UK Commercial Property Trust Limited

Half Yearly Report
for the period ended 30 June 2011

BHS, The Parade,
Swindon

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.

Objective

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.

Investment Manager

Ignis Investment Services Limited.

Net Asset Value ("NAV")

£921.3 million at 30 June 2011.

Capital Structure

The Company's equity capital structure consists of Ordinary Shares. Ordinary Shareholders are entitled to all dividends declared by the Company and to all the Company's assets after repayment of its borrowings and ordinary creditors.

At 30 June 2011 borrowings total £105 million. This consists of the £80 million seven year term revolving loan facility the Company has in place with Lloyds Banking Group plc entered into in June 2008 and drawn down in October 2009 and May 2011. In addition the Company has drawn down £25 million of the £150 million seven year Barclays loan facility entered into in May 2011.

ISA Status

The Company's shares are eligible for Individual Savings Accounts (ISAs).

Website

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

Financial Highlights

- Increase in the value of the property portfolio of 1.4% in the period to £1.014 billion (31 December 2010: £898.8 million);
- Annual dividend yield of 6.4% based on period end share price;
- Total rental income in the period of £33.7 million, an increase of 18.3% from the period to 30 June 2010;
- NAV per share of 76.9p (31 December 2010: 77,0p); total adjusted NAV per share of 75.6p (31 December 2010: 75.7p);
- NAV Total return for the six month period of 3.3%;
  - Share price total return of 3.2% in the period resulting in share price premium to NAV at 30 June 2011 remaining the same as 31 December 2010 at 8.7%;
  - Over three years from the low point in the economic cycle, the Company has produced a NAV total return of 10.7% and share price total return of 52.4%, both considerably ahead of the 3.0% total return on the IPD Balanced Quarterly Index;
- New £150 million seven year borrowing facility secured increasing UKCPT's financial capability, allowing the Company to act quickly and strategically with regard to acquisitions and asset management initiatives while still maintaining the lowest gearing within the Company's peer group.

Property Highlights

- Purchase of St. George's Retail Park, Leicester for £49.9 million in February 2011 at a yield of 6.2%;
- Purchase of Rotunda Leisure Complex, Kingston upon Thames for £50.7 million in May 2011 at a yield of 6.5%;
- Redevelopment of the former BHS Store at The Parade, Swindon completed in June 2011 contributing to a £17 million increase in value since the start of the development;
- Fourteen new lettings in the period creating £1.4 million of annualised income;
- Average unexpired lease term of the property portfolio is 9 years and 7 months;
- Void rate (excluding pre-lets) at June 2011 was 3.6% compared to industry average of 8.6%;
- Property portfolio ranked in top quartile for covenant strength in the independent IPD Rental Information Service.

St. George's Retail Park, Leicester


Rotunda, Kingston upon Thames

Performance Summary

Capital Values & Gearing	30 June 2011	31 December 2010	% Change
Total assets less current liabilities (£'000)	1,027,369	965,241	6.4
Net asset value per share (p)	76.9	77.0	(0.1)
Ordinary Share Price (p)	82.15	82.25	(0.1)
Premium to net asset value (%)*	8.7	8.7	–
Gearing (%)**	10.2	4.4	–

Total Return	6 month % return	1 year % return	3 year % return	% Return since inception (Sep 2006)
NAV***	3.3	7.1	10.7	4.4
Share Price***	3.2	10.7	52.4	11.3
Investment Property Databank Quarterly Index	4.4	9.8	3.0	(3.9)
FTSE Real Estate Investment Trusts Index	17.5	45.9	(9.4)	–
FTSE All-Share Index	3.0	25.6	21.0	20.2

Earnings & Dividends	30 June 2011	30 June 2010
Dividends declared per ordinary share (p)	2.625	2.625
Dividend yield (%) ****	6.4	6.6
FTSE All-Share Index Yield (%)	3.0	3.3
AIC UK High Income Sector Yield (%)	5.9	6.7

* Based on IFRS NAV above reduced by dividend adjustment of 1.3125p (2010 – 1.3125p).
** Calculated as gross borrowings divided by total assets less current liabilities.
*** Assumes re-investment of dividends excluding transaction costs.
**** Based on an annual dividend of 5.25p.

Sources: Ignis Investment Services, Investment Property Databank ("IPD"), Association of Investment Companies ("AIC").

Chairman's Statement

For the half year ended 30 June 2011

I am pleased to present the half yearly report of the Company for the six month period to 30 June 2011.

Economic background

The economy has struggled to gain any real momentum in the first six months of 2011. After the 0.5% fall in the fourth quarter of 2010, we have seen lower than expected growth in the first and second quarters of 2011 being 0.5% and 0.2% respectively. Despite the references to 'one off' factors, the downgrading of growth forecasts by many forecasters, including the Bank of England, has highlighted the fragile nature of the recovery and its slow pace. Given the consumer orientated nature of the economy, a large part of this fragility was caused by the deteriorating outlook for the consumer with anticipation of the effects of cuts in public spending, limited wage increases and high inflation caused by rising commodity prices, all resulting in a squeeze on consumer income. The hoped for rebalancing of the economy seems a long way away, despite the competitive exchange rate. The one positive aspect of this economic weakness was that interest rates remained on hold at 0.5% as the Monetary Policy Committee felt the recovery was not strong enough to justify raising rates even though CPI inflation, currently sitting at 4.4%, is forecast to exceed 5% in late 2011.

Commercial Property Markets

Given the economic background, commercial property markets performed well in the six month period. Commercial property returns for the first half of the year were positive with the IPD Quarterly Index showing a total return of 4.4% of which 1.4% was capital driven. This figure, however, masks divergent performances in sub sectors, with London, the South East and prime markets, aided by continued overseas investment, continuing to perform well. This contrasts sharply with regional and secondary properties for which there is currently very little demand. One other interesting aspect of the market in the last six months has been a major increase in the number and scale of large investment transactions. This suggests willingness from investors, who are able to access substantial pools of capital, to take on a greater level of asset specific and liquidity risk at current prices.

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

The Company's NAV total return for the six month period was 3.3%. While the underlying property portfolio increased in value by 1.4% over the period, this was more than offset by one off transaction costs on property purchases and the new Barclays loan facility and also movements in interest rate swap values due to additional swap instruments taken out to minimise interest rate risk on both the existing and new borrowing facilities.

As a result of these factors, and despite the strong underlying property performance, the NAV total return was lower than the IPD Quarterly Index of 4.4%. The share price total return was marginally lower than the NAV total return at 3.2%. The premium at which the share price stands to NAV remained the same at 8.7%. However, over the longer term, the Company's performance remains competitive both on a NAV and share price total return basis. From inception the NAV total return and share price total return are 4.4% and 11.3% respectively. The three year NAV and share price total returns for the Company, from the low point in the economic cycle, are 10.7% and 52.4% respectively. These compare to the IPD Quarterly Index three year total return of 3.0%. The Company has also significantly outperformed the FTSE UK Real Estate Investment Trust Index which shows a total return of -9.4% over the same period.

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

Significant Property Transactions

As announced in the annual report, the Company purchased St. George's Open A1 Retail Park, Leicester in February 2011 for £49.9 million at an initial yield of 6.2%. In May, the Company also announced it had purchased the Rotunda Leisure Complex in Kingston upon Thames. This prime, purpose built, leisure scheme extends over 170,000 sq ft, and is located in one of the top three retail destinations in Greater London. It was purchased for £50.7 million reflecting an initial yield of 6.5%. Together, these two purchases will add over £6 million to the Company's annual revenue stream and will present the Manager with further opportunities to enhance returns to shareholders. In addition, the new purchases will not have a material impact on the tenant void rates which, at 3.6%, are still well below market average.

Chairman's Statement (Continued)

Borrowing

On 28 April 2011 shareholders approved a change in investment policy allowing the Company and its subsidiaries to borrow up to 25% of total assets. Following this approval, the Company was pleased to announce it had secured a new £150 million seven year loan facility with Barclays on attractive terms. This new facility is in line with the Company's strategy of increasing its financial capability, allowing it to act quickly and strategically with regard to acquisitions and portfolio asset management. It should also be emphasised, however, that, even when this loan is fully utilised, the Company's gearing will still be the lowest within the Company's peer group.

As at the date of this report the Company had borrowings of £140 million. This is made up of £60 million of the new Barclays facility and the full £80 million of the existing Lloyds facility, following the draw-down of the remaining £37.9 million of the Lloyds facility in May 2011. The Company has entered into interest rate swap agreements that cover all of the Lloyds facility and £100 million of the Barclays facility. These swap agreements will provide certainty as to the interest rates the Company will have to pay on the majority of its debt over the longer term. The blended interest rate on the £140 million that is currently drawn down is a competitive 3.8% based on current debt margins.

Dividends

The Company has declared and paid the following dividends during the period:

	Ex dividend date	Pay date	Dividend Rate (p)
4th interim for 2010	09-Feb-11	28-Feb-11	1.3125
1st interim for 2011	11-May-11	31-May-11	1.3125
Total			2.6250

On 2 August 2011, the Company announced a second interim dividend in respect of the period 1 April to 30 June 2011 of 1.3125p per Ordinary Share. This is payable on 31 August 2011 to shareholders on the register as at 12 August 2011.

Based on the last four dividends paid and the share price as at 30 June 2011, the yield on the Company's shares is 6.4%. This compares favourably to the yield on the FTSE All-Share Index of 2.99% and also the average yield on the Association of Investment Companies High Income sector of 5.9% as at 30 June 2011.

Outlook

Despite the ongoing challenges in the macroeconomic environment, the Directors remain positive about the long-term outlook for commercial property and, in particular, the prospects for your Company. The commercial property market is forecast to deliver total returns of 8.3%* in 2011, mainly driven by the continued strength of Central London and other prime assets. The Company is expected to benefit from this trend given the prime nature of its portfolio and the potential to derive additional value through asset management opportunities. In addition, with the new debt facility now in place, the Company is well positioned to enhance both income and capital returns through selective acquisitions and asset management initiatives.

Christopher M.W. Hill
Chairman

23 August 2011

*Source: Ignis Investment Services

Manager's Review

For the half year ended 30 June 2011

Over the first half of 2011 the rate of capital growth within the property market subsided as the yield re-rating evident throughout 2010 all but disappeared. The IPD Quarterly Index ("Index") recorded capital growth of 1.4% over the period, with the second Quarter 2011 recording the lowest rate of growth for 24 months.

Strong investor demand in Central London and the South East as well as prime locations elsewhere in the country, from both UK institutions and overseas buyers, continue to support capital values. However, investors remain at best cautious over secondary property across all sectors and, where occupational demand is weak, there is scarcely any interest from these investors, except at price levels which remain unpalatable to many vendors.

Investors are also wary of occupier markets in provincial locations but remain strongly in favour of London, the South East and more vibrant regional cities. The recurring theme is one of limited suitable investment stock and hence a limitation in the number of transactions, especially at the prime end of the market.

We are now entering a phase where overall property returns are derived mainly from income, which has remained steady throughout the last 18 months. Although rental values remain broadly flat, the office sector is the only area to show some growth (Index total return of 5.0%) but again this is only in Central London where, despite a slight easing in take-up, the limited supply continues to support rental growth. This is in contrast to the rest of the country where occupational demand is still undermined by the languid economic recovery and has resulted in the outlook for rents remaining weak.

This concentration on prime property, from both an occupational and investment perspective is also evident in the retail and industrial sector. For example, although there remains strong occupational demand from supermarket operators (particularly in the convenience format) and a number of US retail brands, their focus remains in prime locations, particularly in London.

As consumer spending continues to be squeezed by high inflation and low wage growth, the prospects for a number of retailers look very challenging, with Ernst & Young recently announcing that retailers have issued more profit warnings during the first half of 2011 than in the whole of 2010. This is consistent with a number of retail administrations; Jane Norman and TJ Hughes being the most notable casualties. The Index total return for the retail market during the period was 4.3%, with performance in retail warehouses and South East Retail being the two strongest contributors to performance within that sector.

The first half of the year has seen a significant slowdown in industrial occupational activity, partly explained by the uncertainty resulting from the weak economy but also the scarcity of prime modern units which have deferred many occupier decisions. The Index total return for the industrial market was 3.6% in the first half of the year.

Overall investment activity in the property sector has remained largely unchanged over the period and in the second quarter of 2011 was the lowest since early 2009, limited as it has been by the eurozone debt crisis and the poor consumer outlook. Although the IPD All Property yield has reduced further over the period to 6.1% in June this does mask a significant variation between sector and region. Central London Offices and Industrials have been keenly sought after with investment volumes and yields improving. However, yields for high street retail and rest of UK offices remain under pressure given the occupational risks that continue to exist in these markets.

Manager's Review (Continued)

Property Portfolio

As at 30 June 2011, the Company's property portfolio was valued at £1,013.5 million, representing an increase in value of 1.4% excluding transaction costs since December 2010. This compares to 1.3% for the IPD benchmark.

The Company's strategic investment in retail warehouses and shopping centres over the last 18 months has been amply justified, with a 2.3% capital value uplift (net of capital expenditure) across all retail holdings across the period. Although continued investment demand reflected in further yield compression partly explains this uplift in value, further capital expenditure, particularly in the Company's shopping centre assets, has been a significant contributor.

The Company's West End office holdings have delivered the greatest capital uplift of any sub-sector in the portfolio through the first half of the year, with an increase of 6.5%, but this has been offset by the decline in value of the rest of the Company's office holdings, where weak investor and occupational demand has impacted on yields and, to a far lesser extent, rents. As a consequence, overall office values have increased by only 1.1% over the first half of the year. Nonetheless, these assets still continue to offer a compelling income return for the Company.

Capital values within the Company's industrial holdings have remained broadly static with a 0.9% increase over the period. Gains have been achieved by virtue of strong investment demand caused by improved yields or asset management. This has been partially offset by the fall in values in some of the shorter income industrial stocks.

Income

Annualised income increased by 11.6% over the period from £61.1 million to £68.2 million. The majority of this income increase was the result of the two major acquisitions: St George's Retail Park, Leicester and the Rotunda Leisure Complex at Kingston upon Thames. These two properties, together, will contribute additional income of £6.5 million per annum.

Although a concentrated effort continues to be made on letting the Company's voids, with 14 lettings producing annualised income of £1.4 million (after rent free periods) over the period, the opposing forces of retail administrations, tenants' decisions not to renew at expiry and lease surrenders which have been agreed to support related asset management initiatives have resulted in an annualised loss of income of £1.0 million. Taken together there has therefore been a net gain of £0.4 million on a like for like annualised basis.

Rent reviews and contracted uplifts have been minimal but nonetheless in tough market conditions produced an additional annual income of £212,000 over the first half of the year.

Overall income return for the portfolio for the first half of 2011 was 3.3% which remains higher than the comparable IPD figure of 2.9%. Rent collection over the period continues to be robust, reflecting the prime nature of the portfolio and the strong covenant base.

Manager's Review (Continued)

Asset Management

In June, the Company completed the redevelopment of the former BHS Department Store at The Parade, Swindon, at an overall cost of £14 million contributing to a £17 million increase in capital value since the start of the development. In addition, The Parade witnessed the opening of a flagship store for River Island. This, and the new format BHS Department Store, are both understood to be trading ahead of expectations.

This significant capital investment by the Company has dramatically improved the retail offer available and, in doing so, has improved The Parade's position within the retail hierarchy in the town. This, in turn, has improved the capital and income prospects of the Company's ownership. There is positive interest from a number of tenants in the remaining units within the development. The Company hopes to announce further lettings later in the year. Once fully let, the completed development will provide an additional £1 million of annual income.

Flagship River Island store at The Parade, Swindon

Arlington Street, London, W1

Following the refurbishment of the 1st Floor at 6 Arlington Street, London, W1, the Company immediately completed a letting on a ten year lease with an option to break at the fifth year. The agreed headline rent of £172,600 per annum was ahead of the Company's estimated rental value for the premises.

Following the purchase of St George's Retail Park, Leicester, in February, the Company has obtained planning consent for a 73,500 sq. ft. food store prelet to Tesco Stores plc. This represents a significant step forward in achieving one of the key objectives for this property and the Company hopes to be in a position to commence development in 2012 for a store opening in 2013. Using a similar approach to the successful strategy at The Parade, Swindon, this initiative will re-position the park within the city's retail hierarchy and in doing so improve the overall income and capital prospects for one of the Company's top ten properties by capital value.

Manager's Review (Continued)

Transactions

The Company invested £100.6 million at a combined income yield of 6.4% in two significant acquisitions in the first half of the year. The first, in February, was St George's Retail Park, Leicester, for £49.9 million. This Open A1 Retail Park (with food) extending to 165,500 sq. ft. is prominently located within Leicester city centre and includes tenants such as PC World, Toys R Us, Mothercare, and Pets at Home.

The second purchase was The Rotunda Leisure Complex in Kingston upon Thames for £50.7 million in May, which represented the Company's first acquisition in the leisure sector. The Rotunda is a prime purpose-built leisure scheme extending to 170,000 sq. ft. strategically and centrally located and close to the town's bus and railway stations. It is anchored by a 14 screen Odeon cinema and a David Lloyd Fitness Club. In addition it has a number of restaurants including Pizza Express and Prezzo.

Both purchases are typical of the Company's acquisition policy, namely the purchase of sound income producing assets with strong property fundamentals which offer the potential to improve returns through disciplined and focused asset management.

Outlook

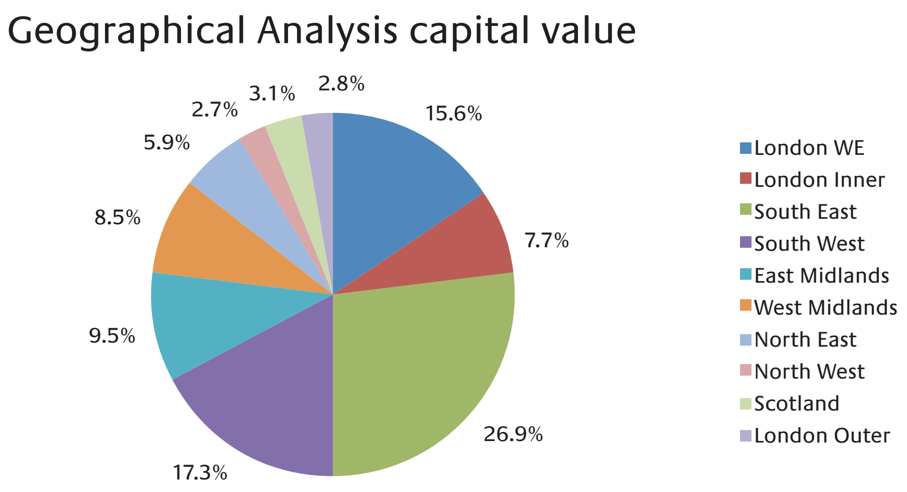
Capital returns will continue to be modest with a strong performance in London, the South East and prime sectors being offset by weakness in the secondary and regional markets, where risks still remain. Institutional and overseas interest is still strong, competing for a limited pool of prime assets in sought after locations, which should maintain upward pressure at the top end of what is a highly segmented market. In relation to secondary markets, there is increasing evidence that banks are bringing more assets to the market as they aim to reduce their exposure to property. This will be a crucial feature for the prospects of the secondary property market in the short to medium term, but may also provide some interesting acquisition opportunities.

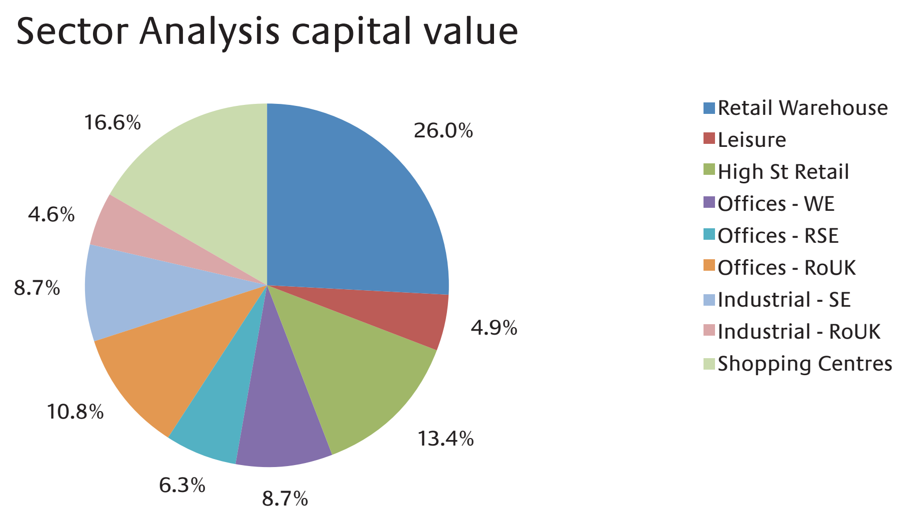
Income is increasing in importance on overall property returns. Office and retail rents in Central London and retail rents in some of the stronger South East and provincial retail locations are expected to grow at a much faster rate than other locations. However, industrial rents are expected to fall back slightly against the backdrop of the weak economy. The increasing importance of income brings into sharp focus the constant need for active asset management, where the Company's Investment Manager has significant experience, to ensure that overall returns are enhanced.

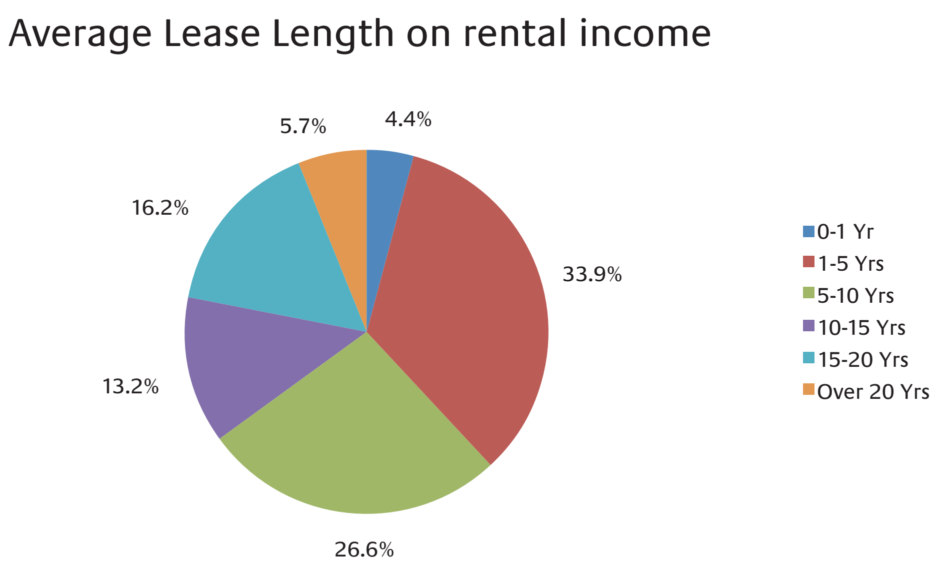
Although the availability of suitable investments remains limited, the Company is confident in its ability to source further properties that will complement the portfolio and, in doing so, provide an opportunity to enhance dividend cover.

Portfolio Statistics

As at 30 June 2011







Property Portfolio

As at 30 June 2011

	Property Value Range
The Parade, Swindon, Wiltshire 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 Sovereign Centre, Weston Super Mare 15 Great Marlborough Street, London, W1 Ocado Distribution Unit, Hatfield Business Area, Hatfield	Over £30 million (representing 52% of the portfolio capital value)
B&Q, Roneo Corner, Romford Charter Place, Vine Street, Uxbridge Dolphin Estate, Sunbury on Thames No 2 Temple Quay, Bristol Argos Unit, Magna Park, Lutterworth Broadbridge Retail Park, Horsham Asda, Gowerton Road, Brackmills, Northampton Hannah Close, Neasden, London, NW10 Colmore Court, 9 Colmore Row, Birmingham 16/20 High Street & 1/3 Bedford Street, Exeter Network House and Meadowside, Hemel Hempstead 81/85 George Street, Edinburgh 6 Arlington Street, London, SW1	£20 million – £29.9 million (representing 30% of the portfolio capital value)
No 1 Temple Quay, Bristol 13 Great Marlborough Street, Soho, London, W1 Pall Mall Court, King Street, Manchester Pride Hill Shopping Centre, Shrewsbury 140/144 Kings Road, London, SW3 Craven House, Fouberts Place, London, W1 14-22 West Street, Marlow 2-8 Buchanan Street, (121/132 Argyle Street), Glasgow 134/138 North Street, Brighton Riverside Mall Shopping Centre, Shrewsbury 1 Brunel Way, Slough	£10 million – £19.9 million (representing 15% of the portfolio capital value)
52/56 Market Street, Manchester Freshford House, Redcliffe, Bristol 84-86 Bushey Road, Raynes Park, London, SW20 Knaves Beech Industrial Estate, Boundary Way, Loudwater 146 Kings Road, London, SW3 WCA Building, Bristol	Up to £9.9 million (representing 3% of the portfolio capital value)

Summary of Property Portfolio

Total number of properties	41
Total number of tenancies	321
Total average property value	£24.7 million
Total floor area	4,278,457 sq ft

Half Yearly Condensed Consolidated Income Statement

For the half year ended 30 June 2011

	Notes	Half year ended 30 June 2011 (unaudited) £'000	Half year ended 30 June 2010 (unaudited) £'000	For year ended 31 December 2010 (audited) £'000
Income				
Rental income		33,672	28,453	60,186
Gains on investment properties	2	5,901	35,655	45,287
Interest revenue receivable		84	327	598
Total income		**39,657**	64,435	106,071
Expenditure				
Investment management fee	8	(3,602)	(3,417)	(6,977)
Direct operating expenses of let property		(1,330)	(1,141)	(2,614)
Valuation and other professional fees		(429)	(403)	(1,590)
Directors fees	8	(66)	(66)	(212)
Administration fees	8	(56)	(54)	(110)
Other expenses		(153)	(200)	(375)
Aborted project costs		–	–	(1,268)
Total expenditure		**(5,636)**	(5,281)	(13,146)
Net operating profit before finance costs		**34,021**	59,154	92,925
Net finance costs				
Finance costs		(1,219)	(567)	(1,369)
Net profit from ordinary activities before taxation		32,802	58,587	91,556
Taxation on profit on ordinary activities		–	–	–
Net profit for the period		**32,802**	58,587	91,556
Other comprehensive income:				
Loss arising on interest rate swaps	9	(2,059)	(1,648)	(1,353)
Net comprehensive gain for the period		**30,743**	56,939	90,203
Earnings per share (p)	3	**2.74p**	5.14p	7.83p

Half Yearly Condensed Consolidated Balance Sheet

As at 30 June 2011

	Notes	30 June 2011 (unaudited) £'000	30 June 2010 (unaudited) £'000	31 December 2010 (audited) £'000
Non-current assets				
Investment properties	2	1,009,343	871,975	898,750
		1,009,343	871,975	898,750
Current assets				
Trade and other receivables		8,692	5,093	5,146
Cash and cash equivalents		28,974	94,321	80,937
		37,666	99,414	86,083
Total assets		**1,047,009**	971,389	984,833
Current liabilities				
Trade and other payables		(19,640)	(17,352)	(19,592)
Long term liabilities				
Bank loans		(102,650)	(41,860)	(41,884)
Interest rate swaps	9	(3,412)	(1,648)	(1,353)
Total liabilities		**(125,702)**	(60,860)	(62,829)
Net assets		**921,307**	910,529	922,004
Represented by:				
Share capital		482,703	473,025	482,703
Treasury shares		(25,264)	(25,264)	(25,264)
Special distributable reserve		631,188	643,847	635,717
Capital reserve		(163,908)	(179,441)	(169,809)
Interest rate swap reserve		(3,412)	(1,648)	(1,353)
Revenue reserve		–	–	–
Equity Shareholders' funds		**921,307**	910,519	921,994
Minority interest		–	10	10
		921,307	910,529	922,004
Net asset value per share	6	**76.9p**	76.8p	77.0p

Half Yearly Condensed Consolidated Statement of Changes in Equity

For the half year ended 30 June 2011

	Share capital £'000	Treasury shares £'000
Half year ended 30 June 2011 (unaudited)		
At 1 January 2011	482,703	(25,264)
Net profit for the period	–	–
Other comprehensive income	–	–
Dividends paid	–	–
Transfer in respect of gains on investment properties	–	–
Transfer from special distributable reserve	–	–
Buyback of Minority Interest	–	–
At 30 June 2011	**482,703**	**(25,264)**
Half year ended 30 June 2010 (unaudited)		
At 1 January 2010	322,680	(25,264)
Net profit for the period	–	–
Other comprehensive income	–	–
Issue of Ordinary Shares	150,345	–
Issue costs	–	–
Dividends paid	–	–
Transfer in respect of gains on investment properties	–	–
Transfer from special distributable reserve	–	–
At 30 June 2010	473,025	(25,264)
For the year ended 31 December 2010 (audited)		
At 1 January 2010	322,680	(25,264)
Net profit for the year	–	–
Other comprehensive income	–	–
Issue of Ordinary Shares	160,023	–
Issue costs	–	
Dividends paid	–	–
Transfer in respect of gains on investment properties	–	–
Transfer from special distributable reserve	–	–
At 31 December 2010	482,703	(25,264)

Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Interest rate swap reserve £'000	Minority interest £'000	Total £'000
635,717	(169,809)	–	(1,353)	10	922,004
–	–	32,802	–	–	32,802
–	–	–	(2,059)	–	(2,059)
–	–	(31,430)	–	–	(31,430)
–	5,901	(5,901)	–	–	–
(4,529)	–	4,529	–	–	–
–	–	–	–	(10)	(10)
631,188	**(163,908)**	**0**	**(3,412)**	**0**	**921,307**
646,307	(215,096)	–	–	10	728,637
–	–	58,587	–	–	58,587
–	–	–	(1,648)	–	(1,648)
–	–	–	–	–	150,345
(2,104)	–	–	–	–	(2,104)
–	–	(23,288)	–	–	(23,288)
–	35,655	(35,655)	–	–	–
(356)	–	356	–	–	–
643,847	(179,441)	–	(1,648)	10	910,529
646,307	(215,096)	–	–	10	728,637
–	–	91,556	–	–	91,556
–	–	–	(1,353)	–	(1,353)
–	–	–	–	–	160,023
(2,141)	–	–	–	–	(2,141)
–	–	(54,718)	–	–	(54,718)
–	45,287	(45,287)	–	–	–
(8,449)	–	8,449	–	–	–
635,717	(169,809)	–	(1,353)	10	922,004

Half Yearly Condensed Consolidated Cash Flow Statement

For the half year ended 30 June 2011

	Half year ended 30 June 2011 (unaudited) £'000	Half year ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Cash flows from operating activities			
Net operating profit for the period before taxation	32,802	58,587	91,556
Adjustments for:			
Gains on investment properties	(5,901)	(35,655)	(45,287)
(Increase)/decrease in operating trade and other receivables	(3,546)	88	35
Increase in operating trade and other payables	48	1,996	4,236
Net finance costs	965	264	771
Net cash inflow from operating activities	**24,368**	25,280	51,311
Cash flows from investing activities			
Purchase of investment properties	(100,610)	(123,227)	(123,502)
Capital expenditure	(4,082)	(2,608)	(9,798)
Interest received	84	327	598
Net cash outflow from investing activities	**(104,608)**	(125,508)	(132,702)
Cash flows from financing activities			
Proceeds from issue of Ordinary Shares	–	150,345	150,345
Issue costs of ordinary share capital	–	(2,104)	(2,141)
Dividends paid	(31,430)	(23,288)	(54,718)
Net proceeds from utilisation of bank loan after set up costs	60,706	–	–
Bank loan interest paid	(406)	(242)	(514)
Payments under interest rate swap arrangement	(583)	(325)	(807)
Buyback of minority interest	(10)	–	–
Net cash inflow from financing activities	**28,277**	124,386	92,165
Cash balance brought forward	80,937	70,163	70,163
Closing cash and cash equivalents	**28,974**	94,321	80,937

Unaudited Notes to the Accounts

For the half year ended 30 June 2011

1. The unaudited interim results have been prepared in accordance with the accounting policies set out in the Company's financial statements at 31 December 2010. These accounting policies are expected to be followed throughout the year ending 31 December 2011.

2. Investment properties

	Half year ended 30 June 2011 £'000
Freehold and leasehold properties	
Opening valuation	898,750
Purchases at cost	100,610
Capital expenditure	4,082
Gain on revaluation to market value	10,093
Adjustment for lease incentives	(4,192)
Fair value at 30 June 2011	1,009,343

The market value provided by CB Richard Ellis Limited at the period end was £1,013,535,000. An adjustment has been made for lease incentives of £4,192,000 that are already accounted for as an asset.

3. The earnings per Ordinary Share are based on the net profit for the period of £32,802,000 (30 June 2010: net profit of £58,587,000) and 1,197,348,858 (30 June 2010: 1,139,850,239) Ordinary Shares, being the weighted average number of shares in issue during the period.

4. Earnings for the period to 30 June 2011 should not be taken as a guide to the results for the year to 31 December 2011.

5. As at 30 June 2011 the total number of shares in issue was 1,197,348,858 (30 June 2010: 1,185,098,858).

6. The net asset value per ordinary share is based on net assets of £921,307,000 (30 June 2010: £910,529,000) and 1,197,348,858 (2010: 1,185,098,858) ordinary shares, being the number of ordinary shares in issue at the period end.

Unaudited Notes to the Accounts (Continued)

7. Dividends

	Rate (pence)	£'000
Dividend for the period 1 October 2010 to 31 December 2010, paid 28 February 2011	1.3125	15,715
Dividend for the period 1 January 2011 to 31 March 2011, paid 31 May 2011	1.3125	15,715
	2.6250	31,430

A dividend of 1.3125p per share for the period 1 April 2011 to 30 June 2011 is payable on 31 August 2011.

Under International Financial Reporting Standards, these unaudited financial statements do not reflect this dividend.

8. No Director has an interest in any transactions which are, or were, unusual in their nature or significance to the Group. The Directors of the Company received fees for their services totalling £86,000 (30 June 2010: £66,000) for the six months ended 30 June 2011, none of which was payable at the period end (30 June 2010: nil). This total 2011 fee includes an additional one off fee of £5,000 paid to each of the Directors, excluding Mr J Robertson, in respect of additional services undertaken in relation to securing the Barclays loan facility. This fee has been capitalised in the accounts and will be written off over the life of the facility. Ignis Investment Services Limited received fees for its services as Investment Manager. The total charge to the Income Statement during the period for these fees was £3,658,000 (30 June 2010: £3,471,000) of which £56,000 was administration fees (30 June 2010: £54,000). £1,845,000 (30 June 2010: £1,790,000) of this total charge remained payable at the period end.

9. Financing

The Company drew down the remaining £37.9 million of its £80 million facility with Lloyds Banking Group plc on 19 May 2011.

The Company entered into an interest rate swap on this additional draw down of £37.9 million on 19 May 2011. The hedge has been achieved as the notional and loan principal match, as well as the swap loan term (June 2015). Interest on the swap is receivable at a variable rate calculated on the same LIBOR as for the bank loan, and payable at a fixed rate of 2.215% per annum.

The fair value of the liability in respect of the total £80 million interest rate swap contract with Lloyds Banking Group plc at 30 June 2011 is £2,107,000.

On 20 May 2011 the Company announced that it had put in place a seven year term loan facility with Barclays Bank plc to enable it to borrow up to a further £150 million for general corporate purposes. As noted in the announcement the new facility will allow the Company to act quickly and strategically with regard to acquisitions and portfolio asset management.

As at 30 June 2011 the Company had drawn down £25 million of its £150 million facility with Barclays Bank plc.

Unaudited Notes to the Accounts (Continued)

9. Financing (Continued)

The Company entered into an interest rate swap on the £25 million of borrowings with Barclays Bank plc. This hedge has been achieved as the notional and loan principal match as well as the swap and loan term (May 2018). Interest on the swap is receivable at a variable rate calculated on the same LIBOR as for the bank loan, and payable at a fixed rate of 2.9925% per annum. On the same date the Company also entered into an interest rate swap for a further £75 million at the same rate, effective from 15 July 2011.

The fair value of the liability in respect of the interest rate swap contract with Barclays Bank plc at 30 June 2011 is £1,305,000.

10. The Group results consolidate those of the Company, UK Commercial Property Holdings Limited, UK Commercial Property GP Limited, UKCPT Limited Partnership, UK Commercial Property Nominee Limited, UK Commercial Property Estates Holdings Limited and UK Commercial Property Estates Limited.

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

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

UKCPT Limited Partnership is a Guernsey limited partnership, whose principal business is that of an investment and property entity. UK Commercial Property Holdings Limited and UK Commercial Property GP Limited, have a partnership interest of 99% and 1% respectively in this limited partnership. UK Commercial Property GP Limited is the general partner and UK Commercial Property Holdings Limited is a limited partner of this partnership.

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

11. Post Balance Sheet Events

On 4 August 2011 the Company drew down a further £35 million of the Barclays Bank plc loan facility.

Principal risks and uncertainties

The Company's assets consist of direct investments in UK commercial property. Its principal risks are therefore related to the UK commercial property market in general, but also the particular circumstances of the properties in which it is invested and their tenants. Other risks faced by the Company include economic, strategic, regulatory, management and control, financial and operational. These risks, and the way in which they are mitigated and managed, are described in more detail under the heading Principal Risks and Uncertainties within the Report of the Directors in the Company's Annual Report for the year ended 31 December 2010. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Company's financial year.

Statement of Directors' Responsibilities in Respect of the Half Yearly Financial Report to 30 June 2011

We confirm that to the best of our knowledge:

- The condensed set of half yearly financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", and give a true and fair view of the assets, liabilities, financial position and return of the Company.

- The half yearly Management Report includes a fair value review of the information required by:

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

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

On behalf of the Board

Christopher M.W. Hill
Chairman

23 August 2011

Directors and Company Information

Directors (all non-executive)	Christopher Hill (Chairman) Keith Dorrian Christopher Fish (Chairman of Audit Committee) John Robertson Andrew Wilson
Registered Office	Trafalgar Court Les Banques St Peter Port Guernsey GY1 3QL
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
Independent Auditors	Ernst & Young LLP Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 4AF
Solicitors	Dickson Minto W.S. 16 Charlotte Square Edinburgh EH2 4DF Mourant Ozannes 1 Le Marchant Street St Peter Port Guernsey GY1 4HP
Principal Banker	The Royal Bank of Scotland plc 2 1/2 Devonshire Square London EC2M 4XJ

Directors and Company Information (Continued)

Principal Lenders	Barclays Bank plc Quay 2 139 Fountainbridge Edinburgh EH3 9QG
	Lloyds Banking Group plc Henry Duncan House 120 George Street Edinburgh EH2 4LH
Property Valuer	CB Richard Ellis Limited St Martin's Court 10 Paternoster Row London EC4M 7HP
Corporate Broker	JP Morgan Cazenove 10 Aldermanbury London EC2V 7RF
Company website	www.ukcpt.co.uk

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