



# Interim Report and Accounts

## for the half year ended 30 June 2014



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**Front Cover images: Rotunda, Kingston-upon-Thames and Kensington High Street, London W8 – two of the Company's best performing assets.**

# 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% 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.

## **Benchmark**

Investment Property Databank Balanced Monthly and Quarterly Funds.

## **Management**

Ignis Fund Managers Limited is the Investment Manager of the Group succeeding Ignis Investment Services Limited as Investment Manager on 18 July 2014.

## **ISA Status**

The Company’s shares are eligible for ISA investment.

## **Website**

The Company’s website address is: [www.ukcpt.co.uk](http://www.ukcpt.co.uk)

# Financial and Property Highlights

## Financial Highlights

- NAV per share of 78.1p (31 December 2013: 73.1p), a rise of 6.8% mainly due to a 6.0% like-for-like increase in the capital value of the property portfolio which is now £1.1 billion;
- NAV total return of 10.1% in the six month period to 30 June 2014, ahead of the IPD benchmark (8.3%) and the FTSE All-Share Index (1.6%) and in-line with the FTSE REITs Index (10.2%);
- Strong share price performance with a total return of 9.0% in the period resulting in the Company's shares continuing to trade at a premium to NAV (4.5%);
- Consistent longer term outperformance with 5 year share price total return ahead of the IPD benchmark;
- Issue of 40,755,022 treasury shares raising proceeds of £32 million which has been used for acquisitions;
- Gross gearing of 19.1% continues to be the lowest in the Company's peer group;
- Attractive dividend yield of 4.5%, underpinned by quality portfolio of diversified properties and above that of the FTSE REIT Index (3.3%) and the FTSE All-Share Index (3.3%).

## Property Highlights

- Purchase of Regent Circus, Swindon for £40.5 million in August 2014, increasing the Company's exposure in its favoured leisure sector and generating an equivalent yield of 5.3% from a strong tenant base that is 94% pre-let;
- Good progress made at Aberdeen Gateway, the Company's pre-let industrial development in Aberdeen, with two properties due to be complete by end of August and the third unit due to be completed in December generating, after rent free periods, an additional annual income of £3.0 million;
- Successful asset management activity in the period generating valuation increases and an additional £1.8 million of annualised income during the first six months of the year including:
  - Securing a Change of Use from offices to residential over the Company's St. James's holding at No. 6 Arlington Street, London;
  - Letting the former Comet unit at Junction 27, Birstall, Leeds, generating £450,000 per annum after rent free periods, improving the tenant mix and extending the unexpired lease term of the asset;
  - Entering into a contractual commitment with a new tenant at The Parade, Swindon which will create a new anchor store within the Shopping Centre during the Spring of 2015;
  - New lettings at The Rotunda, Kingston upon Thames and Kensington High Street, London securing £355,000 per annum after rent free periods for the Company over the next 15 years.
- A void rate of 3.7% at 30 June 2014 compared to a benchmark figure of 7.5% plus strong rent collection rate of 99% after 28 days, affirming the prime nature of the Company's portfolio and testament to successful asset management activity.

# Performance Summary

Capital Values & Gearing	30 June 2014	31 December 2013	% Change
Total assets less current liabilities (excl Bank Loan and Swap) (£'000)	1,201,832	1,111,924	8.1
Net asset value per share (p)	78.10	73.10	6.8
Ordinary Share Price (p)	81.60	77.00	6.0
Premium to net asset value (%)	4.5	5.3	–
Gearing (%): Gross*	19.1	20.7	–
: Net**	12.0	14.5	–
Total Return %	6 month	1 year	3 years
NAV***	10.1	21.3	25.3
Share Price***	9.0	13.9	22.4
Investment Property Databank (“IPD”)			
Balanced Monthly & Quarterly Funds			
Benchmark	8.3	16.3	26.6
FTSE Real Estate Investment Trusts Index	10.2	23.9	34.7
FTSE All-Share Index	1.6	13.1	29.2
Earnings & Dividends			30 June 2014
Dividends paid per ordinary share (p)		2.2325	30 June 2013
Dividend yield (%)****		4.5	2.625
IPD Benchmark Yield (%)		5.6	6.9
FTSE All-Share Index Yield (%)		3.3	6.2
FTSE Real Estate Investment Trusts Index Yield (%)		3.3	3.5

European Public Real Estate Association (“EPRA”) NAV at 30 June 2014 (excluding swap liabilities) – 78.6p (31 Dec 2013 – 73.7p)

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

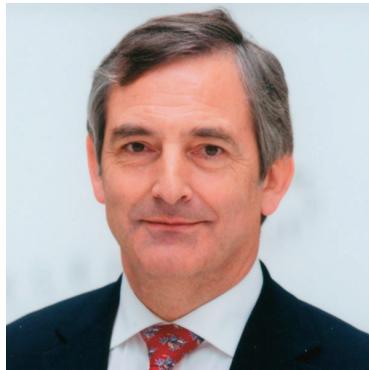
\*\* Calculated as net borrowings (gross borrowings less cash, excl swap valuations) divided by total assets less current liabilities and cash (excl swaps).

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

\*\*\*\* Based on an annual dividend of 3.68p.

Sources: Ignis Fund Managers Limited, Investment Property Databank (“IPD”)

# Chairman's Statement



I am pleased to report that your Company continued to deliver strong performance in the first half of 2014.

The Company delivered a Net Asset Value (“NAV”) total return of 10.1% for the six months to 30 June 2014, ahead of the IPD benchmark total return.

This performance was driven by strong capital growth in the portfolio of 6% on a like-for-like basis and has resulted in the portfolio now being valued at over £1.1 billion. The Company’s share price total return was 9.0% over the same period.

The decision to re-base the dividend in February of this year and the continued premium at which the Company’s shares trade to the NAV, enabled the Company to issue equity for the first time since 2010. This provided the Investment Manager with resources which have already been deployed to enhance the portfolio through selective acquisitions, in line with the Company’s strategy to acquire prime assets in income orientated sectors where the potential exists for both income and capital growth.

## Economic Background

The UK’s economic recovery continued to gather momentum in H1 2014 with most commentators now forecasting GDP growth for the whole year to exceed 3%. Encouragingly, the increase in output has been generated across all major sectors with services, production (including manufacturing) and construction all continuing to expand. The revival in business investment should also ensure that the momentum of the current upturn proves sustainable. There remains concern, however, about the modest rises in wage growth, which continues to lag behind inflation, and about some of the regional imbalances within the UK, particularly in terms of house price growth and job creation. The Bank of England is well aware of these issues and the anticipated increase in interest rates is expected to occur gradually.

## Commercial Property Market

The UK commercial property market delivered a high level of investment performance over the first half of 2014 as investors continued to target an asset class that remains very much in favour. The IPD Benchmark generated a total return of 8.3% in this period whereas the FTSE All-Share Index reported a total return of 1.6% with 10-year Gilts providing 4.5%. Property performance was driven by yield compression and, to a lesser extent, rental growth which pushed valuations

higher. One theme to highlight over the period was that, whilst London and the core South East markets continued to be the best performing locations, the broader UK market is now contributing to the impressive returns that commercial property is producing.

## Significant Property Transactions

In the 2013 Annual Report, I made reference to the financing of an industrial pre-let development at the Aberdeen Gateway Business Park of up to £48.3 million. I am pleased to report that the development at the two sites, where we have an aggregate £17.9 million forward commitment to purchase, is well advanced and is expected to complete by the end of Q3 2014. The forward funding element for the largest site, Site A, is also on target and should be completed as anticipated in December 2014. Upon completion, these assets will enhance the income generating ability of the Company and should also offer the potential for capital growth, as Aberdeen has proved one of the best performing UK property markets across the short, medium and longer terms.

Following the period end, the Company exchanged contracts for the purchase of Regent Circus in Swindon for a price of £40.48 million. This newly completed 97,000 sq.ft. leisure and supermarket scheme is 94% pre-let to tenants with good covenants and provides an equivalent yield of 5.3% with fixed uplifts on the leisure income plus an average lease length of 20 years. This purchase increases the Company’s weighting in leisure, one of our favoured sectors, and is in line with our investment strategy as outlined above.

Over the last 18 months, including the purchases above, the Company has acquired assets in excess of £100 million, demonstrating the Investment Manager’s ability to identify and acquire prime assets to enhance future returns for shareholders, even in a particularly aggressive market environment. Whilst competition will remain fierce for quality assets, the Investment Manager will continue to evaluate the market and identify assets that suit the Company’s portfolio strategy while undertaking an orderly disposal of assets that do not fit into this approach.

## Borrowing

As at 30 June 2014, the Company’s gross gearing was 19.1%, 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 had cash resources of £97.4 million at that date which will be used to finance Regent Circus with the remainder largely allocated for the Aberdeen Gateway commitment referred to above.

The £80 million facility with Lloyds expires in June 2015 and the Board and the Investment Manager are currently considering options in relation to this facility.

# Chairman's Statement (continued)

## Dividends

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

	Payment Date (2014)	Dividend per share (p)
4th interim for prior period	Feb	1.3125
1st interim	May	0.9200
<b>Total</b>		<b>2.2325</b>

A second interim dividend of 0.92p was declared on 16 July 2014 and is payable on 29 August 2014.

On 4 February 2014, the Company announced a revised dividend policy, rebasing the dividend to a more sustainable level of 0.92p per quarter. This revised dividend policy will help underpin the portfolio strategy and facilitate further investment in assets such as Regent Circus. Based on the new dividend level and the period end share price, the yield on the Company's shares is an attractive 4.5%, underpinned by a prime portfolio of commercial property and comparing favourably with other asset classes and quoted property companies.

## Treasury Share Issuance

The Company issued 40,755,022 shares held in treasury in May 2014 raising £32 million, which has been used to finance in part the purchase of Regent Circus and the ongoing commitments at Aberdeen Gateway, further demonstrating the ability of the Investment Manager to invest in an efficient manner. This was an encouraging development and is the first issue of equity since 2010. Having adjusted the dividend to a sustainable level, the Company now has the flexibility to consider a wider selection of NAV accretive property acquisitions financed from a greater range of options.

## Investment Manager

On 26 March 2014, Phoenix Group Holdings announced that it had agreed terms with Standard Life plc for the sale of Ignis Asset Management ("Ignis"). The purchase was completed on 1 July following FCA approval. The Board announced that it had consented to the change of control of Ignis following assurances received from Standard Life regarding the retention of the Company's management and administration team to ensure continuity for its ongoing success.

## Alternative Investment Fund Managers Limited Directive ("AIFMD")

The Company entered into a new Investment Management Agreement with Ignis on 18 July 2014. This appointed Ignis as the Alternative Investment Fund Manager of the Company, meaning that shareholders will receive the full protection

offered under AIFMD. In addition, the fee payable to the manager will be reduced to 0.65% of total assets.

## Board Governance

As recommended by the AIC Code of Corporate Governance and the UK Corporate Governance Code, I am pleased to announce the Board has appointed Mr Andrew Wilson as the Senior Independent Director.

## Outlook

The UK is currently experiencing a sustained recovery coupled with improving business confidence that is now resulting in the expansion of most sectors of the economy. With business investment also increasing, the economy should continue to grow in the second half of 2014 and beyond. However, in a global economy, there are always potential risks and the current unrest in the Ukraine and the Middle East is a disturbing reminder of this. Closer to home, the scale and extent of interest rate rises is a balancing act for the Bank of England which needs to time the tightening of policy without damaging the prospects for elements of the population with high levels of debt but uncertain prospects for significant income growth.

The UK property market has now seen considerable yield compression over the last twelve months with a resultant boost to capital values. This trend will continue throughout 2014 and increasingly extend beyond London. This will be of great benefit to the Company's portfolio, which has a strong presence in the UK regions. The portfolio will also be boosted by its holdings in targeted sectors that are now delivering strong investment performance including retail warehousing and leisure.

These market factors, combined with the strong financial footing the Company enjoys following the dividend rebasing and the ability of the Investment Manager to identify and purchase prime assets, means that the Company is in an excellent position to continue to grow and deliver positive returns for its shareholders.

## Christopher M.W. Hill

Chairman

20 August 2014

# Manager's Review

## For the half year ended 30 June 2014

### Economic Review

The UK economy continues to maintain momentum with annualised GDP growth standing at 3.1% to the end of June 2014 and GDP now ahead of its peak before the last recession. Further confidence can be gained from the increasing contribution that business investment makes to this growth, overtaking household spending for the first time in two years and providing further signs of the ongoing rebalancing of the economy. The continued revival in business investment supports the perception of the strength and sustainability of the current upturn but key risks and imbalances in the economy remain. Whilst the strengthening of sterling has been a corollary of the improving economy, it has adversely impacted on UK exports and any substantial expansion to the economy from Eurozone trade is unlikely in the short term as the Eurozone continues to struggle with financial austerity and a weakened financial system.

In the UK, while the increase in house prices at a national level has been significant, it has masked a divergent regional picture where strong performance in London has boosted the national average and raised fears of a housing bubble in the capital. The unemployment rate fell further from 7.2% to 6.8% although again this figure masks the degree of under employment, self-employment and low paying jobs, all of which undermine wage growth. This increasing self-employed workforce has to date failed to make any impact on the slack in productivity and for that reason the Bank of England has recently reinforced its view that increases in interest rates will be gradual and moderate.

### Commercial Property

Commercial property recorded an All Property total return of 8.3% over the period. This figure was driven by a combination of a relatively steady income return of 2.8% plus a capital return of 5.4%, continuing the capital value appreciation seen over the second half of 2013. All property rental value growth remained modest but positive over the period (0.6%) with growth in the office and industrial sectors off-setting mild rental value decline in the retail sector.

Over the period positive total returns were recorded across all the main sectors with the office and industrial sectors significantly outperforming the retail sector, driven by capital growth based on yield compression. Capital growth is no longer confined to London, with improvement in capital values now being seen across a broader range of markets: South East offices, industrials and retail warehouses are all continuing to produce superior levels of growth. The divergence in performance between prime and secondary assets continues to reduce across most market segments.

Year to date, the commercial property market has witnessed £23.5 billion of investment compared to £20.6 billion for the same period in 2013 according to Property Data. Property continues to be the focus for many investors and UK

Institutions have been the biggest net investors into the market over the past year. Whilst investment in London is high on an absolute and relative measure, with £10.3 billion invested in Q2, mainly in office and still dominated by overseas investors, there has been a growing shift on investors' focus into regional investment over the last six months with £5 billion invested in that area in the second quarter.

### Portfolio Performance

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 2014.

	Total Return		Income Return		Capital Growth	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
	%	%	%	%	%	%
Industrial	10.4	10.4	3.2	3.1	7.1	7.1
Office	11.0	10.4	3.0	2.5	7.8	7.6
Retail	7.4	6.5	3.1	2.8	4.1	3.6
Other						
Commercial						
(incl Leisure)	10.9	6.5	3.0	2.6	7.7	3.8
<b>Total</b>	<b>9.1</b>	<b>8.3</b>	<b>3.1</b>	<b>2.8</b>	<b>5.8</b>	<b>5.4</b>

Source: IPD (assumes reinvestment of income in capital gain/loss)

As has been the case for some years, the Company's strong income profile provides a stable and reliable element of the portfolio return, recording a 3.1% contribution over the period. However, following on from the last six months of 2013, the portfolio also delivered strong capital performance in the period, increasing 6% on a like-for-like basis and now valued at £1,122 million. This resulted in a portfolio total return of 9.1% which compares favourably to the IPD benchmark total return of 8.3%. One encouraging area to highlight is the positive performance of the Company's retail portfolio, which is beginning to generate above benchmark returns for the first time in a number of years.

Longer term measures also show the strength of the Company's portfolio, with the fund ranked in the 38th percentile over five years.

### Industrial

The Company's strategy to increase its exposure to the Industrial sector over the last couple of years has been rewarded with an improvement in overall returns from this sector during the period. With a total return of 10.4%, the Company's industrial portfolio was one of the major contributors to performance over the first half of the year and this improvement in value will absorb the acquisition costs of the three properties that will be acquired under forward commitment and funding contracts this year on the Aberdeen Gateway site.

# Manager's Review (continued)

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 well during the period, aided by successful 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 of long average lease lengths, low voids and strong covenant base, which are also reflected in the Company's acquisition in Aberdeen, should support continued good performance from this element of the Company's portfolio for the foreseeable future. In addition, there are opportunities through asset management to improve income and value.

## Office

Whilst the rental growth in the office sector continues to provide the greatest divergence across regions and quality, with London continuing to dominate, the last six months has witnessed a definite increase in investment demand for regional offices. This is particularly true in the case of UK institutions, many of whom have been attracted by the higher initial yield available when compared to the ultra-competitive Central London Market.

Given the prime nature of the Company's regional office portfolio, which is 100% let, the Company has benefited from this improving investment market with capital values rising sharply in the Company's regional office locations and returns being amplified by the strong income characteristics of this sub-sector. Overall returns for the regional office portfolio for the period were 9.7% compared to the benchmark of 8.3%.

Following the repositioning of the Company's South East Office portfolio as a result of the sale of Charter Place, Uxbridge and Raynes Park, Bushey Road last year (both buildings characterised by voids and large capital expenditure requirements), strong performance has been delivered from the Company's holdings in the office sector in the period with total returns of 11.0% against the benchmark of 10.4%.

In Central London, investment demand from overseas investors and UK Institutions linked to strong rental growth prospects, particularly in the Soho sub market where almost 75% of the portfolio is located, continue to increase values in the portfolio. Rental income is also expected to improve further as a result of some key lease events over the next 12-18 months.

## Retail

The Company's high street shops and retail warehouses witnessed strong increases in capital values over the six

months at 6.3% and 4.7% respectively. Shopping Centres also improved in value over the first half of the year albeit more marginally at 0.7%. Overall, while retail generated the weakest total returns of 7.4%, it is encouraging that the returns are above benchmark (6.5%) and all retail sub-sectors are providing positive returns.

Market sentiment and investor appetite, particularly from overseas investors, UK institutions and REITs, have improved over the past six months at the prime and good secondary end of the market. While there have been some positive signals from the retail occupational market with greater engagement from occupiers, this is a capital driven phenomenon which is not based solely on property fundamentals as rental growth in all but the best locations is still subdued. As such, this market is where risk still remains for the uninformed investor.

The prime quality of the Company's retail warehouse portfolio, linked to specific asset management activity at Junction 27, Leeds, assisted performance. Additionally, the Company's Central London high street retail holdings on Kensington High Street and Kings Road, delivered good performance, thanks in part to successful asset management activity.

The ongoing strategy for the Company's Shopping Centres is to maintain and, where possible, improve the net operating income for each Centre, which should enable these assets to add value in improving markets.

## Leisure

Investment demand within the Leisure sector strengthened during the first half of the year, driving up capital values of the Company's single leisure asset, The Rotunda, Kingston upon Thames, by 7.7%. Combined with an income return of 3.0%, this produced the largest total return for the portfolio over the half year at 10.9% against the benchmark of 6.5%. This sector remains very popular with investors and also with both new and established occupiers, many of whom will enter into long leases often incorporating RPI rental increases.

## Income

The annualised contracted rent of the portfolio as at 30 June 2014 was £68.4 million, a slight reduction from the £68.5 million as at 31 December 2013.

Successful asset management initiatives coupled with new lettings, rent review settlements and lease engineering, secured £1.8 million of added income over the first half of the year. Reductions in income came from lease expiries where occupiers vacated, break options that were exercised and retail tenant administrations (albeit at a much reduced level), all of which reduced income by £1.9 million p.a.

# Manager's Review (continued)

## Investment Activity

In line with the strategy to increase exposure to the industrial sector, the Company completed the purchase of 265,000 sq. ft. of business space at Aberdeen Gateway Business Park, Aberdeen on forward commitment and funding contracts in January. Construction of the three buildings is well advanced and the programme remains on budget and on schedule. All conditions in the contract agreements are expected to be satisfied by December when, after allowing for a short period of rent free incentives, £3.0 million in annual rent will be added to the Company's income stream. Under the terms of the purchase, the total commitment will not exceed £48.3 million and will generate an initial yield of 6.0%.



**Good progress at Aberdeen Gateway Business Park, Aberdeen**

In August 2014, the Company exchanged contracts to acquire Regent Circus, Swindon, a new, purpose built supermarket and cinema anchored family orientated leisure scheme for £40.48 million. On completion, the development will be let on long leases with an average lease length of 20 years to occupiers with a sound covenant base, including Morrisons and Cineworld, generating £2.1 million p.a. after rent free periods.



**CGI impression of Regent Circus, Swindon**

There were no sales during the period.

## Asset Management Activity

Strong asset management skills remain an important feature of the Company's investment management team. This characteristic, allied to the prime nature and sound property fundamentals of many of the Company's properties, resulted in a number of lettings and re-gear initiatives that improved income by £1.8 million in the period and added value across the portfolio in an improving market.

Within the Company's leisure asset, The Rotunda, Kingston upon Thames, a new letting to Five Guys Burgers & Fries Ltd was progressed following the demise of the former tenant. The introduction of Five Guys into The Rotunda has proven a great success securing a base rent of £155,000 p.a., rising to at least £193,500 p.a. at the first rent review in five years. The new lease is for a 20 year term and Five Guys have undertaken significant investment in the property as part of their fit out.

On Kensington High Street, London, having engineered vacant possession of the former Rohan unit, the Company secured Yo! Sushi under a 20 year lease at a rent of £200,000 p.a. The introduction of this increasingly important A3 use has improved tenant mix and will provide more choice for shoppers.

During the first half of the year the Company finalised contracts with Betta Living and Multi York to take occupation of the former Comet store at Junction 27 in Leeds. Both occupiers entered into 15 year leases, with 5 yearly rent reviews and a combined rent of £450,000 p.a. Following subdivision works, tenant mix, income and average weighted unexpired lease lengths at the property were all improved.



**Multi York and Betta Living, Junction 27, Birstall, Leeds**

Within one of the Company's regional office holdings at Colmore Row, Birmingham a lease renewal completed, securing occupation and maintaining income at levels in excess of estimated rental value over a longer period of time.

# Manager's Review (continued)



## No. 9, Colmore Row, Birmingham

Evidence of our asset management capability was further demonstrated at Dolphin Industrial Estate, Sunbury where letting activity and lease re-gears resulted in additional income, longer lease lengths and improvements to the property fabric. This has provided a platform for improved capital value with higher occupancy levels and has secured long term tenant occupation within the estate.



## Dolphin Industrial Estate, Sunbury

The quality of the underlying property portfolio and the emerging evidence of improving rental levels in selected locations is demonstrated with the healthy rent review uplifts achieved at The Rotunda, Kingston upon Thames and at the Ocado Distribution facility in Hatfield. Across the portfolio, 13 rent reviews were settled during the half year providing an additional rent of £195,000 p.a.

At the Pride Hill Centre, Shrewsbury, the relocation of HMV facilitated the introduction of the value retailer Poundworld to the Centre. This improved the net operating income by over £40,000 p.a. and increased the average weighted unexpired lease length to 6 years and 3 months.



## The Pride Hill Centre, Shrewsbury

We continue to liaise with Shropshire Council and other relevant parties on the New Riverside proposals. Our principal aim is, however, to rebuild the income from the holding over the short to medium term, with a continued focus on lease expiries, to ensure that income is protected and maintained. We remain confident in the many qualities of Shrewsbury, particularly as the wider economy and consumer spending improves.

## Voids and Rent Collection

Improving market sentiment and successful asset management initiatives ensured that the Company's void position decreased over the period. As at 30 June 2014, voids, as percentage of ERV, stood at 3.7% compared to 4.4% on 31 December 2013. Adjusting for tenant failure through administrations, the void rate increases to 4.3% compared to 6.2% as at 31 December 2013. Both of these measures are below the benchmark void rate of 7.5%.

There are clear signs that the occupier markets, across all sectors, are improving. 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 99% has been collected within 28 days.

## Market Outlook and Fund Strategy

The investment outlook appears to be positive, characterised by an improving economic climate which is increasingly recognised as being robust and durable. Allied to this is a greater level of investor confidence and improving debt conditions which has helped to form the foundation for continued improvement in returns across prime and many secondary markets.

Competition for limited investment opportunities has driven yields lower with many investors reassessing the implied risk premium underlying investment purchases as market conditions improve.

The Manager's current forecast for all property total returns in 2014 stands at 16.0%, with the three-year annualised forecast for all property total returns at 10.7% p.a. These forecasts

# Manager's Review (continued)

anticipate capital growth to be front-loaded as the impact of yield compression is expected to be greatest in 2014. The current rate of yield compression, coupled with the scale of money coming into the market, means the 2014 total return figure could potentially be even higher than the current expectation.

Offices are expected to deliver the highest performance of the broad sectors, followed by leisure and then industrial and retail, with the latter two sectors delivering similar levels of performance over the medium term. The superior returns of offices (Ignis forecasts 13.5% p.a. for 2014-2016) are no longer solely a Central London feature although we anticipate this segment to remain among the top performing markets driven by substantial rental value growth. The sector is also boosted by opportunities in some of the major Outer London, South East and wider UK markets at the present time. Investor confidence in these markets is boosted by improving occupational market characteristics, limited development pipelines and severe shortage of investment product. The key issue for many regional city markets will be liquidity.

The leisure sector is increasingly becoming a core element of a number of investor strategies as it offers diversification amongst other key characteristics such as long leases, strong national covenants and a stable, if not reversionary, rent with, in many cases, a degree of fixed uplifts/indexation. With a number of new and existing leisure operators in expansionary mode, the sector can offer above average real rental growth in selected locations and, for all these reasons, it remains a sector favoured by the Company. Ignis forecasts 10.7% p.a. total return for the sector in 2014-2016.

Industrial markets are forecast to deliver total returns of 9.9% p.a. over 2014-2016. Whilst the sector retains a clear yield premium over the wider market, its magnitude has reduced substantially over the course of the last year. The increased interest in the sector, together with the weight of capital and improving occupational picture, is now creating a funding market for Design and Build and general speculative development in the best locations, with UK institutions at the forefront. Distribution warehouses remain firmly in favour with a wide range of investors.

The evolution of retail property markets persists as online penetration continues in its various forms. Deals on high streets will continue to be focused on London, towns with a wealthy catchment and regional centres. Some investors, often aided by improved debt lending, are moving up the risk curve by targeting the better located shopping centres/retail warehouses, in some cases with vacant units. Ignis forecasts 9.6% p.a. total return for the retail sector for 2014-2016.

Commercial property is likely to remain in favour across a wide range of investors and markets which move beyond or away from fundamental drivers, will offer opportunities for both buying and selling. The major risk remains that the weight of money brings forward the investment performance that the asset class can sustain over the medium term and, as a consequence, pricing may increase to levels in certain sectors and locations that are beyond the fundamental drivers of value. The Company is alive to this risk and to the opportunities that this presents. In terms of acquisitions, it will maintain a disciplined approach, focusing on assets which offer long term sustainable returns to complement the already strong and diversified portfolio.

Combined with focused acquisitions, the key to out-performance remains the careful management of portfolio income and discipline on capital expenditure in order to help provide investors with a real return that is sustainable over the medium term.

The recent change in dividend policy offers greater flexibility in realising the Company's portfolio strategy, providing a strong platform to pursue income accretive asset management initiatives and acquisitions which can be achieved in this improving market.

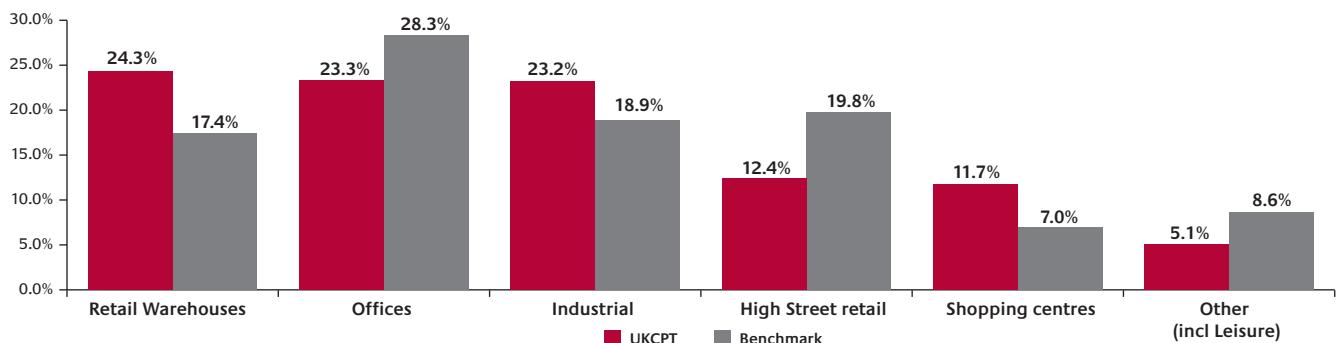
## **Robert Boag**

Senior Investment Director  
20 August 2014

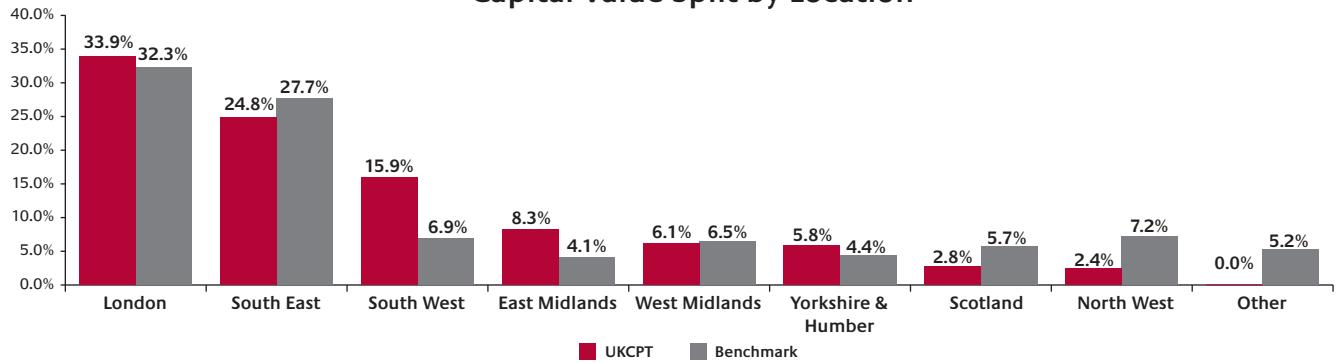
# Portfolio Statistics

As at 30 June 2014

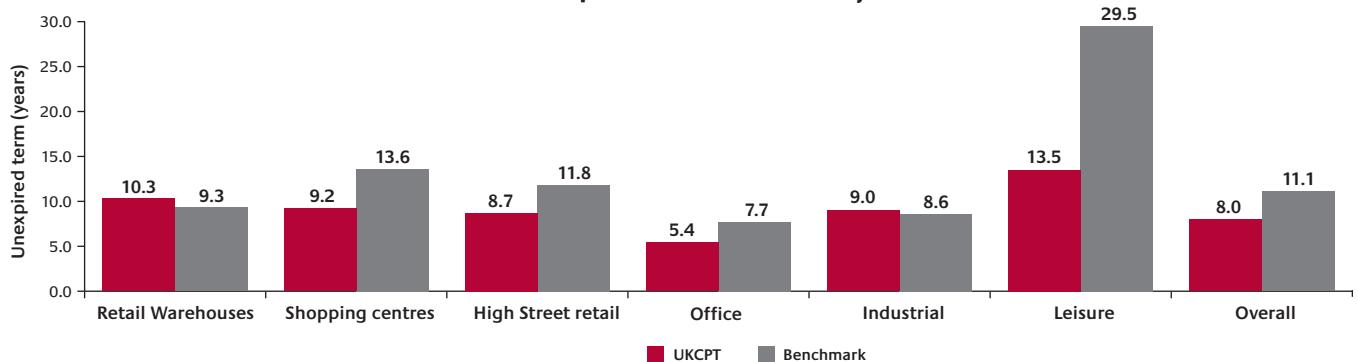
## Capital Value split by sector



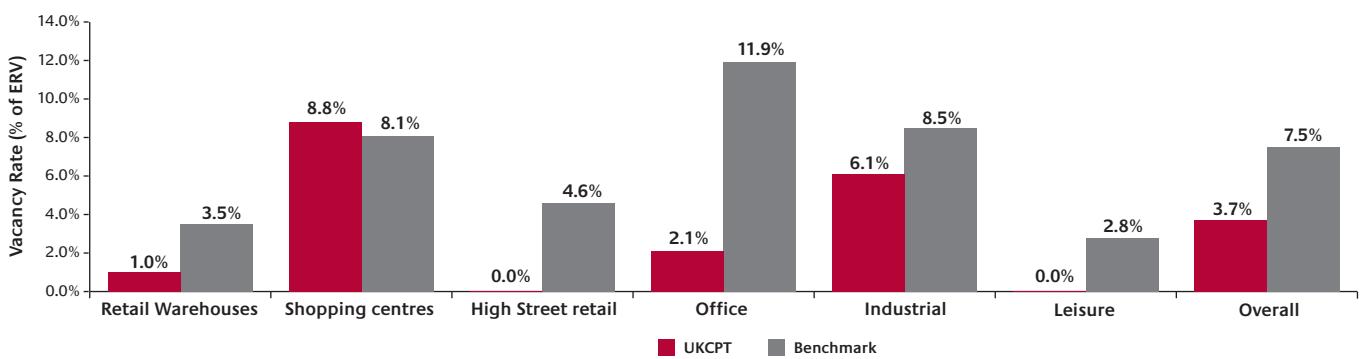
## Capital Value Split by Location



## Unexpired Lease Term by sector



## Vacancy Rate by sector



# Property Portfolio

As at 30 June 2014

Property	Tenure	Sector	Principal Tenant	Value Range
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	
Great Lodge Retail Park, Tunbridge Wells	Freehold	Retail Warehouse	B & Q Plc	
The Parade, Swindon	Freehold	Shopping Centre	BHS Ltd	Over £30m
The Rotunda, Kingston upon Thames	Freehold	Leisure	Odeon Cinemas Ltd	(representing 47% of the portfolio capital value)
Kew Retail Park, Richmond	Freehold	Retail Warehouse	Mothercare (UK) Ltd	
15 Great Marlborough Street, London, W1	Freehold	Office	Sony	
Ocado Distribution Unit, Hatfield Business Area, Hatfield	Freehold	Industrial	Ocado Ltd	
St Georges Retail Park, Leicester	Leasehold	Retail Warehouse	DSG Retail Ltd	
Dolphin Estate, Sunbury on Thames	Freehold	Industrial	Access Self Storage Properties Ltd	
Hannah Close, London, NW10	Freehold	Industrial	Marks & Spencer Plc	
6 Arlington Street, London, SW1	Freehold	Office	Public Sector	
Darwin Shopping Centre, Shrewsbury	Freehold	Shopping Centre	H&M Hennes & Mauritz UK Ltd	
Sovereign Centre, Weston-super-Mare	Freehold	Shopping Centre	Wilkinson Hardware Stores Ltd	
B&Q, Roneo Corner, Romford	Freehold	Retail Warehouse	B & Q Plc	
Argos Unit, Magna Park, Lutterworth	Leasehold	Industrial	Argos Ltd	
Asda, Gowerton Road, Brackmills, Northampton	Freehold	Industrial	Asda Stores Ltd	£20m - £29.9m
Motor Park, Eastern Road, Portsmouth	Freehold	Industrial	Volkswagen Group UK Ltd	(representing 37% of the portfolio capital value)
13 Great Marlborough Street, London, W1	Freehold	Office	Sony	
No 2 Temple Quay, Bristol	Freehold	Office	Public Sector	
Emerald Park East, Emersons Green, Bristol	Freehold	Industrial	Knorr-Bremse Systems Ltd	
Colmore Court, 9 Colmore Row, Birmingham	Leasehold	Office	BNP Paribas	
Broadbridge Retail Park, Horsham	Mixed	Retail Warehouse	Homebase Ltd	
Craven House, Fouberts Place, London, W1	Freehold	Office	WH Smith Retail Holdings Ltd	
81/85 George Street, Edinburgh	Freehold	High St, Retail	Aviva Insurance Ltd	
Network House & Meadowside House, Hemel Hempstead	Freehold	Office	Public Sector	
Newton's Court, Dartford, Kent	Freehold	Industrial	Gisela Graham Ltd	
No 1 Temple Quay, Bristol	Freehold	Office	British Telecommunications Plc	
Pall Mall Court, King Street, Manchester	Freehold	Office	AWG Business Centres Ltd	
16/20 High Street & 1/3 Bedford Street, Exeter	Leasehold	High St, Retail	Barclays Bank Plc	£10m - £19.9m
140/144 Kings Road, London, SW3	Freehold	High St, Retail	French Connection UK Ltd	(representing 14% of the portfolio capital value)
14 - 22 West Street, Marlow	Freehold	High St, Retail	Sainsbury's Supermarket Ltd	
134/138 North Street, Brighton	Freehold	High St, Retail	Sportsdirect.Com Retail Ltd	
Gatwick Gate Industrial Estate, Crawley	Freehold	Industrial	Signet Group Ltd	
Pride Hill Shopping Centre, Shrewsbury	Freehold	Shopping Centre	Next plc	
Site A, Aberdeen Gateway, Aberdeen	Freehold	Industrial	Under Development	
52/56 Market Street, Manchester	Freehold	High St, Retail	Adidas (UK) Ltd	
Knaves Beech Industrial Estate, Loudwater	Freehold	Industrial	Dreams Limited	Up to £9.9m
Riverside Shopping Centre, Shrewsbury	Leasehold	Shopping Centre	Wilkinson Hardware Stores Ltd	(representing 2% of the portfolio capital value)
146 Kings Road, London, SW3	Freehold	High St, Retail	Telefonica O2 UK Ltd	
Freshford House, Redcliffe, Bristol	Leasehold	Office	Public Sector	
WCA Building, Bristol	Leasehold	Office	Public Sector	
Overall number of properties		42		
Total number of tenancies		368		
Total average property value		£26.7m		
Total floor area		5,085,295 sq.ft		
Freehold/Leasehold (leases over 100 years)		91%/9%		

# Half Yearly Condensed Consolidated Income Statement

For the half year ended 30 June 2014

	Notes	Half year ended 30 June 2014 (unaudited)	Half year ended 30 June 2013 (unaudited)	For year ended 31 December 2013 (audited)
		£'000	£'000	£'000
<b>Income</b>				
Rental income		35,567	35,768	72,191
Gains/(losses) on investment properties	2	61,032	(5,415)	48,395
Interest revenue receivable		175	249	491
<b>Total income</b>		<b>96,774</b>	<b>30,602</b>	<b>121,077</b>
 <b>Expenditure</b>				
Investment management fee	8	(4,043)	(3,670)	(7,456)
Direct operating expenses of let property		(1,396)	(2,131)	(4,693)
Valuation and other professional fees		(1,077)	(988)	(1,986)
Directors fees	8	(99)	(96)	(183)
Administration fees	8	(85)	(83)	(168)
Other expenses		(117)	(1,057)	(1,290)
<b>Total expenditure</b>		<b>(6,817)</b>	<b>(8,025)</b>	<b>(15,776)</b>
 Net operating profit before finance costs		 89,957	 22,577	 105,301
 <b>Net finance costs</b>				
Finance costs		(4,576)	(4,579)	(9,229)
 Net profit from ordinary activities before taxation		 85,381	 17,998	 96,072
Taxation on profit on ordinary activities		-	-	-
 Net profit for the period		 85,381	 17,998	 96,072
 <b>Other comprehensive income:</b>				
Gain arising on effective portion of interest rate swap	11	1,253	5,351	9,715
 Net comprehensive gain for the period		 86,634	 23,349	 105,787
Earnings per share (p)	3	7.07p	1.50p	8.02p

# Half Yearly Condensed Consolidated Balance Sheet

As at 30 June 2014

	Notes	30 June 2014 (unaudited) £'000	30 June 2013 (unaudited) £'000	31 December 2013 (audited) £'000
Non-current assets				
Investment properties	2	1,115,853	1,019,741	1,042,728
		1,115,853	1,019,741	1,042,728
Current assets				
Trade and other receivables		9,449	7,760	8,902
Cash and cash equivalents		97,400	59,600	80,734
		106,849	67,360	89,636
Total assets		1,222,702	1,087,101	1,132,364
Current liabilities				
Trade and other payables		(20,870)	(22,009)	(20,440)
Interest rate swaps	11	(4,111)	(4,579)	(4,438)
Bank loan		(79,952)	-	-
Long term liabilities				
Bank loan		(148,778)	(229,064)	(229,252)
Interest rate swaps	11	(1,555)	(6,704)	(2,481)
Total liabilities		(255,266)	(262,356)	(256,611)
Net assets		967,436	824,745	875,753
Represented by:				
Share capital		489,961	482,703	482,703
Treasury shares		(421)	(25,264)	(25,264)
Special distributable reserve		597,366	607,235	600,069
Capital reserve		(113,804)	(228,646)	(174,836)
Interest rate swap reserve		(5,666)	(11,283)	(6,919)
Revenue reserve		-	-	-
Equity Shareholders' funds		967,436	824,745	875,753
Net asset value per share	6	78.1p	68.9p	73.1p

# Half Yearly Condensed Consolidated Statement of Changes in Equity

For the half year ended 30 June 2014

	Share Capital £'000	Treasury Shares £'000
Half year ended 30 June 2014 (unaudited)		
At 1 January 2014	482,703	(25,264)
Issue of treasury shares	7,258	24,843
Net profit for the period	-	-
Other comprehensive income	-	-
Dividends paid	-	-
Transfer in respect of gains on investment properties	-	-
Transfer from special distributable reserve	-	-
At 30 June 2014	489,961	(421)
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)
For the year ended 31 December 2013 (audited)		
At 1 January 2013	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	-	-
At 31 December 2013	482,703	(25,264)

Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Total £'000
600,069	(174,836)	-	(6,919)	875,753
-	-	(321)	-	31,780
-	-	85,381	-	85,381
-	-	-	1,253	1,253
-	-	(26,731)	-	(26,731)
-	61,032	(61,032)	-	-
(2,703)	-	2,703	-	-
597,366	(113,804)	-	(5,666)	967,436
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
615,252	(223,231)	-	(16,634)	832,826
-	-	96,072	-	96,072
-	-	-	9,715	9,715
-	-	(62,860)	-	(62,860)
-	48,395	(48,395)	-	-
(15,183)	-	15,183	-	-
600,069	(174,836)	-	(6,919)	875,753

# Half Yearly Condensed Consolidated Cash Flow Statement

For the half year ended 30 June 2014

	Half year ended 30 June 2014 (unaudited) £'000	Half year ended 30 June 2013 (unaudited) £'000	For year ended 31 December 2013 (audited) £'000
<b>Cash flows from operating activities</b>			
Net operating profit for the period before taxation	85,381	17,998	96,072
<b>Adjustments for:</b>			
(Gains)/losses on investment properties	(61,032)	5,415	(48,395)
(Increase)/decrease in operating trade and other receivables	(547)	264	(878)
Decrease in operating trade and other payables	(255)	(342)	(1,908)
Net finance costs	4,576	4,579	9,229
<b>Net cash inflow from operating activities</b>	<b>28,123</b>	<b>27,914</b>	<b>54,120</b>
<b>Cash flows from investing activities</b>			
Purchase of investment properties	(10,479)	(18,648)	(18,648)
Sale of investment properties	-	10,450	44,200
Capital expenditure	(1,614)	(1,426)	(4,353)
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(12,093)</b>	<b>(9,624)</b>	<b>21,199</b>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of treasury shares	31,780	-	-
Dividends paid	(26,731)	(31,430)	(62,860)
Bank loan interest paid	(2,106)	(2,041)	(4,156)
Payments under interest rate swap arrangement	(2,307)	(2,281)	(4,631)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>636</b>	<b>(35,752)</b>	<b>(71,647)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>16,666</b>	<b>(17,462)</b>	<b>3,672</b>
<b>Cash balance brought forward</b>	<b>80,734</b>	<b>77,062</b>	<b>77,062</b>
<b>Closing cash and cash equivalents</b>	<b>97,400</b>	<b>59,600</b>	<b>80,734</b>
<b>Represented by:</b>			
Cash at Bank	21,920	23,214	21,639
Short term deposits	-	20,212	20,301
Money market funds	75,480	16,174	38,794
	<b>97,400</b>	<b>59,600</b>	<b>80,734</b>

# Notes to the Accounts

For the half year ended 30 June 2014

1. The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard ('IFRS') IAS 34 'Interim Financial Reporting' and, except as described below, the accounting policies set out in the statutory accounts of the Group for the year ended 31 December 2013. The condensed consolidated financial statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2013, which were prepared under full IFRS requirements.

2. Investment properties

	Half year ended 30 June 2014 £'000
Freehold and leasehold properties	
Opening valuation	1,042,728
Purchases at cost	10,479
Sale proceeds	-
Capital expenditure	1,614
Gain on revaluation to fair value	61,032
Fair value at 30 June 2014	1,115,853

The market value provided by CBRE Limited at the period end was £1,122,375,000 however an adjustment has been made for lease incentives of £6,522,000 that are already accounted for as an asset.

3. The earnings per Ordinary Share are based on the net profit for the period of £85,381,000 (30 June 2013: £17,998,000) and 1,208,004,134 (30 June 2013: 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 2014 should not be taken as a guide to the results for the year to 31 December 2014.
5. As at 30 June 2014 the total number of shares in issue is 1,238,103,880 (30 June 2013: 1,197,348,858).
6. The net asset value per ordinary share is based on net assets of £967,436,000 (30 June 2013: £824,745,000) and 1,238,103,880 (30 June 2013: 1,197,348,858) ordinary shares.

# Notes to the Accounts (continued)

## 7. Dividends

	Period to 30 June 2014	
	Rate (pence)	£'000
Dividend for the period 1 October 2013 to 31 December 2013, paid 28 February 2014	1.3125	15,715
Dividend for the period 1 January 2014 to 31 March 2014, paid 30 May 2014	0.92	11,016
		<hr/>
		26,731
		<hr/>

A dividend of 0.92p per share for the period 1 April 2014 to 30 June 2014 is payable on 29 August 2014.

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 totaling £99,000 (30 June 2013: £96,000) for the six months ended 30 June 2014, none of which was payable at the period end (30 June 2013: 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 £4,128,000 (30 June 2013: £3,753,000) of which £85,000 was administration fees (30 June 2013: £83,000). £2,117,000 (30 June 2013: £1,878,000) of this total charge remained payable at the period end.

## 9. Financial Instruments and investment properties

### Fair values

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

### Fair value hierarchy

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
30 June 2014				
Investment properties	-	-	1,115,853	1,115,853

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
30 June 2014				
Bank loans	-	229,698	-	229,698

The lowest level of input is the interest rate payable on each borrowing which is a directly observable input.

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
30 June 2014				
Interest rate swap	-	(5,666)	-	(5,666)

The lowest level of input is the three month LIBOR yield curve which is a directly observable input.

There were no transfers between levels of the fair value hierarchy during the six months ended 30 June 2014.

Explanation of the fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Use of a model with inputs (other than quoted prices included in level 1) that are directly or indirectly observable market data.

Level 3 – Use of a model with inputs that are not based on observable market data.

The fair value of investment properties is calculated using unobservable inputs as described in the annual report and accounts for the year ended 31 December 2013.

**Sensitivity of measurement to variance of significant unobservable inputs:**

A decrease in the estimated annual rent will decrease the fair value.

An increase in the discount rates and the capitalisation rates will decrease the fair value.

There are interrelationships between these rates as they are partially determined by the market rate conditions.

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

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

10. Capital Commitments

The Group has entered into a forward funding commitment and two forward commitments to purchase three pre-let assets at Aberdeen Gateway Business Park for a total commitment of up to £48.3 million. Under the forward funding commitment consideration is payable in instalments as construction progresses. Consideration for the two assets purchased under forward commitment agreements is payable on completion. As at 15 August 2014, a total of £19.5 million has been paid in relation to these commitments.

11. Financing

The Company has fully utilised all of the £80 million facility in place with Lloyds Banking Group plc which expires in June 2015 and hence is included in current liabilities.

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 2014 is £1,413,000 (June 2013: £3,013,000).

The Company has fully utilised all of the £150 million facility in place with Barclays Bank plc which expires in May 2018.

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 2014 is £4,253,000 (June 2013: £8,270,000).

12. 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 Nominee Limited, a company incorporated in Guernsey whose principal business is that of a nominee company.

The Company owns 100% 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% 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 2013. At the end of the period, there was a change of control of the Investment Manager resulting from the acquisition of Ignis Asset Management Limited by Standard Life Investments (Holdings) Limited. Following detailed discussions between the Company's directors and representatives of Standard Life Investments, the Board consented to this change of control, having received assurances regarding the retention of the team involved in the management and administration of the Company. The continuity which this provides mitigates the risk associated with the change of control. Other than this, 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 2014

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

20 August 2014

# Corporate Information

## Directors (all non-executive)

Christopher Hill (Chairman)  
Christopher Fish (retired 17 June 2014)  
Ken McCullagh (Chairman of Audit Committee)  
Sandra Platts  
John Robertson  
Andrew Wilson (Senior Independent Director)

## UK Sponsor and Legal Advisors

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

Maples Teesdale LLP  
30 King Street  
London EC2V 8EE

## Registered Office

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

## Registrar

Computershare Investor Services (Guernsey) Limited  
Natwest House  
Le Truchot  
St Peter Port  
Guernsey GY1 1WD

## Registered Number

45387

## Principal Bankers and Lenders

Barclays Bank plc  
Quay 2  
139 Fountainbridge  
Edinburgh EH3 9QG

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

## Administrator and Secretary

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

## Property Valuer

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

## Investment Manager

Ignis Fund Managers Limited  
50 Bothwell Street  
Glasgow G2 6HR

## Corporate P.R. Advisor

FTI Consulting Limited  
200 Aldersgate  
Aldersgate Street  
London EC1A 4HD

## Independent Auditors

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

## Corporate broker

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

## Guernsey Legal Advisors

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

## Website

[www.ukcpt.co.uk](http://www.ukcpt.co.uk)



Ignis Fund Managers Limited does not accept liability for any claims or losses of any nature arising directly or indirectly from use of the data or material in this report. The information supplied is not intended to constitute investment, tax legal or other advice.

Ignis Asset Management is the trading name of the Ignis Asset Management Limited group of companies which includes Ignis Asset Management Limited, \*Ignis Investment Services Limited and \*Ignis Fund Managers Limited. Issued by Ignis Fund Managers Limited. Registered in Scotland Number SC085610. Registered Office: 50 Bothwell Street, Glasgow G2 6HR

\*Authorised and regulated by the Financial Conduct Authority.

Ignis Asset Management Limited and its subsidiaries are part of the Standard Life Investments group (Standard Life Investments (Holdings) Limited and its subsidiaries).

#### **Contact:**

Ignis Fund Managers Ltd  
50 Bothwell St  
Glasgow G2 6HR

Call: **0141 222 8011**

Web: [www.ukcpt.co.uk](http://www.ukcpt.co.uk)