UK COMMERCIAL
PROPERTY TRUST

www.ukcpt.co.uk

Interim Report and Accounts

for the half year ended 30 June 2013


Contents

Front Cover images demonstrating diversified portfolio: Arlington Street, London, SW1, The Parade, Swindon, Great Lodge Retail Park, Tunbridge Wells, Ocado Distribution Unit, Hatfield

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.

Management

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

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 68.9p (31 December 2012: 69.6p), a fall of 1.2% predominantly caused by 0.4% like for like decline in value of property portfolio;
- NAV total return of 2.8% in the six month period to 30 June 2013, underpinned by strong income return from the portfolio;
- Robust share price performance with a total return of 20.2% in the period, ahead of the IPD benchmark, FTSE REITs Index and also FTSE All-Share Index;
- Consistent longer term outperformance with 5 year share price and NAV total return both comfortably ahead of the IPD benchmark;
- Gross gearing of 21.6% continues to be the lowest in the Company's peer group;
- Attractive dividend yield of 6.9%, underpinned by quality portfolio of diversified properties and significantly above that of the FTSE REIT Index (3.7%) and the FTSE All-Share Index (3.5%).

Property Highlights

- Existing resources deployed in the acquisition of a multi-let industrial estate at Newton's Court, Crossways Business Park, Dartford, Kent for £17.93 million at a net initial yield of 6.4% enhancing the income generating capacity of the portfolio;
- Sale of 2-8 Buchanan Street, Glasgow for £10.45 million and, post the period end, 84-86 Bushey Road, Raynes Park for £7.25 million with sales proceeds exceeding year end valuations;
- Successful asset management efforts in new lettings, rent review settlements, lease restructuring, as well as purchases, delivered an additional £2.6 million annualised income over the first half of the year including:
  - Lettings to Costa Coffee and Paddy Power at The Parade, Swindon generating annualised income of £142,000 improving tenant mix and void position;
  - Lease re-gears involving existing tenants at Dolphin Industrial Estate have resulted in additional income of £162,000 per annum after rent free periods improving lease length and income security within the Estate;
  - Rent review uplifts achieved at High Street Kensington, London and Kew Retail Park, Richmond resulting in additional annual income of £64,000;
- Void rate of 5.6% at period end compared to benchmark figure of 10.0%, testament to the prime nature of the Company's portfolio and continued successful asset management activity;
- Strong rent collection rates of 98% after 28 days underlining the strong tenant base.

Successful rent review at Kensington High Street

Performance Summary

Capital Values & Gearing	30 June 2013	31 December 2012	% Change
Total assets less current liabilities (£'000)	1,060,513	1,073,720	(1.2)
Net asset value per share (p)	68.9	69.6	(1.0)
Ordinary Share Price (p)	76.25	65.75	16.0
Premium/(Discount) to net asset value (%)	10.7	(5.5)	–
Gearing (%): Gross*	21.6	21.3	–
: Net**	17.0	15.3	–

Total Return %	6 month	1 year	3 years	5 years
NAV***	2.8	2.6	10.7	14.4
Share Price***	20.2	16.5	18.9	64.2
Investment Property Databank ("IPD") Balanced Monthly & Quarterly Funds Benchmark	3.0	4.4	18.8	11.1
FTSE Real Estate Investment Trusts Index	6.4	20.4	56.4	6.4
FTSE All-Share Index	8.5	17.9	43.5	38.2

Earnings & Dividends	30 June 2013	30 June 2012
Dividends declared per ordinary share (p)	2.625	2.625
Dividend yield (%)****	6.9	7.4
IPD Benchmark Yield (%)	6.2	6.2
FTSE All-Share Index Yield (%)	3.5	3.7
FTSE Real Estate Investment Trusts Index Yield (%)	3.7	4.6
Ongoing Charges (annualised costs including direct property costs expressed as % of average net assets)	1.70	1.25

* Calculated as gross borrowings (excl swap valuations) divided by total assets less current liabilities (excl swaps).

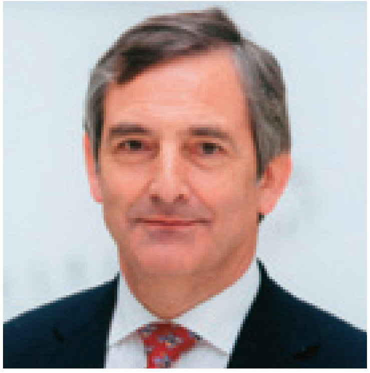
** Calculated as net borrowings (gross borrowings less cash, excl swap valuations) divided by total assets less current liabilities and cash (excl swaps).

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

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

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

Chairman's Statement



The six months to 30 June 2013 produced the strongest results for UK Commercial Property Trust in two years, with positive returns on both a Net Asset Value and share price basis. The Company's core strategy continues to be investment in carefully chosen assets with a strong rental profile that can also offer valuation growth, as well as continuing the determined focus on implementing successful asset management initiatives across the portfolio. This has been and continues to be the key driver of both income and capital values.

Economic Background

It is reassuring to see growth in retail sales and positive momentum from the depressed construction industry. Although the economy still remains susceptible to extraneous factors, such as the Eurozone, the domestic macroeconomic outlook remains favourable, reflected in Q2 2013 UK GDP growth of +0.6%, compared with +0.3% growth in the first quarter. There are now strong indications that both business and consumer confidence are rising, potentially triggering further investment to stimulate continued economic growth. This is supported by the IMF's decision to reverse its previous downgrades to its forecasts for UK growth in 2013. It is now predicting growth of 0.9%.

Commercial Property Market

As a corollary to this increase in confidence in the wider economy, there is now growing evidence of an improvement in the commercial property market. The IPD benchmark for Q2 2013 reported a modest increase in capital values, the first time there has not been a contraction in this number since Q3 2011. In addition, a number of institutional investors have publicly declared an intention to invest in commercial property as an asset class, subscribing to the view that, compared to other asset classes, the sector currently offers the prospect of an attractive real return. While there is no doubt that London is still the main driver of capital returns, in part due to its position as a principal location for significant foreign direct investment, we are beginning to see the increase in confidence and hence appetite for risk having a beneficial impact on investment volumes including increasing interest in property investment in the rest of the UK; indeed, in July 2013 CBRE reported that "the second quarter has been the first to see the recovery extend to a range of UK regions beyond London and the South East." This, coupled with the reduced pipeline of new developments in the UK outside of the South East during the past few years, should result in a positive impact on values.

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

Over the six months to 30 June 2013 the Company delivered a NAV total return of 2.8%, marginally behind the IPD benchmark which returned 3.0% over the same period. This positive return is mainly due to the superior income generation of the Company's property portfolio but, increasingly, improving valuations. On a share price basis, the Company's shares produced an impressive total return of 20.2% in the six month period, significantly outperforming not only the IPD benchmark total return of 3.0% and FTSE REIT Index total return of 6.4% but also the overall UK equity market, where the FTSE All Share returned 8.5% over the same period. This reflects not only the growing sentiment that property is an attractive asset class but also an appreciation of the Company's intensive hands-on asset management initiatives to grow income and value from its diversified, high quality portfolio of assets. This strong share price performance resulted in the premium at which the Company's shares trade relative to NAV being 10.7% at 30 June 2013 compared to a discount of 5.5% at the end of 2012.

Over the longer term, the Company has also consistently delivered above benchmark returns on both a NAV and share price basis against the IPD benchmark, returning 14.4% and 64.2% respectively against an IPD benchmark figure of 3.0% over five years.

An analysis of the portfolio, its performance, successful asset management activity, future strategy and outlook is detailed in the Manager's Report.

Significant Property Transactions

In June 2013, the Company purchased a multi-let industrial estate at Newton's Court, Crossways Business Park, Dartford, Kent for £17.93 million (excluding costs and stamp duty) funded from existing cash resources at a net initial yield of 6.4%. This acquisition is in line with the Company's strategy of increasing exposure to the multi-let industrial sector in the favoured South East region and will provide opportunities for income and capital growth from successful asset management.

As mentioned in the 2012 Annual Report, the Company also sold 2-8 Buchanan Street, Glasgow for £10.45 million in January 2013. In addition, the Company sold 84-86 Bushey Road, Raynes Park, London in July 2013 for £7.25 million. Both of these properties were sold at or above 2012 year end valuations and the disposal of the latter removed one of the largest voids in the portfolio.

Chairman's Statement (continued)

Borrowing

As at 30 June 2013 the Company's gross gearing was 21.6%, comfortably the lowest in the Company's peer group and with an attractive blended interest rate of 3.85% based on current margins. The Company also still has significant cash resources that can be utilised for future acquisition or asset management opportunities.

Dividends

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

	Payment Date (2013)	Dividend per share (p)
4th interim for prior period	Feb	1.3125
1st interim	May	1.3125
Total		**2.625**

On 9 July 2013, the Company declared a second interim dividend for the year of 1.3125p which will be paid on 30 August 2013.

Income is an important component of the return to our shareholders, and the yield on the Company's shares as at 30 June 2013 was an attractive 6.9%. This is significantly higher than the yield on the IPD benchmark of 6.2%, the FTSE Real Estate Investment Trusts Index yield of 3.7% and also the FTSE All-Share yield of 3.5% and highlights the strong income characteristics of the Company and the underlying portfolio.

Outlook

For the first time in several years, the outlook for the UK economy is positive. With retail sales improving and the sales of higher value items, such as cars, also increasing, there are emerging signs of increased consumer spending and confidence returning to the economy. While there are still significant challenges and threats to the economy, the general consensus is now that we will enjoy sustained, if unexceptional, economic growth over the next 12 months and beyond. This is in stark contrast to only a few months ago when the debate was more focussed on the prospect of a "triple dip" recession.

The UK commercial property market is also beginning to show positive signs, with significant capital continuing to target the asset class, which bodes well for the future performance of the sector. Capital growth has also returned to the wider market, supported by our Manager's three year forecasts, which show a total return for property of 8.0%, including capital growth of 1.7% per annum.

UKCPT has a well diversified, quality portfolio that is, importantly, underpinned by a strong income profile. The Manager's detailed knowledge and appreciation of every asset in the portfolio allows it to maximise its adept asset management skills. Additionally the Company's cash resources can be utilised to enhance returns from existing assets and invest in further income accretive acquisitions. These factors, coupled with the overall high quality of the portfolio, allow the Board to have confidence that the Company is well positioned to deliver positive returns to shareholders.

Christopher M.W. Hill
Chairman
21 August 2013

Manager's Review

For the half year ended 30 June 2013

Economy

The announcement that GDP improved 0.6% in the second quarter of 2013, double the level of the first quarter, has reduced fears of stagnation that were prevalent at the beginning of the year when there was much talk of a triple dip recession. This increased economic activity is translating to improved business confidence. The index in the latest PMI survey is increasing at its fastest rate for two years, supporting the view that the UK economy and business is experiencing a modest upturn in the rate of recovery.

Whilst this increase in demand is welcome, the economy remains far below its pre crisis peak and continues to operate with significant spare capacity. This is demonstrated by the fact that, while employment continues to grow, particularly in the TMT and business services sector, much of this growth relates to part time work. Partly as a consequence income growth is still falling in real terms whilst inflation remains above target.

The UK Government's deficit reduction strategy target, however, continues to be pushed into the future. Growth remains insufficient to deliver the required level of tax receipts from employees, corporations and consumers needed to fund even reduced levels of public spending. Recent indicators have shown that consumer confidence is increasing but time will tell whether the recent improvement in business confidence can be mirrored by a sustainable improvement in circumstances for 'the average person on the street'.

Commercial Property

UK commercial all property total returns improved to 1.9% in Q2 2013 (Q1 1.1%) representing the highest level of performance recorded since Q2 2011. Over the last quarter, property outperformed UK equities and gilts by considerable margins.

Performance was again driven by income return which remained stable at 1.5% in both Q1 and Q2. This was supplemented by a modest increase in average capital values of 0.4% in Q2 following a decline of 0.4% in Q1. Average rental values were broadly flat over the last six months with growth in Central London properties, both offices and retail, reducing the impact of further falls in other regions that was most pronounced in retail markets outside the South East. A small increase in valuation yields led to a slight reduction in capital values over the first half of 2013 but May and June both reported an improvement in yields as sentiment towards the asset class continues to strengthen.

For the year to date the commercial property market has witnessed £17.8 billion of investment compared to £15.1 billion for the same period in 2012 according to Property Data. Volumes fell 13% to £8.3 billion in the second quarter after a strong start to the year and reflected fewer office deals and a lower number of large shopping centres or leisure schemes being traded over the quarter. London continued to account for over half of all UK property transactions, with investors from across the globe continuing to be the major net investors. However, there are tentative signs of improving investor demand in the regions (mainly from UK Institutions) and although there remain significant disparities across location and sector, this should translate over time to improved values.

Portfolio Performance

The portfolio valuation at 30 June 2013 (as provided by CB Richard Ellis acting as independent valuers) was £1,025.1 million. While this represents a decrease of 0.4% on a like-for-like basis over the six month period, the portfolio recorded its first like-for-like increase in value for 21 months in the second quarter, further evidence of the improving property market. During the six month period, the Company purchased a multi-let industrial estate at Newton's Court, Crossways Business Park, Dartford and sold 2-8 Buchanan Street, Glasgow. In addition Bushey Road, Raynes Park, London was sold in July 2013.

The table below sets out the components of total return of the Company and benchmark in each sector for the six month period to 30 June 2013.

	Total Return		Income Return		Capital Growth	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
Other Commercial	3.1	3.2	3.1	2.8	0.0	0.3
Industrials	4.2	3.6	3.4	3.4	0.7	0.1
Office	5.9	3.7	3.5	2.8	2.3	0.9
Retail	0.6	2.3	3.1	3.0	-2.4	-0.6
Total	**2.7**	**3.0**	**3.3**	**3.0**	**-0.6**	**0.0**

As has continually been the case for some years the Company's strong income profile is a stable and reliable element of the portfolio return, recording a 3.3% contribution over the period. This has not, however, been sufficient to outperform the market on a total return basis as the portfolio returned 2.7% against an IPD Balanced Monthly and Quarterly Funds benchmark total return of 3.0% over the period. However the performance of the portfolio in relative and absolute terms improved substantially in the second quarter.

Longer term measures continue to illustrate relative outperformance with the fund ranked on the 20th percentile over five years.

Industrial

The Company's strategy of increasing its exposure to the Industrial sector over the last couple of years has been rewarded with an improvement in overall returns from this sector over the period. With a total return of 4.2%, ahead of the benchmark figure of 3.6%, the Company's industrial portfolio has been one of the major contributors to

Manager’s Review (continued)

performance over the first half of the year and has absorbed the acquisition costs of Dartford.

Generally, the market continues to recognise the strong income characteristics of the Industrial sector, and, with a scarcity of stock, investment demand, particularly for London and South East investments, remains strong. This has benefited the Company’s South East industrials which performed particularly strongly during the period, aided by effective asset management at Dolphin Industrial Estate in Sunbury, further details of which are provided in the asset management section

The prime characteristics of the Company‘s industrial portfolio, typified by the long average lease length, low voids and strong covenant base, supplemented by the Company‘s most recent acquisition at Dartford, should support continued good performance from this element of the portfolio for the foreseeable future, with opportunities through successful asset management for improved income.

Office

Whilst the office sector continues to provide the greatest divergence across regions and quality, with London dominating, the last six months has witnessed a definite uplift in investment demand for regional offices particularly from UK institutions, many of whom have been priced out of, or see little value in, the ultra-competitive Central London Market. This renewed focus is, however, still in its relative infancy and is asset selective as the regional occupational market still has its challenges.

Against this backdrop, the Company‘s West End offices delivered the strongest performance of any sub-sector in the portfolio with 10.8% total return over the period against a benchmark figure of 5.4%. Strong rental growth, particularly in the Soho sub market, where almost 75% of the portfolio is located, continues to increase values in the portfolio and rental income is expected to improve further as a result of some key lease events over the next 12-18 months.

The Company‘s South East office exposure outside of Central London is a small proportion of the overall portfolio and is restricted to two properties following the sale of the Company‘s largest single void at Bushey Road, Raynes Park, London (see below). The larger of these two properties is Charter Place, Uxbridge, which witnessed the long anticipated departure of Coca Cola in April. Whilst the short term nature of the income for the South East office portfolio has been a drag on the portfolio performance, the Company is currently reviewing its options for this property as the South East occupational and investment markets continue to improve.

The prime nature of the Company‘s regional office exposure in a market that is showing tentative signs of improved investor sentiment resulted in values remaining broadly flat in the second quarter. The fund benefited from a higher level of income return and reported a much smaller decline in capital values in this sub-sector, contributing to a total return of 2.3%, well ahead of the comparable benchmark figure of 0.6%.

Retail

The Company‘s shopping centres were the hardest hit of all sub-sectors within the portfolio, with a 8.1% capital fall over the six month period. This was the primary reason for the Retail element once again being the poorest sector performer within the portfolio over the period with a 2.4% capital fall driving an overall return of 0.6% which was behind the benchmark figure of 2.3%.

The principal reason for this fall was the weakness in the occupier markets resulting in an increasing degree of over-renting and void levels across the majority of the country outside London and the stronger dominant centres. Whilst there have been tentative signs of improvement in investor demand from institutions and REIT’s in the sector, this remains very asset and location specific and for only prime or “good secondary” centres that can demonstrate a more robust income profile. This is the case with certain assets within the Company‘s shopping centre portfolio such as The Parade, Swindon but the loss of net operating income across our holding at Shrewsbury has been the main reason for the underperformance of this sub sector. The strategy for Shrewsbury is discussed in the asset management section below.

Similar to the office sector, the retail sector remains highly polarised, with the Company‘s Central London assets providing very strong performance, especially in the second quarter, when asset management initiatives and very strong investment demand combined to support further yield compression. The performance of the Company‘s Central London portfolio, with an average capital growth of 8.6%, was the main driver for the overall South East retail high street portfolio providing 5.8% total return for the period.

The Company‘s retail warehouse portfolio, demonstrated similar divergent characteristics although not quite to the same degree. The South East assets have shown marginal improvement in value aided by improved rental income from recent rent review settlements. In contrast, regional properties have underperformed, mainly due to the higher level of voids, a legacy of the Comet administration. This prompted an outward movement in yields and, in the case of one specific asset, a rebasing of rental levels which undermined values for the properties affected. As a result, capital values within the overall sub-sector fell by 1.8% but a strong income return resulted in a total return of 1.3% overall with a number of lettings in solicitors’ hands. As a result, the second half of the year therefore should witness a reduction in the void level and a consequent improvement in values.

Manager's Review (continued)

Leisure

The ongoing asset management within the Company's only leisure asset, The Rotunda at Kingston upon Thames, has ensured both stability in value and a healthy income return, producing an overall total return of 3.1% for the period, broadly in line with the benchmark. This focus on income against the backdrop of a healthy occupational market for restaurant units in the area should, if realised, be a platform for further income and capital growth in the near future.

Income

The annualised contracted rent of the portfolio as at 30 June 2013 was £70.1 million, a reduction from £72.0 million in December 2012.

Successful asset management initiatives coupled with new lettings, rent review settlements and lease engineering combined with purchases to deliver £2.6 million per annum of added income over the first half of the year. However, this was offset by lease expiries, break options that were exercised, retail administrations and disposals, which delivered a net annualised reduction of £1.9 million per annum.

The largest impact on income came from the expected vacation of Coca Cola at lease expiry in April from Charter Place, Uxbridge removing £2.1 million per annum as well as the TK Maxx lease expiry at the Charles Darwin Centre, Shrewsbury reducing rental income by £177,000 per annum.

Although not as extreme as the previous year, retail administrations continued to be a theme for the period, with HMV and Dreams the most notable examples. Although the new corporate entities in most cases continue to occupy the Company's properties, often this has been at reduced rental levels. With many occupier markets remaining difficult, particularly in the retail sector, continued concentrated efforts are being made to ensure that income levels are maintained and void costs minimised.

Investment Activity

In line with the Company's strategy to increase exposure to the multi-let industrial sector, Newton's Court, Crossways Business Park, Dartford was purchased for £17.9 million in June 2013. Located in the favoured South East region, the acquisition was made from existing cash reserves at a net initial yield of 6.4%.

The property offers an attractive level of income return and is consistent with the Company's strategy of buying well located institutional grade property with a strong income profile and with the potential to improve income and capital return through active asset management. The purchase also provides further income diversification at tenant level with many of the occupiers within the estate being new to the Company and supporting the overall covenant strength across the portfolio.

Newton's Court, Crossways Business Park, Dartford

At the start of the year the Company sold 2-8 Buchanan Street, Glasgow for £10.45 million, in line with valuation. The property was one of the smallest in the portfolio and its sale reflects the Company's strategy to sell smaller, lower yielding properties and reduce its exposure to the high street retail sector. The sale also crystallised a strong return on the investment, which had achieved an average return of 7.7% per annum since acquisition in July 2010.

After the reporting period, the Company completed the sale of the largest single void at 84-86 Bushey Road, Raynes Park for £7.25 million. Whilst this was marginally ahead of the June valuation it represented a significant uplift from the December 2012 valuation and the purchase price paid in October 2009 of £5.65 million. Importantly the sale reduced the Company's void position by almost 1.0%, offsetting, to some extent, the void increase from the departure of Coca Cola at Uxbridge. This sale was also in line with the Company's strategy to limit portfolio development risk and sell assets where significant capital expenditure is required without the prospect of improved returns.

Asset Management Activity

Strong asset management skills are an important feature of the Company's investment management team. This characteristic, allied to the prime nature of many of the Company's properties, has resulted in a number of lettings that have continued to improve income and value across the portfolio in a market that remains challenging.

There were 37 new lettings in the portfolio during the first six months of the year producing an additional rent of £965,000 per annum with an average lease length of 3 years 1 month.

Lettings to Costa Coffee and PaddyPower at The Parade, Swindon, AG Cards (trading as Clintons) and Bonmarche at the Sovereign Centre, Weston super Mare, as well as a number of short term flexible lettings in both Weston super Mare and Shrewsbury, have improved net operating income, removed empty shop units and created a greater vibrancy within the shopping centres themselves. These lettings should generate future value as capital market conditions improve.

Manager’s Review (continued)

Costa Coffee at The Parade, Shopping Centre, Swindon

Evidence of our asset management capability has been further demonstrated at Dolphin Industrial Estate, Sunbury. General letting activity and lease re-gears involving existing tenants have resulted in additional income and improvement in the lease length and physical property. This has provided a platform for improved capital value and secured tenant occupation within the estate.

Dolphin Industrial Estate, Sunbury

The quality of the underlying property portfolio is demonstrated by the healthy rent review uplifts achieved at High Street Kensington, London and Kew Retail Park, Richmond. Across the portfolio, 13 rent reviews were settled during the half year providing an additional rent of £65,000 per annum.

Kew Retail Park, Richmond

While the level of tenant failure through administrations has diminished, Comet and Dreams did enter insolvency proceedings in the period, which inevitably acted as a drag on the retail warehouse performance. In spite of this, the new Dreams trading entity remains in occupation with revised terms, which will maintain current income, now in solicitors’ hands. There is also active interest in the former Comet units within the portfolio, which will provide future growth opportunities.

Although significant progress has been made on the New Riverside development in Shrewsbury, we are not alone in having underestimated the persistence of the economic downturn and the severity of its effect on the retail climate. This has undermined net operating income for the existing centres.

Whilst we continue to liaise with Shropshire Council and other relevant parties on the New Riverside proposals, our principal focus is to rebuild the income from the holding. There are a number of lettings either agreed or in solicitors’ hands that will help achieve this aim and, whilst at this stage these lettings are relatively modest in scale, they will help stabilise net operating income and provide a platform from which to build. The risks to income, particularly from lease expiries over the next two years, remain but our focus is to ensure that this income is maintained. We remain confident in the many qualities of Shrewsbury particularly if we see an improvement in consumer spending.

The Company‘s void position increased over the period and, as at 30 June 2013, stood at 5.6% compared to 4.8% in December 2012. Adjusting for tenant failure through administrations, the void rate increases to 8.3% compared to 6.9% as at December 2012. Both of these measures are below the benchmark void rate of 10.0%

Notwithstanding the difficult occupier markets, further evidence of the Company‘s strong covenant base can be found in the average rent collection efficiency over the past 12 months which shows that 98% has been collected within 28 days.

Market Outlook and Fund Strategy

Substantial challenges for the economy remain, with disposable income growth weak, small and medium sized enterprises struggling to source appropriate financing, further public sector job cuts to come and the ongoing recession in several of the UK’s principal export markets in continental Europe. However, forecasts for GDP growth in 2013 are now either stabilising or improving, which is in marked contrast to the experience of recent years. There is increasing optimism that the current growth in the economy is broadly based and sustainable. This improvement in growth expectations also

Manager’s Review (continued)

means that further extensions of Quantitative Easing are less likely, even though interest rates are expected to remain at their historically low levels throughout 2014.

Our latest forecast for All Property total returns in 2013 stands at 7.5%. Returns will be driven by income, with average capital values improving over the second half of the year. Offices will again give the strongest performance of the sectors followed by industrial and retail. The West End, City and West London office markets will outperform the broader UK office sector. Distribution Warehouses and London industrials continue to anchor the performance of the industrial sector. The retail sector continues to be pulled down by weakness in the High Street, particularly in less affluent locations outside the South East.

Over the next three years, offices are expected to maintain their position as the top-performing sector, boosted by the performance of the West End and City markets. The weaker performance of the retail sector pulls the annualised All Property average returns down to around 8%.

There is a clear upside scenario to our forecasts. The case for investing in UK property in a multi-asset portfolio is clearer than it has been for a considerable period given the prospect of more modest returns for other asset classes in an environment of low real interest rates. This is manifesting itself in the positive share rating in the Investment Trust sector and increased inflows for other property vehicles. Property’s income characteristics present a compelling argument for investment but expectations for sustainable investment performance, however, remain realistic. Though secondary markets remain challenging, major swathes of the sector are undergoing fundamental changes and more secure sectors such as Central London assets and index-linked leases look fully priced.

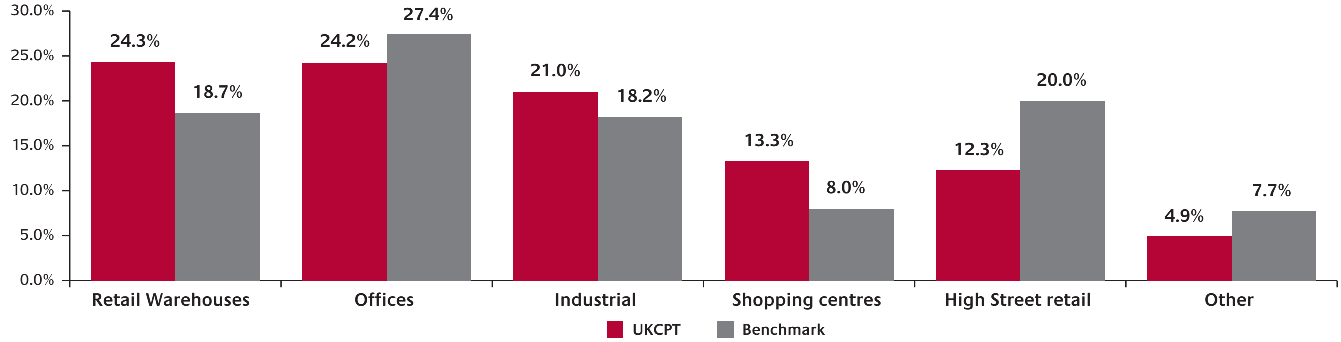
We consider that the Company‘s emphasis on prime assets and a geographical weighting towards London and the South East will continue to prove advantageous, while the Company‘s diversified portfolio, with a reasonable regional presence, should benefit from the improved sentiment towards those markets. Our strategy will continue to focus on tenant retention, maintaining and, where possible, enhancing levels of income through effective asset management initiatives and a continued appreciation of property fundamentals. The Company also continues to deploy cash reserves, which have been boosted from recent disposals, to acquire new assets that complement existing stocks and provide a blend of income security, growth and asset management opportunities.

Robert Boag
Senior Investment Director
Ignis Investment Services Limited
21 August 2013

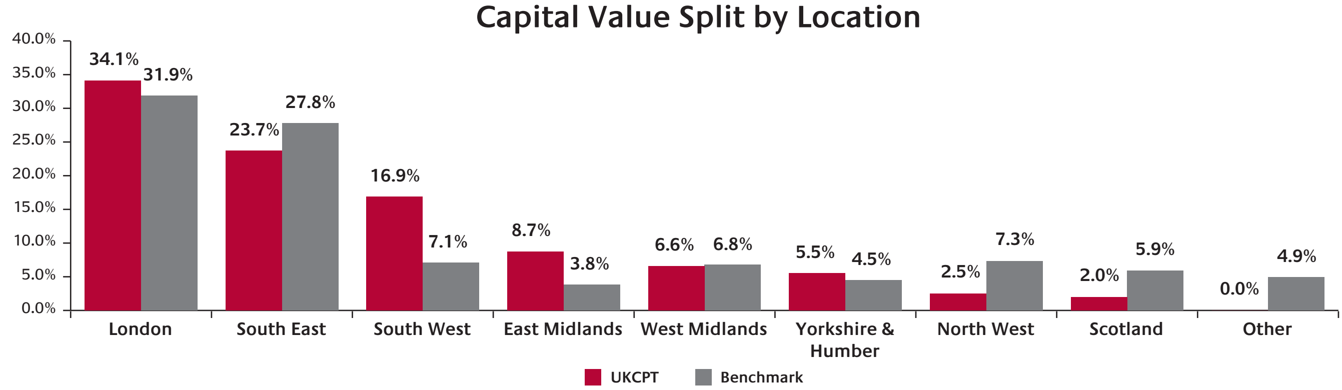
Portfolio Statistics

As at 30 June 2013

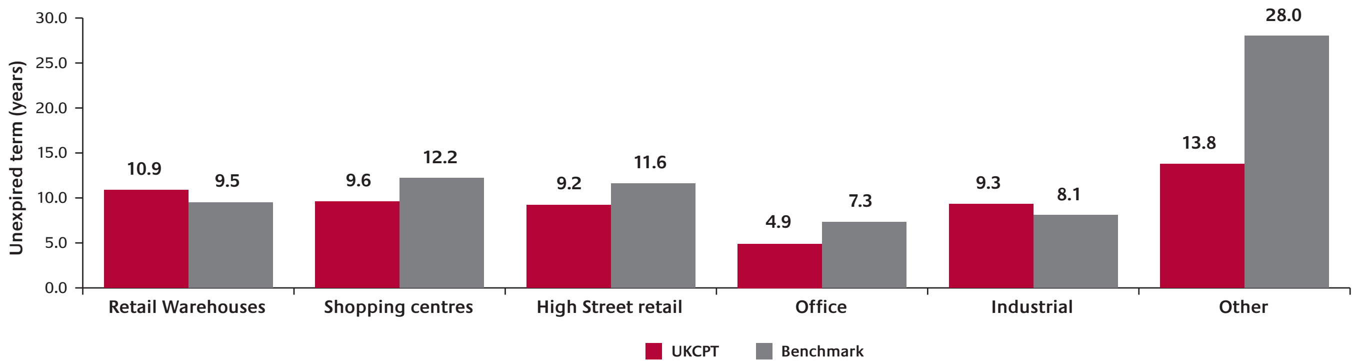
Capital Value split by sector



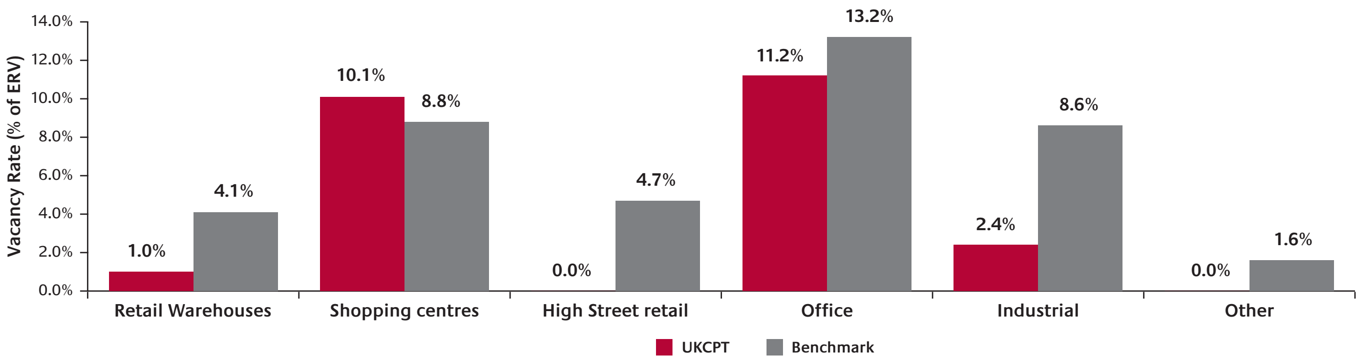
Capital Value Split by Location



Unexpired Lease Term by sector



Vacancy Rate by sector



Property Portfolio

As at 30 June 2013

Property	Tenure	Sector	Principal Tenant	Value Range
The Parade, Swindon	Mixed	Shopping Centre	BHS Ltd	Over £30m (representing 49% of the portfolio capital value)
Great Lodge Retail Park, Turnbridge Wells	Freehold	Retail Warehouse	B & Q Plc	
Junction 27 Retail Park, Birstall, Leeds	Freehold	Retail Warehouse	DSG Retail Ltd	
176 - 206 Kensington High Street, London, W8	Freehold	High St, Retail	Sportsdirect.Com Retail Ltd	
The Rotunda, Kingston Upon Thames	Freehold	Leisure	Odeon Cinemas Ltd	
Kew Retail Park, Richmond	Freehold	Retail Warehouse	Mothercare (UK) Ltd	
St Georges Retail Park, Leicester	Leasehold	Retail Warehouse	DSG Retail Ltd	
15 Great Marlborough Street, London, W1	Freehold	Office	Sony Computer Entertainment Europe Ltd	
Ocado Distribution Unit, Hatfield Business Park, Hatfield	Freehold	Industrial	Ocado Ltd	
Darwin Shopping Centre, Shrewsbury	Freehold	Shopping Centre	H&M Hennes & Mauritz UK Ltd	
Dolphin Estate,Sunbury on Thames	Freehold	Industrial	Access Self Storage Properties Ltd	
Sovereign Centre, Weston super Mare	Freehold	Shopping Centre	Wilkinson Hardware Stores Ltd	£20m - £29.9m (representing 32% of the portfolio capital value)
B&Q, Roneo Corner, Romford	Freehold	Retail Warehouse	B & Q Plc	
Motor Park, Eastern Road, Portsmouth	Freehold	Industrial	Volkswagen Group UK Ltd	
Hannah Close, London, NW10	Freehold	Industrial	Marks & Spencer Plc	
Argos Unit, Magna Park, Lutterworth	Leasehold	Industrial	Argos Ltd	
6 Arlington Street, London, SW1	Freehold	Office	Sterling Securities Plc	
Asda, Gowerton Road, Brackmills, Northampton	Freehold	Industrial	Asda Stores Ltd	
Emerald Park East, Emersons Green, Bristol	Freehold	Industrial	Knorr-Bremse Systems Ltd	
No 2 Temple Quay, Bristol	Freehold	Office	Public Sector	
13 Great Marlborough Street, London, W1	Freehold	Office	Sony Computer Entertainment Europe Ltd	
Broadbridge Retail Park, Horsham	Mixed	Retail Warehouse	Homebase Ltd	
81/85 George Street, Edinburgh	Freehold	Office	Aviva Insurance Ltd	
Colmore Court, 9 Colmore Row, Birmingham	Leasehold	Office	BNP Paribas	
Charter Place,Vine Street, Uxbridge	Freehold	Office	Nexen UK Ltd	
Network House & Meadowside House, Hemel Hempstead	Freehold	Office	Public Sector	£10m - £19.9m (representing 16% of the portfolio capital value)
Newton's Court, Dartford, Kent	Freehold	Industrial	Gisela Graham Ltd	
16/20 High Street & 1/3 Bedford Street, Exeter	Leasehold	High St, Retail	Barclays Bank Plc	
Craven House, Fouberts Place, London, W1	Freehold	Office	WH Smith Retail Holdings Ltd	
No 1 Temple Quay, Bristol	Freehold	Office	British Telecommunications Plc	
Pall Mall Court, King Street, Manchester	Freehold	Office	AWG Business Centres Ltd	
140/144 Kings Road, London, SW3	Freehold	High St, Retail	French Connection UK Ltd	
14 - 22 West Street, Marlow	Freehold	High St, Retail	Sainsbury's Supermarket Ltd	
Gatwick Gate Industrial Estate, Crawley	Freehold	Industrial	Signet Group Ltd	
134/138 North Street, Brighton	Freehold	High St, Retail	Sportsdirect.Com Retail Ltd	
Pride Hill Shopping Centre, Shrewsbury	Freehold	Shopping Centre	Next plc	
52/56 Market Street, Manchester	Freehold	High St, Retail	Adidas (Uk) Ltd	Up to £9.9m (representing 3% of the portfolio capital value)
84 - 86 Bushey Road, Raynes Park, London, SW3	Freehold	Office	Vacant	
Knaves Beech Industrial Estate, Loudwater	Freehold	Industrial	Night Realisations Plc	
Riverside Shopping Centre, Shrewsbury	Leasehold	Shopping Centre	Wilkinson Hardware Stores Ltd	
Freshford House, Redcliffe, Bristol	Leasehold	Office	Public Sector	
146 Kings Road, London, SW3	Freehold	High St, Retail	Telefonica O2 UK Ltd	
WCA Building, Bristol	Leasehold	Office	Public Sector	

Overall number of properties	43
Total number of tenancies	342
Total average property value	£23.8m
Total floor area	4,895,817 sq.ft

Half Yearly Condensed Consolidated Income Statement

For the half year ended 30 June 2013

	Notes	Half year ended 30 June 2013 (unaudited) £'000	Half year ended 30 June 2012 (unaudited) £'000	For year ended 31 December 2012 (audited) £'000
Income				
Rental income		35,768	36,986	75,124
Losses on investment properties	2	(5,415)	(30,865)	(58,520)
Interest revenue receivable		249	88	368
Total income		30,602	6,209	16,972
Expenditure				
Investment management fee	8	(3,670)	(3,754)	(7,418)
Direct operating expenses of let property		(2,131)	(1,511)	(3,265)
Valuation and other professional fees		(988)	(763)	(1,700)
Directors fees	8	(96)	(85)	(170)
Administration fees	8	(83)	(83)	(165)
Other expenses		(1,057)	(531)	(986)
Total expenditure		(8,025)	(6,727)	(13,704)
Net operating profit/(loss) before finance costs		22,577	(518)	3,268
Net finance costs				
Finance costs		(4,579)	(3,907)	(8,222)
Net profit/(loss) from ordinary activities before taxation		17,998	(4,425)	(4,954)
Taxation on profit on ordinary activities		-	-	-
Net profit/(loss) for the period		17,998	(4,425)	(4,954)
Other comprehensive income:				
Gain/(loss) arising on effective portion of interest rate swap	9	5,351	(2,304)	(3,272)
Net comprehensive gain/(loss) for the period		23,349	(6,729)	(8,226)
Earnings per share (p)	3	1.50p	(0.37)p	(0.41)p

Half Yearly Condensed Consolidated Balance Sheet

As at 30 June 2013

	Notes	30 June 2013 (unaudited) £'000	30 June 2012 (unaudited) £'000	31 December 2012 (audited) £'000
Non-current assets				
Investment properties	2	1,019,741	1,047,971	1,015,532
		1,019,741	1,047,971	1,015,532
Current assets				
Trade and other receivables		7,760	6,595	8,024
Cash and cash equivalents		59,600	47,465	77,062
		67,360	54,060	85,086
Total assets		1,087,101	1,102,031	1,100,618
Current liabilities				
Trade and other payables		(22,009)	(22,608)	(22,324)
Interest rate swap	9	(4,579)	(3,799)	(4,574)
Long term liabilities				
Bank loans		(229,064)	(198,004)	(228,834)
Interest rate swaps	9	(6,704)	(11,867)	(12,060)
Total liabilities		(262,356)	(236,278)	(267,792)
Net assets		824,745	865,753	832,826
Represented by:				
Share capital		482,703	482,703	482,703
Treasury shares		(25,264)	(25,264)	(25,264)
Special distributable reserve		607,235	619,556	615,252
Capital reserve		(228,646)	(195,576)	(223,231)
Interest rate swap reserve		(11,283)	(15,666)	(16,634)
Revenue reserve		-	-	-
Equity Shareholders' funds		824,745	865,753	832,826
Net asset value per share	6	68.9p	72.3p	69.6p

Half Yearly Condensed Consolidated Statement of Changes in Equity

For the half year ended 30 June 2013

	Share Capital £'000	Treasury Shares £'000
Half year ended 30 June 2013 (unaudited)		
At 1 January 2013	482,703	(25,264)
Net profit for the period	-	-
Other comprehensive income	-	-
Dividends paid	-	-
Transfer in respect of losses on investment properties	-	-
Transfer from special distributable reserve	-	-
At 30 June 2013	482,703	(25,264)
Half year ended 30 June 2012 (unaudited)		
At 1 January 2012	482,703	(25,264)
Net loss for the period	-	-
Other comprehensive income	-	-
Dividends paid	-	-
Transfer in respect of losses on investment properties	-	-
Transfer from special distributable reserve	-	-
At 30 June 2012	482,703	(25,264)
For the year ended 31 December 2012 (audited)		
At 1 January 2012	482,703	(25,264)
Net loss for the period	-	-
Other comprehensive income	-	-
Dividends paid	-	-
Transfer in respect of losses on investment properties	-	-
Transfer from special distributable reserve	-	-
At 31 December 2012	482,703	(25,264)

	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Total £'000
	615,252	(223,231)	-	(16,634)	832,826
	-	-	17,998	-	17,998
	-	-	-	5,351	5,351
	-	-	(31,430)	-	(31,430)
	-	(5,415)	5,415	-	-
	(8,017)	-	8,017	-	-
	607,235	(228,646)	-	(11,283)	824,745
	624,546	(164,711)	-	(13,362)	903,912
-		-	(4,425)	-	(4,425)
	-	-	-	(2,304)	(2,304)
	-	-	(31,430)	-	(31,430)
	-	(30,865)	30,865	-	-
	(4,990)	-	4,990	-	-
	619,556	(195,576)	-	(15,666)	865,753
	624,546	(164,711)	-	(13,362)	903,912
	-	-	(4,954)	-	(4,954)
	-	-	-	(3,272)	(3,272)
	-	-	(62,860)	-	(62,860)
	-	(58,520)	58,520	-	-
	(9,294)	-	9,294	-	-
	615,252	(223,231)	-	(16,634)	832,826

Half Yearly Condensed Consolidated Cash Flow Statement

For the half year ended 30 June 2013

	Half year ended 30 June 2013 (unaudited) £'000	Half year ended 30 June 2012 (unaudited) £'000	For year ended 31 December 2012 (audited) £'000
Cash flows from operating activities			
Net operating profit/(loss) for the period before taxation	17,998	(4,425)	(4,954)
Adjustments for:			
Losses on investment properties	5,415	30,865	58,520
Decrease/(Increase) in operating trade and other receivables	264	114	(1,315)
Decrease in operating trade and other payables	(342)	(1,406)	(1,871)
Net finance costs	4,579	3,589	8,222
Net cash inflow from operating activities	27,914	28,737	58,602
Cash flows from investing activities			
Purchase of investment properties	(18,648)	(63,545)	(63,545)
Sale of investment properties	10,450	-	8,600
Capital expenditure	(1,426)	(3,516)	(7,332)
Net cash outflow from investing activities	(9,624)	(67,061)	(62,277)
Cash flows from financing activities			
Dividends paid	(31,430)	(31,430)	(62,860)
Net proceeds from utilisation of bank loan after set up costs	-	60,000	90,000
Bank loan interest paid	(2,041)	(2,055)	(3,814)
Payments under interest rate swap arrangement	(2,281)	(1,671)	(3,534)
Net cash (outflow)/inflow from financing activities	(35,752)	24,844	19,792
Net (decrease)/increase in cash and cash equivalents	(17,462)	(13,480)	16,117
Cash balance brought forward	77,062	60,945	60,945
Closing cash and cash equivalents	59,600	47,465	77,062

Notes to the Accounts

For the half year ended 30 June 2013

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 2012. These accounting policies are expected to be followed throughout the year ending 31 December 2013.

2. Investment properties

	Half year ended 30 June 2013 £'000
Freehold and leasehold properties	
Opening valuation	1,015,532
Purchases at cost	18,648
Sale proceeds	(10,450)
Capital expenditure	1,426
Loss on revaluation to fair value	(5,415)
Fair value at 30 June 2013	1,019,741

The market value provided by CB Richard Ellis Limited at the period end was £1,025,122,500 however an adjustment has been made for lease incentives of £5,381,000 that are already accounted for as an asset.

3. The earnings per Ordinary Share are based on the net profit for the period of £17,998,000 (30 June 2012 net loss of £4,425,000) and 1,197,348,858 (30 June 2012: 1,197,348,858), Ordinary Shares, being the weighted average number of shares in issue during the period.

4. Earnings for the period to 30 June 2013 should not be taken as a guide to the results for the year to 31 December 2013.

5. As at 30 June 2013 the total number of shares in issue is 1,197,348,858 (30 June 2012: 1,197,348,858).

6. The net asset value per ordinary share is based on net assets of £824,745,000 (30 June 2012: £865,753,000) and 1,197,348,858 (30 June 2012: 1,197,348,858) ordinary shares.

7. Dividends

	Period to 30 June 2013 Rate (pence)	Period to 30 June 2013 £'000
Dividend for the period 1 October 2012 to 31 December 2012, paid 28 February 2013	1.3125	15,715
Dividend for the period 1 January 2013 to 31 March 2013, paid 31 May 2013	1.3125	15,715
		31,430

A dividend of 1.3125p per share for the period 1 April 2013 to 30 June 2013 is payable on 30 August 2013.

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

Notes to the Accounts (continued)

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 totaling £96,000 (30 June 2012: £85,000) for the six months ended 30 June 2013, none of which was payable at the period end (30 June 2012: Nil).

   Ignis Investment Services Limited received fees for its services as Investment Managers. The total charge to the Income Statement during the period for these fees was £3,753,000 (30 June 2012: £3,837,000) of which £83,000 was administration fees (30 June 2012: £83,000). £1,878,000 (30 June 2012: £1,917,000) of this total charge remained payable at the period end.

9. Financing

   The Company has fully utilised all of the £80 million facility in place with Lloyds Banking Group plc.

   The Company has in place interest rate swaps with Lloyds Banking Group plc totalling £80 million. The fair value liability in respect of these interest rate swaps as at 30 June 2013 is £3,013,000 (June 2012: £4,292,000).

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

   The Company has in place interest rate swaps with Barclays Bank plc totalling £150 million. The fair value liability in respect of these interest rate swaps as at 30 June 2013 is £8,270,000 (June 2012: £11,374,000).

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 per cent 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 per cent 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 per cent 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 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 known as SCP Group Limited). This Company is 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.

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 2012. 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 2013

We confirm that to the best of our knowledge:

- The condensed set of half yearly financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", and give a true and fair view of the assets, liabilities, financial position and return of the Company.
- The half yearly Management Report includes a fair value review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

Christopher M.W. Hill
Chairman

21 August 2013

Corporate Information

Directors (all non-executive)
Christopher Hill (Chairman)
Christopher Fish (Chairman of Audit Committee)
Keith Dorrian (resigned 19 June 2013)
Ken McCullagh (appointed 1 February 2013)
John Robertson
Andrew Wilson

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Registered Number
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Corporate P.R. Advisor
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