The Company has made progress on its student housing developments in Gilmore Place, Edinburgh. We were pleased to secure a strong 20-year lease with the University of Edinburgh at an annual rent of £1.24 million per annum, which is subject to annual CPIH increases. Whilst the Company had originally expected to operate and lease the asset independently to generate a higher level of rent, the opportunity to secure a lease of this nature to a leading UK University whilst de-risking the asset was felt to be in the best interest of shareholders. The Company will retain operational leasing exposure in the student residential market at its asset in Exeter.

Portfolio occupancy increased to 98.5% within the period and this low level of vacancy demonstrates the appeal of the assets to both current and prospective tenants and provides good visibility on income streams. The Board and the Investment Manager are focussed on driving earnings growth from the portfolio and capturing the reversionary potential of the assets to deliver value for shareholders.

Rent collection rates have normalised and returned to pre-Covid levels. Cumulatively across the three relevant billing periods straddling the first half of the year 99% of rents due have been received taking in to account agreed deferrals and monthly payments.

Further details on all investment transactions and significant lettings are given in the Investment Manager’s Review.

Portfolio and Corporate Performance

The portfolio delivered a total return of 11.2% in the half year, ahead of the MSCI benchmark total return of 8.1%. UKCM has continued to outperform against its MSCI UK Balanced Portfolio Quarterly Index benchmark for 1,3,5 and 10 years.

Further details on the Company’s portfolio performance are given in the Investment Manager’s Review.

The strong portfolio performance allowed the Company to report a 12.3% NAV total return for the period. This strong performance, both absolute and relative to its peers, is not reflected in the share price total return of 2.3% for the same period. The discount at which the Company’s shares traded versus their net asset value increased from 26.8% at the end of December 2021, to 33.5% at 30 June 2022.

Financial Resources

UKCM continues to be on a solid financial footing with a NAV of £1.47 billion as at 30 June 2022, and gearing of 13.7%, meaning the Company it remains one of the lowest geared in its AIC peer group and the wider REIT sector. The weighted average cost of this debt remains low at 2.79% per annum, and the Company continues to be comfortably within the covenants on its three debt facilities. In addition, with over £520 million of unencumbered assets, the Company has significant headroom and further flexibility with respect to its covenants and overall gearing strategy.

On the 19 August 2022 the Group increased its revolving credit facility with Barclays Bank plc to £180 million (Dec 2021: £150 million). There were no other amendments to the agreement. The facility expires in April 2024 and is cancellable at any time.

Dividends

The Company paid two interim dividends totalling 1.55 pence per share during the period. The second quarter dividend was increased by a further 6.3% to 0.85p per share. This follows a 6.7% increase for the prior quarter and reflects the Board's continued recognition of the importance of income to shareholders. Dividend cover for the first half of 2022 was 103% and the Board believes the further increase to be appropriate and sustainable given the current level of investment and development activity within the Company.

The Company paid a special dividend of 1.92p per share in August to return some of the strong gains that have been realised over the last number of quarters from capital allocation and asset management initiatives so that all shareholders can benefit from the recent growth in net asset value that is not currently reflected in the Company's share price.

Craven House, London

The White Building, Reading

Environmental, Social and Governance ("ESG")

ESG is embedded within the processes of UKCM and underpins every Board discussion and decision.

ESG considerations are expected to become even more integral to investor decision making and asset underwriting. This trend was expedited as a result of the Covid-19 pandemic, but with the current energy and climate crisis, the case for the pathway to net-zero and integrating ESG considerations across all UK real estate sectors has never been greater.

Within the 2021 Annual Report & Accounts the Company made a commitment of achieving Net Zero Carbon on Landlord emission by 2030 and Net Zero Carbon on all emissions by 2040 and the Board is focussed on these ambitious targets.

Maldron Hotel, Newcastle

Discount Policy / EGM

The Company's discount control policy provides that if the market price of the ordinary shares of 25 pence each in the Company (the "shares") is more than 5 per cent below the published NAV for a continuous period of 90 dealing days or more, following the second anniversary of the Company's most recent continuation vote in relation to the discount control policy, the Directors will convene an extraordinary general meeting to be held within three months to consider an ordinary resolution for the continuation of the Company. The most recent continuation vote in relation to the share discount policy was held on 18 March 2020.

The closing market price of the shares had been more than 5 per cent below the published NAV for more than 90 continuous days up to 29 July 2022. In accordance with the discount control policy, the Board is therefore convening an extraordinary general meeting in October 2022 to consider a resolution to approve the continuation of the Company.

The Investment Manager continues to improve earnings and identify attractive opportunities for the Company's property portfolio and the Board believes it is important for shareholders to approve the continuation vote in order that the Investment Manager may continue to pursue the investment strategy effectively.

Accordingly, the Company will be publishing a circular convening an extraordinary general meeting to consider that continuation resolution and the Board will be recommending shareholders vote in favour of the Company's continuation. The Company has discussed the upcoming resolution with its largest shareholder, Phoenix, which currently holds in aggregate approximately 43.4 per cent of the Company's issued shares, and which has indicated it intends to vote in favour of continuation.

Outlook

We have delivered a strong set of results from our portfolio during the first half of 2022 with further positive leasing momentum by our asset management team driving rental growth and an increase in portfolio valuation. Over the past few years we have taken advantage of our ability to invest in a diversified range of sectors to proactively manage our portfolio towards income growth and security, with a focus on future fit and operational asset classes. Of particular note we have built a strong position in both urban and big box logistics, and the living asset classes, where we are invested mainly in student housing and hotels – in all of these the supply demand imbalance and societal changes continue to be highly supportive of the occupational markets and rental growth.

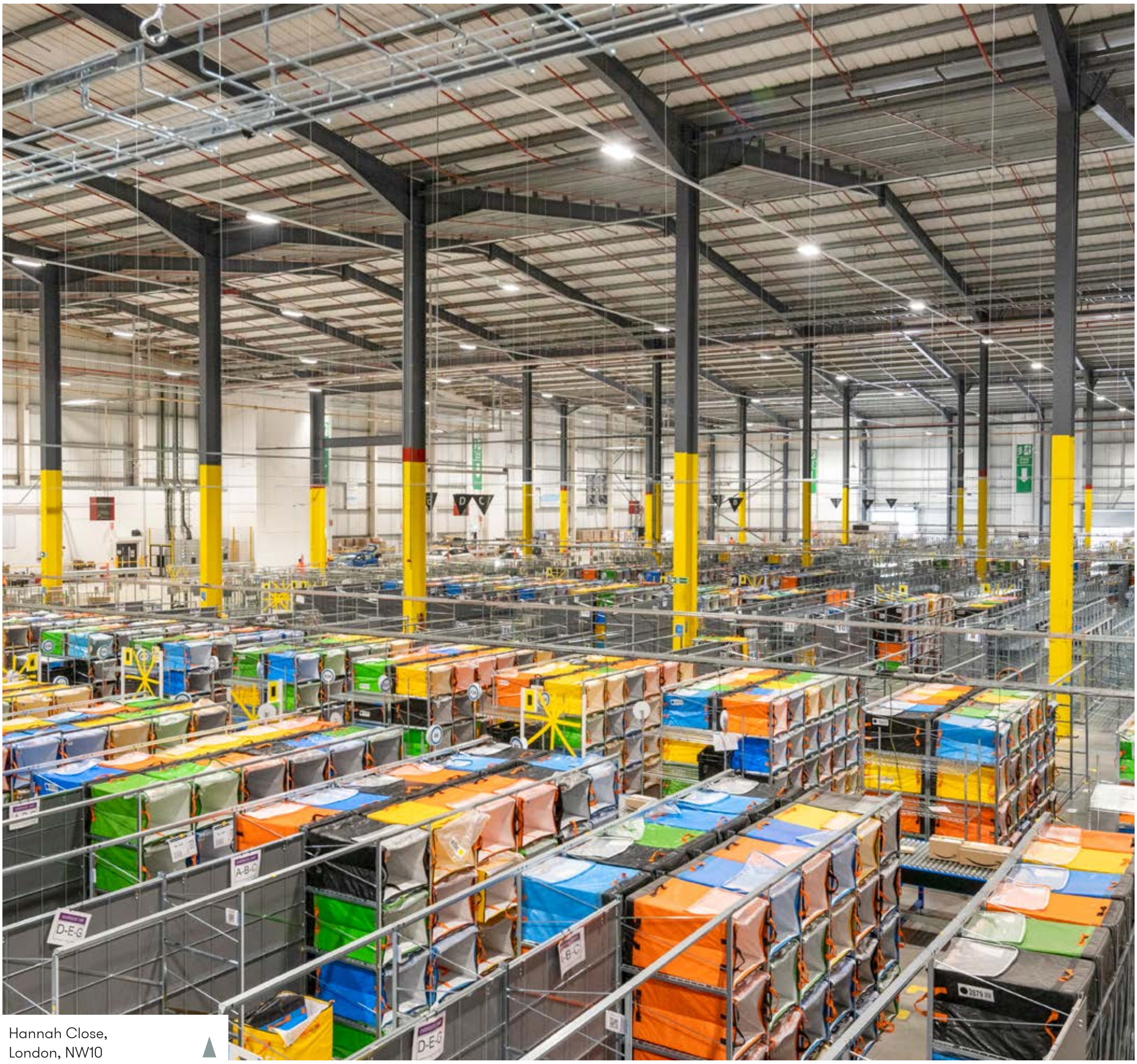
The underlying pace of the UK economy is clearly slowing whilst inflation is running at multi-year highs. Despite the government's announcement that energy prices will be frozen to help UK households and businesses, short-term inflation is still set to rise to above 10% in October. The government's huge fiscal stimulus was always going to cause interest rates to rise further, but the large market moves since the government's economic agenda was announced suggest even higher rates will be necessary to restore confidence in UK assets. We are sceptical on what is currently priced by markets, but a period of high and sustained rates is likely increasing our conviction that the economy will soon be in a recession. For UK real estate, the environment of rising rates has resulted in a repricing of debt and other asset classes, which has been a catalyst for a change in sentiment towards UK real estate more generally, with prices having started to adjust. Weaker returns are expected for UK real estate over the next 12-18 months, led by the lower yielding industrial and logistics sector although almost all sectors are expected to follow suit. On a positive note the occupational market for the industrial sector remains well balanced, with healthy levels of take-up and a national vacancy at a low 3%. Despite increased development for this sector, build cost inflation and development delays are expected to act as a natural cap on future supply. Meanwhile, the office market is becoming increasingly polarised between truly best in class space and the rest. ESG is playing an increasingly critical role in this regard, as are changing tenant requirements due to hybrid working arrangements, necessitating greater flexibility of space. With the cost of living crisis likely to weigh on consumer spending, the retail sector is more exposed, but this will be felt most acutely for discretionary led retailers, with high street shops and shopping centres more vulnerable.

While we are acutely aware of the broader economic challenges ahead, we believe that we are well placed both in terms of the quality of our portfolio and the strength of our lowly leveraged balance sheet, to continue to deliver shareholder value through a growing level of income.

Ken McCullagh
Chair of UKCM
29 September 2022

INVESTMENT MANAGER'S REVIEW
For the half year ended 30 June 2022

Will Fulton UKCM Fund Manager



Hannah Close,
London, NW10

> "We believe that the Company's well-let portfolio of scale, which is heavily weighted towards future-fit sectors, and offers good prospects for rental growth, is well placed to deliver positive relative performance with good potential for future earnings growth."

Commercial Property

UK real estate carried some of its positive performance momentum from 2021 into the early part of 2022. However, this year will likely be one defined by the proverbial 'game of two halves' as some of the strong performance in the first half of the year is expected to be unwound moving forward. With sentiment towards UK real estate weakening, investment volumes have slowed as the market pauses for breath and takes stock.

Over the first half of the year, performance remained very positive and, at an all property level, the UK real estate market delivered a total return of 8.1% over the first six months of 2022 (MSCI Balanced Portfolios Quarterly Property Index). As expected, the industrial and logistics sector continued to drive the market and posted a total return of 13.3% in the first half of the year, whilst over the same period the office sector once again provided the weakest performance at 3.3%. The retail sector recorded performance and provided a total return of 8.0%, but much of this positive performance was attributable to the retail warehouse sector, which provided a robust total return of 14.1% in the first half according the Company's MSCI benchmark.

Transaction volumes in the first half of 2022 remained very robust and UK real estate recorded the strongest first half investment volumes since 2015 according to Real Capital Analytics with £31.2 billion transacted over this period. However, approximately two thirds of the activity occurred in the first quarter of 2022. Investment volumes were £10.2 billion in the second quarter of 2022, which was lower than the Q2 10-year average of £13.5 billion.

The slowdown in investment activity towards the end of the second quarter of 2022 can largely be attributed to the emergence of a less accommodative monetary policy environment as the Bank of England tries to bring inflation back closer to its target rate of 2%. This has resulted in slowing economic growth expectations, rising bond yields, and an increased cost of capital for debt-backed real estate investors, which has caused weaker sentiment towards UK real estate at this time.

The industrial sector experienced a record year in 2021 in terms of both performance and transaction volumes and carried this momentum into 2022. However, with the weakening economic environment, the sector has begun to slow and investor sentiment has begun to cool somewhat. Whilst reflected in a slowing level of transaction volumes, occupier markets have seen strong performance, with leasing driven by the imbalance between supply and demand. Amazon's announcement in April 2022 that it was to reduce its operational estate surprised the market, but we believe this statement was primarily focused on the US and, more importantly, that occupational demand is and has proven to be more multi-faceted and deeply diverse than being wholly reliant on one operator or business segment. The industrial sector continues to benefit from longer term thematic tailwinds and rental value growth should remain positive in response to tight supply levels, but return to a more normalised growth rate.

Polarisation within the office sector has been gathering pace as both occupiers and investors continue to narrow their focus on best in class office assets with strong environmental credentials. There have been increased reports of positive letting activity in the office sector over the second quarter of 2022.

But, according to CBRE Ltd ('CBRE'), the central London vacancy rate remains elevated at 9%. Secondary accommodation accounts for approximately 70% of all available accommodation. Overall office demand is expected to fall as a poorer economic outlook weighs on job growth across the market, placing additional pressure on occupational sentiment. However, Grade A 'future fit' office assets, in prime locations, are anticipated to be more resilient in this weakening environment, whilst the outlook for secondary assets is much more challenging.

The UK retail sector was showing tentative signs of green shoots at the start of 2022, but momentum, particularly in the occupational market, is expected to experience a marked slowdown as the current cost-of-living crisis and slowing economic growth puts pressure on consumer spending. This will be more acutely felt in the consumer discretionary and fashion-led part of the market. Essential, discount and convenience-led retail is expected to be much more resilient in this environment, but not entirely immune to the cost-of-living pressures facing UK households. Retail sales volumes fell by 0.5% in May 2022 and, in the three months to May 2022, by 1.3% when compared to the previous 3 months, continuing a downward trend that began in summer 2021. Foodstore sales provided the largest contribution to the fall in sales over May, as sales fell a further 1.6%. This supports the view that consumers are seeking to reduce their outgoings in the face of rising costs.

Strong demographics and structural tailwinds are expected to continue to drive interest in the alternative sectors, particularly in healthcare, build-to-rent and student housing over the medium-to-long term. With the occupational pressures facing the office and retail markets, investor allocation to alternative sectors more generally is expected to grow. However, these sectors are not immune to the weakening macro environment and a focus on quality will be important to ensure performance remains resilient.

Portfolio Performance

The Company's portfolio delivered strong outperformance against its MSCI IPD benchmark in the first half of the year. For the six months to 30 June 2022, UKCM portfolio's total return was 11.2%, significantly ahead of the benchmark return of 8.1%. The property portfolio continues to show outperformance over 1, 3, 5 and 10 years. Total return performance was particularly strong in Q1 2022 at 8.8% v 4.9% for the benchmark with performance still positive but slowing in the second quarter, which was in line with our expectations, at 2.3% against the benchmark return of 3.0%.

The table below breaks down this return by sector with all valuations undertaken by the Company's external valuer, CBRE. The portfolio delivered an income return marginally below benchmark of 1.8% (benchmark 1.9%) over the first six months of the year, but this was offset by greater capital value growth than the benchmark, 9.3% vs 6.1%. Portfolio-level outperformance has been driven by the Company's strong overweight position to the industrial sector which again delivered the strongest returns of all the major sectors. The Company's exposure stands at 63.9% weighted by capital value at the end of H1 2022. The office and retail assets within the portfolio also significantly outperformed their benchmark over the first half of the year.

Gatwick Gate,
Crawley

Industrial

The Company has maintained for some time a strong, strategic overweight position to the industrial sector which continues to be well placed to benefit from the structural changes that have fuelled tenant demand for space such as the growth e-commerce and renewed demand for storage of inventory due to the disruption of global supply routes. Whilst demand is likely to taper down from the heightened levels seen in 2020 and 2021 it is still expected to outstrip levels of supply leading to rental growth, particularly in strategic locations and those where supply of industrial land for development is restricted.

In the first half of 2022 the Company's industrial holdings delivered a strong total return of 12.5%, albeit this was behind the benchmark return of 13.3%. The six-month industrial income return of 1.4% which is below the benchmark level of 1.6%.

As the strongest performing segment of the benchmark, our strategic overweight allocation to the sector enhanced overall portfolio returns. The Company's industrial holdings are split respectively between multi-let industrial estates at 45% by capital value and 55% by capital value in single-let big-box distribution units in strategic locations throughout the South-East and the Midlands. In general, the multi-let estates offer more immediate prospects for asset management, and therefore opportunities to grow income, whilst the distribution units tend to be longer let and offer secure income streams with the opportunity to capture growth at rent reviews and lease renewals. We expect that returns from the sector will be driven by rental growth and would expect some yield weakening throughout the rest of 2022 as a result of interest rate rises. This will be most pronounced initially on very low yielding London / South East assets but is likely to have a knock-on effect to the rest of the sector.

	Exposure		Total Return		Income Return		Capital Growth	
			UKCM %	Benchmark %	UKCM %	Benchmark %	UKCM %	Benchmark %
All	100.0%	£1,711.0m	11.2	8.1	1.8	1.9	9.3	6.1
Industrials	63.9%	£1,092.5m	12.5	13.3	1.4	1.6	11.0	11.6
Offices	13.3%	£227.6m	6.1	3.3	2.3	1.8	3.8	1.5
Retail	12.4%	£212.7m	16.7	8.0	2.5	2.6	14.0	5.3
Alternatives	10.4%	£178.2m	1.8	5.1	3.5	2.4	–1.6	2.6

Source: MSCI June 2022

Centrum 260
Burton-On-Trent

Office

The Company has a low exposure to the office sector of 13.3% against the benchmark weighting of 25%. The office portfolio significantly outperformed the benchmark with a return of 6.1% vs 3.3%. It delivered an above benchmark income return of 2.3% vs 1.8% for the 6-month period reflecting that the Company is deliberately underweight to lower yielding London offices, with the vast majority of its office exposure being elsewhere in the South East or in regional cities where yields are generally higher.

Over H1 2022 a strong capital return of 3.8% was also delivered by the office portfolio significantly ahead of the benchmark level of 1.5%. Capital growth was driven by positive asset management at assets such as 2 Rivergate, Bristol where a lease extension was agreed with the Secretary of State and at Craven House in London where a strong rent review settlement was agreed. There was also the positive impact of acquisitions completed in Q4 2021 particularly Kantar House at Hanger Lane where the value is underpinned by the redevelopment value of the site which has significantly increased.

The polarisation of the sector is expected to continue with occupiers strongly favouring best in class ‘future-fit’ properties with access to amenities and excellent ESG credentials. The Company is focused on ensuring all its office assets meet, or can meet, these standards and as a result of this analysis the decision was made to sell 9 Colmore Row, Birmingham in July for £26.48 million. Full details are provided on page 16.

Retail

At the end of the half year, the Company’s weighting to retail was 12.4% compared to 22% in the benchmark. The portfolio comprises supermarkets and retail parks dominated by either bulky goods retailers or convenience and discount operators. These tenants have generally emerged strongly from the Covid-19 pandemic and should prove to be robust in the forthcoming challenging economic environment where spending is likely to be focussed away from non-discretionary items. The Company has no exposure to shopping centres and its only remaining high street shops are part of the office investment at 81 George Street, Edinburgh which are well let. At the end of Q2 2022 there were no vacancies in the retail portfolio which reflects the strength of these locations and their appeal to tenants.

The quality of the Company’s retail holdings is further demonstrated by its total return in the period of 16.7% against 8.0% recorded in the benchmark. This was principally driven by much stronger capital growth in the period of 14.0% against 5.3% for the benchmark with the majority of this performance derived from the retail park element of the portfolio. These assets closely match those sought by investors in 2021 and H1 2022 in that they are well-located and let to tenants suited to the surrounding demographic at sustainable rental levels, and they have therefore benefitted from the strong yield compression seen in this sub-sector of the market.

Alternatives

Within the alternatives sector we saw positive total returns of 1.8% delivered over the first half of 2022 which was below the benchmark level of 5.1%. The Company’s alternatives portfolio at the end of the period was split evenly in terms of capital value between three cinema-led leisure schemes in Kingston upon Thames, Glasgow and Swindon and four hotel / student housing assets, of which three are developments and therefore will not fully contribute to portfolio performance until completion. The Maldron Hotel in Newcastle which is let on a long-lease to Dalata and trades strongly is the fourth non-leisure asset within the alternatives sector.

Rent collection levels at the leisure assets have normalised which contributed to an above benchmark income return of 3.5% v 2.4%, but this was offset by a capital decline of 1.6% in the portfolio whilst the benchmark recorded capital growth of 2.6%.

The Company’s student housing development in Edinburgh completed in time for the 2022/2023 academic year. Within the period the Company agreed an attractive 20 year lease, which includes annual index-linked rental uplifts, with the University of Edinburgh over its asset at Gilmore Place, Edinburgh substantially derisking the operation of this asset. UKCM also committed to the funding of a 305 bed Hyatt Hotel in Leeds which is scheduled to complete in mid-2024.

Investment Activity

Following the significant levels of investment activity seen in 2021 there have been fewer transactions completed in the first half of this year. In May, the Company committed to the development of a high-quality hotel in central Leeds which will complete mid-2024 with a 25-year franchise agreement in place with Hyatt Hotels, one of the leading global hotel brands. UKCM is funding the development for a total commitment of £62.7 million. The hotel will be operated under a lease by Interstate Hotels & Resorts, a 50+ year old global leader in hotel operation, with UKCM's rental income based on the income generated from the operation of the hotel.

The 140,000 sq ft hotel's 305 rooms will be split between the short stay Hyatt Place and the long stay Hyatt House brands. The upscale hotel will provide meeting rooms, a gym and several food and beverage options, including a rooftop bar with its own dedicated entrance and on completion should be one of the best quality hotels in Leeds. The acquisition is in line with part of UKCM's strategy to increase its exposure to alternatives and to invest in operational real estate sectors that are expected to deliver resilient rental incomes. On completion the asset is expected to have strong ESG credentials with a target EPC rating of A and an expected BREEAM rating of Excellent.

St George's Retail Park, Leicester

After the reporting period in July, the Company disposed of its 68,400 sq ft central Birmingham office, 9 Colmore Row, to Birmingham City Council at a price of £26.48 million, ahead of the asset's book cost and at a premium to the latest valuation. In addition to securing a strong sale price, the disposal is in line with the Company strategy of exiting risk assets and those in need of capital expenditure which will not enhance value.

The building's current EPC rating is D and this will require to be improved to meet forthcoming Minimum Energy Efficiency Standards legislation, with an expectation these costs will primarily fall upon the landlord.

The Company has financial resources totalling £24 million available as at 30 June 2022 to utilise for further acquisitions including the post-period receipt from the sale of Colmore Row, and allowing for future commitments and the dividends paid in August 2022. We are exploring sectors offering higher initial income returns but with some future capital growth potential with a focus on best in class regional offices which meet future occupier demands in terms of access to amenity and ESG credentials and well as further assets in the alternatives sector which offer strong fundamentals and robust incomes.

Central Square South, Newcastle

Asset Management and Rent Collection

Rent collection rates have normalised throughout the first half of 2022 and have largely returned to pre-pandemic levels of collection. There continue to be some tenants within the portfolio that pay rents by agreement on a monthly basis as opposed to quarterly however once these are adjusted for rent collection for the three billing periods covering the start of this year, 99% of rents due have been collected.

The Company benefits from low tenant income concentration due to its diverse tenant mix of 227 tenancies across 41 assets, with its top tenant, Ocado, accounting for 6% of contracted rental income. In total the portfolio's top ten tenants account for 36.9% of total rents at the end of June 2022.

Occupancy levels in the portfolio increased to 98.5% at the end of H1 2022 which reflects a void rate approximately one fifth of the MSCI Benchmark rate of 7.7% at the same period. The portfolio occupancy rate is also an improvement on the position at the end of 2021 when the occupancy rate stood at 97.9%. This minimal level of vacancy reflects the work undertaken by the asset management team in securing income for the Company as well as the quality and appeal to occupiers of the assets themselves.

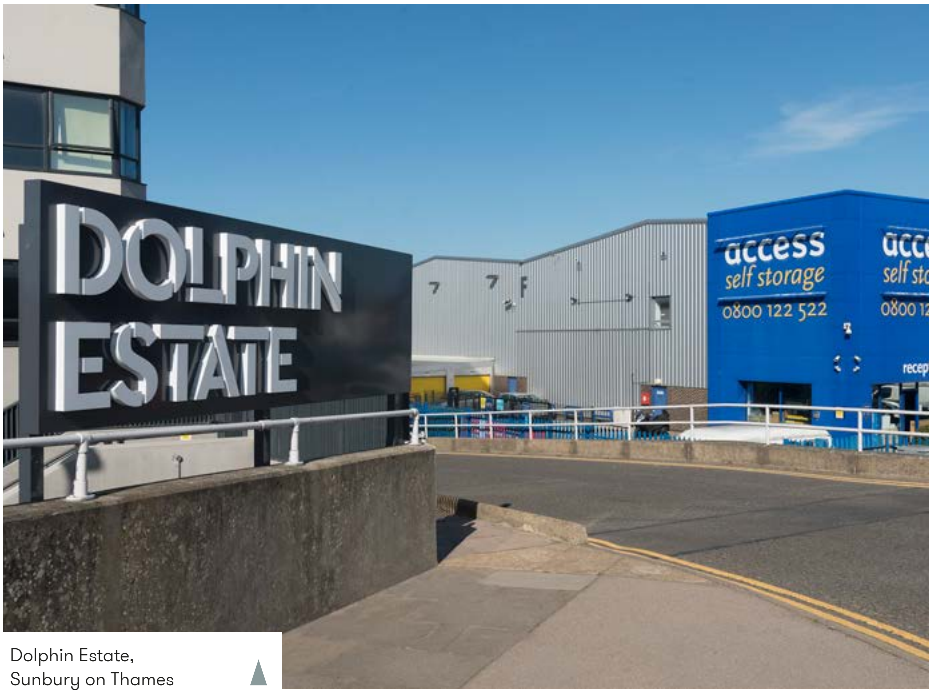
Emerald Park,
Bristol

INVESTMENT MANAGER'S REVIEW
Continued

Asset management highlights within the period included:

- As previously mentioned, at Gilmore Place in Edinburgh, the Company's student housing development, a 20 year lease has been agreed with University of Edinburgh at an annual rent of £1.238m per annum. The rent is increased annually by CPIH with a cap and collar of 1-4%. The development is due to complete in time for the commencement of the 2022/23 academic year.

- At Temple Quay in Bristol, the Secretary of State has extended its occupation of the Company's 70,000 sq ft HQ-style office building for a further three years which includes an increase in rent to £1.72m per annum. The asset is located in a prime location within Bristol's office core directly opposite Temple Meads railway station which is due to benefit from an investment of £95m into to the station and surrounds. The lease is now outside the Landlord & Tenant Act and the deal therefore secures the opportunity for a future redevelopment in this excellent location.



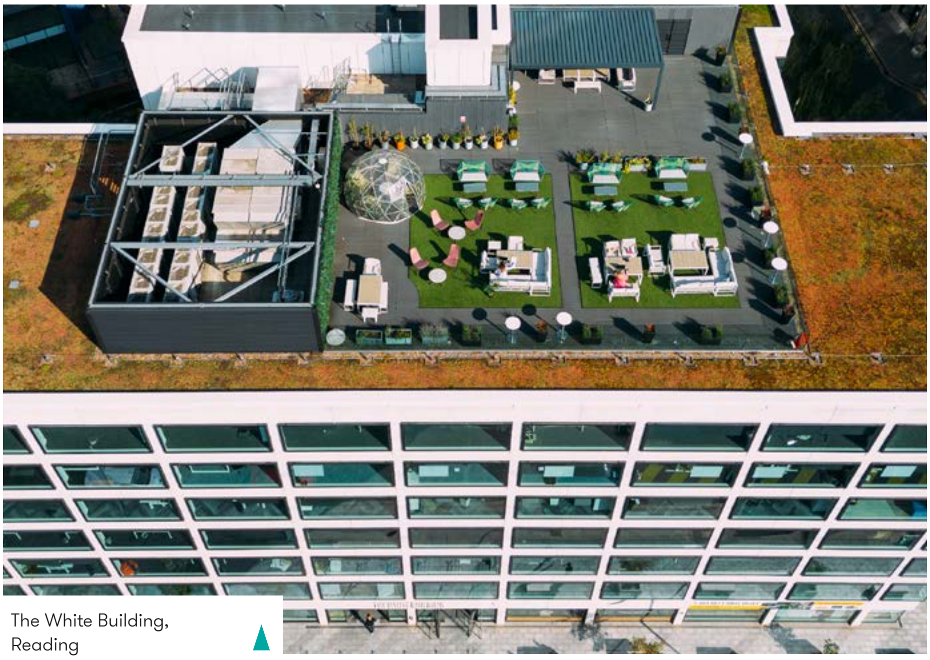
Dolphin Estate, Sunbury on Thames

- A new tenant was secured for Unit 12, Newton's Court, Dartford following a comprehensive refurbishment and environmental upgrade of the property. Paak Logistics UK Limited has taken a new 15 year lease without break over the 67,300 sq ft unit at a rent of £942,816 per annum, representing a 27% premium to the ERV at the start of the year and demonstrating the continued demand for high quality, well located logistics space. This also sets a new headline rental tone for the estate of £14 psf per annum and the lease incorporates 5 yearly upward only open market rent reviews. The achieved rent is significantly ahead of the original underwritten rental level when the refurbishment commenced demonstrating the potential within the portfolio to capture strong rental growth. In line with the Company's ESG priorities the building's EPC was improved from a rating of D to A through the refurbishment works which included using energy efficient materials and installing photo voltaic panels.

- Also at Newton's Court, Dartford, Unit 6 was let to Rodenstock UK Ltd on a new 10 year lease with a tenant only break option in year 5 over the 6,650 sq ft unit which had recently fallen vacant. The agreed annual rent is £89,775 per annum equating to £13.50 psf per annum, which is 6% ahead of the unit's previous ERV at the start of the year. Overall Newton's Court, Dartford has experienced 9% growth in market rents in the first six months of the year.

- The rent review from June 2021 over the accommodation at Craven House, Foubert's Place, London the Company's 20,100 sq ft West End office, was settled 5% ahead of ERV at an increased rent equating to £54 psf per annum. The prominent building is situated adjacent to Carnaby Street and is let to film and television production company Molinaire until June 2026.

- St George's Retail Park in Leicester became fully occupied within the period as Autoglass completed a new 10 year lease with a tenant break on the fifth anniversary at a rent of £52,500 per annum in line with ERV. The park has been substantially repositioned following extensive letting activity on 2021 and boasts an attractive line-up of strong tenants including Next, Home Bargains, DSG and Iceland.


The White Building, Reading

Environmental, Social and Governance (ESG)

The Company received a three star rating and was second in its GRESB peer group for ESG performance and made its 2022 submission in Q2. The Company also obtained a Gold Star from EPRA for ESG reporting in 2021. UKCM is working towards the long-term commitments within its 2021 Annual Report of Net Zero Carbon for landlord emissions by 2030 and Net Zero Carbon for all portfolio emissions by 2040.

A number of asset-specific initiatives have been completed within the period such as the ESG-focussed refurbishment of Unit 12, Newton's Court, Dartford detailed above. The Manager continues to assess all assets within the portfolio for potential opportunities to improve ESG performance and also to ensure that the buildings can comply with forthcoming Minimum Energy Efficiency Standards legislation in a commercially sensible manner.

Investment Outlook

Looking forward we expect some of the strong first half 2022 performance to be unwound over the second half and, given the current market environment, our overall outlook for the next 12-18 months has been revised downwards.

By early September 2022, the spread between UK real estate and UK 10 year gilts reached the lowest level since 2008 as the UK 10 year yield peaked at 3.1% in response to increasing inflation and interest rate expectations. We expect the yield on the UK 10 year gilt to remain at or above this level in the near-term adding pressure on UK real estate yields to move out to maintain an appropriate yield buffer. On top of this, with rising debt costs driven by tightening monetary policy, a number of leveraged players have begun to step back from the market as the cost of debt outstrips yields in several sectors making its use in these sectors prohibitive. As a result, we are now beginning to see some repricing across the UK real estate market, driven predominantly by interest rates 're-rating' and an increased cost of capital impacting yields.

Investors are anticipated to take a more risk off approach towards UK real estate in the second half of this year and we expect polarisation of investor focus to widen, as investors target best in class assets which should provide more resilient returns in a weakening environment, with greater scrutiny on the sustainability of income streams.

ESG considerations are expected to become even more integral to investor decision making and asset underwriting. This trend was expedited as a result of the Covid-19 pandemic, but with the current energy crisis and pathway to net-zero, the case for integrating ESG considerations across all UK real estate sectors has never been greater. An even greater emphasis on ESG requirements for both acquisitions and developments is already underway.

The government's huge fiscal stimulus was always going to cause interest rates to rise further, but the large market moves since the government's economic agenda was announced suggest even higher rates will be necessary to restore confidence in UK assets. We are sceptical on what is currently priced by markets, but a period of high and sustained rates is likely increasing our conviction that the economy will soon be in a recession. Whilst we expect a slowdown in the market in the near term, we also expect inflation to fall through 2023 into 2024 as a result of interest rate tightening from the Bank of England before a cutting cycle starts. When the overall cost of debt does in time move lower and become more widely available as the economic environment and investor sentiment towards UK real estate improves, UK government bond yields will also move lower. We therefore expect a relatively short period of increasingly tight spreads over the next 12-18 months, before UK real estate begins to look more attractive. Opportunities within the market should emerge once repricing has occurred and a rebound in real estate performance is anticipated.

Dalewood Road, Newcastle

Portfolio Strategy

Against a backdrop of economic and inflationary pressure, and rising interest rates, we remain positive on the ability of your Company's portfolio to deliver positive rental, and so earnings, growth. Our strategy has been fashioned with this in mind by targeting those areas of the market most likely to benefit from positive structural changes and so experience positive demand versus supply over the coming years with the ability for active asset management to enhance income. Embedded across your Company's strategic thinking is an awareness of the current and future implications of environmental, social and governance factors, collectively ESG, with the Company's February announcement of its net carbon zero targets of 2030 (landlord-controlled emissions) and 2040 (all emissions) a focus for asset management and investment decision-making.

Ventura Park, Radlett

Regent Circus, Swindon

Whilst, as highlighted earlier, we do expect some negative repricing of real estate over the short term we also believe winners and losers will emerge. We look to maintain a diversified portfolio to reduce specific risk which we achieve by maintaining a wide spread of tenants, geography and a diversified property sector allocation – but importantly diversified across those sectors and assets we believe will deliver better rental growth and value prospects rather than simply spreading across a benchmark. The bulk of the portfolio comprises a solid bedrock of assets with strong fundamentals, durable income streams and a low risk profile. Layered on this is a select group of assets allowing the team to add value and rent through more active management and, in some cases, controlled development exposure aiming to drive superior income and returns. And across all an aim to maintain relatively low levels of gearing from our low cost and flexible debt facilities.

Although we may consider selective disposals in the logistics/distribution and industrial sector to recycle to higher yielding stock, we wish to maintain a strong allocation to this important part of the market in high demand locations and fit-for-purpose property. We believe this sector remains well placed to deliver rental growth as we continue to see growing demand from the twin engines of continuing e-commerce penetration plus the growth expected in the demand for UK on-shoring of goods as the country adapts to disrupted global supply chains. Both, we believe, will lead to a growing demand for distribution space in a market still short of the right supply.

We remain keen on parts of the alternative property 'beds' sector, particularly selective student accommodation and hotel opportunities, which can also offer the opportunity for enhanced returns versus traditional leasing models. Our latest commitment is to a Hyatt Hotel due to open in Leeds city centre during summer 2024 which will supplement our hotel investment in Newcastle and two student developments at Exeter and Edinburgh.

The office sector potentially offers the greatest scope for divergence of returns and opportunity, as ever with care. Not only is it exposed to the force of an evolving model for how business and employees use an office, but it is also approaching regulatory hurdles to be met on energy efficiency in buildings by 2027 and 2030. Many offices will require significant investment to meet these.

It is very easy to imagine business embracing the potential of agile or flexible home working to reduce office occupancy costs, but also allocating that smaller overall budget to higher quality offices to attract and retain staff to encourage regular office participation for the business community benefits that can bring. And so we believe extreme bifurcation is the watchword for the office sector. Those assets in strong locations displaying flexibility, with good built-in or locally available amenities, strong e-connectivity, multi-modal transport links and sustainability are likely to emerge best placed to capture this focused demand. The reverse is likely to be true for those that do not with the potential they become 'stranded' economic assets requiring investment to meet regulations that is not rewarded by demand and rental growth. We are interested in opportunities in this thin slice of the overall office market, those asset-specific opportunities representing offices of the future. Conversely, we may disinvest from those assets we do not believe pass muster on this test and indeed our sale of Colmore Row, Birmingham, fits that category.

We believe that the Company's well-let portfolio of scale, which is heavily weighted towards future-fit sectors, and offers good prospects for rental growth, is well placed to deliver positive relative performance with good potential for future earnings growth.

Will Fulton
Fund Manager
29 September 2022

2022 PORTFOLIO ANALYSIS

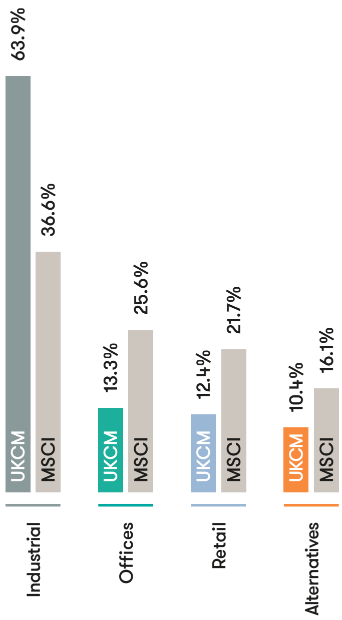
(all figures as at 30 June 2022)

LEASE EXPIRY PROFILE

	UKCM	Benchmark
0–1yr	5.7	10.6
1–2yrs	5.5	8.7
2–3yrs	10.3	8.9
3–5yrs	20.5	16.0
5–10yrs	23.2	20.0
10–15yrs	22.5	9.5
>15yrs	12.3	26.3

SECTOR SPLIT VS MSCI BENCHMARK

(based on market value)



TOP 10 TENANTS BY PASSING RENT

36.9% of passing rent

#01 **OCADO RETAIL LIMITED**
Industrial
6.0% of passing rent

#02 **PUBLIC SECTOR**
Office & Industrial
5.0% of passing rent

#03 **WARNER BROS. STUDIOS**
Industrial
4.4% of passing rent

#04 **AMAZON UK SERVICES LTD**
Industrial
4.2% of passing rent

#05 **TOTAL E&P UK LIMITED**
Industrial
3.3% of passing rent

#06 **CINEWORLD ESTATES LIMITED**
Alternatives
3.0% of passing rent

#07 **KANTAR UK LIMITED**
Office
2.9% of passing rent

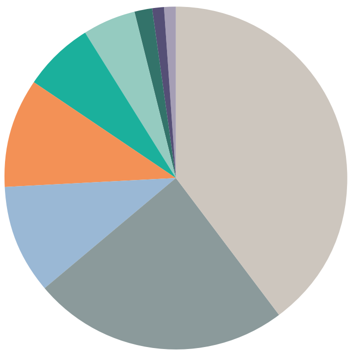
#08 **B&Q LIMITED**
Retail
2.9% of passing rent

#09 **ODEON CINEMAS LIMITED**
Alternatives
2.8% of passing rent

#10 **DALATA CARDIFF LIMITED**
Alternatives
2.4% of passing rent

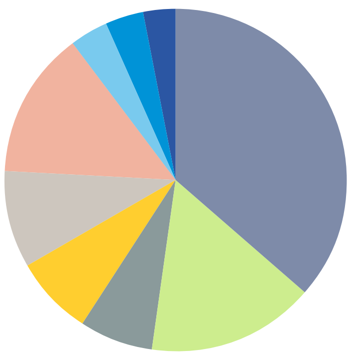
PORTFOLIO SPLIT BY SUB SECTOR

Industrial — South East	39.8%
Industrial — Rest of UK	24.1%
Retail Warehouse	10.4%
Alternatives	10.4%
Office — Rest of UK	6.5%
Office — Rest of South East	5.0%
Office — West End	1.8%
Retail — Rest of UK	1.1%
Retail — South East	0.9%



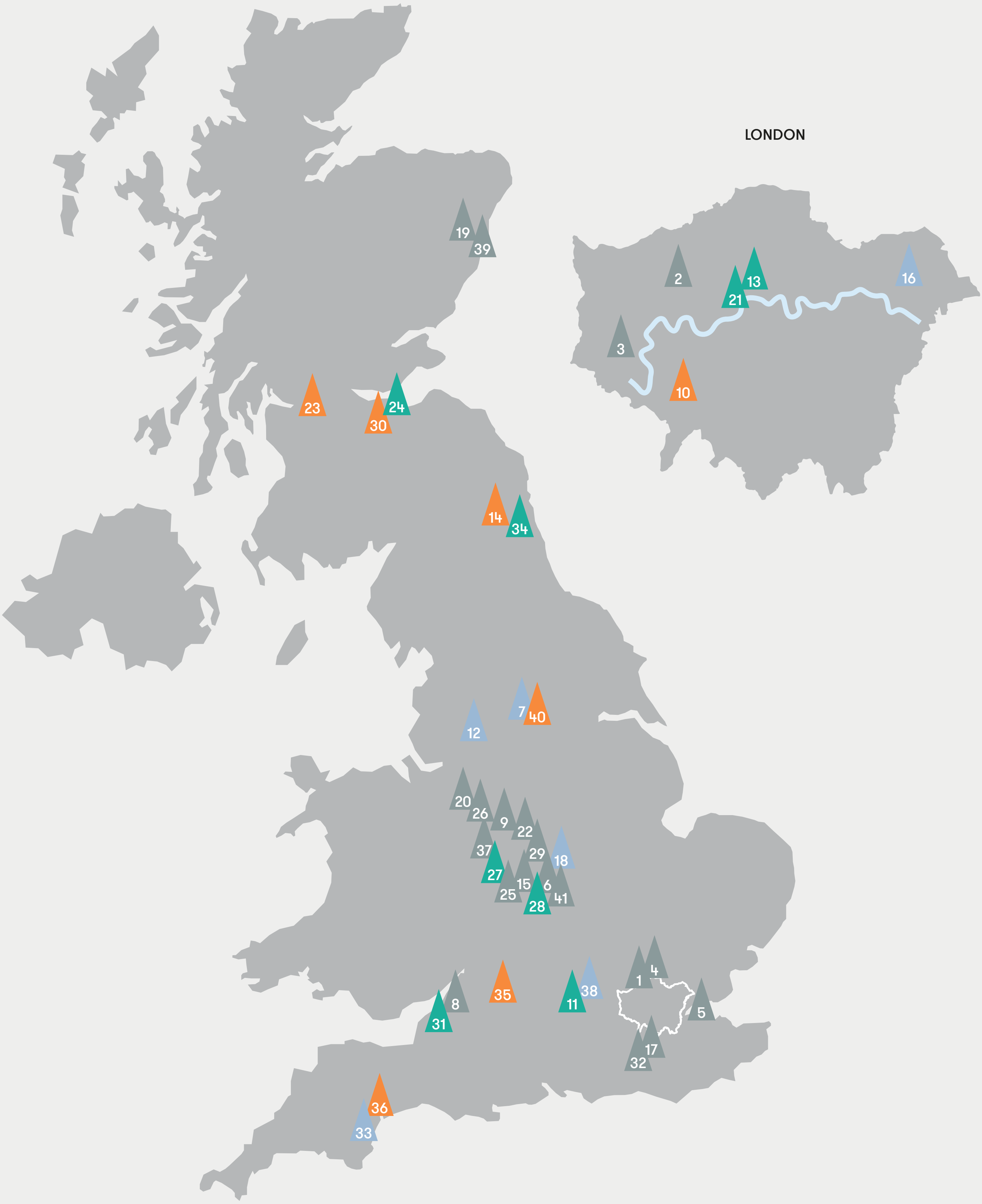
PORTFOLIO SPLIT BY GEOGRAPHY

South East	36.5%
London	15.8%
Scotland	7.0%
South West	7.6%
East Midlands	9.1%
West Midlands	13.8%
Yorks / Humber	3.7%
North East	3.5%
North West	3.0%



PROPERTY PORTFOLIO

As at 30 June 2022

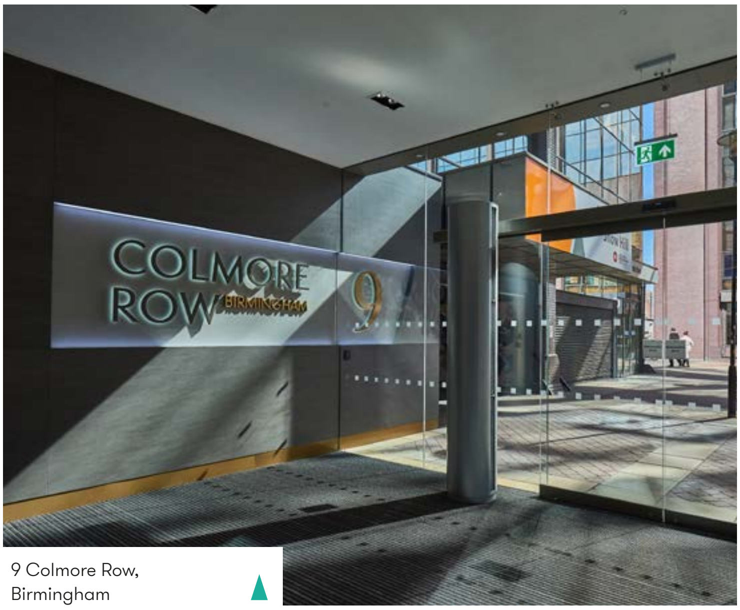


	PROPERTY	Tenure	Sector	Principal Tenant	Value Range
1	Ventura Park, Radlett	Freehold	Industrial	Warner Bros Studios Ltd	Over £70m (representing 37% of the portfolio capital value)
2	Hannah Close, London, NW10	Leasehold	Industrial	Amazon UK Services Ltd	
3	Dolphin Estate, Sunbury on Thames	Freehold	Industrial	Trans Global Freight Management Ltd	
4	Ocado Distribution Unit, Hatfield Business Area, Hatfield	Freehold	Industrial	Ocado Retail Ltd	
5	Newton's Court, Dartford	Freehold	Industrial	Veerstyle Ltd	
6	XDock 377, Magna Park, Lutterworth	Leasehold	Industrial	Armstrong Logistics Ltd	£40m – £70m (representing 28% of the portfolio capital value)
7	Junction 27 Retail Park, Birstall, Leeds	Freehold	Retail Warehouse	Barker & Stonehouse Ltd	
8	Emerald Park East, Emersons Green, Bristol	Freehold	Industrial	Knorr-Bremse Systems Ltd	
9	Centrum 260, Burton on Trent	Freehold	Industrial	Palletforce plc	
10	The Rotunda, Kingston upon Thames	Freehold	Alternatives	Odeon Cinemas Ltd	
11	The White Building, Reading	Freehold	Office	Barracuda Networks Ltd	£20m – £40m (representing 26% of the portfolio capital value)
12	Trafford Retail Park, Manchester	Freehold	Retail Warehouse	Dunelm (Soft Furnishings) Ltd	
13	Kantar, London	Freehold	Office	Kantar UK Ltd	
14	Maldron Hotel, Newcastle	Leasehold	Alternatives	Dalata Group plc	
15	Axiom, Precision Park, Leamington Spa	Freehold	Industrial	Public Sector	
16	B&Q, Roneo Corner, Romford	Freehold	Retail Warehouse	B & Q Plc	
17	Gatwick Gate Industrial Estate, Crawley	Freehold	Industrial	International Logistics Group Ltd	
18	St Georges Retail Park, Leicester	Freehold	Retail Warehouse	Aldi Stores Ltd	
19	Total, Aberdeen Gateway, Aberdeen	Freehold	Industrial	Total E&P UK Ltd	
20	Dalewood Road, Newcastle Under Lyme	Freehold	Industrial	TK Maxx Ltd	
21	Craven House, Fouberts Place, London, W1	Freehold	Office	Molinaire Ltd	
22	Tetron Point, Swadlincote	Freehold	Industrial	Clipper Logistics plc	
23	Cineworld Complex, Glasgow	Freehold	Alternatives	Cineworld Group plc	
24	81-85 George Street, Edinburgh	Freehold	Office	Clydesdale Bank plc	
25	Integra, Precision Park, Leamington Spa	Freehold	Industrial	Iron Mountain (UK) Ltd	
26	Whittle Road, Stoke on Trent	Freehold	Industrial	Bestway Pharmacy NDC Ltd	£0m – £20m (representing 9% of the portfolio capital value)
27	Colmore Court, 9 Colmore Row, Birmingham	Leasehold	Office	BNP Paribas	
28	Aura, Precision Park, Leamington Spa	Freehold	Office	Tata Technologies Europe Ltd	
29	Interlink Way West, Bardon	Freehold	Industrial	Roca Ltd	
30	Edinburgh University Student Accommodation – Funding	Freehold	Alternatives	Under Development	
31	No 2 Temple Quay, Bristol	Freehold	Office	Public Sector	
32	Sussex Junction, Bolney	Freehold	Industrial	CGG (UK) Ltd	
33	Asda, Torquay	Freehold	High St, Retail	Asda Stores Ltd	
34	Central Square Offices, Forth Street, Newcastle Upon Tyne	Freehold	Office	Ove Arup & Partners International Ltd	
35	Regent Circus, Swindon	Freehold	Alternatives	WM Morrison Supermarkets plc	
36	Exeter University Student Accommodation – Funding	Freehold	Alternatives	Under Development	
37	Cannock Watling Street	Freehold	Industrial	Rhenus Logistics Ltd	
38	14-22 West Street, Marlow	Freehold	High St, Retail	Sainsbury's Supermarket Ltd	
39	Tetra, Aberdeen Gateway, Aberdeen	Freehold	Industrial	Tetra Technologies UK Ltd	
40	Hyatt Hotel, Leeds – Funding	Leasehold	Alternatives	Under Development	
41	Development Site, Precision Park, Leamington Spa	Freehold	Industrial	Under Development	

Overall number of properties	41
Total number of tenancies	227
Total average property value	£41.7
Total floor area	7,900,000 sq ft
Freehold / Leasehold (leases over 100 years)	85% / 15%

Key: Industrial Office Retail Alternatives

PRINCIPAL RISKS AND UNCERTAINTIES



9 Colmore Row, Birmingham

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 headings Principal Risks and Emerging Risks within the Report of the Directors in the Company's Annual Report for the year ended 31 December 2021, published in April 2022, on pages 34 to 41. The Group's principal risks have not changed since the date of that report.

GOING CONCERN

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the next twelve months. In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Group, forecast rental income and other forecast cash flows. The Group has agreements relating to its borrowing facilities with which it has complied during the period. Based on the information the Directors believe that the Group has the ability to meet its financial obligations as they fall due for the foreseeable future, which is considered to be for a period of at least twelve months from the date of approval of the financial statements. For this reason they continue to adopt the going concern basis in preparing the accounts.

Ocado Distribution Unit, Hatfield

Junction 27 Retail Park,
Leeds

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in respect of the half yearly financial report to 30 June 2022

We confirm that to the best of our knowledge:

- The condensed set of half yearly consolidated 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 Group.
- The half yearly Management Report includes a fair value review of the information required by:

  (a) DTR 4.2.7R of the Disclosure Guidance 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 Guidance 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

Ken McCullagh
Chair
29 September 2022

Edinburgh University
Student Accommodation

HALF YEARLY CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 June 2022

	Notes	Half year ended 30 June 2022 (unaudited) £'000	Half year ended 30 June 2021 (unaudited) £'000	Year ended 31 December 2021 (audited) £'000
REVENUE				
Rental income		32,326	28,769	58,307
Impairment reversal/(loss) on trade receivables		641	(1,152)	412
Service charge income		3,024	2,963	6,063
Gains on investment properties	2	141,768	51,761	201,753
Interest income		66	61	116
Total Income		**177,825**	**82,402**	**266,651**
EXPENDITURE				
Investment management fee		(4,798)	(4,080)	(8,500)
Direct property expenses		(1,756)	(4,004)	(5,343)
Service charge expenses		(3,024)	(2,963)	(6,063)
Other expenses		(1,754)	(1,125)	(3,229)
Total expenditure		**(11,332)**	**(12,172)**	**(23,135)**
Net operating profit before finance costs		**166,493**	**70,230**	**243,516**
FINANCE COSTS				
Finance costs		(4,137)	(3,422)	(7,283)
Operating profit after finance costs		**162,356**	**66,808**	**236,233**
Net profit from ordinary activities before taxation		162,356	66,808	236,233
Taxation on profit on ordinary activities	8	—	—	—
Net profit for the period		**162,356**	**66,808**	**236,233**
Total comprehensive income for the period		**162,356**	**66,808**	**236,233**
Basic and diluted earnings per share	3	**12.49p**	**5.14p**	**18.18p**
EPRA earnings per share	3	**1.58p**	**1.16p**	**2.65p**

All of the profit and total comprehensive income for the period is attributable to the owners of the Company. All items in the above statement derive from continuing operations.

The accompanying notes are an integral part of this statement.

HALF YEARLY CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022

	Notes	30 June 2022 (unaudited) £'000	Year ended 31 December 2021 (audited) £'000	30 June 2021 (unaudited) £'000
NON-CURRENT ASSETS				
Investment properties	2	1,655,915	1,508,368	1,172,556
		1,655,915	**1,508,368**	**1,172,556**
CURRENT ASSETS				
Investment properties held for sale	2	22,675	—	6,250
Trade and other receivables		56,198	50,763	41,073
Cash and cash equivalents		34,288	42,121	176,742
		113,161	92,884	224,065
Total assets		**1,769,076**	**1,601,252**	**1,396,621**
CURRENT LIABILITIES				
Trade and other payables		(35,095)	(27,698)	(26,017)
		(35,095)	**(27,698)**	**(26,017)**
NON-CURRENT LIABILITIES				
Bank loan		(266,538)	(248,326)	(198,065)
Total liabilities		**(301,633)**	**(276,024)**	**(224,082)**
Net assets	5	**1,467,443**	**1,325,228**	**1,172,539**
REPRESENTED BY				
Share capital		539,872	539,872	539,872
Special distributable reserve		568,891	568,891	566,194
Capital reserve		358,233	216,465	66,473
Revenue reserve		447	—	—
Equity shareholders' funds	5	**1,467,443**	**1,325,228**	**1,172,539**
Net asset value per share	5	**112.9p**	**102.0p**	**90.2p**
EPRA Net tangible asset value per share	5	**112.9p**	**102.0p**	**90.2p**

The accompanying notes are an integral part of this statement.

HALF YEARLY CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2022

HALF YEAR ENDED 30 JUNE 2022 (UNAUDITED)	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Equity Shareholders' Funds £'000
At 1 January 2022		539,872	568,891	216,465	—	1,325,228
Total Comprehensive income		—	—	—	162,356	162,356
Dividends paid	6	—	—	—	(20,141)	(20,141)
Transfer in respect of gains on investment property	2	—	—	141,768	(141,768)	—
As 30 June 2022		**539,872**	**568,891**	**358,233**	447	**1,467,443**

FOR THE YEAR ENDED 31 DECEMBER 2021 (AUDITED)	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Equity Shareholders' Funds £'000
At 1 January 2021		539,872	572,392	14,712	—	1,126,976
Total Comprehensive income		—	—	—	236,233	236,233
Dividends paid		—	—	—	(37,981)	(37,981)
Transfer in respect of gains on investment property		—	—	201,753	(201,753)	—
Transfer from special distributable reserve		—	(3,501)	—	3,501	—
As 31 December 2021		**539,872**	**568,891**	**216,465**	**—**	**1,325,228**

HALF YEAR ENDED 30 JUNE 2021 (UNAUDITED)	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Equity Shareholders' Funds £'000
At 1 January 2021		539,872	572,392	14,712	—	1,126,976
Total Comprehensive income		—	—	—	66,808	66,808
Dividends paid	6	—	—	—	(21,245)	(21,245)
Transfer in respect of gains on investment property		—	—	51,761	(51,761)	—
Transfer from special distributable reserve		—	(6,198)	—	6,198	—
As 30 June 2021		**539,872**	**566,194**	**66,473**	—	**1,172,539**

The accompanying notes are an integral part of this statement.

HALF YEARLY CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the half year ended 30 June 2022

	Notes	Half year ended 30 June 2022 (unaudited) £'000	Half year ended 30 June 2021 (unaudited) £'000	Year ended 31 December 2021 (audited) £'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the period before taxation		162,356	66,808	236,233
Adjustments for:				
Gain on investment properties	2	(141,768)	(51,761)	(201,753)
Movement in lease incentive	2	(2,277)	(2,827)	(5,877)
Movement in provision for bad debts		641	(1,152)	412
(Increase)/decrease in operating trade and other receivables		(3,312)	10,338	2,134
Increase/(decrease) in operating trade and other payables		7,397	(2,578)	(464)
Finance costs		4,137	3,422	7,283
Net cash inflow from operating activities		**27,174**	**22,250**	**37,968**
CASH FLOWS FROM OPERATING ACTIVITIES				
Purchase of investment properties	2	(6,552)	(7,124)	(179,861)
Sale of investment properties		—	67,926	74,181
Capital expenditure	2	(21,902)	(4,424)	(18,077)
Net cash (outflow)/inflow from investing activities		**(28,454)**	**56,378**	**(123,757)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Facility fee charges from bank financing		(657)	(560)	(1,020)
Dividends paid	6	(20,141)	(21,245)	(37,981)
Bank loan interest paid		(3,755)	(2,823)	(5,831)
Bank loan drawndown		28,000	—	50,000
Bank loan repaid		(10,000)	—	—
Net cash (outflow)/inflow from financing activities		**(6,553)**	**(24,628)**	**5,168**
Net (decrease)/increase in cash and cash equivalents		**(7,833)**	**54,000**	**(80,621)**
Opening cash and cash equivalents		**42,121**	**122,742**	**122,742**
Closing cash and cash equivalents		**34,288**	**176,742**	**42,121**
REPRESENTED BY				
Cash at bank		17,800	53,247	22,879
Money market funds		16,488	123,495	19,242
		34,288	**176,742**	**42,121**

The accompanying notes are an integral part of this statement.

NOTES TO THE ACCOUNTS

1. BASIS OF PREPARATION

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 2021.

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 2021, which were prepared under full IFRS requirements.

These condensed interim financial statements were approved for issue on 29 September 2022.

2. INVESTMENT PROPERTIES

	Period ended 30 June 2022
	£'000
FREEHOLD AND LEASEHOLD PROPERTIES	
Opening valuation	1,508,368
Purchases at cost	6,552
Capital expenditure	21,902
Gain on revaluation to fair value	144,045
Adjustment for lease incentives	(2,277)
Total fair value at 30 June 2022	**1,678,590**
Less: Current Assets – reclassified as held for sale	(22,675)
Non-current Assets – Fair value as at 30 June 2022	**1,655,915**

GAINS ON INVESTMENT PROPERTIES AT FAIR VALUE COMPRISE	
Valuation gains	144,045
Movement in provision for lease incentives	(2,277)
	141,768

ASSET HELD FOR SALE

At the balance sheet date one asset was classified as held for sale, Colmore Row, Birmingham. The asset has been shown at market value in the Balance Sheet as a held for sale asset and included within the investment property table shown in this note.

3. BASIC AND DILUTED EARNINGS PER SHARE

	Period ended 30 June 2022	Period ended 30 June 2021
Weighted average number of shares	1,299,412,465	1,299,412,465
Net Profit (£'000)	162,356	66,808
Basic and diluted Earnings per share (pence)	12.49	5.14
EPRA earnings per share (pence)	1.58	1.16

4. EARNINGS

Earnings for the period to 30 June 2022 should not be taken as a guide to the results for the year to 31 December 2022.

5. NET ASSET VALUE

	Period ended 30 June 2022	Period ended 30 June 2021
Number of ordinary shares in issue at the period end	1,299,412,465	1,299,412,465
Net assets attributable at the period end (£'000)	1,467,443	1,172,539
Net asset value per ordinary share (pence)	112.9	90.2
EPRA net tangible asset per share (pence)	112.9	90.2

6. DIVIDENDS

	Period ended 30 June 2022 £'000	Period ended 30 June 2021 £'000
2021 Fourth interim: PID of 0.466p per share, Non PID of 0.284p per share paid 25 February 2022 (2020 Fourth interim: PID of 0.46p per share)	9,746	5,977
2021 Fifth interim: nil (2020 Fifth interim: PID of 0.531p per share)	—	6,900
2022 First interim: PID of 0.80p per share paid 25 May 2022 (2021 First interim: PID of 0.644p per share)	10,395	8,368
	20,141	**21,245**

7. 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.

abrdn Fund Managers Limited (previously 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 £4,798,238 (30 June 2021: £4,079,597) of which £4,798,238 (30 June 2021: £2,061,904) remained payable at the period end.

The Directors of the Company are deemed as key management personnel and received fees for their services. Total fees for the period were £134,377 (30 June 2021: £159,759) of which £Nil (30 June 2021: £Nil) was payable at the period end.

The Group invests in the abrdn Liquidity Fund which is managed by abrdn. As at 30 June 2022 the Group had invested £16.5 million in the Fund (30 June 2021: £123.5 million). No additional fees are payable to the Investment Manager as a result of this investment.

8. TAXATION

	Period ended 30 June 2022 £'000
Net profit from ordinary activities before tax	162,356
UK corporation tax at a rate of 19 per cent	30,848
Effects of:	
Capital gain on investment properties not taxable	(26,936)
UK REIT exemption on net income	(3,912)
Total tax charge	—

9. 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 2021. The Board, through its Risk Committee, has undertaken a thorough review of these risks and believe they have not changed materially from those set out in the 2021 statutory accounts.

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 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Investment properties	—	—	1,678,590	1,678,590

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 2021.

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 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Loan Facilities	—	266,538	—	266,538

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 is estimated by discounting expected future cash flows using the current interest rates applicable to each loan.

The following table 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:

30 June 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Trade and other receivables	—	56,198	—	56,198
Trade and other payables	—	35,095	—	35,095

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.

10. FINANCING

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

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 £68m was drawn down at the period end (30 June 2021: £nil).

11. SUBSIDIARY UNDERTAKINGS

The Company owns 100 per cent of the issued share capital of UK Commercial Property Estates Holdings Limited (UKCPEHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPEHL 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. UKCPEHL also owns 100% of Brixton Radlett Property Limited and UK Commercial Property Estates (Reading) Limited, both are UK companies, whose principal business is that of an investment and property company. In addition UKCPEHL owns 100% of the issued share capital of Duke Distribution Centres Sarl and Duke Offices & Developments Sarl; both companies are incorporated in Luxembourg with the principal business being to hold and manage investment properties for rental income.

The Company owns 100 per cent of the issued ordinary share capital of UK Commercial Property Finance Holdings Limited (UKCPFHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPFHL 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. UKCPFHL owns 100 per cent of the issued ordinary share capital of UK Commercial Property Holdings Limited (UKCPHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPT Limited Partnership, (LP), is a Guernsey limited partnership, whose principal business is to hold and manage investment properties for rental income. UKCPHL and GP, have a partnership interest of 99 and 1 per cent respectively in the LP. The GP is the general partner and UKCPHL is a limited partner of the LP.

In addition, the Group controls three JPUTS namely Junction 27 Retail Unit Trust, St George's Leicester Unit Trust and Rotunda Kingston Property Unit Trust. The principal business of the Unit Trusts is that of investment in property.

As at 31 March 2021, Brixton Radlett Property Limited, UK Commercial Property Estates (Reading) Limited, the GP, Nominee and the Limited Partnership were all placed in the hands of liquidators as part of a solvent liquidation process and the conclusion of this process is due to conclude in the second half of 2022.

During the period the Group successfully completed the voluntary liquidation of Kew Retail Park, a JPUT whose principal business prior to liquidation was that of investment in property.

12. POST BALANCE SHEET EVENTS

The Group completed the sale of Colmore Row, Birmingham on 7 July for a headline sales price of £26.48m.

On the 10 August 2022 the Company declared a Property Income Distribution of 0.85p per ordinary share payable in respect of the quarter-ended 30 June 2022 and a Special Dividend of 1.92p per ordinary share. Both were paid to Shareholders on the 31 August 2022.

On the 19 August 2022 the Group increased its revolving credit facility with Barclays Bank plc to £180m (Dec 2021: £150m). There were no other amendments to the agreement, the facility expires in April 2024 and is cancellable at any time.

SHAREHOLDER INFORMATION

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

The Company has appointed abrdn Fund Managers Limited as its alternative investment fund manager and Citibank UK Limited as its depositary under the AIFMD. AIFMD requires abrdn 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 2021 Annual Report.

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

abrdn 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 abrdn.

abrdn 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 identity 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 abrdn and any third party making such offers/claims has no link with abrdn.

abrdn 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 provides 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: 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 dialling 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@abrdn.com or write to abrdn Investment Trusts, 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 the abrdn Plan for Children, Investment Trust Share Plan or Investment Trust ISA.

ABRDN PLAN FOR CHILDREN

abrdn 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 abrdn 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.

ABRDN INVESTMENT TRUST SHARE PLAN

abrdn 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 abrdn 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.

ABRDN INVESTMENTS TRUST ISA

abrdn operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2022/2023.

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 abrdn 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:

abrdn Investment Trusts
PO Box 11020
Chelmsford
Essex, CM99 2DB
Telephone: 0808 500 00 40
(free when dialling from a UK landline)

Terms and conditions for the abrdn 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.

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.pimfa.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
https://register.fca.org.uk/s/
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.

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)
Ken McCullagh
Chair

Michael Ayre
Chair of Audit Committee

Fionnuala Hogan
Chair of the Management
Engagement Committee and
Nomination and Remuneration Committee

Margaret Littlejohns
Chair of the Risk Committee
Senior Independent Director

Chris Fry
Chair of Property Valuation Committee

Registered Office
PO Box 255
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Registered Number
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Administrator and Company Secretary
Northern Trust International Fund
Administration Services
(Guernsey) Limited
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Bow Bells House
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Property Valuer
CBRE Limited
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Independent Auditors
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Guernsey Legal Advisors
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12–14 New Street
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UK Legal Advisors and Sponsor
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16 Charlotte Square
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Registrar
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Corporate Broker
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E14 5JP

Depositary
Citibank UK Limited
Citigroup Centre
Canada Square
Canary Wharf
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E14 5LB

Environmental Statement

This Report is printed on Revive 100 Offset, made from 100% FSC® Recycled certified fibre sourced from de-inked post-consumer waste. The printer and the manufacturing mill are both credited with ISO 14001 Environmental Management Systems Standard and both are FSC® certified. The mill also hold EMAS, the EU Eco-label.

Revive 100 offset is a Carbon Balanced paper which means that the carbon emissions associated with its manufacture have been measured and offset using the World Land Trust's Carbon Balanced scheme.

Glossary and Alternative Performance Measures

GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES

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.

	Half year ended 30 June 22 £'000	Half year ended 30 June 2021 £'000
Total comprehensive income for the period	162,356	66,808
Add back:		
Gains on investment properties	(141,768)	(51,761)
Profit for dividend cover	20,588	15,047
Dividend paid in the period	20,141	21,245
Dividend cover	103%	71%
Dividend cover (excluding 2020 top-up dividend)	n/a	105%

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 October 2019, 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.
ESG	Environmental, Social, and Corporate Governance (ESG) refers to the three central factors in measuring the sustainability and societal impact of an investment.
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.
Gearing	Calculated under AIC guidance as gross borrowing less cash divided by portfolio valuation.

	Half year ended 30 June 22 £'000	Year ended 31 December 21 £'000
Gross borrowings	268,000	250,000
Less cash	(34,288)	(42,121)
	233,712	207,879
Portfolio valuation	1,710,925	1,537,450
Gearing	13.7%	13.5%

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).
MSCI	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.
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.

MSCI benchmark	Benchmark which includes data relevant to all properties held by funds included in the MSCI UK Balanced Portfolios Quarterly Property Index Benchmark.
NAV	Net Asset Value is the equity attributable to shareholders calculated under IFRS.
NAV total return	The return to shareholders, expressed as a percentage of opening NAV, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in NAV. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs.
Net 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 reinvested.
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 in 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 date of this report UKCM had a RCF of £150 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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