
Annual Report and Accounts

for the year ended 31 December 2011



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Front Cover Image: Rotunda Leisure Complex, Kingston upon Thames

Company Summary

The Company

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

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

The Company has an indefinite life and was incorporated on 24 August 2006.

The Group

The Group consists of the Company, its five wholly owned subsidiaries, and a limited partnership.

The subsidiaries, UK Commercial Property Holdings Limited (“UKCPH”), UK Commercial Property GP Limited (“The GP”), UK Commercial Property Nominee Limited (“UKCPN”), UK Commercial Property Estates Holdings Limited (“UKCPEH” – formerly known as SCP Group Limited) and UK Commercial Property Estates Limited (“UKCPEL”) are incorporated in Guernsey. The principal business of UKCPH, UKCPEL and the GP are that of an investment and property company. The principal business of UKCPN is that of a nominee company. The principal business of UKCPEH is that of a holding company.

The limited partnership, UKCPT Limited Partnership, (“the GLP”) is a Guernsey limited partnership. UK Commercial Property Holdings Limited and UK Commercial Property GP Limited have a partnership interest of 99 and 1 per cent respectively in this entity.

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

Objectives

The investment objective of the Company is to provide ordinary shareholders with an attractive level of income together with the potential for capital and income growth from investing in a diversified portfolio of UK commercial properties. The investment policy of the Company is set out on page 16.

Management

Ignis Investment Services Limited is the Investment Manager of the Group.

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

ISA Status

The Company’s shares are eligible for ISA investment.

Website

The Company’s website address is: www.ukcpt.co.uk

Financial and Property Highlights

Financial Highlights

- NAV per share of 75.5p as at 31 December 2011 (2010 – 77.0p);
- Property portfolio has increased 1.0% on a like for like basis offset predominantly by acquisition costs on new properties and movements in swap valuations;
- NAV total return for year to 31 December 2011 of 4.9%;
- Over a five year period the NAV total return was 3.2%, greater than IPD Balanced Monthly & Quarterly Funds Benchmark of -4.4%;
- Dividend yield as at 31 December 2011 of 7.6%, greater than IPD Benchmark (6.0%), FTSE Real Estate Investment Trusts Index (5.1%) and FTSE All-Share Index (3.5%);
- Additional £150 million debt facility secured on attractive terms, providing the Company with significant resources to fund acquisitions and asset management opportunities;
- Lowest gearing in the Company's peer group of 13.3% at 31 December 2011.

Property Highlights

- Purchase of St.George's Retail Park, Leicester and Rotunda Leisure Complex, Kingston upon Thames in 2011 for a combined cost of £100.6 million generating £6.5 million of annualised income and a net initial yield of 6.3%;
- In February 2012 the Company announced the purchase of three multi-let industrial properties at a cost of £63.5 million and a net initial yield of 7.3%;
- Number of successful asset management initiatives completed during the year including:
 - Redevelopment of BHS Store at the Parade in Swindon contributing to an increase of £15 million in capital value since the start of the development;
 - Letting of Unit B at Dolphin Industrial Estate, Sunbury generating additional annual income of £333,000;
 - Letting of first floor office suite in Arlington Street, London, W1 generating additional annual income of £172,000;
 - Planning consent obtained for 73,500 sq.ft. supermarket at St. George's Retail Park, Leicester;
- Void rate of 3.4% at 31 December 2011 (2010 – 3.6%) compared to IPD benchmark of 8.2%, underlining the quality nature and tenant base of the Company's portfolio;
- Strong average rent collection rates of 97% within twenty eight days;
- Awarded Best Property Fund at the inaugural Investors Chronicle Fund Awards 2012.



Dolphin Industrial Estate, Sunbury

Performance Summary

Capital Values & Gearing	31 December 2011	31 December 2010	% Change
Total assets less current liabilities (£'000)	1,052,296	965,241	9.0
Net asset value per share (p)	75.50	77.0	(1.9)
Ordinary Share Price (p)	69.15	82.25	(15.9)
(Discount)/premium to net asset value (%)	(8.4)	6.8	
Gearing (%)**	13.3	4.4	
Total Return	1 year % return	3 year % return	5 year % return
NAV***	4.9	31.3	3.2
Share Price***	-10.0	61.0	-6.6
Investment Property Databank (IPD) Balanced Monthly & Quarterly Funds Benchmark	7.8	27.8	-4.4
FTSE Real Estate Investment Trusts Index	-10.6	-1.4	-
FTSE All-Share Index	-3.5	43.8	6.2
Earnings & Dividends		31 December 2011	31 December 2010
Dividends declared per ordinary share (p)		5.25	5.25
Dividend Yield (%)****		7.6	6.4
IPD Benchmark Yield (%)		6.0	6.3
FTSE Real Estate Investment Trusts Index Yield (%)		5.1	4.4
FTSE All-Share Index Yield (%)		3.5	2.9
Total Expense Ratio			
(as a % of average total assets less current liabilities) †		0.84	0.85

** Calculated as gross borrowings (excl. SWAP valuation) divided by total assets less current liabilities.

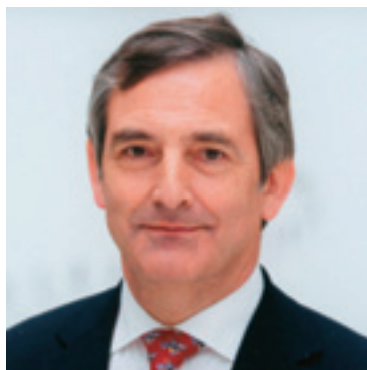
*** Assumes re-investment of dividends excluding transaction costs.

**** Based on an annual dividend of 5.25p.

† Calculated on an annualised basis and excludes capital expenditure and refurbishment and irrecoverable property running costs.

Sources: Ignis Investment Services, Investment Property Databank (IPD)

Chairman's Statement



I am pleased to announce the Annual Results of your Company for the year to 31 December 2011. During the year, the Company continued to make solid progress across its operations, including making a number of significant, accretive acquisitions.

Economic Background

The UK economy remained subdued in 2011, with initial estimates indicating that UK GDP grew by only 0.8% in the year, well below most analysts' forecasts set at the start of the year. The Office of Budget Responsibility has now cut back growth forecasts for 2012 by a significant degree and many independent economists suggest that the UK may be on the verge of a technical recession, especially with the 0.2% fall in GDP recorded in the last quarter of 2011. The economy continues to be affected by the Eurozone sovereign debt crisis, which threatens the UK banking sector and potentially limits the exports that can be sold to the UK's largest market. In addition, the retail economy is suffering from a decline in real disposable incomes and, even though inflationary pressures are expected to subside, confidence remains low as the government's austerity package continues to impact the economy.

Commercial Property Market

Against this background the commercial property market remained resilient in 2011. The IPD benchmark showed that commercial property returned 7.8% on a total return basis. This positive return was predominantly driven by income which made up 5.9% of the total return. The capital return of 1.9% was mainly due to Central London offices and retail both of which continued to perform strongly. The secondary market faced more challenges during the year with limited debt availability and macroeconomic worries resulting in investors generally being unwilling to take risks in this area of the market.

In light of these market conditions, the Company's strategy is to continue to focus on quality, income-generating properties offering the opportunity to create uplifts in capital value and income.

Net Asset Value ("NAV")/Share Price Performance

The Company's NAV total return for the year was 4.9%, which was below that of the IPD Benchmark total return of 7.8% but greater than that of the FTSE Real Estate Investment Trusts Index (-10.6%) and the FTSE All-Share Index (-3.5%). The property portfolio continues to perform well in line with the Board's long term strategic positioning and has achieved an increase of 1.0% in the year. However, this increase was partly offset by transaction costs

on property acquisitions, changes in swap valuations and working capital movements.

The share price total return was considerably lower than the NAV total return at -10.0%. The Company's shares traded at a premium to NAV for the majority of the year but fell back towards the year end due to ongoing worries about the impact of the Eurozone crisis, as well as concerns over both the general outlook for the commercial property market outside London and about equity markets in general. However, I am pleased to report that the share price has recovered well since the year end and is currently trading at only a small discount to NAV.

Over the longer term the Company has outperformed the property market with the NAV total return over three years (31.3%) and five years (3.2%) outperforming the IPD benchmark on both a three and five year basis and the FTSE REIT Index on a three year basis (there is no five year track record for this Index). In addition, at a corporate level, the Company has outperformed its immediate peer group in the AIC Direct Property Sector which has returned 26.7% over three years and -12.8% over five years on a NAV basis.

A full analysis of the portfolio performance and a description of the portfolio asset management activity are contained in the Manager's Report.

Significant Property Transactions

As highlighted in the interim report, the Company purchased two large, high quality properties in the year: St. George's Retail Park, Leicester (cost – £49.9 million) and the Rotunda Leisure Complex in Kingston upon Thames (cost – £50.7 million). These two purchases have added over £6 million to the Company's revenue stream and further enhanced its income generation potential. They also provide significant asset management opportunities for the Manager to increase overall returns.

Since the year end, the Company has announced the purchase of three multi-let principally industrial properties at a cost of £63.5 million (including costs and stamp duty). The three properties, situated in Bristol, Crawley and Portsmouth, with quality rental covenants, were purchased at an overall initial yield of 7.3%. The purchase of these properties is in line with the Company's policy of buying quality real estate with a strong income profile while providing the Manager with an opportunity to boost future returns through successful asset management initiatives.

The Company's void position as at 31 December 2011 improved to 3.4% (2010 – 3.6%) of annualised income or 4.5% including units held in administration. This compares favourably to the IPD benchmark of 8.2%. This low figure for the Company, and the fact that it has decreased during the year despite the worsening macroeconomic environment, again emphasises the high quality nature of the portfolio and the importance of successful asset management initiatives.

Chairman's Statement (continued)

Borrowing

In May 2011, following an EGM to amend the Company's investment policy, the Board was pleased to announce it had secured, on attractive terms, a new £150 million seven year loan facility with Barclays. This facility has enabled the Company to act quickly and in line with its objectives, demonstrated by the purchases of The Rotunda and the three multi-let industrial properties. The new facility was used to help fund these acquisitions with the associated borrowing costs being significantly lower than the yields on the properties acquired, providing a boost to dividend cover.

As at 31 December 2011 the Company had gearing of 13.3% at a blended interest rate of 3.8% on amounts drawn down. The gearing represents £60 million of the new Barclays facility and £80 million of the existing Lloyds facility which was fully utilised in the year. On 16 February 2012 the Company drew down an additional £60 million to fund the industrial portfolio purchase resulting in a total of £120 million of the Barclays loan now being utilised. Following this drawdown, the Company still has £30 million of the Barclays facility available for future investment along with current cash balances of £38.2 million. It should be highlighted that, assuming the Barclays loan is fully utilised, the Company's gearing will still be the lowest within the Company's peer group at an estimated 20.1%.

During the year the Company entered into interest rate swap agreements that resulted in all of the Lloyds facility and £100 million of the Barclays facility being covered. These swap agreements reduce risk by providing certainty as to the interest rates the Company will have to pay on its debt. As interest rates fell in the year, the NAV of the Company was adversely affected, as accounting rules require that the swap agreements be marked to market. The impact of this was £12 million or 1p per share. However, this reduction in NAV should be only temporary, as it will reverse either as the swap agreements approach their maturity date or, more quickly, if swap rates begin to increase.

Following the industrial portfolio purchase the Company took out an additional interest rate swap agreement resulting in the current Barclays drawdown of £120 million being fully covered.

Dividends

The Company declared and paid the following dividends during the year:

	Payment Date (2011)	Dividend Rate (p)
5th interim for prior period	Feb	1.3125
1st interim	May	1.3125
2nd interim	Aug	1.3125
3rd interim	Nov	1.3125
Total		5.25

On 2 February 2012 the Company declared a 4th interim dividend of 1.3125p which was paid on 28 February 2012.

The yield on the Company's shares as at 31 December 2011 was 7.6% which is significantly higher than the yield on the IPD benchmark of 6.0%, the FTSE Real Estate Investment Trusts Index yield of 5.1% and also the FTSE All-Share index yield of 3.5%.

Outlook

The next 12 months will be challenging for the UK economy with continued public spending cuts, increasing unemployment at home and Eurozone instability abroad. As ever, during this stage of the economic cycle we find ourselves looking for the 'green shoots' of recovery. Given the current pessimistic environment even the CBI's conclusion that we will technically avoid recession, while sharply reducing their growth forecasts, counts as a positive. The UK purchasing managers' index for December was also a bright sign and it is to be hoped that the most recent Bank of England quantitative easing programme will assist the UK economy in building positive momentum through these difficult times.

The Board believes that investment in prime quality UK commercial property will remain attractive for investors, with this asset class continuing to offer comparatively stable returns. This is demonstrated by our Manager's in-house forecasts which indicate an all property return of 5.1% in 2012 and annualised total returns for the next three years (2012-2014) of 6.9% per annum.

At a portfolio level the Board believes the Company is well placed demonstrated by the award of Best Property Fund at the Investors Chronicle Awards 2012. It continues to perform well, with low voids, a very high rental collection rate and a strong tenant base underlining the prime nature of the portfolio. On the income side, the main risk comes from further administrations, particularly in the retail sector. However, the nature and diversity of the portfolio, along with the current resources the Company has at its disposal, should give rise to asset management opportunities which, when successfully implemented, should at least maintain, if not improve, dividend cover over the medium term. These factors provide a solid foundation for growth in your Company.

Christopher M.W. Hill

Chairman

19 March 2012

Investment Management Team

Ignis Investment Services Limited (“Ignis”) is the Investment Manager of the Group.

Ignis is a leading asset manager and currently has approximately £70 billion of assets under management.

Ignis has a long history of managing commercial property and over the years has built up a high level of knowledge and experience in this asset class. Ignis has the advantage of a strong and well-resourced team that is dedicated to searching out value actively in the property sector and in the portfolios that it manages and a strong culture to deal with internal conflict. The team manages a number of property portfolios, totalling around £3.1 billion.

The Company is managed by a dedicated property investment team within Ignis which is set out below. In addition Ignis also has a dedicated back office team which provides the Company with financial and property administration services.



ROBERT BOAG, BSc Dip IPF MRICS – Senior Investment Director

Robert graduated from the University of Paisley in 1986 with a degree in Land Economics. In 1987 he became a Member of the Royal Institution of Chartered Surveyors. He had several years experience operating as property asset/investment manager throughout the UK with Scottish Metropolitan and Haslemere Estates. He joined Ignis Asset Management in January 2006.



DAVID RODGER, BSc MRICS BCSC – Portfolio Manager

David graduated from the University of Paisley in 1996 with a BSc (Hons) degree in Land Economics. He began his career with DTZ Debenham Tie Leung in 1996 and thereafter joined Jones Lang LaSalle where he became Department Head of the Investor Property Management team. David joined Ignis Asset Management in 2010. He is a member of the Royal Institution of Chartered Surveyors and the British Council of Shopping Centres.



RHONA McCRANOR, BSc (Hons), MRICS – Asset Manager

Rhona graduated from the University of Glasgow in 1994 with a BSc (Hons) in Geography, followed by a Post Graduate Diploma at Strathclyde Business School in Urban Development in 1995. Rhona obtained a Diploma in Urban Property Appraisal from Paisley University in 1998 and began work within Richard Ellis’s Financial Services and Professional departments and became a member of the Royal Institution of Chartered Surveyors in 2000. Rhona worked with Donaldsons and Lambert Smith Hampton between 2002–2004 where she was an Associate Director covering Landlord and Tenant and Valuation services. Rhona Joined Ignis Asset Management in 2008.



SHEILA CAMPBELL, MA (Hons) MSc Dip IPF MRICS – Asset Manager

Sheila graduated from the University of Glasgow in 1996 with a Master of Arts (honours) degree in English Literature and Media Studies. She then went on to study at University of Paisley where she obtained an MSc in Urban Property Appraisal in 1997. Sheila began her career in 1997 in retail & development agency at Jones Lang LaSalle. In 2000 she joined DTZ Debenham Tie Leung as a Surveyor in the professional department and then moved into retail agency. Sheila joined Ignis Asset Management in 2007. She is a member of the Royal Institution of Chartered Surveyors, elected MRICS in 1999.



DANIEL BAYNES, BSc (Hons) MRICS – Asset Manager

Daniel graduated in 1991 from Nottingham Trent University with a 2:1 honours degree in Urban Estate Surveying. In 1992 he qualified as a member of the Royal Institution of Chartered Surveyors whilst working as an Estates Surveyor for the Lloyds Chemist Group. In 1994 Daniel joined Lambert Smith Hampton specialising in retail agency and development before accepting employment with the Co-Op to manage their London & South East portfolio. Daniel then took up an overseas position with Jones Lang LaSalle in Sydney, Australia within their Asset Management Division, managing investment properties for clients such as AMP Henderson and MID before returning to the UK in 2004 and joining Kilmartin Property Group in Edinburgh. In October 2010, Daniel joined Ignis Real Estate as an Asset Manager.

Investment Manager Review

Market Review

Over the course of 2011, the UK economy struggled to sustain the relatively weak levels of economic growth generated from 2008/2009 onwards.

Global influences, such as the effect of the Japanese earthquake and an escalating Eurozone debt crisis, combined with related domestic influences, including growing unemployment and falling disposable incomes, to suppress already anaemic GDP growth in the UK economy.

Inevitably, such factors influenced the UK property market, which was itself characterised as the year progressed by modest capital falls and slowing (in some cases falling) rents, leaving overall returns dominated by income. At the prime end of the investment market, however, property continued to attract significant interest from a wide range of investors and competition for quality assets brought to the market remained fierce. Average pricing levels proved resilient, although the headline index number masked a wide range between prime/secondary assets and a pronounced difference between wealthy towns (often concentrated in the South East), compared to locations which are much more exposed to public sector cuts. Central London retail assets, prime West End offices and, nationally, supermarket assets continued to deliver modest yield compression.

Against this background, investment activity in the property market ended the year broadly the same as 2010 at £31.9 billion, close to the ten year average. London, not surprisingly, remained the dominant UK investment market, accounting for almost half of total investment, whilst overseas investors, especially from the Far East, remained the key players in this market. Towards the end of the year, there were signs that German funds were extending their reach to the major regional cities in an effort to achieve better income returns. UK Institutions were also major investors.

Performance Overview

The Balanced IPD Monthly and Quarterly Valued Funds benchmark recorded an All Property Return of 7.8% (2010: 14.3%), driven by an income return of 5.9% (2010: 6.3%) and capital growth of 1.8% (2010: 7.6%). Almost 80% of capital growth in 2011 occurred in the first half of the year. Capital growth disappeared in the final quarter of 2011 as uncertainty began to undermine the markets. Income returns did, however, remain fairly consistent throughout the period. Property therefore outperformed UK equities, which returned -3.5% for the year. Both asset classes underperformed UK Long Gilts, which produced a total return of 15.6% driven principally by an asset allocation away from riskier asset classes.

The table across summarises the total, income and capital returns of the Company in each sector for the year to 31 December 2011 compared to the benchmark:

	Total Return		Income Return		Capital Growth	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
Office	8.9	8.9	7.8	5.6	1.0	3.1
Industrials	8.9	7.3	6.9	6.9	1.8	0.4
Retail	6.9	7.0	6.1	5.8	0.8	1.1
Total	7.6	7.8	6.6	5.9	0.9	1.8

Overall, the portfolio broadly matched the benchmark on a total return basis with the exception of industrials, where the portfolio comfortably outperformed. Although the portfolio benefited from positive capital growth it was below the benchmark. What is positive however is the strong income performance of the portfolio, comfortably exceeding the benchmark, which supports a high and sustainable dividend which is one of the principal objectives of the Company.

Direct Portfolio Performance

The independently undertaken portfolio valuation at 31 December 2011 was £1,016.5 million, an increase of 1.0% over the year on a like for like basis. During the year the Company made two investment acquisitions totalling £100.6 million before costs.

Offices

As was the case in 2010, offices were the top performing sector in 2011 within the wider market. Divergence in this sector continued to prevail, as the stronger occupier and investment markets in Central London were in stark contrast with weaker markets throughout the rest of the country. Central London recorded strong total returns over the year supported by rental value growth in all principal sub-markets.

However, as the year ended, it was evident that the impact of the Eurozone debt crisis was affecting investor sentiment towards the City: it is becoming evident that, in the short term at least, rental growth is slowing. Conversely, West End rents continued to improve, primarily due to a lack of supply rather than any resurgence in occupational demand.

Offices throughout the rest of the country were the worst performing sub-sector in 2011 with capital values falling 5.0% as declining rents caused by a weaker occupational market undermined investor sentiment. Against this background, the Company's overall office portfolio performed in line with the benchmark with strong total returns in West End offices emanating from increasing rents and improving capital yields.

The Company's regional offices are predominantly well let to strong covenants. This underlying strength in the asset base more than compensated for the poor performance of the Company's South East office holdings, which were written down due to a combination of short lease lengths and over-renting.

Although there are tentative signs of improving occupational markets in a few South East locations, any sustained recovery in rents is some way off and it is likely that significant capital expenditure would be required in the Company's holdings to capture any growth in full.

Industrials

The performance of the Company's industrial holdings matched offices with an 8.9% total return. Strong investment demand in South East industrial markets and successful asset management activity at Dolphin Park Industrial Estate in Sunbury enhanced returns for the Company's industrial portfolio.

Within the wider industrial portfolio, a strong income return was supported by capital growth, resulting in significant outperformance compared to the benchmark. However, it should be highlighted that most of this capital growth was as a result of an improvement in yields in the first half of the year and returns subsequently moderated as weaker growth in the UK economy began to impact occupational demand.

Retail

Both in terms of the market and UKCPT's direct portfolio, retail was the worst performing sector of 2011, with a total return of 7.0%. As with the Office sector, there was a divergence in performance across geographies and sectors, with Central London retail, boosted by strong rental growth, far outstripping the rest of the country. Again it should be noted that much of this rental growth

was evident in only a few selected key locations in the Capital, such as Oxford Street and Bond Street.

Through 2011, the continued pressure on the consumer, and consequently on retailer demand for space, began to take its toll on shopping centres and the rest of the UK High Street assets, with both sectors witnessing tenant defaults and capital decline as rental values began to soften in all but the best centres.

The Company's retail portfolio returned a healthy 6.9% over 2011, marginally below the benchmark return. This sector was the source of some of the most contrasting performance in the portfolio, with strong performance from the Company's retail warehouses and provincial High Street units compared to its poorer performing shopping centres and South East retail. The Company's retail warehouse performance was boosted by successful capital enhancing asset management initiatives. Provincial High Street retail units also performed well due to their prime locations. This resilience was not evident in the Company's shopping centres, where softening yields and rents became an increasing feature as the year progressed.

Losses of income were through retail administrations, particularly TJ Hughes and Jane Norman in Shrewsbury. By contrast the Company's South East retail holdings generally held their value, supported by accretive asset management initiatives such as the Sainsbury's in Marlow, which benefited from a 9% capital uplift in the final quarter following a lease restructure.



Sainsbury's in Marlow

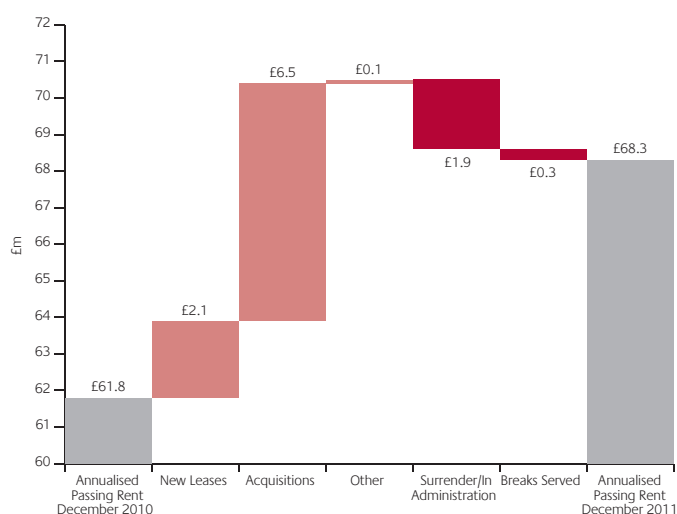
Investment Manager Review (continued)

Income

Annualised passing rent increased by 11.6% over the year from £61.8 million to £68.3 million as shown in the graph below. This increase of £6.5 million was principally due to two major acquisitions in the year, at St George's Retail Park, Leicester and the Rotunda Leisure Complex in Kingston-Upon-Thames. Successful asset management initiatives, some of which are highlighted below, also played their part.

Retail administrations and Company Voluntary Arrangements, combined with an increasing propensity for tenants to cut their costs and the resultant decision not to renew leases, contributed to a challenging environment for lettings throughout 2011. However, due to the institutional quality of the portfolio and successful asset management initiatives, including letting activity, annual passing rent for the portfolio held firm. With an expectation that administrations will remain a feature of the market in the short term, a significant effort will be expended to ensure that income levels remain robust overall.

Analysis of movements in 2011 Annualised Passing Rent



Investment Activity

The Company has once again been active in the investment market with two major acquisitions during 2011. These were facilitated not only by the existing but also by new bank borrowing facilities negotiated during the year. As at the date of this review, the current blended rate on drawdown amounts is 4%.

The first acquisition in the year was St George's Retail Park, Leicester in February for £49.9 million, representing a net initial yield of 6.2% from an annual rent of £3.1 million. Prominently located within Leicester city centre, this Open A1 Retail Park (with food) extends to 165,419 sq ft and 522 car spaces, with a strong tenant line up which includes Wickes, PC World, Toys r Us and Mothercare.

With moderate rents for a location within a city such as Leicester, there remains a strong prospect that rents can increase through asset management. The first step of the strategy for this asset was achieved with the granting of planning consent for a 73,500 sq ft superstore in July, which is highlighted later in this report.

The Company's second purchase was The Rotunda Leisure Complex, Kingston. Acquired for £50.7 million in May and reflecting an initial yield of 6.4% (based on annual income of £3.3 million), The Rotunda represents the Company's first move into the leisure sector. Enjoying a strong covenant base from eleven tenants, including Odeon, David Lloyd and a number of local and national restaurant operators, the acquisition presents the Company with an exposure to a sector with strong income characteristics and the potential for a number of asset management initiatives.

Asset Management Activity

Whilst 2011 was a period of further investment for the Company, continued effort was made with asset management initiatives as the Company sought to improve, strengthen and extend income streams across the portfolio.

Although occupational markets remain challenging, there were a total of 57 new lettings completed over the year producing an additional annual rent of £2.1 million. The average lease length of these lettings was 12 years 6 months.

This letting activity was primarily focussed on the Company's retail assets and, in particular, the shopping centres where forty five lettings were secured. Most important amongst these lettings were flagship stores let to BHS, River Island and USC in the newly developed 80,000 sq ft, retail terrace at The Parade, Swindon (completed in Spring 2011). These lettings helped improve the Parade's position within the retail hierarchy of the town and, in doing so, improved the letting and income prospects of the Company's largest holding.

The Company also let a unit in London to Virgin Holidays who opened a new store in our High Street, Kensington asset, generating an additional £77,000 of rent per annum after rent free periods.

On an encouraging note, footfall at the Company's Shopping Centre in Shrewsbury improved over the year on the back of new lettings to retailers that included AT Computers (a premium Apple reseller) and Stead & Simpson. Given the focus by all those involved in Shrewsbury, further lettings throughout 2012 will improve the income profile of this important asset in the lead up a potential planning consent for a major extension to the centres. The full application was submitted in early 2012. If approved, the £150 million regeneration project will include the demolition of the existing Riverside Centre and the construction of a new 225,000 sq. ft. centre that will be integrated with the Darwin and Pride Hill Centres and provide stronger links to the town centre.



New Virgin Holidays store at High Street, Kensington, London, W1

The proposals consist of a 95,000 sq. ft. full line department store, 50 new shops, 10 restaurants, offices and car parking; combined, the enlarged centre will extend overall to 480,000 sq. ft. and continue to represent the principal retail focus for the town.

Despite the general economic gloom, the Company's void position improved over the year from 3.6% to 3.4% of income. Even adjusting for tenant failure through administrations, CVAs etc. the void rate was 4.5% at 31 December 2011. This compares to a benchmark void rate of 8.2%.

Occupiers of the Company's portfolio who entered administration in 2011 include TJ Hughes, JJB Sports, Jane Norman, Satori Sushi, Alexon t/a Anne Harvey, Revive, Life & Style, La Senza and Hawkins Bazaar. This amounted to 1.1% or £778,000 of the Company's overall annual income. In the majority of cases, the shop units have subsequently been re-let to new occupiers, either on short term flexible licences, or on improved lease terms.

Good progress has also been made in the letting of one of the Company's major industrial holdings in Dolphin Park Industrial Estate, Sunbury where Unit B, 49,000 sq. ft. was let to Howard Tenens Storage & Distribution Ltd, generating a total income of £333,000 per annum.

Within the office portfolio, the first floor office suite at 6 Arlington Street, London, W1 was let to Simmons & Co. setting a new rental tone for the building and generating an annual rent of £172,000.

There were a number of other asset management initiatives during 2011 that produced encouraging results with lease re-gears involving existing occupiers at Kew Retail Park, Richmond, Colmore Row, Birmingham, Pall Mall, Manchester and West Street, Marlow. In total, these initiatives will improve income by £210,000 per annum and the average lease length from 4 years 2 months to 9 years 5 months when the contract agreements are satisfied.

Planning consents were also obtained in 2011 for the creation of a 73,500 sq. ft. supermarket at St. George's Retail Park, Leicester and also for a 4,200 sq. ft. A3 Restaurant unit pre-let to Pizza Express at Junction 27 Retail Park, Birstal, Leeds. These initiatives will improve income and drive value when pre-letting conditions are satisfied.

The fall in rental values over the last few years, both within the portfolio and the wider property market, made it difficult to achieve meaningful uplifts at rent review during 2011. However, of the 40 rent reviews in the portfolio, settled rent reviews produced an annual increase of £270,000 over passing rent.

The strength of the Company's covenant base continues to be reflected in the average rent collection efficiency at 97% per

Investment Manager Review (continued)

annum after 28 days in 2011. A total of £433,000 of bad debt was written off during the year, including £42,000 of rental income, representing less than 0.1% of the total rent roll as at 31 December 2011.

Strategy

Income retention and enhancement have always been at the heart of the Company's strategy for the portfolio and, given the continued risks to the property market and in particular the retail sector, this remains a key priority for the Company.

In certain markets this will inevitably lead to a pragmatic and defensive approach where, in the short term at least, the preservation of income and limitation of costs and capital expenditure is the primary focus. There are, however, a number of properties within the Company's portfolio where a more active approach to income enhancement can be taken through initiatives identified by the asset management team which, on completion, will help improve the Company's high and stable income stream and in turn support and improve the dividend cover. The Company's robust balance sheet provides a firm platform from which to exploit these initiatives fully which, in some cases, will require significant capital expenditure to release additional income and capital return. Where capital expenditure will not release the required returns without significant risk, the Company will seek to dispose of these assets.

There is increasing appetite for prime property, particularly for smaller, more "passive" investments. This may provide the Company with the opportunity to sell assets which, from the Company's perspective, do not offer sufficient support to the dividend.

The Company's remaining bank facilities and existing cash will also provide an opportunity to invest further in properties with stronger income characteristics and asset management potential. Existing portfolio weightings support the case for further acquisitions in income dominated sectors, such as multi-let industrial estates and alternative asset classes including leisure, hotels and student accommodation. This would provide the Company with the opportunity to improve income yield and dividend cover and maintain/extend the average lease length within the portfolio. In addition, the introduction of an alternative income stream with fixed rental uplifts provides an element of diversification to income growth in a market where, short term, rental growth prospects appear limited.

The Manager's key objective in the short term is to maintain rental income and limit capital expenditure, particularly in the retail sector, where administrations and impending lease expiries generally have most potential to restrict income and capital prospects.

The basis on which assets the Company buys or holds will continue to be determined first and foremost by the characteristics of the assets themselves. A continued adherence to this bottom up strategy will involve fostering relationships with the Company's

tenants, understanding their challenges and opportunities, and also as using our own asset management skills to maintain and potentially enhance dividend cover.

Robert Boag

Senior Investment Director
Ignis Investment Services
19 March 2012



Lease re-gears achieved at Kew Retail Park above



Artist's impression of proposed new shopping centre at Shrewsbury

Portfolio Statistics and Key Performance Indicators

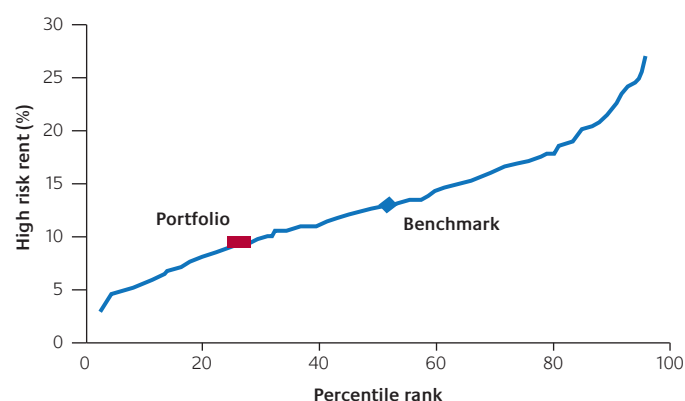
As at 31 December 2011

Top 10 Tenants by contracted rent

Rank	Company Name	Contracted Rent £	% of Total Income	Weighted Expiry
1	Public Sector	4,182,139	6.12	Jun 2020
2	B & Q Plc	3,984,543	5.83	Dec 2027
3	DSG Retail Ltd	2,821,233	4.13	Dec 2023
4	Sony Computer Entertainment Europe Ltd	2,775,488	4.06	Jun 2014
5	Ocado Ltd	2,528,984	3.70	Sep 2032
6	Coca-Cola Enterprises Ltd	2,181,514	3.19	Dec 2012
7	Argos Ltd	1,926,181	2.82	Jan 2018
8	Odeon Cinemas Ltd	1,854,839	2.72	Sep 2027
9	Marks & Spencer Plc	1,650,000	2.42	Mar 2018
10	Slough Trading Estate Ltd	1,605,000	2.35	Sep 2014

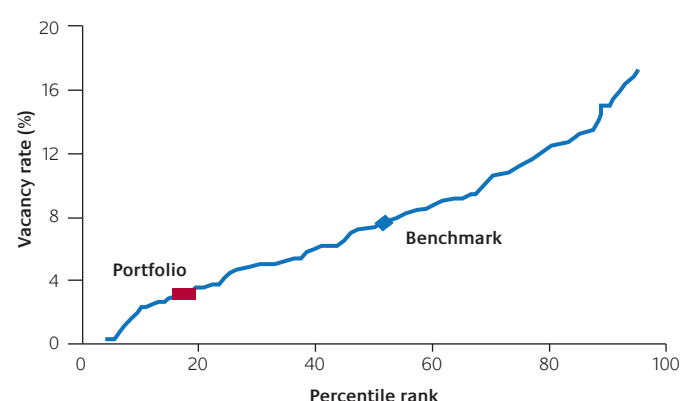
Income Risk Analysis

Compares the percentage of high risk rents within the portfolio compared to the benchmark.

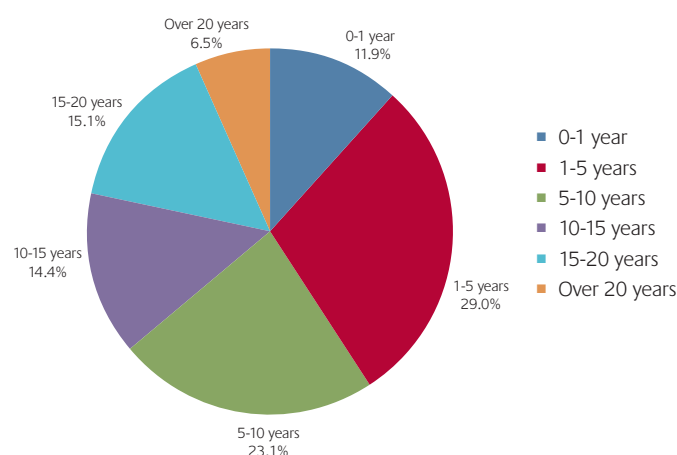


Vacancy Rate

Compares the size of vacant income in the portfolio with the benchmark – the lower the percentile ranking the lower the level of void.

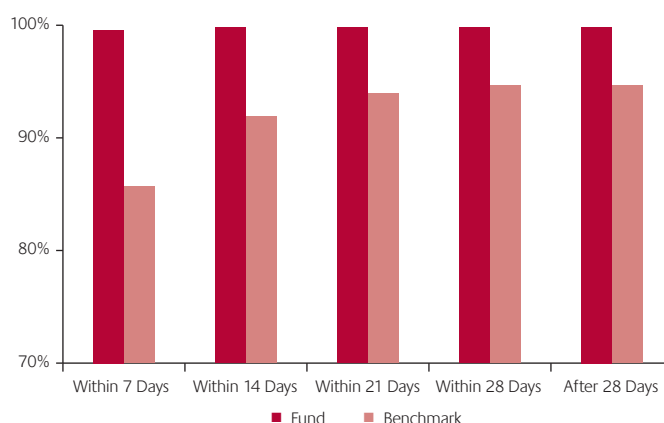


Lease Expiry Profile



Rent Collection Profile

Shows the rent collection profile of the Company as at 31 December 2011 against the average of all other portfolios administered by Jones Lang LaSalle ("JLL").



Average unexpired lease term – 9 years and 0 months

Source: Ignis Investment Services

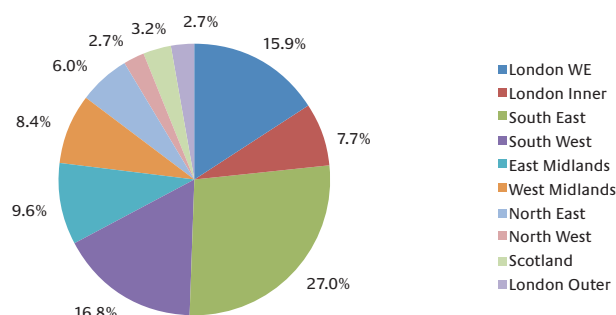
UK COMMERCIAL PROPERTY TRUST LIMITED

Property Portfolio

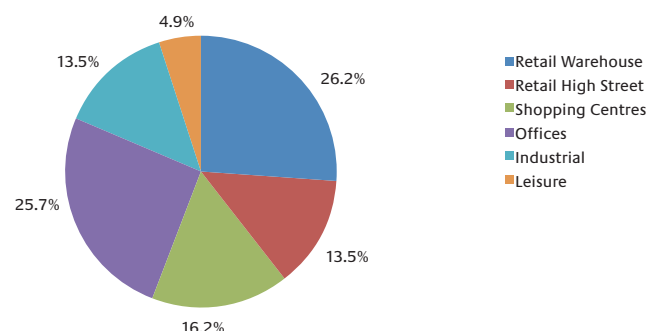
As at 31 December 2011

Property	Sector	Value Range
The Parade, Swindon Junction 27 Retail Park, Leeds Great Lodge Retail Park, Tunbridge Wells 176/206, Kensington High Street, London, W8 St. George's Retail Park, Leicester The Rotunda, Kingston upon Thames Kew Retail Park, Richmond Darwin Shopping Centre, Shrewsbury 15 Great Marlborough Street, London, W1 Sovereign Centre, Weston super Mare Ocado Distribution Unit, Hatfield Business Area, Hatfield	Shopping Centre Retail Warehouse Retail Warehouse High St, Retail Shopping Centre Leisure Retail Warehouse Shopping Centre Office Shopping Centre Industrial	Over £30 million (representing 52% of the portfolio capital value)
Dolphin Estate, Sunbury on Thames B&Q, Roneo Corner, Romford Charter Place, Vine Street, Uxbridge No 2 Temple Quay, Bristol Broadbridge Retail Park, Horsham Asda, Gowerton Road, Brackmills, Northampton Hannah Close, Neasden, London, NW10 Argos Unit, Magna Park, Lutterworth Colmore Court, 9 Colmore Row, Birmingham 6 Arlington Street, London, SW1 16/20 High Street & 1/3 Bedford Street, Exeter 81/85 George Street, Edinburgh Network House and Meadowside, Hemel Hempstead	Industrial Retail Warehouse Office Office Retail Warehouse Industrial Industrial Industrial Office Office High St, Retail High St, Retail Office	£20 million – £29.9 million (representing 30% of the portfolio capital value)
No 1 Temple Quay, Bristol 13 Great Marlborough Street, London, W1 Pall Mall Court, King Street, Manchester Craven House, Fouberts Place, London, W1 140/144 Kings Road, London, SW3 14-22 West Street, Marlow Pride Hill Shopping Centre, Shrewsbury 2-8 Buchanan Street (121/132 Argyle Street), Glasgow 134/138 North Street, Brighton 52/56 Market Street, Manchester 1 Brunel Way, Slough	Office Office Office Office High St, Retail High St, Retail Shopping Centre High St, Retail High St, Retail High St, Retail Office	£10 million – £19.9 million (representing 15% of the portfolio capital value)
Riverside Mall Shopping Centre, Shrewsbury Freshford House, Redcliffe, Bristol Knives Beech Industrial Estate, Boundary Way, Loudwater 84-86 Bushey Road, Raynes Park, London SW3 146 Kings Road, London, SW3 WCA Building, Bristol	Shopping Centre Office Industrial Office High St, Retail Office	Up to £9.9 million (representing 3% of the portfolio capital value)

Capital Value Split by Location



Capital Value Split by Sector



Board of Directors

The Directors, all of whom are non-executive and, other than Mr Robertson, are independent of the Investment Manager, are responsible for the determination of the investment policy of the group and its overall supervision. The Directors are as follows:



Christopher Hill (Chairman).

Christopher Hill is a resident of Guernsey. He is an Associate of the Chartered Institute of Bankers and was managing director of Guernsey International Fund Managers Limited, part of the Baring Financial Services Group, for eight years

prior to its sale in 2005 to Northern Trust. He has over 35 years' experience in the field of offshore banking and fund administration and is a past Chairman of the Guernsey Investment Funds Association. He is Chairman of International Oil and Gas Technology Limited and a director of Thames River Multi Hedge PCC Limited.



Keith Dorrian

Keith Dorrian is a resident of Guernsey. He has over 30 years experience in the offshore finance industry. He joined Manufacturers Hanover in 1973 before moving to First National Bank of Chicago in 1984 and ANZ Bank (Guernsey) in

1989. He joined Bank of Bermuda, Guernsey in 1999 and was appointed Guernsey head of global fund services and managing director of the bank's Guernsey fund administration company in 2001, retiring in December 2003. He is currently Chairman of International Public Partnerships Limited, listed on the London Stock Exchange, and is a director of a number of funds and fund management companies including a property company listed on Euronext, Amsterdam.



Christopher Fish

Christopher Fish is a resident of Guernsey. He retired in 2005 as Managing Director of Close International Private Banking. Mr Fish has over 35 years' experience in offshore banking, asset management, treasury, trust services and fund

administration. Mr Fish is the non-executive Chairman of Close International Asset Management Holdings Limited and Close International Bank Holdings Limited. He is also a director of four other UK listed funds and is a former director of a European commercial property fund.



John Robertson

John Robertson is a resident of the UK. Mr Robertson has over 35 years' experience in investment management in a variety of roles, and is currently Director – Funds and Corporate Governance at Ignis Investment Services Limited.

He is a director of Ignis International Funds plc, Ignis Alternative Funds plc, Ignis Liquidity Fund plc, Ignis Strategic Solutions Funds plc and Ignis Global Funds SICAV. He is a Fellow of the Chartered Association of Certified Accountants.



Andrew Wilson

Andrew Wilson is a resident of the UK. He was formerly of Richard Ellis, Royal Insurance as chief surveyor and he joined Rugby Securities as a director in 1987. He was a founder director of Rugby Estates plc in 1990 and has been Chief

Executive Officer since its flotation in 1994. Rugby Estates plc was listed in the Official List and subsequently moved to the Alternative Investment Market of the London Stock Exchange. He is a Chartered Surveyor.

Report of the Directors

The Directors present the report and accounts of the UK Commercial Property Trust Limited, ("the Company") for the year ended 31 December 2011.

Results and Dividends

The results for the year are set out in the attached accounts. The Company has paid interim dividends in the year ended 31 December 2011 as follows:

	Payment Date (2011)	Rate per share (p)
Fifth Interim for prior period	Feb	1.3125
First interim	May	1.3125
Second interim	Aug	1.3125
Third interim	Nov	1.3125
Total		5.25

On 2 February 2012 the Company declared a fourth Interim dividend of 1.3125p per Ordinary Share with an ex-dividend date of 8 February 2012, which was paid on 28 February 2012.

Post Balance Sheet Event

The Company drew down an additional £60 million of the Barclays loan facility and purchased three multi-let industrial properties for £63.5 million in February 2012.

Principal Activity and Status

The Company is a Guernsey company and during the year carried on business as a property investment company.

Listing Requirements

Throughout the year the Company complied (and intends to continue to comply) with the conditions applicable to property investment companies set out in the Listing Rules.

Business Review

The Board of Directors is responsible for the overall stewardship of the Company, including investment, gearing and dividend policies, corporate strategy, corporate governance, and risk management. Biographical details of the Directors, all of whom are non-executive, can be found on page 15.

Investment Policy

The Company's investment objective 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 UK commercial property portfolio.

Investment risks are spread through the Company and its subsidiaries (the "Group") by investing in a diversified portfolio of freehold and long leasehold UK commercial properties. The Group

invests in income producing investments. The Group currently invests in four commercial property sectors: office, retail, industrial and leisure. The Group has not set any maximum geographic exposures within the UK nor any maximum weighting limits in the principal property sectors. No single property shall, however, exceed at the time of acquisition 15 per cent of the gross assets of the Group.

The Group is currently permitted to invest up to 15 per cent of its total assets in indirect property funds including in other listed investment companies. The Group is permitted to invest cash, held by it for working capital purposes and awaiting investment, in cash deposits, gilts and money market funds.

At an EGM of the Company on 28 April 2011 the shareholders of the Company approved a revised gearing policy of the Group. It was amended to provide as follows: Gearing, calculated as gross borrowings as a percentage of the Group's gross assets (total assets less current liabilities), may not exceed 65 per cent. The Board intends that borrowings of the Group at the time of draw down will not exceed 25 per cent of the Gross Assets of the Group. For so long as the £80 million bank facility provided to the Company by Lloyds TSB Scotland plc remains outstanding, it is the Board's current intention that borrowings of the Company itself will be limited to a maximum of 10 per cent of the Group's net assets at the time of draw down.

The Board receives recommendations on gearing levels from the Investment Manager and is responsible for setting the gearing range within which the Investment Manager may operate. As at 31 December 2011 the Group had total borrowings of £140 million, representing 13.3 per cent of the year end gross assets (18 per cent following the further £60 million drawdown of the Barclays facility in February 2012).

An analysis of how the portfolio was invested as at 31 December 2011 is contained within the Investment Manager Review on pages 8 to 12 and a full portfolio listing is provided on page 14.

The Group's performance in meeting its objectives is measured against key performance indicators as set out on page 4 and page 13. A review of the Group's returns during the year, the position of the Group at the end of the year, and the outlook for the coming year is contained in the Chairman's Statement and the Investment Manager Review.

Principal Risks and Uncertainties

The Group's assets consist of direct and indirect investments in UK commercial property. Its principal risks are therefore related to the commercial property market in general, but also the particular circumstances of the properties in which it is invested and their tenants. In addition, the Company uses financial instruments in relation to its gearing which seeks to control interest rate risk relating to gearing. More detailed explanations of these risks and the way in which they are managed are contained under the headings of credit risk, liquidity risk and interest rate risk in note 16

to the accounts. The Investment Manager also seeks to mitigate these risks through continual review of the portfolio, active asset management initiatives, and carrying out due diligence work on potential tenants before entering into new lease agreements. All of the properties in the portfolio are insured.

Other risks faced by the Company include the following:

- Economic – inflation or deflation, economic recessions and movements in interest rates could affect property valuations, and also its bank borrowings.
- Strategic – incorrect strategy, including sector and property allocation and use of gearing, could all lead to poor returns for shareholders.
- Regulatory – breach of regulatory rules could lead to suspension of the Company's Stock Exchange Listing, financial penalties or a qualified audit report.
- Management and control – changes that cause the management and control of the Company to be exercised in the United Kingdom could lead to the Company becoming liable to United Kingdom taxation on income and capital gains.
- Financial – inadequate controls by the Investment Manager or third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations.
- Operational – failure of the Investment Manager's accounting systems or disruption to the Investment Manager's business, or that of third party service providers, could lead to an inability to provide accurate reporting and monitoring, leading to a loss of shareholders' confidence.

The Board seeks to mitigate and manage these risks through continual review, policy setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Company's property portfolio and levels of gearing, and applies the principles detailed in the Turnbull Guidance Notes. Details of the Company's internal controls are described in more detail on page 20.

Management of Assets and Shareholder Value

The Board has contractually delegated the management of the investment portfolio and other services to Ignis Investment Services Limited.

The Company invests in properties which the Investment Manager believes will generate a combination of long-term growth in income and capital for shareholders. Investment decisions are based on analysis of, amongst other things, prospects for future capital growth, sector and geographic prospects, tenant covenant strength, lease length and initial yield.

Investment risks are spread through investing in a range of geographical areas and sectors, and through letting properties to low risk tenants. A list of all the properties held as at 31 December

2011 is contained on page 14 and further analysis can be found in the Investment Manager Review. At each Board meeting, the Board receives a detailed presentation from the Investment Manager together with a comprehensive analysis of the performance of the portfolio during the reporting period.

The Board and the Investment Manager recognise the importance of managing the premium/discount of share price to net asset value to support shareholder value. One aspect of this involves appropriate communication to gauge investor sentiment and, to this end, the Investment Manager meets with current and potential shareholders, and with stock broking analysts who cover the investment company sector, on a regular basis. In addition, communication of quarterly portfolio information is provided through the Company's website, www.ukcpt.co.uk, and the Company also utilises a public relations agency to enhance its profile among investors.

Key Performance Indicators ("KPIs")

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators are as follows:

- Net asset value against the Investment Property Databank Balanced Monthly and Quarterly Funds Index.
- Share Price Total Return.
- Premium/(Discount) of share price to net asset value.
- Dividend per share and dividend yield.
- Total expenses ratio.

These indicators for the year ended 31 December 2011 are set out on page 4.

In addition the Board monitors specific property KPIs such as void rates, rent collection levels and weighted average lease length on a regular basis. These are reported on page 13.

Directors

The Directors who held office during the period and their interests in the shares of the Company as at 31 December 2011 (all of which are beneficial) were:

	As at 31 December 2011 25p Ordinary Shares held	As at 31 December 2010 25p Ordinary Shares held
Christopher Hill	20,000	20,000
Keith Dorrian	10,000	10,000
Christopher Fish	10,000	10,000
John Robertson	10,000	10,000
Andrew Wilson	45,000	20,000

Report of the Directors (continued)

There have been no changes in the above interests between 31 December 2011 and 19 March 2012.

The Directors are also Directors of UK Commercial Property Holdings Limited, UK Commercial Property GP Limited, UK Commercial Property Nominee limited, UK Commercial Property Estates Holdings Limited and UK Commercial Property Estates Limited which are all wholly owned subsidiary undertakings.

In accordance with the articles of association Mr C Hill and Mr C Fish retire by rotation and, being eligible, offer themselves for re-election. Mr J Robertson, being a non-independent Director and hence subject to annual re-election retires and offers himself for re-election. In addition, the AIC Code of Corporate Governance and the UK Corporate Governance Code both recommend that all Directors of FTSE 350 companies be subject to annual re-election, therefore both Mr Dorrian and Mr Wilson also retire and offer themselves for re-election. Following formal performance evaluations which covered each individual Director and the Board as a whole, the performance of all of the Directors continues to be effective with each making a positive contribution to the performance of the Company. Therefore, the re-election of the whole Board is recommended to shareholders at the 2012 Annual General Meeting.

Management

Ignis Investment Services Limited provides management services to the Company. A summary of the contract between the Company and Ignis Investment Services Limited in respect of management services provided is given in note 2 to the accounts.

The Directors, other than Mr John Robertson, have considered the investment performance of the Company and the capability and resources of the Investment Manager to deliver satisfactory investment performance. They also considered the length of the notice period of the investment management contract and the fees payable to the Investment Manager, together with the standard of the other services provided.

Following this review, it is the Directors' opinion that the continuing appointment of the Investment Manager on the terms agreed is in the interests of shareholders as a whole due to the strength and quality of the management team and the Investment Manager's commitment to the sector and to the Company.

Substantial Interests in Share Capital

At 31 December 2011 the following holdings, representing more than 3 per cent of the Company's issued share capital, had been notified to the Company.

	Number of Ordinary Shares Held	Percentage Held
Phoenix Life Limited	790,786,259	66.04%
Nortrust Nominees	52,647,848	4.40%
State Street Nominees	49,037,763	4.10%

No changes to these holdings had been notified to the Company as at 29 February 2012.

The Company's ultimate controlling party is Phoenix Group Holdings and immediate parent company is Phoenix Life Limited.

Corporate Governance

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for investment Companies (AIC Guide) both of which can be found at www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code which can be found at www.frc.org.uk, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

Principle 1 of the AIC Code recommends that Boards appoint a Senior Independent Director ("SID"). In view of the Board's non-executive nature and having separate Chairs of the Board and Audit Committee, the Board considers it is not appropriate for a

SID to be appointed. Principle 7 of the AIC Code recommends that FTSE 350 Companies be externally facilitated at least every three years. The Board will monitor the availability of external facilitators but currently believes that, given the size of the Board and its non executive nature, an external facilitation is not required at the current time.

The Board consists solely of non-executive Directors of which Mr Christopher Hill is Chairman. All Directors, other than Mr John Robertson, are considered by the Board to be independent, with any potential conflicts considered at each Board meeting with reference to the AIC Code. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board, and as all Directors will be subject to re-election on an annual basis, it is not appropriate for the Board to have a limit on the overall length of service of any of the Company's Directors, including the Chairman. The Company does not have a Nominations Committee with the Board as a whole being responsible for the appointment of any new Director. New Directors receive an induction from the Investment Manager and Secretary on joining the Board, and all Directors receive other relevant training as necessary.

The Company has no executive Directors or employees. A management agreement between the Company and its Investment Manager, Ignis Investment Services Limited, sets out the matters over which the Investment Manager has authority and the limits beyond which Board approval must be sought. All other matters, including strategy, investment and dividend policies, gearing, and corporate governance procedures, are reserved for the approval of the Board of Directors. The Board currently meets at least quarterly and receives full information on the Company's

investment performance, assets, liabilities and other relevant information in advance of Board meetings.

The Audit Committee, chaired by Mr Christopher Fish, operates within clearly defined written terms of reference which are available on request and comprises all of the Directors other than Mr John Robertson. The duties of the Audit Committee in discharging its responsibilities include reviewing the Annual and Interim Accounts, the system of internal controls and the terms of appointment of the auditor together with its remuneration.

The Audit Committee is also the forum through which the auditor reports to the Board of Directors and meets at least twice a year. The objectivity of the auditor is reviewed by the Audit Committee which also reviews the terms under which the external auditor is appointed to perform non-audit services. The objectivity and independence of the auditor is safeguarded by obtaining assurances from the auditor that adequate policies and procedures exist within its firm to ensure the firm and its staff are independent of the Company by reason of family, finance, employment, investment and business relationships (other than in the normal course of the business) and enforcing a policy concerning the provision of non-audit services by the auditor which governs the types of work which are excluded. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors, with particular regard to non-audit fees. Such fees amounted to £181,500 (2010: £265,436) for the year ended 31 December 2011 and related principally to costs in connection with taxation advice for the Company and Group. Notwithstanding such services the Audit Committee considers Ernst & Young LLP to be independent of the Company.

Director Meetings Attendance Summary

	Board of Directors		Audit Committee		Management Engagement Committee	
	Held	Attended	Held	Attended	Held	Attended
C Hill	4	4	3	3	1	1
K Dorrian	4	4	3	3	1	1
C Fish	4	4	3	3	1	1
J Robertson	4	4	n/a	n/a	n/a	n/a
A Wilson	4	4	3	3	1	1

The table above sets out the number of Board and Committee meetings all held in Guernsey during the year and the number attended by each Director. In addition to the above, there were 11 ad hoc meetings held during the year.

The Management Engagement Committee comprises the full Board other than Mr John Robertson and reviews the appropriateness of the continued appointment of the Investment Manager, together with the terms and conditions thereof, on a regular basis. The Board as a whole monitors the performance of other service providers.

During the year the performance of the Board, committees and individual Directors were evaluated through an assessment process, led by the Chairman. The performance of the Chairman was evaluated by the other Directors. There have been no Directors appointed during the year.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns

Report of the Directors (continued)

them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance.

Independent Valuer

The Company engages an independent firm of valuers to undertake valuations of all the properties the Company owns on a quarterly basis. The valuer also provides independent valuation advice on portfolio activity including purchases and disposals. The Board reviews the terms of the valuer's appointment, and also aims to meet the valuers, on an annual basis.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Investment Policy and the Risk Uncertainties review on page 16. In addition, Note 16 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

At both the Company and Group levels comprehensive going concern assessments have been performed. The Board has followed the Financial Reporting Council's "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009" when performing their going concern assessments.

The assessments performed include review of the valuation and liquidity of investments as at the balance sheet date and of solvency and cash flow projections under both normal and stressed conditions. In addition the Company has no contingent liabilities.

Having thoroughly considered the going concern assessment the Board has concluded that there are no material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Environmental & Ethical Policy

The Investment Manager acquires, develops and manages properties on behalf of the Company. It is recognised that these activities have both direct and indirect environmental impacts. The Board has endorsed the Investment Manager's own environmental policy, which is to work in partnership with contractors, suppliers, tenants and consultants to minimise those impacts, seeking continuous improvements in environmental performance and conducting regular interviews. In addition the Board has adopted an ethical policy which highlights the need for ethical considerations to be considered in the acquisition and management of both new and existing properties.

Internal Controls

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed, consistent with the guidance issued by the Financial Reporting Council in October 2005. The process is based principally on the Investment Manager's existing risk-based approach to internal control whereby a risk matrix is created that identifies the key functions carried out by the Investment Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. The risk matrix is regularly updated and the Board is provided with regular reports highlighting all material changes to the risk ratings and confirmation of the action which has been, or is being, taken. A formal annual review of these procedures is carried out by the Board and includes consideration of SAS70 and similar reports issued by the Investment Manager and other service providers.

Internal control procedures have been in place throughout the period and up to the date of approval of this Report, and the Board is satisfied with their effectiveness. These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. At each Board meeting the Board monitors the investment performance of the Company in comparison to its stated objective and against comparable companies. The Board also reviews the Company's activities since the previous Board meeting to ensure that the Investment Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines. In addition, at each Board meeting, the Board receives reports from the Secretary in respect of compliance matters and duties performed on behalf of the Company.

The Board has reviewed the need for an internal audit function. The Board has decided that the systems and procedures employed by the Investment Manager and the Secretary, including their internal audit functions and the work carried out by the Company's external auditors, provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investments and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. The Board receives regular reports on the views of shareholders and the Chairman and other Directors are available to meet shareholders if required. The Annual General Meeting of the Company provides a forum, both formal and informal, for

shareholders to meet and discuss issues with the Directors and Investment Manager of the Company. In addition the Company's Managers meet extensively with, and present to, both existing and potential new shareholders on a regular basis.

Annual General Meeting

Among the resolutions being put at the Annual General Meeting of the Company to be held on 20 June 2012, the following resolutions will be proposed.

Disapplication of Pre-emption Rights

Resolution 10 gives the Directors, for the period until the conclusion of the Annual General Meeting in 2013 or, if earlier, on the expiry of 15 months from the passing of resolution 10, the necessary authority either to allot securities or sell shares held in treasury, otherwise than to existing shareholders on a pro-rata basis, up to an aggregate nominal amount of £30,969,850. This is equivalent to approximately 10 per cent of the issued ordinary share capital of the Company as at 19 March 2012 (including Treasury Shares).

The Directors will allot new shares pursuant to this authority only if they believe it is advantageous to the Company's shareholders to do so and in no circumstances would this be done if it results in a dilution to the net asset value per share.

Directors' Authority to Buy Back Shares

The current authority of the Board granted to it by shareholders at the 2011 AGM to buy back shares in the Company expires at the end of AGM to be held in 2012. The Board intends to renew such authority to buy back shares up to 14.99 per cent of the number of Ordinary Shares in issue. This special resolution, if approved, will enable the Company to buy back up to 179,482,593 shares based on the current number of shares in issue (excluding treasury shares). Any buy back of Ordinary Shares will be made subject to Guernsey law and within guidelines established from time to time by the Board, (which will take into account the income and cash flow requirements of the Company), and the making and timing of any buy backs will be at the absolute discretion of the Board.

Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing published net asset value of an Ordinary Share (as last calculated), where the Directors believe such purchases will enhance shareholder value. Such purchases will also only be made in accordance with the rules of the UK Listing Authority which provide that the price to be paid must not be more than the higher of (i) five per cent above the average of the middle market quotations for the Ordinary Shares for the five business days before the purchase is made and (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange. The minimum price (exclusive of expenses) that may be paid is 25 pence a share.

The Company may retain any shares bought back as treasury shares for future re-issue and re-sale, or transfer, or may cancel any

such shares. During the period when the Company holds shares as treasury shares, the rights and obligations in respect of those shares may not be exercised or enforced by or against the Company. The maximum number of shares that can be held as treasury shares by the Company is 10 per cent of the aggregate nominal value of all issued Ordinary Shares. Ordinary Shares held as treasury shares will only be re-issued, re-sold, or transferred at prices which are not less than the published net asset value of an Ordinary Share.

It is the intention of Directors that the share buy back authority will be used to purchase Ordinary Shares, (subject to the income and cash flow requirements of the Company), if the share price of an Ordinary Share is more than 5 per cent below the published net asset value for a continuous period of 90 dealing days or more. In the event that such discount is more than 5 per cent for 90 dealing days or more, following the second anniversary of the Company's most recent continuation vote, (10 July 2009), 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. If this continuation resolution is not passed, the Directors will convene a further extraordinary general meeting to be held within six months of the first extraordinary meeting to consider the winding up of the Company or a reconstruction of the Company which offers all Shareholders the opportunity to realise their investment. If any such continuation resolution is passed, this discount policy, save in respect of share buy backs, would not apply for a period of two years thereafter.

Auditor

Ernst & Young LLP have expressed their willingness to continue in office as auditor and a resolution proposing its re-appointment will be submitted at the Annual General Meeting.

So far as each of the Directors is aware, there is no relevant audit information of which the Company's Auditor is unaware, and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Recommendation

The Directors believe that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole, and recommend that shareholders vote in favour of the resolutions as the Directors intend to do in respect of all their own beneficial shareholdings.

Approved by the Board on 19 March 2012.

Christopher M.W. Hill

Director

Christopher Fish

Director

shareholders to meet and discuss issues with the Directors and Investment Manager of the Company. In addition the Company's Managers meet extensively with, and present to, both existing and potential new shareholders on a regular basis.

Annual General Meeting

Among the resolutions being put at the Annual General Meeting of the Company to be held on 20 June 2012, the following resolutions will be proposed.

Disapplication of Pre-emption Rights

Resolution 10 gives the Directors, for the period until the conclusion of the Annual General Meeting in 2013 or, if earlier, on the expiry of 15 months from the passing of resolution 10, the necessary authority either to allot securities or sell shares held in treasury, otherwise than to existing shareholders on a pro-rata basis, up to an aggregate nominal amount of £30,969,850. This is equivalent to approximately 10 per cent of the issued ordinary share capital of the Company as at 19 March 2012 (including Treasury Shares).

The Directors will allot new shares pursuant to this authority only if they believe it is advantageous to the Company's shareholders to do so and in no circumstances would this be done if it results in a dilution to the net asset value per share.

Directors' Authority to Buy Back Shares

The current authority of the Board granted to it by shareholders at the 2011 AGM to buy back shares in the Company expires at the end of AGM to be held in 2012. The Board intends to renew such authority to buy back shares up to 14.99 per cent of the number of Ordinary Shares in issue. This special resolution, if approved, will enable the Company to buy back up to 179,482,593 shares based on the current number of shares in issue (excluding treasury shares). Any buy back of Ordinary Shares will be made subject to Guernsey law and within guidelines established from time to time by the Board, (which will take into account the income and cash flow requirements of the Company), and the making and timing of any buy backs will be at the absolute discretion of the Board.

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such shares. During the period when the Company holds shares as treasury shares, the rights and obligations in respect of those shares may not be exercised or enforced by or against the Company. The maximum number of shares that can be held as treasury shares by the Company is 10 per cent of the aggregate nominal value of all issued Ordinary Shares. Ordinary Shares held as treasury shares will only be re-issued, re-sold, or transferred at prices which are not less than the published net asset value of an Ordinary Share.

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So far as each of the Directors is aware, there is no relevant audit information of which the Company's Auditor is unaware, and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Recommendation

The Directors believe that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole, and recommend that shareholders vote in favour of the resolutions, as the Directors intend to do in respect of all their own beneficial shareholdings.

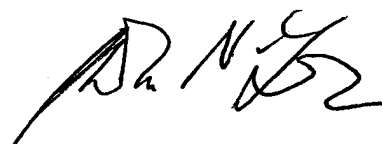
Approved by the Board on 19 March 2012.

Christopher M.W. Hill

Director

Christopher Fish

Director



Directors' Remuneration Report

A separate resolution for the approval of the Directors' Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting. The outcome of the vote on this resolution has no legal effect and its sole function is to enable shareholders to demonstrate whether or not they are in agreement with the Board's policies in this matter. Accordingly resolution 2 will be proposed as an ordinary resolution to enable shareholders to show whether they approve or not of the contents of the Directors' Remuneration Report. The determination of the Directors' fees is a matter dealt with by the whole Board on an annual basis. This Report has been divided into separate sections for unaudited and audited information.

Unaudited Information

Remuneration Policy

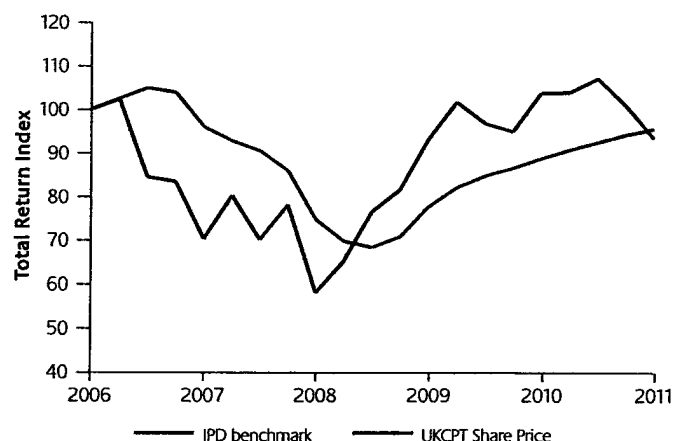
The Articles of Association of the Company set a maximum aggregate limit within a financial year for non-executive Directors' remuneration. The current limit is £300,000 per annum. The Board considers that the present policy to remunerate Directors exclusively by fixed fees in cash is appropriate and adequate for the Company in its present and foreseeable circumstances and there are no plans to introduce additional or alternative remuneration schemes. No Director has a service contract with the Company or its subsidiary undertakings although each has a letter of appointment from the Company confirming their appointment. These letters contain no provisions regarding notice period nor do they make provision for compensation payable upon early termination of the Director's appointment. The fees will be reviewed annually and may be increased in line with usual market rates. Mr J Robertson's fees are payable to his employer Ignis Investment Services Limited.

Directors' Remuneration Rates

The annual rates of remuneration for the year ending 31 December 2011 were £30,000 for the Chairman, £27,500 for the Audit Committee Chairman and £25,000 for each other Director. Following a review by the Board, it was agreed that, with effect from 1 January 2012, the annual rates of remuneration will be £45,000 for the Chairman, £35,000 for the Audit Committee Chairman and £30,000 for each other Director. These rates were established after undertaking a review of Director's remuneration payable by Companies of a similar size and complexity.

Company Performance

Although the Company has appointed Ignis as an external investment manager pursuant to the terms of the investment management agreement set out in note 2 to the accounts, the Board is responsible for the Company's investment strategy and performance. The following graph compares the total return (assuming all dividends are reinvested) to ordinary shareholders compared with the total return on the IPD Quarterly Index over a five year period to 31 December 2011 (rebased to 100 at 31 December 2006)



Audited Information

The total fee payable to each Director who served during the present and previous financial year of the Company is shown in the following table

	2011	2010
Christopher Hill	35,000	65,000
Keith Dorrian	30,000	45,000
Christopher Fish	32,500	47,000
John Robertson	25,000	25,000
Andrew Wilson	30,000	50,000
Total	152,500	232,000

The above table includes additional fees of £20,000 paid to the Directors as follows; C Hill £5,000 (2010 – £35,000), K Dorrian £5,000 (2010 – £20,000) C Fish £5,000 (2010 – £20,000), A Wilson £5,000 (2010 – £25,000) for the level of additional work undertaken on the new debt facility put in place during the year.

There is no performance related remuneration scheme such as an annual bonus or long term incentive scheme such as the granting of share options. The Company does not operate a pension scheme for the Directors and no Director received any form of remuneration from the Company during the present or preceding financial year other than the fees shown above.

Approved by the Board on 19 March 2012.


Christopher M.W. Hill

Director

Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable Guernsey law and those International Financial Reporting Standards ("IFRS") as have been adopted by the European Union.

The Directors are required to prepare Group financial statements for each financial year which give a true and fair view of the financial position of the Group and the financial performance and cash flows of the Group for that period. In preparing those Group financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies (Guernsey) Law 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We confirm that to the best of our knowledge:

the Group financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and

the Report of the Directors and Investment Manager Review include a fair review of the developments and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board


Christopher M.W. Hill
Chairman

19 March 2012

Independent Auditor's Report to the Members of UK Commercial Property Trust Limited

We have audited the financial statements of UK Commercial Property Trust Limited for the year ended 31 December 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibility Statement set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable Guernsey law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Michael Bane
for and on behalf of Ernst & Young LLP
Guernsey, Channel Islands
19 March 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Revenue			
Rental income		68,784	60,186
Gains on investment properties	8	5,098	45,287
Interest income		184	598
Total income		74,066	106,071
Expenditure			
Investment management fee	2	(7,346)	(6,977)
Direct property expenses		(2,611)	(2,614)
Other expenses	3	(3,129)	(2,287)
Aborted project costs		-	(1,268)
Total expenditure		(13,086)	(13,146)
Net operating profit before finance costs		60,980	92,925
Finance costs			
Finance costs	4	(4,193)	(1,369)
Loss arising on ineffective portion of interest rate swap	12	(3,742)	-
		(7,935)	(1,369)
Net profit from ordinary activities before taxation		53,045	91,556
Taxation on profit on ordinary activities	5	-	-
Net profit for the year		53,045	91,556
Other comprehensive income:			
Loss arising on effective portion of interest rate swap	12	(8,267)	(1,353)
Total comprehensive income for the year		44,778	90,203
Basic and diluted earnings per share	7	4.43p	7.83p

All of the profit and total comprehensive income for the year 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.

Consolidated Balance Sheet

As at 31 December 2011

	Notes	2011 £'000	2010 £'000
Non-current assets			
Investment properties	8	1,011,775	898,750
		1,011,775	898,750
Current assets			
Trade and other receivables	10	6,709	5,146
Cash and cash equivalents		60,945	80,937
		67,654	86,083
Total assets		1,079,429	984,833
Current liabilities			
Trade and other payables	11	(24,014)	(19,592)
Interest rate swap	12	(3,119)	-
Long Term Liabilities			
Bank Loan	12	(138,141)	(41,884)
Interest rate swap	12	(10,243)	(1,353)
Total liabilities		(175,517)	(62,829)
Net assets		903,912	922,004
Represented by:			
Share capital	13	482,703	482,703
Treasury shares	13	(25,264)	(25,264)
Special distributable reserve		624,546	635,717
Capital reserve		(164,711)	(169,809)
Revenue reserve		-	-
Interest rate swap reserve		(13,362)	(1,353)
Equity shareholders' funds		903,912	921,994
Non-controlling interests		-	10
		903,912	922,004
Net asset value per share	14	75.5p	77.0p

The accounts on pages 25 to 42 were approved and authorised for issue by the Board of Directors on 19 March 2012 and signed on its behalf by:


Christopher M.W. Hill
 Director

Christopher Fish
 Director

The accompanying notes are an integral part of this statement.

Consolidated Balance Sheet

As at 31 December 2011

	Notes	2011 £'000	2010 £'000
Non-current assets			
Investment properties	8	1,011,775	898,750
		1,011,775	898,750
Current assets			
Trade and other receivables	10	6,709	5,146
Cash and cash equivalents		60,945	80,937
		67,654	86,083
Total assets		1,079,429	984,833
Current liabilities			
Trade and other payables	11	(24,014)	(19,592)
Interest rate swap	12	(3,119)	-
Long Term Liabilities			
Bank Loan	12	(138,141)	(41,884)
Interest rate swap	12	(10,243)	(1,353)
Total liabilities		(175,517)	(62,829)
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Share capital	13	482,703	482,703
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Capital reserve		(164,711)	(169,809)
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Equity shareholders' funds		903,912	921,994
Non-controlling interests		-	10
		903,912	922,004
Net asset value per share	14	75.5p	77.0p

The accounts on pages 25 to 42 were approved and authorised for issue by the Board of Directors on 19 March 2012 and signed on its behalf by:

Christopher M.W. Hill
Director

Christopher Fish
Director



The accompanying notes are an integral part of this statement.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Share Capital £'000	Treasury Shares £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Non-controlling Interest £'000	Total £'000
At 1 January 2011	482,703	(25,264)	635,717	(169,809)	-	(1,353)	10	922,004
Net profit for the year	-	-	-	-	53,045	-	-	53,045
Other comprehensive income	-	-	-	-	-	(8,267)	-	(8,267)
Non controlling interest bought back	-	-	-	-	-	-	(10)	(10)
Dividends paid	-	-	-	-	(62,860)	-	-	(62,860)
Transfer in respect of fair value movement on interest rate swap	-	-	-	-	3,742	(3,742)	-	-
Transfer in respect of gains on investment properties	-	-	-	5,098	(5,098)	-	-	-
Transfer from special distributable reserve	-	-	(11,171)	-	11,171	-	-	-
At 31 December 2011	482,703	(25,264)	624,546	(164,711)	-	(13,362)	-	903,912

For the year ended 31 December 2010

	Share Capital £'000	Treasury Shares £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Non-controlling Interest £'000	Total £'000
At 1 January 2010	322,680	(25,264)	646,307	(215,096)	-	-	10	728,637
Net profit for the year	-	-	-	-	91,556	-	-	91,556
Other comprehensive income	-	-	-	-	-	(1,353)	-	(1,353)
Issue of Ordinary Shares	160,023	-	-	-	-	-	-	160,023
Issue Costs	-	-	(2,141)	-	-	-	-	(2,141)
Dividends paid	-	-	-	-	(54,718)	-	-	(54,718)
Transfer in respect of gains on investment properties	-	-	-	45,287	(45,287)	-	-	-
Transfer from special distributable reserve	-	-	(8,449)	-	8,449	-	-	-
At 31 December 2010	482,703	(25,264)	635,717	(169,809)	-	(1,353)	10	922,004

The accompanying notes are an integral part of this statement.

Consolidated Cash Flow Statement

For the year ended 31 December 2011

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Cash flows from operating activities		
Net profit for the year before taxation	53,045	91,556
Adjustments for:		
Gains on investment properties	(5,098)	(45,287)
(Increase)/decrease in operating trade and other receivables	(1,563)	35
Increase in operating trade and other payables	2,536	4,236
Net finance costs	9,956	771
Net cash inflow from operating activities	58,876	51,311
Cash flows from investing		
Purchase of investment properties	(100,610)	(123,502)
Capital expenditure	(7,317)	(9,798)
Interest received	184	598
Net cash outflow from investing activities	(107,743)	(132,702)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	150,345
Proceeds from drawdown of bank loan	97,900	-
Loan set up costs	(2,205)	-
Issue costs of ordinary share capital	-	(2,141)
Buyback of non-controlling interest	(10)	-
Dividends paid	(62,860)	(54,718)
Bank loan interest paid	(1,695)	(514)
Payments under interest rate swap arrangement	(2,255)	(807)
Net cash inflow from financing activities	28,875	92,165
Net (decrease)/increase in cash and cash equivalents	(19,992)	10,774
Opening balance	80,937	70,163
Closing cash and cash equivalents	60,945	80,937
Represented by:		
Cash at bank	41,675	10,993
Short term deposits	6,600	23,855
Money market funds	12,670	46,089
	60,945	80,937

Notes to the Accounts

1. Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

(a) Basis of Accounting

The consolidated accounts have been prepared in accordance with International Financial Reporting Standard issued by, or adopted by, the International Accounting Standards Board (the IASB), interpretations issued by the IFRS Interpretations Committee that remain in effect, and to the extent that they have been adopted by the European Union, applicable legal and regulatory requirements of Guernsey law and the Listing Rules of the UK Listing Authority.

Changes in accounting policies and disclosures

The following new and amended IFRS are mandatory as of 1 January 2011 unless otherwise stated and the impact is stated below.

IAS 24 (amendment) Related Party Disclosures

The IASB has issued an amendment to IAS 24 that clarified the definitions of a related party. The new definitions emphasise a symmetrical view on related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements, for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Company.

IFRS 7 Financial Instruments – Disclosures

The amendment was intended to simplify the disclosures provided, by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context. The adoption of the amendment did not have any impact on the financial position or performance of the Company.

There have been other new and amended standards issued in 2011 but these are not considered to be applicable and hence not discussed.

(b) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Fair value of investment properties: Investment property is stated at fair value as at the balance sheet date as set out in note 1(h) and note 8 to these accounts.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from the assets. The estimate of future cash flows includes consideration of the repair and condition of the property, lease terms, future lease events, as well as other relevant factors for the particular asset.

These estimates are based on local market conditions existing at the balance sheet date.

Fair value of interest rate swaps: The fair value of the interest rate swaps are determined using mathematical models. The inputs to these models are taken from observable market data where possible, but where this is not possible a degree of judgement is required in estimating fair value. Changes in assumptions used in the model could affect the reported fair value.

(c) Basis of Consolidation

The consolidated accounts comprise the accounts of the Company and its subsidiaries drawn up to 31 December each year. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(d) Functional and Presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") which is pounds sterling. The financial statements are also presented in pounds sterling. All figures in the financial statements are rounded to the nearest thousand.

(e) Revenue Recognition

Rental income, excluding VAT, arising on investment properties is accounted for in the Statement of Comprehensive Income on a straight line basis over the lease term of ongoing leases. Surrender lease premiums paid and rent free periods granted are required to be recorded as a current asset and amortised over the period from the date of the lease commencement to the earliest termination date. Interest income is accounted on an accruals basis.

(f) Expenses

Expenses are accounted for on an accruals basis. The Group's investment management and administration fees, finance costs and all other expenses are charged through the Statement of Comprehensive Income.

(g) Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation are periodically evaluated and provisions established where appropriate.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of

Notes to the Accounts (continued)

assets and liabilities. In determining the expected manner of realisation of an asset the directors consider that the Group will recover the value of investment property through sale. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

(h) Investment Properties

Investment properties are initially recognised at cost, being the fair value of consideration given, including transaction costs associated with the investment property. Any subsequent capital expenditure incurred in improving investment properties is capitalised in the period during which the expenditure is incurred and included within the book cost of the property.

After initial recognition, investment properties are measured at fair value, with the movement in fair value recognised in the Statement of Comprehensive Income and transferred to the Capital Reserve. Fair value is based on the open market valuation provided by CB Richard Ellis Limited, chartered surveyors, at the Balance Sheet date. For the purposes of these financial statements, in order to prevent 'double accounting', the assessed market value is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.

On derecognition, gains and losses on disposals of investment properties are recognised in the Statement of Comprehensive Income and transferred to the Capital Reserve.

Recognition and derecognition occurs on the unconditional exchange of signed contracts between a willing buyer and a willing seller.

(i) Operating Lease Contracts – the Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements that it retains all the significant risks and rewards of ownership of these properties and so accounts for leases as operating leases.

(j) Share Issue Expenses

Incremental external costs directly attributable to the issue of shares that would otherwise have been avoided are written off to reserves.

(k) Segmental Reporting

The Directors are of the opinion that the Group is engaged in a single segment of business being property investment in the United Kingdom.

(l) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and other short-term highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value.

(m) Trade and Other Receivables

Trade receivables, which are generally due for settlement at the relevant quarter end are recognised and carried at the original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(n) Reserves

Special Reserve

The special reserve is a distributable reserve to be used for all purposes permitted under Guernsey law, including the buyback of shares and the payment of dividends.

Capital Reserve

The following are accounted for in this reserve:

- gains and losses on the disposal of investment properties
- increases and decreases in the fair value of investment properties held at the year end

Revenue Reserve

Any surplus arising from the net profit on ordinary activities after taxation and payment of dividends is taken to this reserve, with any deficit charged to the special reserve.

Interest Rate Swap Reserve

Any surplus/deficit arising from the marked to market valuation of the swap instrument is credited/charged to this account.

Treasury Share Reserve

This represents the cost of shares bought back by the Company and held in Treasury.

(o) Interest-bearing borrowings

All bank loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of arrangement costs associated with the borrowing. After initial recognition, all interest bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any loan arrangement costs and any discount or premium on settlement.

On maturity, bank loans are recognised at par, which is equivalent to amortised cost. Bank loans redeemed before maturity are recognised at amortised cost with any charges associated with early redemptions being taken to the Statement of Comprehensive Income.

(p) Derivative financial instruments

The Group uses derivative financial instruments to hedge its risk associated with interest rate fluctuations.

Derivative instruments are initially recognised in the Balance Sheet at their fair value. Fair value is determined by reference to market values for similar instruments. Transaction costs are expensed immediately.

Gains or losses arising on the fair value of cash flow hedges in the form of derivative instruments are taken directly to the Statement of Comprehensive Income. Such gains and losses are taken to a reserve created specifically for that purpose, described as the Interest Rate Swap Reserve in the Balance Sheet.

On maturity or early redemption the unrealised gains or losses arising from cash flow hedges in the form of derivative instruments, initially recognised in Other Comprehensive Income, are transferred to profit or loss.

The Group considers its interest rate swap qualifies for hedge accounting when the following criteria are satisfied:

- The instrument must be related to an asset or liability;

- It must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa;
- It must match the principal amounts and maturity date of the hedged item; and
- As a cash flow hedge the forecast transaction (incurring interest payable on the bank loan) that is subject to the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect the profit or loss. The effectiveness of the hedge must be capable of reliable measurement and must be assessed as highly effective on an ongoing basis throughout the financial reporting periods for which the hedge was designated.

If a derivative instrument does not satisfy the Group's criteria to qualify for hedge accounting that instrument will be deemed as an ineffective hedge.

Should any portion of an ineffective hedge be directly related to an underlying asset or liability, that portion of the derivative instrument should be assessed against the Group's effective hedge criteria to establish if that portion qualifies to be recognised as an effective hedge.

Where a portion of an ineffective hedge qualifies against the Group's criteria to be classified as an effective hedge that portion of the derivative instrument shall be accounted for as a separate and effective hedge instrument and treated as other comprehensive income.

Gains or losses arising on any derivative instrument or portion of a derivative instrument which is deemed to be ineffective will be recognised in the profit or loss. Gains and losses, regardless of whether related to effective or ineffective hedges, are taken to a reserve created specifically for that purpose described in the balance sheet as the Interest Rate Swap Reserve.

(q) New standards not applied

There are a number of new standards, amendments and interpretations that have been issued but are not yet effective for this accounting year and have not been adopted early. The impact of these standards has not yet been assessed by the Group but will be in due course.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 12 Income Taxes – Recovery of Underlying Assets

The amendment clarified the determination of deferred tax in investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets measured using the revaluation model in IAS 16 should always be

measured on the sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012.

IAS 27 (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurement of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including 'special purpose entities'. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28 Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance of how to measure fair value under IFRS when fair value is required or permitted. This standard becomes effective for annual periods beginning on or after 1 January 2013.

Notes to the Accounts (continued)

2. Fees

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Investment management fee	<u>7,346</u>	<u>6,977</u>

The Company's Investment Manager, Ignis Investment Services Limited, receive an aggregate annual fee from the Group at an annual rate of 0.75 per cent of the of the Total Assets, less the amount of the Group's borrowings, plus an amount calculated at the rate of 0.50 per cent, of the value of the assets of the Group represented by borrowings. The Investment Manager is also entitled to an administration fee amounting to £114,000 (see note 3) in the current year. From 1 January 2012 the Board has agreed that this fee will increase to £165,000 per annum which will increase annually in line with inflation. Both fees are payable quarterly in arrears. The fees of any managing agents appointed by the Investment Manager are payable out of the Investment Management fee. The Investment Management agreement is terminable by any of the parties to it on 12 months' notice.

3. Other expenses

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Valuation and other professional fees	1,353	1,590
Movement in bad debt provision	362	(9)
Directors' fees*	132	212
Administration fee	114	110
Facility fees	607	76
Administration and company secretarial fees	87	83
Regulatory fees	90	82
Auditor's remuneration for:		
Statutory audit	49	43
Tax advice services	182	57
Other expenses	<u>153</u>	<u>43</u>
	<u>3,129</u>	<u>2,287</u>

*As set out on page 22, other than Mr Robertson, the Directors received an additional £5,000 each in relation to the set up of a new loan facility. This £20,000 was charged to set up costs to be amortised over the life of the loan facility.

4. Finance costs

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Interest on principal loan amount	1,695	514
Amounts payable in respect of interest rate swap arrangement	2,255	807
Amortisation of loan set up fees	<u>243</u>	<u>48</u>
	<u>4,193</u>	<u>1,369</u>

5. Taxation

UK Commercial Property Trust Limited owns four Guernsey tax exempt subsidiaries, UK Commercial Property GP Limited (GP), UK Commercial Property Holdings Limited (UKCPH), UK Commercial Property Estates Limited (UKCPEL) and UK Commercial Property Estates Holdings Limited (UKCPEH) (formerly SCP Group Limited (SCP)). GP and UKCPH are partners in a Guernsey Limited Partnership (“the Partnership”) and own six Jersey Property Unit Trusts. UKCPEL owns 3 Jersey Property Unit Trusts. The Partnership, UKCPH and UKCPEL own a portfolio of UK properties and derived rental income from those properties. As the Partnership, GP, UKCPH, UKCPEL and UKCPEH are considered tax transparent in the UK, their taxable results are liable to UK income tax at the rate of 20 per cent on their respective net rental income.

A reconciliation of the income tax charge applicable to the results from ordinary activities at the statutory income tax rate to the charge for the year is as follows:

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Net profit before tax	<u>53,045</u>	<u>91,556</u>
UK income tax at a rate of 20 per cent	10,609	18,311
Effect of:		
Capital (gains) on investment properties not taxable	(1,955)	(9,057)
Lease incentive adjustment not allowable for tax purposes	935	-
Income not taxable	(37)	(120)
Intercompany loan interest	(11,744)	(10,666)
Expenditure not allowed for income tax purposes	1,463	1,960
Deferred tax asset/(liability) not provided for	<u>729</u>	<u>(428)</u>
Total tax charge	<u>-</u>	<u>-</u>

The Group has unused tax losses carried forward of £22,084,000 (2010: £11,795,000). These will only be utilised if the Group has profits chargeable to income tax in the future.

The Company and its subsidiaries are exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. A fixed annual fee of £600 per company is payable to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation will arise on capital gains.

The Directors intend to conduct the Group’s affairs such that management and control is not exercised in the United Kingdom and so that neither the Company nor any of its subsidiaries carries on any trade in the United Kingdom. Accordingly, the Company and its subsidiaries will not be liable for United Kingdom taxation on their income or gains other than certain income deriving from a United Kingdom source.

Notes to the Accounts (continued)

6. Dividends

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Dividends on Ordinary Shares:		
2010 Second interim of 0.7146p per share paid 28 May 2010	-	8,469
2010 Fifth interim of 1.3125p per share paid 28 February 2011 (2009 Fourth interim: 0.8988p)	15,715	8,899
2011 First interim of 1.3125p per share paid 31 May 2011 (2010 First interim: 0.5979p)	15,715	5,920
2011 Second interim of 1.3125p per share paid 31 August 2011 (2010 Third interim: 1.3125p)	15,715	15,715
2011 Third interim of 1.3125p per share paid 30 November 2011 (2010 Fourth interim 1.3125p)	15,715	15,715
	<u>62,860</u>	<u>54,718</u>

A fourth interim dividend of 1.3125p was paid on 28 February 2012 to shareholders on the register on 10 February 2012. Although this payment relates to the year ended 31 December 2011, under International Financial Reporting Standards it will be accounted for in the year ending 31 December 2012.

7. Basic and diluted Earnings per Share

The earnings per share are based on the net profit for the year of £53,045,000 (2010: £91,556,000) and on 1,197,348,858 (2010: 1,168,600,913) Ordinary Shares, being the weighted average number of shares in issue during the year. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

8. Investment Properties

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Freehold and Leasehold properties		
Opening valuation	898,750	710,485
Purchases at cost	100,610	133,180
Capital expenditure	7,317	9,798
Gain on revaluation to market value	9,773	45,287
Adjustment for lease incentives	(4,675)	-
Fair value at 31 December 2011	<u>1,011,775</u>	<u>898,750</u>
Gains on investment properties at fair value comprise		
Valuation gains	9,773	45,287
Movement in provision for lease incentives	(4,675)	-
	<u>5,098</u>	<u>45,287</u>

CB Richard Ellis Limited, Chartered Surveyors (the “Property Valuer”) completed a valuation of Group investment properties at 31 December 2011 on an open market basis in accordance with the requirements of the Valuation Standards issued by the Royal Institution of Chartered Surveyors, which is deemed to equate to market value. Market value is determined by reference to market based evidence, which is the amount for which each asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arms length transaction as at the valuation date. The market value of these investment properties amounted to £1,016,450,000 (2010 – £898,750,000). The difference between the market value and the fair value at 31 December 2011 consists of accrued income relating to the pre-payment for rent-free periods recognised over the life of the lease totalling £4,675,000 (2010 – Nil) which is separately recorded in the accounts as a current asset.

The Group has entered into leases on its property portfolio as lessor (See note 18 for further information). No one property accounts for more than 15 per cent of the gross assets of the Group. All leasehold properties have more than 60 years remaining on the lease term. There are no restrictions on the realisability of the Group’s investment properties or on the remittance of income or proceeds of disposal. However, the Group’s investments comprise UK commercial property, which may be difficult to realise. Property and property related assets are inherently difficult to value due to the individual nature of such property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where the actual sales occur shortly after the valuation date.

In addition to the above, the property portfolio market value as at 31 December 2011 is based on the following:

- The Estimated Net Annual Rent for each property, which is based on the current rental value of each of the properties, which reflects the terms of the leases where the property, or part of the property, are let at the date of valuation. If the property, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent the valuer considers would be obtainable on an open market letting as at the date of valuation.
- The valuer has assumed that all rent reviews are to be assessed by reference to full current rents. Also there is the assumption that all tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge.
- The valuer has not made any adjustments to reflect any liability to taxation that may arise on disposal, nor any costs associated with disposals incurred by the owner.
- The valuer assumes an initial yield in the region of 5 to 7 per cent for the majority of the properties, with the reversionary yield being in the region of 6 to 7 per cent.
- The property valuer takes account of deleterious materials included in the construction of the investment properties in arriving at its estimate of open market valuation when the Investment Manager advises of the presence of such materials.

The majority of the leases are on a full repairing basis and as such the Group is not liable for costs in respect of repairs or maintenance to its investment properties.

9. Investment in Subsidiary Undertakings

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

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

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

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

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

In addition the Group wholly owns nine Jersey Property Unit Trusts. The principal business of the Unit Trusts is that of investment in property.

Notes to the Accounts (continued)

10. Trade and other receivables

	2011 £'000	2010 £'000
Rents receivable (net of provision for bad debts)	513	806
Other debtors and prepayments	<u>6,196</u>	<u>4,340</u>
	<u>6,709</u>	<u>5,146</u>

11. Trade and other payables

	2011 £'000	2010 £'000
Rental income received in advance	14,814	12,964
Investment Manager fee payable	1,904	1,813
VAT payable	2,301	1,761
Other payables	<u>4,995</u>	<u>3,054</u>
	<u>24,014</u>	<u>19,592</u>

The Group's payment policy is to ensure settlement of supplier invoices in accordance with stated terms.

12. Bank Loan and Interest rate swaps

	2011 £'000	2010 £'000
Total Facilities available	<u>230,000</u>	<u>80,000</u>
Drawn down:		
Lloyds facility	80,000	42,100
Barclays facility	60,000	-
Set up costs incurred	(2,541)	(336)
Accumulated amortisation of set up costs	364	120
Accrued variable rate interest on bank loan	<u>318</u>	<u>-</u>
Total due	<u>138,141</u>	<u>41,884</u>

The Company has a seven year £80 million facility, maturing in June 2015, with Lloyds Banking Group plc, all of which is drawn down. The bank loan is secured on a proportion of the property portfolio of the Group. Under bank covenants related to the loan the Company is to ensure that at all times:

- The loan to value percentage does not exceed 50 per cent (this is defined as the ratio of the loan compared to the aggregate of the open market property valuations plus any cash deposits);
- The qualifying adjusted net rental income for any calculation period (any 3 month period) is not less than 175 per cent of the projected finance costs for that period;
- No single tenant accounts for more than 30 per cent of the total net rental income;
- The five largest tenants do not account for more than 50 per cent of total net rental income;
- No single property accounts for more than 25 per cent of the gross secured asset value (this is defined as the sum of the value of the properties as stated in the latest valuations plus any cash deposits);

The Company met all the covenant tests during the year.

Interest rate exposure has been hedged by the purchase of two interest rate swap contracts. The hedge has been achieved by matching the notional amount of the swaps with the loan principal and matching the swap term to the loan term.

Interest on the swaps is receivable at a variable rate calculated on the same LIBOR basis as for the bank loan (as detailed below but excluding margins) and payable at a fixed rate of 3.0 per cent per annum on £42.1 million and 2.215 per cent per annum on £37.9 million respectively. The fair value of the liability in respect of the two interest rate swap contracts at 31 December 2011 is £4 million (2010: £1.4 million) which is based on the marked to market value. Both swaps are deemed effective for accounting purposes.

Interest is payable by the Company at a rate equal to the aggregate of LIBOR, mandatory costs of the Bank and a margin. The applicable margin depends on the ratio of all loans made available to the Company (under the Bank Facility or otherwise) to the “Gross Assets Value”, expressed as a percentage (the “LTV Percentage”). “Gross Assets Value” takes into account the value of the properties and any other assets held by the Company and the Guarantors (currently UK Commercial Property Holdings Limited, UK Commercial Property GP Limited and UKCPT Limited Partnership) as well as unsecured cash. If the LTV percentage is greater than 5 per cent and does not exceed 10 per cent, the margin is 0.55 per cent per annum. If the LTV percentage is greater than 10 per cent and does not exceed 40 per cent, the margin is 0.60 per cent per annum. If the LTV percentage is greater than 40 per cent and does not exceed 50 per cent, the margin is 0.70 per cent per annum. As at 31 December 2011 the applicable margin was 0.60 per cent.

The Group also has a seven year £150 million facility, maturing in May 2018, with Barclays Bank plc taken out in May 2011. As at 31 December 2011, £60 million of this loan was drawn down. The bank loan is secured on the property portfolio held by UKCPEL. Under bank covenants related to the loan UKCPEL is to ensure that at all times:

- The loan to value percentage does not exceed 60 per cent
- Interest cover at the relevant payment date is not less than 160 per cent

UKCPEL met all covenant tests during the year.

As at 31 December 2011 the Group had in place a £100 million interest rate swap with Barclays bank plc. £60 million of this interest rate swap effectively hedged the current drawn down loan with Barclays Bank plc. The remainder of this interest rate swap is therefore deemed as an ineffective swap under International Financial Reporting Standards.

Interest on the swap is receivable at a variable rate calculated on the same LIBOR basis as for the bank loan (as detailed below but excluding margins) and payable at a fixed rate of 2.9925 per cent per annum. The fair value of the liability in respect of the interest rate swap contract at 31 December 2011 is £9.3 million (2010: Nil) which is based on the marked to market value.

Interest is payable by UKCPEL at a rate equal to the aggregate of LIBOR, mandatory costs of the Bank and a margin. The applicable margin depends on the ratio of all loans made available to the Company (under the Bank Facility or otherwise) to the market value of the property portfolio in UKCPEL expressed as a percentage (the “LTV Percentage”) as well as any cash generated from the sale of one of these properties. If the LTV percentage is equal to or less than 25 per cent, the margin is 1.60 per cent per annum. If the LTV Percentage is greater than 25 per cent and does not exceed 35 per cent, the margin is 1.70 per cent per annum. If the LTV Percentage is greater than 35 per cent and does not exceed 40 per cent, the margin is 1.85 per cent per annum. If the LTV Percentage is greater than 40 per cent and does not exceed 45 per cent, the margin is 1.95 per cent per annum. If the LTV Percentage is greater than 45 per cent and does not exceed 60 per cent, the margin is 2.0 per cent per annum. As at 31 December 2011 the applicable margin was 1.60 per cent.

As at 31 December 2011 the Group had in place interest rate swap instruments totalling £180 million of which £140 million were deemed to be effective hedges with the remaining £40 million ineffective hedges.

The revaluation of these swaps at the year end resulted in a loss arising on interest rate swaps of £12.0 million. Of the total loss arising on interest rate swaps, £8.3 million related to effective hedge instruments and £3.7 million related to ineffective hedge instruments. The ineffective portion of the loss is recognised in the profit and loss and the effective portion is recognised in other comprehensive income.

The fair value of the interest rate swaps as at 31 December 2011 amounted to £13.4 million. Based on current yield curves £3.1 million of this value relates to the next 12 months and is therefore classified as a current liability. The remainder is classified as a long term liability.

Notes to the Accounts (continued)

13. Share capital accounts

	2011 £'000	2010 £'000
Share capital		
Opening balance	482,703	322,680
195,000,000 Ordinary Shares of 25 pence each issued on 11 February 2010	-	150,345
12,250,000 Ordinary Shares of 25 pence each issued on 7 July 2010	-	9,678
Share capital as at 31 December 2011	<u>482,703</u>	<u>482,703</u>
(number of shares in issue at the year end being 1,238,794,000)		
Treasury shares		
Balance in Treasury account as at 31 December 2011 and 31 December 2010	<u>(25,264)</u>	<u>(25,264)</u>

(number of shares held in treasury being 41,445,142 Ordinary Shares of 25 pence each at 31 December 2011)

Ordinary shareholders participate in all general meetings of the Company on the basis of one vote for each share held.

14. Net Asset Value per Share

The net asset value per ordinary share is based on net assets of £903,912,000 (2010: £922,004,000) and 1,197,348,858 (2010: 1,197,348,858) Ordinary Shares, being the number of Ordinary Shares in issue at the year end, excluding Treasury Shares.

15. 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.

Ignis Investment Services Limited received fees for its services as investment managers. Further details are provided in notes 2 and 3. The total management fee charged to the Statement of Comprehensive Income during the year was £7,346,000 (2010: £6,977,000) of which £1,875,000 (2010: £1,813,000) remained payable at the year end. The Investment Manager also received an administration fee of £114,000 (2010: £110,000), of which £29,000 (2010: £28,000) remained payable at the year end.

The Directors of the Company received fees for their services. Further details are provided in the Report of the Directors on page 22. Total fees for the year were £152,500 (2010: £232,000) none of which remained payable at the year end (2010: nil). As noted in the Directors Remuneration Report, Mr Robertson's fees are paid directly to Ignis Investment Services Limited.

The Group invests in the Ignis Liquidity fund which is also managed by the Investment Manager. As at 31 December 2011 the Company had invested £12.7 million in the Ignis Liquidity Fund (2010: £46.1 million). No additional fees are payable to Ignis as a result of this investment.

The Company's immediate parent and ultimate controlling party are disclosed in the Report of the Directors.

16. 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 and swap instruments.

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 summarised below and remained unchanged during the year.

Fair values

The fair value of financial assets and liabilities is not materially different from the carrying value in the financial statements.

Fair value hierarchy

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

31 December 2011	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Interest rate swap	-	(13,362)	-	(13,362)
31 December 2010	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Interest rate swap	-	(1,353)	-	(1,353)

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.

The fair value of the derivative interest rate swap contract is estimated by discounting expected future cash flows using current market interest rates and yield curves over the remaining term of the instrument.

Market risk

Market risk is the risk that the market value of properties and financial instruments will change. A 10 per cent increase in the fair value of the investment properties held as at 31 December 2011 would have increased net assets available to shareholders and increased the net profit by £101.2 million (2010: £89.9 million). A 10 per cent decrease in the fair value would have reduced net assets available to shareholders and net profit by £101.2 million (2010: £89.9 million).

The calculations above are based on investment property valuations at the respective balance sheet dates and are not representative of the year as a whole, nor reflective of future market conditions.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group.

At the reporting date, the maturity of the Group's financial assets was:

Financial Assets 2011	3 months or less £'000	More than 3 months but less than one year £'000	More than one year £'000	Total £'000
Cash	60,945	-	-	60,945
Rent receivable	513	-	-	513
Other debtors	-	145	561	706
	<u>61,458</u>	<u>145</u>	<u>561</u>	<u>62,164</u>
Financial Assets 2010	3 months or less £'000	More than 3 months but less than one year £'000	More than one year £'000	Total £'000
Cash	80,937	-	-	80,937
Rent receivable	806	-	-	806
Other debtors	-	-	571	571
	<u>81,743</u>	<u>-</u>	<u>571</u>	<u>82,314</u>

Notes to the Accounts (continued)

In the event of default by a tenant, the Group will suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property until it is re-let. The Board receives regular reports on concentrations of risk and any tenants in arrears. The Investment Manager monitors such reports in order to anticipate and minimise the impact of defaults by tenants.

The Company has a diversified tenant portfolio. The maximum credit risk from the rent receivables of the Group at 31 December 2011 is £513,000 (2010: £806,000). The Group holds rental deposits of £561,000 (2010: £571,000) as collateral against tenant arrears/defaults. There is no credit risk associated with the financial liabilities of the Group.

All of the cash is placed with financial institutions with a credit rating of A or above. £12.7 million (2010: £46 million) of the year end cash balance is held in the Ignis Liquidity Fund, which is a money market fund and has a triple A rating. Bankruptcy or insolvency of a financial institution may cause the Group's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, the Investment Manager would move the cash holdings to another financial institution subject to restrictions under the loan facility.

There are no significant concentrations of credit risk within the Group.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. While commercial properties are not immediately realisable, the Group has sufficient cash resources to meet liabilities.

The Group's liquidity risk is managed on an ongoing basis by the Investment Manager and monitored on a quarterly basis by the Board. In certain circumstances, the terms of the Group's bank loan entitles the lender to require early repayment, and in such circumstances the Group's ability to maintain dividend levels and the net asset value attributable to the ordinary shares could be adversely affected.

As at 31 December 2010 the cash balance was £60,945,000 (2010: £80,937,000).

At the reporting date, the maturity of the Group's liabilities was:

Financial Liabilities 2011	3 months or less	More than 3 months but less than one year	More than one year	Total
	£'000	£'000	£'000	£'000
Bank loan and interest rate swap	1,546	4,639	176,395	182,580
Other creditors	21,152	-	561	21,713
	22,698	4,639	176,956	204,293
Financial Liabilities 2010	3 months or less	More than 3 months but less than one year	More than one year	Total
	£'000	£'000	£'000	£'000
Bank loan	377	1,131	47,917	49,425
Other creditors	17,260	-	571	17,831
	17,637	1,131	48,488	67,256

Interest rate risk

The cash balance as shown in the Balance Sheet, is its carrying amount and has a maturity of less than one year.

Interest is receivable on cash at a variable rate ranging between 0.2 per cent to 0.5 per cent at the year end and deposits are re-priced at intervals of less than one year.

An increase of 1 per cent in interest rates as at the reporting date would have increased the reported profit by £1,009,000 (2010: increased the reported profit by £809,000). A decrease of 1 per cent would have reduced the reported profit by £1,009,000 (2010: decreased the reported profit by £809,000). The effect on equity is nil (excluding the impact of a charge in retained earnings as a result of a change in net profit).

As the Company's bank loans have been hedged by interest rate swaps, these loans are not subject to interest rate risk.

As at 31 December 2011 the Company had in place a total of £180 million of interest rate swap instruments. The value of these instruments are marked to market and will change if interest rates change. It is estimated that an increase of 1 per cent in interest rates would result in the swap liability falling by £8.7 million which would increase the reported profit by the same amount. A decrease of 1 per cent in interest rates would result in the swap liability increasing by £9.8 million which would decrease the reported profit by the same amount.

The other financial assets and liabilities of Group are non-interest bearing and are therefore not subject to interest rate risk.

Foreign Currency Risk

There was no foreign currency risk as at 31 December 2011 or 31 December 2010 as assets and liabilities of the Group are maintained in pounds Sterling.

Capital Management Policies

The Group considers that capital comprises issued ordinary shares, net of shares held in treasury, and long-term borrowings. The Group's capital is deployed in the acquisition and management of property assets meeting the Group's investment criteria with a view to earning returns for shareholders which are typically made by way of payment of regular dividends. The Company also has a policy on the buyback of shares which it sets out in the Directors Authority to Buy Back Shares section of the Directors Report.

The Group's capital is managed in accordance with investment policy which is to hold a diversified property portfolio of freehold and long leasehold UK commercial properties. The Group invests in income producing properties. The Group will principally invest in three commercial property sectors: office, retail and industrial. The Group is permitted to invest up to 15 per cent of its Total Assets in indirect property funds and other listed investment companies. The Group is permitted to invest cash, held by it for working capital purposes and awaiting investments, in cash deposits, gilts and money market funds.

The Group monitors capital primarily through regular financial reporting and also through a gearing policy. Gearing is defined as gross borrowings divided by total assets less current liabilities. The Group's gearing policy is set out in the Investment Policy section of the Report of the Directors. The Group is not subject to externally imposed regulatory capital requirements but does have banking covenants on which it monitors and reports on a quarterly basis. Included in these covenants are requirements to monitor loan to value ratios which is calculated as the amount of outstanding debt divided by the market value of the properties secured. The Group's Loan to value ratio is shown below.

The Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan arrangements in the year to 31 December 2011.

	2011 £'000	2010 £'000
Carrying amount of interest-bearing loans and borrowings	138,141	41,884
External valuation of completed investment property	1,016,450	898,750
Loan to value ratio	13.59%	4.66%

The Group's capital balances are set out on page 27 and are regarded as the Group's equity and net funds.

Notes to the Accounts (continued)

17. Capital Commitments

The Company has no contracted capital commitments as at 31 December 2011 (31 December 2010 – £16 million).

18. Lease Length

The Group leases out its investment properties under operating leases.

The future income under non-cancellable operating leases, based on the unexpired lease length at the year end was as follows (based on total rentals):

	31 December 2011 £'000	31 December 2010 £'000
Less than one year	69,767	62,525
Between one and five years	211,816	201,276
Over five years	<u>365,574</u>	<u>338,529</u>
Total	<u>647,157</u>	<u>602,330</u>

The largest single tenant at the year end accounted for 6.13 per cent (2010: 6.47 per cent) of the current annual rental income.

The unoccupied property expressed as a percentage of annualised total rental value was 3.4 per cent (2010: 3.6 per cent) at the year end.

The Group has entered into commercial property leases on its investment property portfolio. These properties, held under operating leases, are measured under the fair value model as the properties are held to earn rentals. The majority of these non-cancellable leases have remaining non-cancellable lease terms of between 5 and 15 years.

Analysis of the nature of investment properties and leases are provided in 'Portfolio Statistics' on page 13.

19. Service charge

The Company's managing agents Jones Lang LaSalle manage service charge accounts for all the Company's properties. The Company pays the service charge on any vacant units. Service charges on rental properties are recharged to tenants. The total service charge incurred in the year to 31 December 2011 was £6.7 million (2010: £6.1 million). Of this figure, the service charge paid by the Group in respect of void units was £1.1 million (2010: £1.2 million).

20. Post Balance Sheet Events

As announced in February 2012, the Company completed one transaction to purchase Emerald Park East, Emersons Green, Bristol, Gatwick Gate Industrial Estate, Crawley and Motor Park, Eastern Road, Portsmouth for £63.5 million. This was partly financed by the drawdown of £60 million from the Barclays loan facility.

Linked to the above, an additional swap instrument was taken out for £20 million at a rate of 1.893% resulting in the drawdown amount of the Barclays loan facility being fully hedged.

Notice of Annual General Meeting

Notice is hereby given that the fifth Annual General Meeting of UK Commercial Property Trust Limited will be convened at Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL on 20 June 2012 at 10.00 a.m. for the following purposes.

Ordinary Resolutions

To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

1. To approve and adopt the Annual Report and Accounts of the Company for the year ended 31 December 2011.
2. To receive the Directors' Remuneration Report for the year to 31 December 2011.
3. To re-elect Ernst & Young LLP as Auditor to the Company until the conclusion of the next Annual General Meeting.
4. To authorise the Directors to determine the auditor's remuneration.
5. To re-elect Mr Hill as a Director of the Company.
6. To re-elect Mr Dorrian as a Director of the Company.
7. To re-elect Mr Fish as a Director of the Company.
8. To re-elect Mr Robertson as a Director of the Company.
9. To re-elect Mr Wilson as a Director of the Company.

Special Resolutions

To consider and, if thought fit, pass the following resolutions as Special Resolutions:

10. That the Directors of the Company be and they are hereby generally empowered, to allot ordinary shares in the Company or grant rights to subscribe for, or to convert securities into, ordinary shares in the Company ("equity securities"), including the grant of rights to subscribe for, or to convert securities into ordinary shares held by the Company as treasury shares for cash as if any pre-emption rights in relation to the issue of shares as set out in the listing rules made by the Financial Services Authority under part VI of the Financial Services and Markets Act 2000 (as amended) did not apply to any such allotment of equity securities, provided that this power:
 - (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
 - (b) shall be limited to the allotment of equity securities up to an aggregate nominal value £30,969,850 being approximately 10 per cent of the nominal value of the issued share capital of the Company (including treasury shares), as at 19 March 2012.
11. That the Company, be authorised in accordance with section 315 of The Companies (Guernsey) Law, 2008, as amended, (the 'Law') to make market acquisitions within the meaning of section 316(l) of the law of its own ordinary shares of 25p

each ("shares") (either for retention as treasury shares for future resale or transfer or cancellation), provided that:

- (i) the maximum number of Shares hereby authorised to be acquired shall be equal to 14.99 per cent of the Company's issued share capital on the date on which this resolution is passed;
- (ii) the minimum price (exclusive of expenses) which may be paid for a Share is 25p, being the nominal value per share;
- (iii) the maximum price (exclusive of expenses) which may be paid for a Share shall not be more than the higher of (i) an amount equal to 105 per cent of the average of the middle market quotations for a Share taken from the London Stock Exchange's Daily Official List for the five business days immediately preceding the day on which the Share is purchased and (ii) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange;
- (iv) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2013 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time; and
- (v) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract.

Notes:

1. A member who is entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, speak and vote instead of him or her. A proxy need not be a member of the Company.
2. More than one proxy may be appointed provided each proxy is appointed to exercise the rights attached to different shares.
3. A form of proxy is enclosed for use at the Meeting. The form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach Computershare Investor Services (Jersey) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not later than 10.00 a.m. on 18 June 2012.
4. Completing and returning a form of proxy will not prevent a member from attending in person at the Meeting. If you have appointed a proxy and attend the meeting in person your proxy appointment will remain valid and you may not vote at the meeting unless you have provided a hard copy notice to revoke the proxy to Computershare Investor Services (Jersey) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no less than 48 hours (excluding any part of a day that is not a working day) prior to the commencement of the meeting as set out above.
5. To have the right to attend and vote at the Meeting (and also for the purposes of calculating how many votes a member may

Notice of Annual General Meeting (continued)

cast on a poll) a member must first have his or her name entered on the register of members at the close of business on the day which is two days before the date of the meeting. Changes to entries in the register after that time shall be disregarded in determining the rights of any member to attend and vote at such Meeting.

6. The Directors' letters of appointment will be available for inspection for fifteen minutes prior to the Annual General Meeting and during the meeting itself.

7. Copies of the Articles of Association of the Company will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) until the close of the Annual General Meeting at the registered office of the Company.

8. As at 19 March 2012, the latest practicable date prior to publication of this document, the Company had 1,238,794,000 ordinary shares in issue with a total of 1,197,348,858 voting rights.

9. Any person holding 3 per cent of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.

By order of the Board
Northern Trust International Fund Administration Services
(Guernsey) Limited
Secretary
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL
Date 19 March 2012

Shareholder Information

Dividends

It is the Directors' intention in line with the Company's investment objective to pay an attractive level of dividend income to shareholders on a quarterly basis. The Directors intend to set the proposed level of dividend after taking into account the long term income return of the Property Portfolio, the diversity and covenant strength of the tenants and the length of the leases of the Properties.

Dividends on the Ordinary Shares are expected to be paid in equal instalments quarterly in respect of each financial year in May, August, November and February. All dividends will be paid as interim dividends.

Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL on request. Where dividends are paid directly to shareholders' bank accounts, dividend tax vouchers are sent directly to shareholders' registered addresses.

Share Price

The Company's Ordinary Shares are listed on the London Stock Exchange. Prices are given daily in the Financial Times under "Investment Companies".

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL under the signature of the registered holder.

Shareholder Enquiries

Contact Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL. Additional information regarding the Company may also be found at its website address which is: www.ukcpt.co.uk

Financial Calendar 2011/12

28 February 2012	Payment of 2011 fourth interim dividend
March 2012	Announcement of annual results
May 2012	Payment of 2012 first interim dividend
June 2012	Annual General Meeting
August 2012	Payment of 2012 second interim dividend
August 2012	Posting of Interim Report
November 2012	Payment of 2012 third interim dividend
February 2013	Payment of 2012 fourth interim dividend

Corporate Information

Directors (all non-executive)

Christopher Hill (Chairman)
Keith Dorrian
Christopher Fish
John Robertson
Andrew Wilson

Registered Office

Trafalgar Court
Les Banques
St Peter Port
Guernsey

Registered Number

45387

Administrator, Secretary and Registrar

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

Investment Manager

Ignis Investment Services Limited
50 Bothwell Street
Glasgow G2 6HR

Property Valuer

CB Richard Ellis Limited
St Martin's Court
10 Paternoster Row
London EC4M 7HP

Independent Auditors

Ernst & Young LLP
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey GY1 4AF

Guernsey Legal Advisors

Ozannes
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP

UK Legal Advisors and Sponsor

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

Principal Banker

The Royal Bank of Scotland plc
2½ Devonshire Square
London EC2M 4XJ

Principal Lenders

Barclays Bank plc
Quay 2
139 Fountainbridge
Edinburgh EH3 9QG

Lloyds Banking Group
Henry Duncan House
120 George Street
Edinburgh EH2 4LH

Corporate P.R. Advisor

FTI Consulting Limited
Holborn Gate
26 Southampton Buildings
London WC2A 1PB

Corporate broker

JP Morgan Cazenove
10 Aldermanbury
London EC2V 7RF

Website

www.ukcpt.co.uk

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*Authorised and regulated by the Financial Services Authority.

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