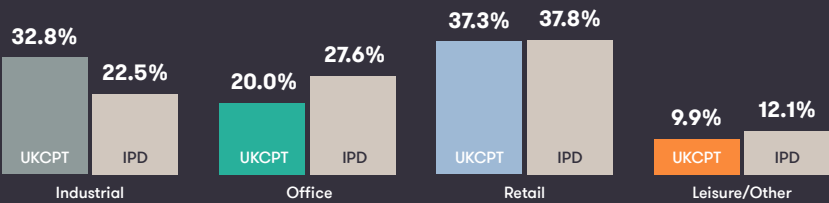


**INTERIM
REPORT & ACCOUNTS**
for the half year ended 30 June 2017



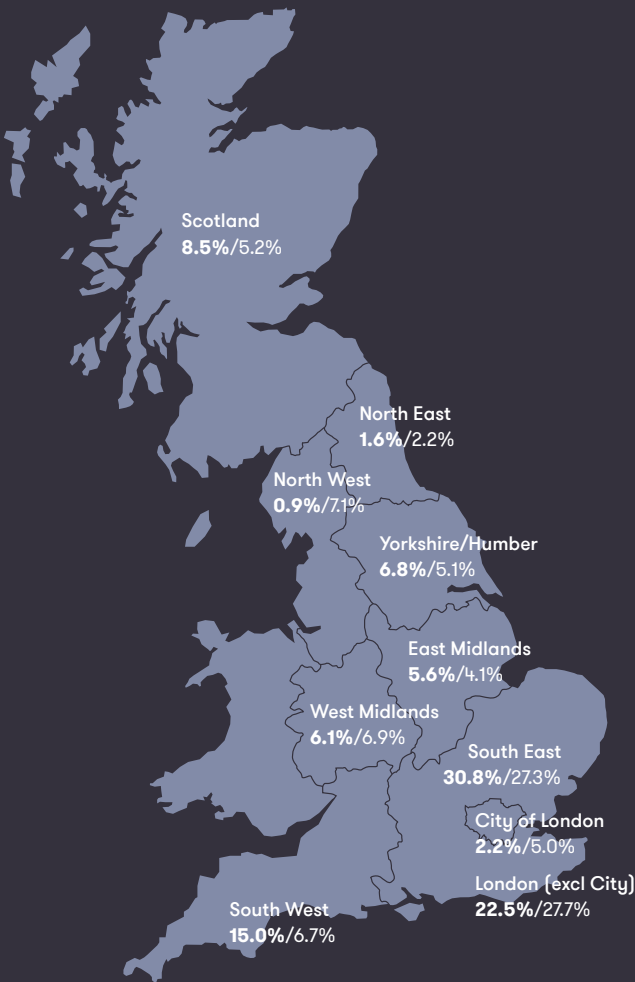
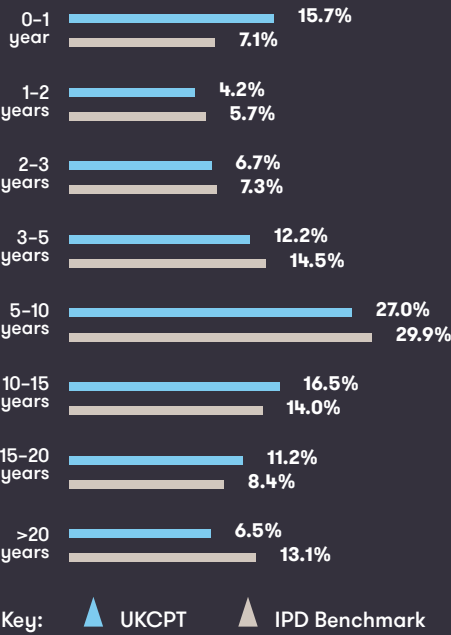
UKCPT PORTFOLIO IN NUMBERS
AS AT 31 DECEMBER 2016

1 SECTOR SPLIT
VS IPD BENCHMARK
(based on market value)



2 GEOGRAPHIC SPLIT
vs IPD BENCHMARK
Key: UKCPT/IPD Benchmark

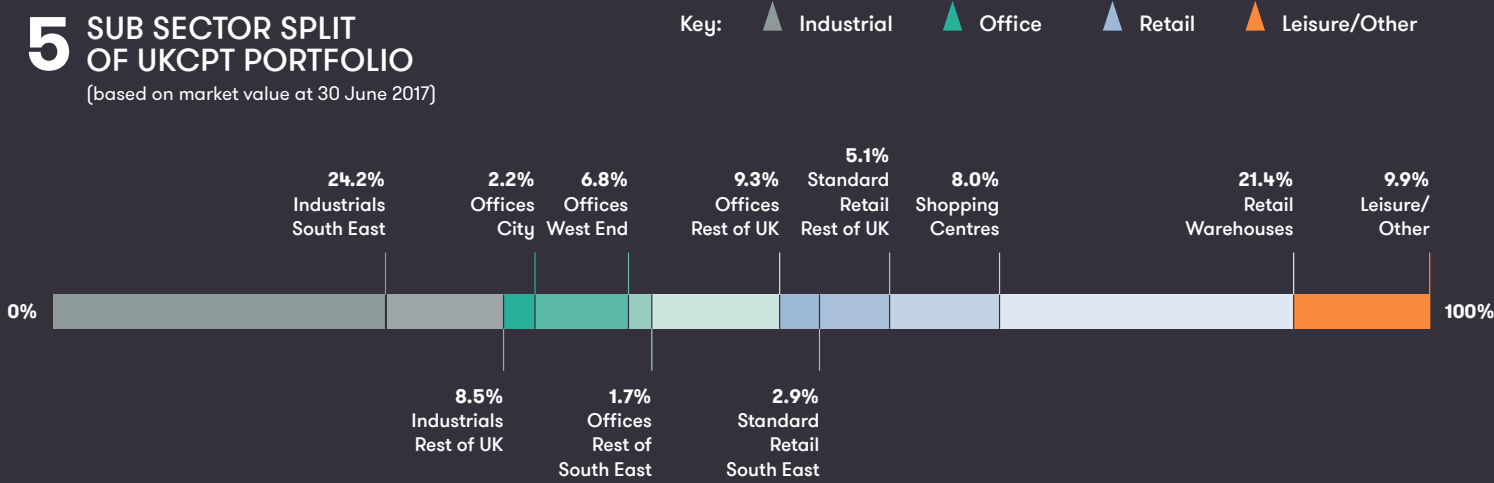
3 LEASE EXPIRY PROFILE



4 TOP 10
TENANTS
BY RENT

Company	CINEWORLD GROUP PLC	TOTAL E&P UK LIMITED	ODEON CINEMAS LIMITED	DSG RETAIL LIMITED
Primary sector	Leisure	Industrial	Leisure	Retail Warehouse
% of Passing rent	2.6%	2.7%	2.7%	2.9%
IPD Risk band	Negligible	Negligible	Low/Medium	Negligible

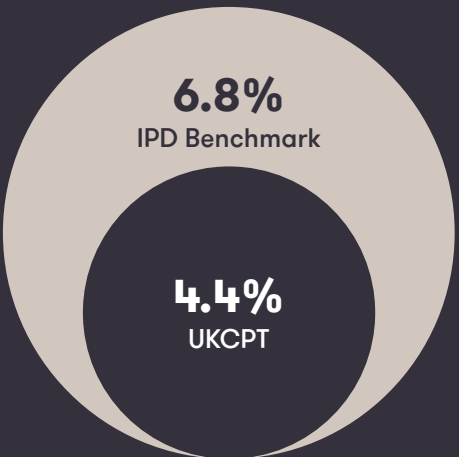
5 SUB SECTOR SPLIT
OF UKCPT PORTFOLIO
(based on market value at 30 June 2017)



6 NO OF PROPERTIES, TENANCIES
AND AVERAGE PROPERTY VALUE



7 OVERALL VOID RATE
(based on ERV)



MARKS & SPENCER PLC	SONY	SAINSBURY'S including Argos	OCADO LIMITED	PUBLIC SECTOR	B&Q PLC
Industrial	Office	Retail Warehouse	Industrial	Office	Retail Warehouse
3.1%	3.1%	3.8%	3.9%	4.8%	5.8%
Negligible	Negligible	Negligible	Low	Negligible	Negligible

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TO BE
UPDATED

COMPANY SUMMARY

An overview

The Company	The Group	Objectives
<p>UK Commercial Property Trust Limited (“the Company”) is an authorised closed ended, Guernsey registered investment company which was launched on 22 September 2006.</p>	<p>The Group consists of the Company and its subsidiaries.</p>	<p>The investment objective of the Company is to provide ordinary shareholders with an attractive level of income together with the potential for capital and income growth from investing in a diversified portfolio of UK commercial properties. The investment policy of the Company is set out on page 11.</p>
<p>The Company has a single class of share in issue, which is premium listed on the official list and traded on the London Stock Exchange.</p>	<p>The subsidiaries are disclosed in note 10 to the audited financial statements and include; UK Commercial Property Finance Holdings Limited (UKCPFH), 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) and UK Commercial Property Estates Limited (UKCPEL) and are incorporated in Guernsey. Brixton Radlett Property Limited (BRPL) is a company incorporated in the UK. The principal business of UKCPFH, UKCPEL, BRPL 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 UKCPFH and UKCPEH are that of a holding company.</p>	<p>Management</p> <p>Standard Life Investments (Corporate Funds) Limited is the Investment Manager of the Group.</p>
<p>The Company has an indefinite life, subject to periodic continuation votes, and was incorporated on 24 August 2006. The next periodic continuation vote is scheduled for the first quarter of 2020.</p>	<p>The limited partnership, UKCPT Limited Partnership, (“the GLP”) is a Guernsey limited partnership. UKCPH and the GP have a partnership interest of 99 and 1 per cent respectively in this entity.</p>	<p>Further details of the management contract are provided in the Notes to the Accounts.</p>
	<p>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.</p>	<p>ISA Status</p> <p>The Company’s shares are eligible for ISA investment.</p>

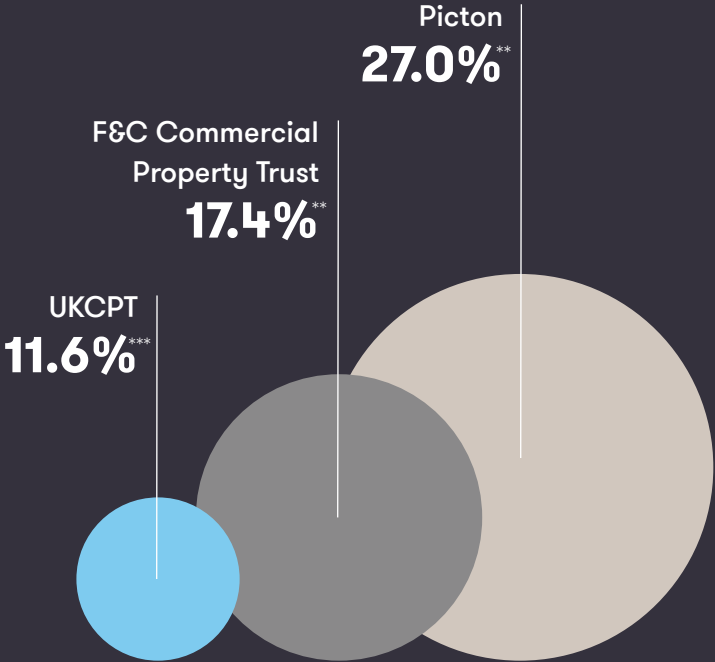
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under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

FINANCIAL HIGHLIGHTS

▲ NAV TOTAL RETURN
NAV total return of 5.3% – Robust return against a background of slowing growth in the property market



▲ NET GEARING
Net gearing of 11.6%, remaining one of the lowest in the Company’s peer group



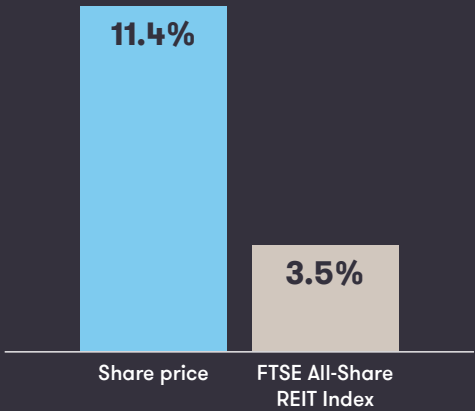
** As of 30 June 2017 *** As defined in the Performance Summary on page 6



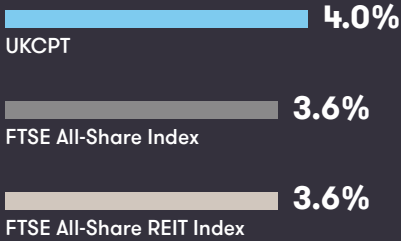
▲ AVAILABLE FOR INVESTMENT
Significant uncommitted cash resources of £50 million available for investment at period end plus another £50 million available from Company’s revolving credit facility



▲ SHARE PRICE TOTAL RETURN
Strong share price total return of 11.4% as Company’s shares re-rated from a discount to a premium in the period. Compares favourably to FTSE All-Share REIT Index total return of 3.5%



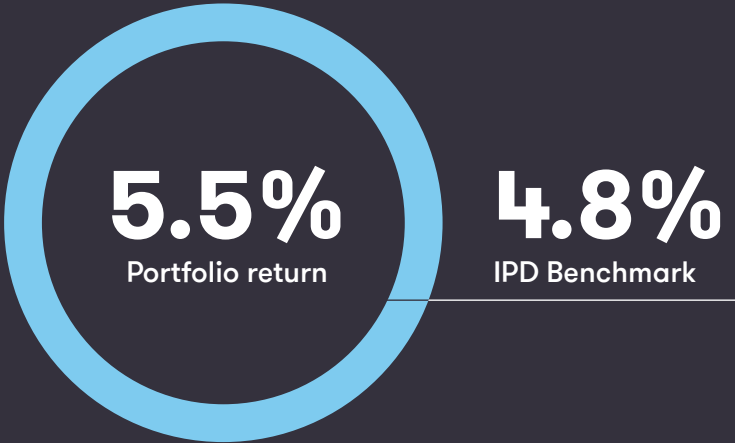
▲ DIVIDEND YIELD
Attractive dividend yield of 4.0% v FTSE All-Share Index yield of 3.6% and FTSE All-Share REIT Index yield of 3.6%



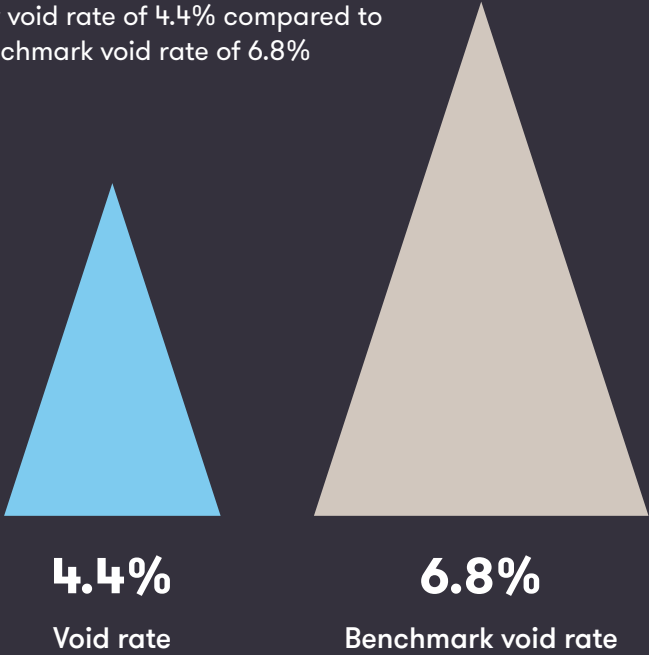
▲ DAILY LIQUIDITY
Good liquidity in UKCPT’s shares with 1.8 million traded daily in six months to 30 June 2016

PORTFOLIO HIGHLIGHTS

▲ PORTFOLIO TOTAL RETURN
Above benchmark portfolio total return of 5.5% v IPD benchmark return of 4.8% driven by Company’s above benchmark exposure to Industrial sector



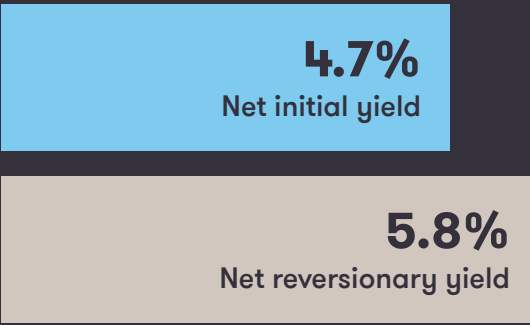
▲ VOID RATE
Low void rate of 4.4% compared to benchmark void rate of 6.8%



▲ RENT COLLECTION
99% of rent collected within 21 days underlining strength of tenant base



▲ PORTFOLIO YIELD
Portfolio yield of 4.7% with reversionary yield of 5.8% highlighting reversionary nature of portfolio



▲ PORTFOLIO VALUE
£1.3 billion Portfolio value diversified by sector and geography



PERFORMANCE SUMMARY

	30 June 2017	31 December 2016	% Change
CAPITAL VALUES AND GEARING			
Total assets less current liabilities (excl bank loan & swap) £'000	1,406,632	1,372,926	2.5
Net asset value per share (p)	88.9	86.2	3.1
Ordinary share price (p)	92.15	84.5	9.0
Premium/(Discount) to net asset value (%)	3.7	(2.0)	n/a
Gearing (%) — Net*	11.6	11.4	n/a
Gearing (%) — Gross**	17.8	18.2	n/a

	6 month % return	1 year % return	3 year % return	5 year % return
TOTAL RETURN				
NAV†	5.3	7.2	29.6	61.3
Share Price†	11.4	33.6	28.9	71.0
MSCI (IPD) Balanced Monthly and Quarterly Funds	4.8	5.8	32.8	61.2
FTSE All-Share REIT Index	3.5	9.2	19.6	78.3
FTSE All-Share Index	5.5	18.1	23.9	65.2

	30 June 2017	30 June 2016
EARNINGS AND DIVIDENDS		
EPRA Earnings per share (p)	1.73	1.73
Dividends declared per ordinary share (p)	1.84	1.84
Dividend Yield (%)‡	4.0	5.1
IPD Benchmark Yield (%)	5.0	5.0
FTSE All-Share REIT Index Yield (%)	3.6	3.7
FTSE All-Share Index Yield (%)	3.6	3.7

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

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

† Assumes re-investment of dividends excluding transaction costs.

‡ Based on an annual dividend of 3.68p per share and the share price at 30 June.

Sources: Standard Life Investments, MSCI Investment Property Databank (“IPD”)

UKCPT is financially well positioned for the current environment, with low gearing, significant financial resources available for investment and an attractive dividend yield.



▲ 5.3%

NAV Total Return for six month period of 5.3%

▲ 11.4%

Share price total return of 11.4%

▲ £69.1m

Portfolio passing rent £69.1m

“The Company is in a strong financial position with low gearing and significant resources for further investment should opportunities arise. Combined with an Investment Manager who has a proven track record of delivering successful asset management initiatives, I continue to believe that your Company has the strong foundations required to create value for shareholders.”

Andrew Wilson
Chairman

CHAIRMAN’S STATEMENT

PORTFOLIO PERFORMANCE

5.5% UKCPT Portfolio Total Return

4.8% IPD Benchmark Total Return

I am pleased to report that the positive performance that your Company delivered in 2016 has continued into the first six months of 2017. Against a background of heightened political uncertainty, UKCPT’s portfolio has again produced above benchmark returns as a number of portfolio initiatives, combined with judicious sales and acquisition activity, have secured long-term income and driven value. This performance has contributed to a strong return for shareholders in the period, with the Company’s shares trading at a premium to Net Asset Value (“NAV”).

Over the period, the Company’s portfolio generated a total return of 5.5%, significantly ahead of the IPD benchmark return of 4.8%. The property market has stabilised following the volatility surrounding the EU referendum and has delivered solid income-led returns. The industrial sector, where the Company has an overweight exposure of 10 per cent. versus the IPD benchmark, was the main driver of performance. Property also offers an attractive elevated yield compared with other asset classes. Against this backdrop, UKCPT was well positioned in the period with its portfolio, diversified geographically and across all the main sectors, delivering a number of successful asset management initiatives.

The sale of 13 Great Marlborough Street, London in January allowed management to both crystallise profit from the asset, as well as recycle the proceeds into higher-yielding assets in line with the Company’s strategy. This included an industrial development at Burton upon Trent, which was completed after the period end, and an office in Sheffield which, taken together, generate a yield of 5.4% compared to the 3.3% yield from Great Marlborough Street. Both of these acquisitions are let on long leases, of 15 and 22 years respectively, to tenants with strong covenants and have guaranteed inflation-linked uplifts in rent. The portfolio now comprises xx% of long dated secure income often with inflation linked rent reviews which provides a balance to the shorter-term leases which have greater asset management opportunities. It should also be highlighted that our retail portfolio, the majority of which is in good, out of town, retail warehouse parks, also generated above benchmark returns.

The positive portfolio performance was the main contributor to a NAV total return for the period of 5.3%. This attractive return helps highlight the defensive qualities of UKCPT with its strong balance sheet, low gearing and low void rate combined with a secure tenant base that pays 99% of rents within 21 days.

Over the period, the Company’s share price total return was a commendable 11.4% compared to a return of 3.5% on the FTSE All-Share REIT index. The Company’s shares re-rated from a 2% discount to NAV at the year end to a 3.7% premium as at 30 June, as investors sought the stable income return our portfolio offers. This return also compares favourably to the wider equity market, with the FTSE All-Share Index delivering a total return of 5.5% in the period.

Over the longer term, the Company has also performed well. Since inception in September 2006, driven by above-benchmark portfolio returns, the Company has delivered a NAV total return of 72.3% and share price total return of 75.7% both considerably in excess of the wider FTSE All-Share REIT index which returned -11.8% over the same period.

Borrowings and Cash

UKCPT is financially well positioned for the current environment. As at the period end the Company’s net gearing was 11.6% (gross gearing 17.8%), one of the lowest in the Company’s immediate peer group and the wider REIT sector. The interest rate on this gearing is fixed at an attractive 2.89% per annum with an average maturity profile of 5.5 years. As capital values are expected to come under pressure, low gearing remains a sensible defensive strategy. Additionally, UKCPT has significant financial resources with £50 million of uncommitted cash and a further £50 million revolving credit facility available to utilise. This will allow the Investment Manager to take advantage of opportunities that could arise in the current market environment and invest in income-accretive acquisitions that will further boost dividend cover, which was 94% for the six month period.

Dividends

UKCPT declared and paid its shareholders the following dividends in the six month period to 30 June 2017.

	Payment date (2017)	Dividend per share [p]
Fourth interim for prior period	Feb	0.92
First interim	May	0.92
TOTAL		3.68

A second interim dividend of 0.92p was declared on 28 July and paid on 31 August 2017. This equates to a dividend yield of xx% as at 31 August 2017 and compares favourably with the yield on the 10 year gilt (x%), the FTSE All-Share Index (xx%) and, from a property perspective, the FTSE REIT index (xx%) as at the same date. In an environment where interest rates are expected to remain at historically low levels for the foreseeable future, the demand for attractive but secure income continues unabated. The yield differential that the shares of UKCPT offer, derived from a well-diversified prime portfolio of UK commercial property, is a positive foundation for future returns.



Distribution warehouse
Burton upon Trent

CHAIRMAN’S STATEMENT
Continued

Against a background of heightened political uncertainty, UKCPT’s portfolio has again produced above benchmark returns as a number of portfolio initiatives, combined with judicious sales and acquisition activity, have secured long-term income and driven value. This performance has contributed to a strong return for shareholders in the period, with the Company’s shares trading at a premium to Net Asset Value (“NAV”).

REIT Conversion

In its 2016 annual report, the Company stated that it was actively considering joining the UK REIT regime as a result of the proposed restrictions on interest deductions for non UK resident property companies. These restrictions would be likely to result in income tax being paid (the current rate being 20%) on the net rental profits of the Company within the next few years were the Company to maintain its current structure. Since then, the Company has liaised with a number of shareholders on this issue. Following these discussions, the Company has received from Phoenix Life Limited, its largest shareholder, an indication of support for REIT conversion, should the Board decide that is the best course of action for the Company and shareholders as a whole. The Company continues to progress its evaluation of the implications of entering the UK REIT regime and expects to make a final decision before the end of 2017.

Shareholders will be updated at that time and, if the decision is taken to convert, it is likely that the date of this conversion will be early in the second quarter of 2018.

It should be highlighted that if the decision is taken to convert to a REIT, then, similar to most of its peer group, the Company will come onshore for tax purposes but will remain a Guernsey registered company. This would mean that the “situs” of the Company’s shares, for UK tax purposes, will remain in Guernsey such that distributions made by the Company would be deemed Guernsey sourced income.

Investment Manager

The Board notes the recently completed merger between Standard Life and Aberdeen Asset Management. It is too early in the integration process of the two companies to comment on what, if any, implications this will have for the Company. The Board continues to monitor developments very closely.

Outlook

The UK continues to be caught in a period of political uncertainty. The indecisive result of the UK general election has added a further layer of complexity to the Brexit negotiations and has resulted in an uncertain political environment the likes of which has not been seen in this country for decades. While the economy seems to have shrugged off the outcome of the election, the depreciation of sterling following the decision to leave the EU has increased inflation, weakened consumer confidence and led to a slowdown in the economy. This has resulted in a number of UK GDP growth forecasts recently being pared back, among them being that of the Bank of England which cut its 2017 forecast from 1.9% to 1.7%.

In relation to the UK real estate market, a level of normality has returned following the volatility experienced after the Brexit vote, with the sector continuing to provide a yield profile that is attractive when compared with other asset classes. In addition, the fundamentals of the sector remain strong compared to previous cycles with lending to the sector at a lower level than in 2007/2008, relatively limited development, lower vacancy levels and liquidity in the market with investment volumes above the long term average. In this environment the steady, secure income component of a portfolio, with an elevated yield that continues to provide a significant margin compared to other asset classes, is likely to be the key driver of returns.

Set against this, UKCPT, with its many defensive qualities, is well positioned for the future. The portfolio is prime in nature, which should be beneficial in the current risk-averse environment. It is also well diversified both in terms of sector and geography, with an overweight exposure to the Industrial sector (33% of the portfolio), which is expected to be the best performing sector over the medium term. Geographically, the portfolio has limited exposure to the City of London (2.2% of the portfolio), which is forecast to be one of the weakest markets due to the uncertainties over how Brexit will affect the financial services industry, a major employer in London. Furthermore, the Company has limited voids which, combined with a strong tenant base and rent collection profile, underpins the Company’s attractive dividend yield in a world where secure income is still very much in demand. The Company is in a strong financial position with low gearing and significant resources for further investment should opportunities arise. Combined with an Investment Manager who has a proven track record of delivering successful asset management initiatives, I continue to believe that your Company has the strong foundations required to create value for shareholders in an uncertain environment.

Andrew Wilson
Chairman
19 April 2017

We’ve outperformed our benchmark for the year, which is further evidence that the portfolio repositioning is bearing fruit and has put the Company in a strong position to continue delivering sustainable income.

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UPDATED



Will Fulton
Fund Manager

Market Review

Over the 12 months ending December 2016, All Property recorded a 3.6% total return as measured by MSCI/IPD’s Balanced Monthly & Quarterly Index. Compared to the 1.6% recorded for 2015 and, following a number of years of strong growth, this reduction was generally anticipated, albeit performance accelerated as a result of the EU Referendum result. This lower return represents a transition from a capital growth cycle where income dominates – a move away from strong London and South East of England returns to a market where industrial and long-dated leases are king.

Investment volumes over the year, though down from a £70 billion peak in 2015, remained healthy at £50 billion; it was interesting to see this split more or less evenly between the first and second halves of the year, either side of the EU Referendum. Overseas investment boosted the total, accounting for 43%, with many of those investors attracted by both cheaper sterling and the relative safe haven status of the UK.

Despite the UK government unexpectedly raising Stamp Duty Land Tax in the March 2016 Budget, effectively reducing commercial values by 1%, the first half of the year saw capital maintained – the outcome of the EU Referendum on 23 June was too close to the half year valuation point for the Industry’s valuers to gauge any impact and so their 30 June 2016 figures were caveated with an “uncertainty” clause. The market then fell in the third quarter by 2.5%, valuations largely remaining caveated for uncertainty, only to recover by 1.1% in the final quarter. Overall there was a 1.2% market capital decline in 2016, a year in which the income element of total return remained stable at 4.9%. As for the equity markets, the FTSE All-Share and the FTSE 100 total returns were 16.8% and 19.0% respectively over the calendar year whilst listed real estate equities produced a negative total return of 8.5%.

TOTAL RETURN INDEX



Key: ▲ UK Property shares ▲ UK Property ▲ UK Gilts ▲ UK Equities
Source: Thomson Reuters, IPD, Standard Life Investments

Review by Sector

Retail – Polarised

Retail remained the laggard of the sectors, recording a total return of 1.6% in the 12 months to the end of December 2016. Retail capital growth continued to be weak with values falling by 3.5% over the year and, whilst rents were fairly stable, retail rental growth continued to be considerably weaker than the other two major sectors at 0.5%. This was well below office rental growth at 3.2% and industrial at 3.9%.

Christmas trading was broadly reasonable with most sectors recording an increase in sales compared to last year. There were increases in clothing and footwear (albeit from subdued levels previously), personal goods, food and beverage and leisure

and department stores. In contrast, household goods sales were down on the previous year. However, despite the improvement in the value of sales (£ taken), the quantity of goods bought fell which could be down to price increases feeding through via the weakness of sterling and also less discounting in the sector. Consumer confidence remains at relatively low levels and the forward looking indicators for consumer spending, together with actual figures for the three months to the end of February 2017 showing non-food sales at a five year low, suggest that retailers face a more challenging environment in the year ahead. The pressures include higher import prices impacting margins and more forceful cost pressures from the National Living Wage, increased business rates, particularly in London and parts of the South East, higher inflation and, potentially, interest rate increases.

Office – Investment activity rebounds in Central London

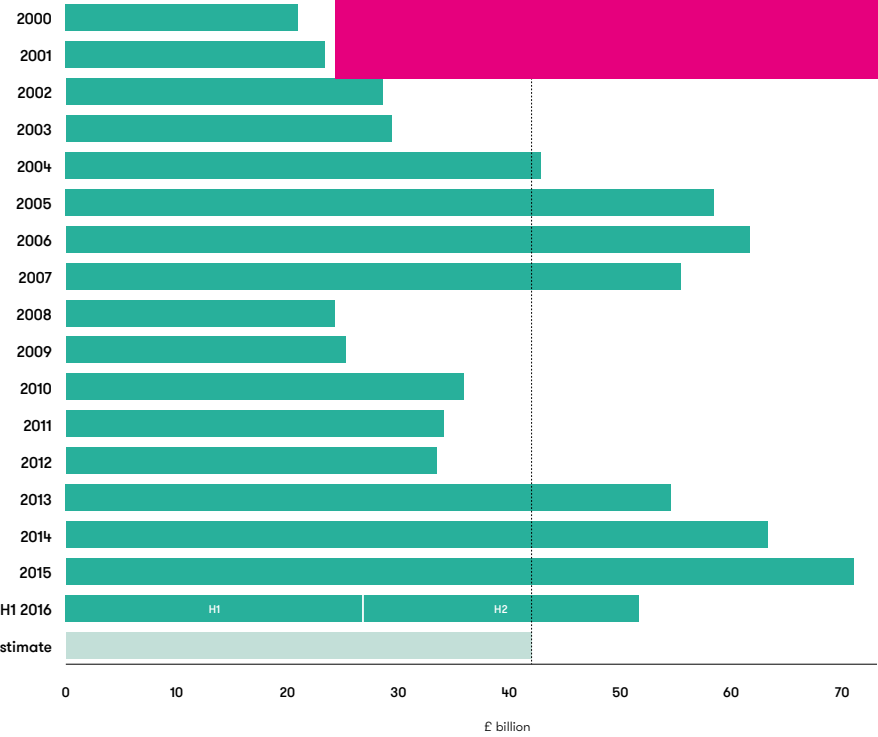
In the UK office market, Central London offices experienced the most noticeable slowdown in 2016 compared to the double digit growth the sector delivered in the previous year. Total office returns of 2.4% were recorded over 2016 reflecting pessimistic sentiment following the Referendum vote to leave the EU on top of forecasts which, in the first half of the year, were already switching off any yield price improvement. Through the year, overall, office capital values reduced by 1.6%. Inner London recorded the highest rental growth at 5.2% followed by the South West of the UK and the West End. Yorkshire & Humberside and Scotland witnessed the lowest performance with the city of Aberdeen a key element behind Scotland’s weaker office performance impacted by its uncertain and dominant oil industry.

The Referendum uncertainty also dampened occupier activity in the office markets, particularly in terms of the outlook for Central London with

announcements, and much media speculation, that some of the large investment banks may start to move a proportion of their staff outside the UK. Generally across Central London and the South East office markets, occupiers have been cautious lately and hence take-up has been below the long term average. Rental incentives have also started to increase to entice occupiers.

Despite this slowdown in growth, office investment accounted for 43% of overall investment activity in 2016. Central London, where activity rebounded in the final quarter from the low levels witnessed in the third quarter, had the largest share of the overall investment pie at 27% (the same level as 2015). Overseas investors, the majority from the US, Hong Kong, China, Canada and Singapore, continued to account for a significant share of Central London activity in 2016 at close to 70% of all investment in the capital. Office investment outside Central London accounted for 16% of overall activity (up slightly on the 14% share in 2015).

UK PROPERTY INVESTMENT ACTIVITY



Key: ▲ Central London office ▲ Average of estimate from Jones Lang LaSalle and Savills

Source: Propertydata, Standard Life Investments

“
With a strong balance sheet and cash resources available, we will look to invest prudently into further new income accretive opportunities over the course of the year.

▲ 10.8%

Industrial assets delivered a total return

▲ – Strong returns in the Industrial

Industrial sector continues to demonstrate its strength in the current environment. According to the MSCI/IPD Balanced Monthly & Quarterly Index, the industrial sector delivered a total return of 7.3% with capital values having risen by 2.0% on a 12 month basis to the end of December 2016. In comparison, values for assets in the retail and office sectors fell by 3.5% and 1.6% over the same time frame. Industrial rents rose by 3.9% and significantly outperformed all property as a whole.

The sector fundamentals continue to look attractive with demand, driven by retailers’ stronger online sales growth requiring more distribution space, having reduced supply earlier than expected, leading to higher rental growth expectations. As building costs increase, supply should be kept under control which will act to balance take-up in the year ahead. For the wider industrial sector, the pace of manufacturing and industrial activity has held up well due to the weaker pound translating into significantly more letting activity and government incentives to support the sector in the event of the UK leaving the EU.

INVESTMENT MANAGER REVIEW

Continued

Portfolio Performance

As identified in our review of the market, real estate returns were lower for 2016 than in recent years. Against this backdrop it is pleasing to report that the Company's real estate portfolio outperformed its IPD benchmark, generating a total return of 4.4% for the year against 3.6% for its benchmark. An income return of 4.8% countered a decline in capital growth of 0.3%. At 31 December 2016 the portfolio was externally valued by CBRE at £1.28 billion.

The dominant driver of performance was the Company's South East industrial portfolio – both from the tailwind impact of being intentionally overweight in the sector, by 10.8%, following the 2015 repositioning exercise, and from out-performance from the portfolio's specific properties against other industrials in the benchmark.

Profit from the Company's two office sales also boosted performance whilst a dampener on what would otherwise have been far stronger outperformance came from the Company's shopping centre portfolio which, particularly at Swindon following the loss of the Company's only BHS store, created a material drag.

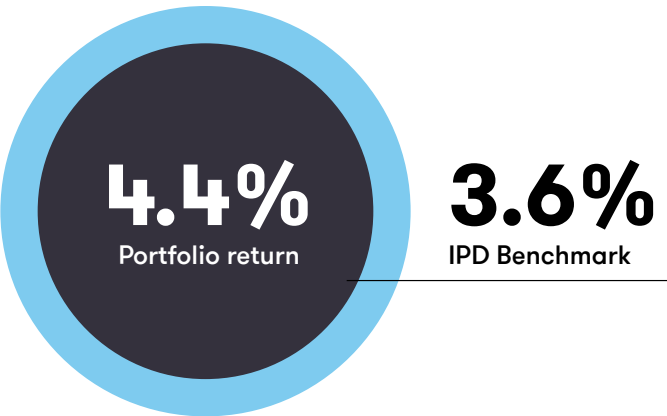
Projecting forward to a period of slowing capital growth across the whole market, the more prime nature of the Company's portfolio should stand it in good stead to deliver sustainable income, better protect capital, and, with cash resources available, acquire new stock fit for the economic environment.

The table below sets out the components of total return of the Company and of the benchmark in each sector for the year to 31 December 2016:

Total Return 2016						
	Fund %	Benchmark				
▲ Industrial	10.8					
▲ Office	5.1					
▲ Retail	-1.2					
▲ Leisure/Other	3.9					
TOTAL	4.4	3.6	4.8	4.9	-0.3	-1.2

Source: IPD, Standard Life Investments

TOTAL PORTFOLIO RETURN



Industrial

with the wider market, the sector was the Company's performer in 2016, boosted by a positive asset management leasing and profit from the sale of Dolphin on its Dolphin Industrial in Shrewsbury, being allocated to the return.

The Company has a good mix of prime UK distribution warehouses and multi-tenant estates, the latter focused on tenants of the compass in and around London. This dynamic portfolio delivered a return of 10.8%, outperforming the benchmark of 7.3% for the year. In the final quarter of the year the 160,000 sq ft industrial unit formerly occupied by B&Q at Ventura Park, Radlett (north M25), fell vacant, increasing overall portfolio vacancy to 3.7%, still well below the benchmark vacancy rate of 6.9%. Agents report good interest from distribution operators looking to lease the building.

Office

The Company's well located portfolio of office investments provided a total return of 5.1% against the benchmark of 2.4% for 2016. City of London exposure, of most concern from potential Brexit fallout, was limited to one asset. Whilst this asset accounted for only around 2% of the Company's whole portfolio it outperformed its IPD City of London benchmark, assisted by leases agreed during the period increasing several rental levels in the holding from £31 psf to circa £53 psf. The Company's West End of London office assets, namely Craven House in Soho, 13 and 15 Great Marlborough Street, and 6 Arlington Street in St James's, significantly outperformed their IPD benchmark at 2.6%, aided by profit on the Q2 sale of 6 Arlington Street. The regional office holdings in Bristol, Newcastle and Birmingham also helped drive performance.

Retail

The IPD retail sector, with the exception of Central London, underperformed the market in 2016. The Company has a marginal underweight retail position compared to its benchmark but its exposure is still significant at 37% of total portfolio value. Overall total return for the Company's retail stock was -1.2% against 1.6% for the benchmark.

It is worth delving a little deeper into the generators of this performance and highlighting three very different sub-sectors, or types, of stock held, particularly as, when the shopping centres in Swindon and Shrewsbury are excluded from the calculations the overall retail performance in 2016 increases demonstrably from -1.2% to +4.2%.

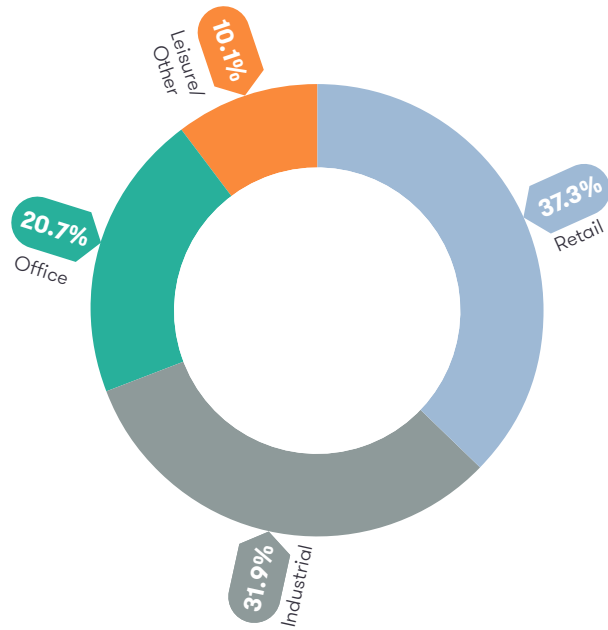
The Company's largest exposure, 59% of the retail total, is to a set of well let principally prime retail parks most of which are classified as "Bulky" – so called as town planners allocate these to the sale of bulky retail goods; many commentators feel these bulky parks are more resilient to competition from online retailing, compared to their "Fashion" retail park peers. Collectively, these provided the Company with a healthy 5.3% income return.

The second sub-sector, accounting for 14% of our retail exposure, is that of regional shopping units, where the Company has a prime portfolio of assets in good locations in Manchester, Edinburgh and Exeter. Through positive asset management in these prime locations this sub-sector delivered an excellent total return of 14% for the Company compared to 1.4% benchmark.

The third sub-sector is shopping centres where the Company's holdings in Swindon and Shrewsbury account for 20% of retail exposure, or 7% of the total portfolio. The value of these assets dropped by 20% through the year, with the largest impact felt at Swindon mainly due to the loss of BHS as an anchor tenant at The Parade Shopping Centre.

The ongoing short term strategy for these shopping centres is to maintain and, where possible, improve the net operating income at each centre.

In Shrewsbury, at the Charles Darwin Centre, work on the refurbishment of the main mall has recently completed, transforming the appeal of this area to shoppers and retailers. This, together with the creation of a new anchor unit for Primark, also recently completed and handed over for them to carry out their shop fit, will, aside from improving net operating income in its own right, significantly improve the attractiveness of this shopping centre for other tenants. We expect this will create a snowball of interest, further improving net operating income in what is the Company's largest current void. Already, new lettings to Smiggle, New Look Menswear and Costa Coffee can be directly attributed to the imminent introduction of Primark and, with their opening in summer 2017, we are analysing the wider strategic options for this asset.



SECTOR SPLIT



SALES
Sales proceeds in the year represented an aggregate 14% premium to prior quarter market values.

Leisure/Other

The Company's leisure investments – Cineworld, Glasgow, The Rotunda, Kingston upon Thames and Regent Circus, Swindon experienced mixed fortunes in 2016. The cinema in Glasgow outperformed the benchmark, primarily as a result of the value created by extending Cineworld's lease length from 20 to 35 years.

This strong result was, however, offset by some stubborn vacancies amongst the food units and the out of favour supermarket component in Swindon, together with the performance of the anchor Odeon cinema at Kingston upon Thames where, despite continuing to deliver a healthy yield from a well located and popular asset, the rent is not expected to grow. Collectively during the year the Company's leisure assets returned 3.9% against the benchmark of 7.2%.

INVESTMENT MANAGER REVIEW

Continued

Investment Activity

Sales

In line with the Company’s strategy to sell assets expected to underperform in the short to medium term or where non-accretive capital expenditure requirements has the potential to undermine future performance, the Company sold its mixed-use West End asset, 6 Arlington Street, London, W1 and Dolphin House, an office in Sunbury-on-Thames, for a combined price of £45.6 million prior to the UK Referendum on EU membership, representing an aggregate 14% premium to the 31 March 2016 market value.

Sales momentum continued into early January 2017 when the Company took advantage of a special opportunity to sell one of its West End Soho office properties, 13 Great Marlborough Street, to the owner of the adjoining property. The disposal price of £30.5 million, ahead of the year end valuation, equated to a yield of 3.3%. The building is wholly leased to Sony with less than two years remaining, the sale removed short term letting risk and the need for potentially significant capital expenditure.

Purchases

No purchases were made during the year. However, shortly after the year end in early February, the Company completed the forward purchase of a pre-let 258,370 sq ft distribution warehouse development reflecting a yield on capital of 5.8%. Located beside Burton upon Trent, equidistant between Nottingham and Birmingham on the A38 dual carriageway between the M1 and M6 motorways, from which 87% of the UK population can be accessed within a legally continuous 4.5 hour HGV drive time, the tenant, Palletforce Limited, has committed to a 15 year lease at £5.58 psf, or £1.4 million per annum. The lease includes RPI inflation linked rent increases of between 1% and 3% per annum, compounded and payable 5 yearly. Having purchased the land, the balance of the total consideration of circa £22.2 million is payable when the property is fully built, scheduled for summer 2017 – a purchase in line with UKCPT’s strategy to focus its portfolio on assets that deliver a higher and sustainable income.

Asset Management Activity

During the year the Company continued its drive to strengthen income streams, extend lease lengths and add value to the portfolio. Over £6.5 million of annual income was generated after rent free periods and incentives through 44 new leases and 25 lease renewals.

It was good to witness the majority of the seven open market rent reviews within the portfolio generating rental increases this year. The most notable uplift took place at the Wembley distribution facility, Hannah Close, Neasden, let to Marks & Spencer where the rent jumped by 18% to £2.1 million per annum. Overall rent reviews achieved approximately 1% in excess of expected rental value with an increase to rental income of over £527,000 per annum.

There were nine instances of stepped or fixed increases in rent across the portfolio this year, all of which helped to increase rents by 33%, adding over £435,000 to the annual income.

TO BE
UPDATED



Junction 27
Leeds



Marks & Spencer
Neasden, Wembley



Distribution warehouse (under construction)
Burton upon Trent



Craven House
Soho, London



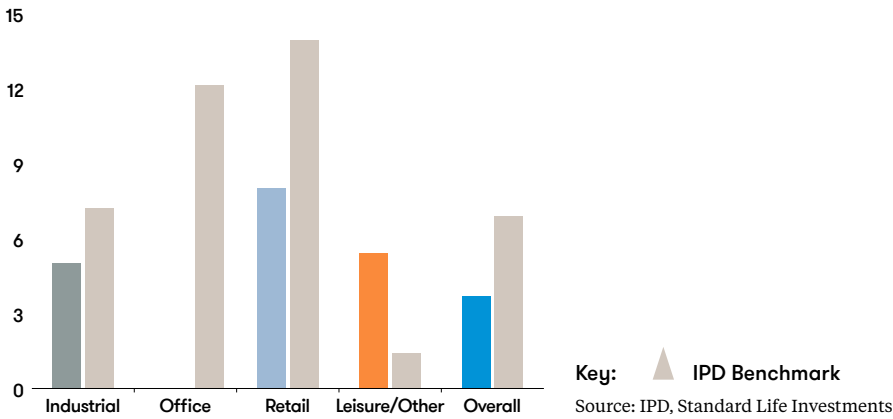
81 George Street
Edinburgh



TO BE
UPDATED

... progress is made towards the completion of Primark in Shrewsbury (handed over to Primark in early March 2017 with the scheduled for summer 2017), three lease renewals completed at the Charles Street shopping centre with Claire’s, Grape Tree and Body Shop securing £136,500 per annum of rental income, 11% ahead of ERV. Fashion retailer, Yours, also relocated and upsized to facilitate the introduction of Costa Coffee.

VOID RATE BY SECTOR



With uncertainty in the economy it was pleasing to see the Company’s continuing low void position at 31 December 2016 of 3.7% (of ERV), comfortably below the IPD benchmark void rate of 6.9%.

The Company is pleased to report that on average 99% of rent was collected within 21 days of each quarterly payment date during 2016 with a modest 0.4% of annual rent (£274,287) written off as bad debt for the year.

At Junction 27, Leeds, Dean House, trading as Betta Living, was placed into Administration in November 2016. However, following this tenant failure, new occupier tension emerged over this prime retail park unit which culminated in Carpetright agreeing an Assignment of the Dean House lease, paying the Administrator a premium, and an increased rent to the Company.

In Edinburgh, following the successful letting to Joules in the first half of the year (£320,000 per annum for 10 years) and completion of the lease to Clydesdale Bank Plc (£750,000 per annum for 20 years) in October, contracts were exchanged with Intergen UK Ltd at 81 George Street. Once refurbishment works to the second floor office suite have completed, £325,000 per annum will be secured on a new 10 year lease and Intergen will relocate from the third floor, releasing this for refurbishment in a City starved of prime Grade A city centre office stock. This ongoing active rejuvenation of the property has increased its value, added income and improved the average weighted unexpired lease length.

Just off Carnaby Street at Craven House, Soho, the company renewed the lease with the building’s occupier, Molinare TV & Film Ltd, the post-production supplier of drama and feature films including Sherlock and Netflix’s The Crown. The new rent of £1,027,250 per annum is an increase of 37% on the previous rent passing.

INVESTMENT MANAGER REVIEW

Continued

Within the Retail Warehouse sector at St George's Retail Park, Leicester, lease renewals took place with Pets at Home and Aldi securing £487,000 per annum (in line with ERV), on new long term leases of 10 and 15 years, respectively. As part of the transaction the units were 'right-sized' for the occupiers and re-clad.

In addition, contracts exchanged with Wren Kitchens and Tapi Carpets to occupy 20,000 sq ft of a new 25,000 sq ft development to be built at the reconfigured entrance to the Retail Park. The reconfiguration works will assist access and egress to the park and when the new 10 year leases complete they will generate £489,500 per annum after lease incentives. Following the year end,

in March, the final smaller unit of 5,000 sq ft has been pre-let to Laura Ashley on a term of 10 years adding a further £110,000 annual rent.

At the start of the year we let the one vacant floor at Eldon House in the City of London to Proclinical, a life sciences recruitment firm, at an annual rent of £266,000 per annum after lease incentives. The letting secured £52 psf per annum, well above the average rental level of £31 psf per annum payable at the time of acquisition. We also regeared Triglyph Property Consultants' lease, increasing rent from £41,000 per annum to £81,000 per annum, in line with market rent.



Gatwick Gate Industrial Estate
Crawley



Cineworld
Glasgow



TO BE
UPDATED

St George's Retail Park
Leicester



9 Colmore Row
Birmingham



Eldon House
City of London

In the second half of the year we agreed a 10 year term certain with existing tenant Stace LLP at an improved level of rent £340,369 per annum, including additional floor space, up from the £189,898 per annum payable under the original lease. Again, this transaction secured £53 psf per annum, up from £32.50 psf per annum payable at the time of acquisition in late 2015.

Two new lettings completed with International Logistic Group (ILG) at Gatwick Gate, Crawley, generating £360,375 per annum, which was 9% ahead of ERV have added value and removed a short term lease expiry spike in the property.

In the regions, a new eight year lease of the entire office at 1 Rivergate, Bristol, was signed with the current sub-tenant, OVO Energy Ltd, which will commence in April 2018 on expiry of the current lease to BT. An increased rent of £1,720,000 per annum will be generated, up from the previous rent of £1,540,000 per annum.

Our focus on extending lease length and improving income was delivered in Glasgow with the extension of Cineworld's lease from 20 years to an exceptionally long 35 years on its flagship cinema and also with the introduction of 1.5% per annum fixed rental increases, compounded and captured within the lease every five years. The rent passing was also increased from £1,460,000 per annum to £1,545,000 per annum.

A 10 year lease renewal took place with Turley Associates Ltd within 9 Colmore Row, a regional office building located next to Snow Hill railway station in Birmingham, at £105,150 per annum, an increase of 15% over the previous rent passing.



Despite the uncertainty associated with political wrangling, UK real estate continues to provide an elevated yield compared to other assets.

Market Outlook

TO BE
UPDATED

The steady secure income component generated by the asset class is likely to be the key driver of returns. From a sector perspective, we expect Central London offices to be the most negatively impacted sector in the near term, given the linkages to European markets via cross border trading. We expect industrial, and the best retail assets, to be comparatively resilient with potentially some growth, while long income assets should provide most resilience and our strategy is therefore aligned with this outlook.

Portfolio Strategy

Your Company aims to deliver an attractive level of income, together with the potential for capital and income growth, through investment in a diversified UK commercial property portfolio. Our strategy to achieve this combines investment, divestment, and asset management, including disciplined investment in existing stock where accretive.

UKCPT is in the fortunate position, having planned and executed a number of sales throughout the past year, of having a generous cash position of £75 million (31 December 2016) available for investment into opportunities which fit the Company's investment policy. This cash available for investment is after allowing for dividend and capital expenditure commitments and,

if opportunities arise, the Company has a further £50 million of capital available to be deployed tactically from its revolving facility.

When looking at opportunities to deploy our resources, we have increased our focus on secure income, often found in the service sectors, which we will look to acquire, provided that they have the potential to provide a high level of recurring dividend cover.

As we are also open to exploiting any opportunity in the market, across all sectors, with a large team and the ability to react quickly. As the intricacies of the UK leaving the EU unfold, we expect there to be more buying opportunities as the property market waxes and wanes.

Turning to asset management it is noticeable, when compared with the benchmark, that the Company's portfolio has a low vacancy rate (3.7%). Whilst we are very pleased with the continuance of this low rate, we aim to augment net operating income through a focused strategy on asset management and leasing activity across the portfolio whilst seeking to protect shareholders from the risk of new vacancy by negotiating lease extensions with existing tenants.

As the property market seems firmly established in a period where the fundamental attributes of property reassert themselves, where income and income growth will drive returns, we believe the Company is well positioned to meet its objective of providing shareholders with an attractive level of income, together with the potential for capital and income growth from investment in a diversified portfolio of UK commercial property.

Will Fulton
Fund Manager
Standard Life Investments
19 April 2017

Property Portfolio
by geography



PROPERTY PORTFOLIO
As at 30 June 2017



		Tenure	Sector	Principal Tenant	Value Range
PROPERTY					
1	Ventura Park, Radlett	Freehold	Industrial	DHL	Over £50m (representing 42% of the portfolio capital value)
2	Junction 27 Retail Park, Birstall, Leeds	Freehold	Retail Warehouse	DSG Retail Ltd	
3	Great Lodge Retail Park, Tunbridge Wells	Freehold	Retail Warehouse	B&Q Plc	
4	15 Great Marlborough Street, London, W1	Freehold	Office	Sony Ltd	
5	The Rotunda, Kingston upon Thames	Freehold	Leisure	Odeon Cinemas Ltd	
6	The Parade, Swindon	Freehold	Shopping Centre	H&M Hennes & Mauritz UK Ltd	
7	Ocado Distribution Unit, Hatfield Business Area, Hatfield	Freehold	Industrial	Ocado Ltd	
8	Kew Retail Park, Richmond	Freehold	Retail Warehouse	Mothercare (UK) Ltd	
9	Dolphin Estate, Sunbury-on-Thames	Freehold	Industrial	Access Self Storage Properties Ltd	
10	St George's Retail Park, Leicester	Freehold	Retail Warehouse	Toys R Us Ltd	£30m - £50m (representing 26% of the portfolio capital value)
11	Hannah Close, London, NW10	Leasehold	Industrial	Marks & Spencer Plc	
12	Regent Circus, Swindon	Freehold	Leisure	Wm Morrison Supermarkets Plc	
13	Cineworld Complex, Glasgow	Freehold	Leisure	Cineworld	
14	Newton's Court, Dartford, Kent	Freehold	Industrial	Gisela Graham Ltd	
15	Argos Unit, Magna Park, Lutterworth	Leasehold	Industrial	Argos Ltd	
16	Emerald Park East, Emersons Green, Bristol	Freehold	Industrial	Knorr-Bremse Systems Ltd	
17	Darwin Shopping Centre, Shrewsbury	Freehold	Shopping Centre	Primark	
18	81/85 George Street, Edinburgh	Freehold	High St, Retail	Clydesdale Bank	
19	Total, Aberdeen Gateway, Aberdeen	Freehold	Industrial	Total E&P UK Ltd	
20	Eldon House, City of London, EC2	Freehold	Office	Stace LLP	£20m-£29.9m (representing 24% of the portfolio)
21	B&Q, Roneo Corner, Romford	Freehold	Retail Warehouse	B&Q Plc	
22	Motor Park, Eastern Road, Portsmouth	Freehold	Industrial	Volkswagen Group UK Ltd	
23	Craven House, Fouberts Place, London, W1	Freehold	Office	Molinaire Ltd	
24	Colmore Court, 9 Colmore Row, Birmingham	Leasehold	Office	BNP Paribas	
25	Broadbridge Retail Park, Horsham	Freehold	Retail Warehouse	Bunnings	
26	16/20 High Street & 1/3 Bedford Street, Exeter	Leasehold	High St, Retail	H&M Hennes & Mauritz UK Ltd	
27	No 2 Temple Quay, Bristol	Freehold	Office	Public Sector	
28	No 1 Temple Quay, Bristol	Freehold	Office	British Telecommunications Plc	
29	Network House & Meadowside House, Hemel Hempstead	Freehold	Office	Public Sector	
30	Central Square Offices, Forth Street, Newcastle Upon Tyne	Freehold	Office	Ove Arup & Partners	Below £20m (representing 8% of the portfolio)
31	Gatwick Gate Industrial Estate, Crawley	Freehold	Industrial	Industrial Logistics Group	
32	Hartshead House, Sheffield	Freehold	Office	Capita Business Services Ltd	
33	140/144 Kings Road, London, SW3	Freehold	High St, Retail	French Connection UK Ltd	
34	14-22 West Street, Marlow	Freehold	High St, Retail	Sainsbury's Supermarket Ltd	
35	Pride Hill Shopping Centre, Shrewsbury	Freehold	Shopping Centre	Next Plc	
36	52/56 Market Street, Manchester	Freehold	High St, Retail	Adidas (UK) Ltd	
37	Tetra, Aberdeen Gateway, Aberdeen	Freehold	Industrial	Tetra Technologies UK Ltd	
38	Crossways Cargo Depot, Dartford	Freehold	Industrial	Veerstyle Ltd	
39	Ensco, Aberdeen Gateway, Aberdeen	Freehold	Office	Ensco Services Ltd	
40	Knaves Beech Industrial Estate, Loudwater*	Freehold	Industrial	Dreams Ltd	
41	146 King's Road, London, SW3	Freehold	High St, Retail	Telefonica O2 UK Ltd	
42	Riverside Shopping Centre, Shrewsbury	Leasehold	Shopping Centre	Wilkinson Hardware Stores Ltd	
43	Burton on Trent	Freehold	Industrial	Palletforce Plc	
Overall number of properties				43	
Total number of tenancies				337	
Total average property value				£30.1m	
Total floor area				6,041,477 sq ft	
Freehold/Leasehold (leases over 100 years)				90%/10%	

BOARD OF DIRECTORS AND MANAGEMENT TEAM

The Directors, all of whom are non-executive and are independent of the Investment Manager, are responsible for the determination of the investment policy of the Group and its overall supervision.



1 Ken McCullagh is a resident of Ireland. Since 2000 he has been Chief Executive Officer of LNC Property Group, a private real estate investment company which held and managed €500 million of assets. Previously he worked as a Director and Partner of Corporate Finance for Farrell Grant Sparks, Chartered Accountants and was also a Financial Controller of Gunne Estate Agents (now CBRE) in Dublin. He is a Fellow of the Institute of Chartered Accountants of Ireland. Mr McCullagh was appointed to the Board in February 2013.

2 John Robertson is a resident of the UK. Mr Robertson has over 35 years’ experience in investment management in a variety of roles, and was most recently Director — Funds and Corporate Governance at Ignis Investment Services Limited. Prior to his retirement in 2012, he was a director of Ignis International Funds Plc, Ignis Alternative Funds Plc, Ignis Liquidity Fund Plc, Ignis Strategic Solutions Funds Plc and Ignis Global Funds SICAV. He is a Fellow of the Chartered Association of Certified Accountants. Mr Robertson has been a Director of the Company since launch in September 2006.



3 Sandra Platts is a resident of Guernsey and is a non-executive director of Investec Bank (C.I.) Ltd and Starwood European Finance Partners Ltd. Sandra was Managing Director of Kleinwort Benson in Guernsey and Chief Operating Officer for Kleinwort Benson Private Banking Group (UK and Channel Islands). She also held directorships of the Kleinwort Benson Trust Company and Operating Boards, retiring from Kleinwort Benson boards in 2010. Sandra holds a Masters in Business Administration and The Certificate in Company Direction from the Institute of Directors. Mrs Platts was appointed to the Board in December 2013.

4 Andrew Wilson is a resident of the UK. He was formerly of Richard Ellis, Royal Rugby Securities as a director in 1987. He was a founder director of Rugby Estates Plc in 1990 and Chief Executive Officer through its official listing, move to the Alternative Investment Market and subsequent de-listing and sale. He is also a non-executive Chairman of a London based Family Office and of a major West End office agency. He was previously a non-executive Director of a Building Society. He is a Chartered Surveyor and was until his appointment as Chairman, the Senior Independent Director and Chair of the Property Valuation Committee.



5 Michael Ayre is a resident of Guernsey. He is currently a consultant to the Guernsey taxation and private client business of Intertrust Group, Intertrust Reads Private Clients Limited. Mr Ayre is also currently a Director of ABN Amro (Guernsey) Limited and Brooks MacDonald Investment Funds Plc which is listed in Ireland. Mr Ayre is member of the Chartered Association of Certified Accountants and is also a member of the Chartered Institute of Taxation. Mr Ayre was appointed to the Board in February 2016.

BOARD OF DIRECTORS



6 Will Fulton graduated from the University of Aberdeen in 1987 with a degree in Land Economy when he joined Standard Life, becoming a member of the Royal Institution of Chartered Surveyors in 1990. Throughout his 28 year career he has held a variety of commercial real estate positions gaining multi-disciplinary experience spanning investment, valuation, asset management, debt facility management, development and investor relations both in the UK and across continental Europe. Prior to managing UKCPT, he oversaw a team managing the £2.3 billion Standard Life Heritage With Profits Real Estate Fund.

MANAGEMENT TEAM



7 Graeme McDonald graduated from the University of Strathclyde in 1995 with a BA degree in Accountancy and joined Hardie Caldwell Chartered Accountants in 1996 where he qualified as a Chartered Accountant in 1999. In 2001 Graeme joined Glasgow Investment Managers (“GIM”) as chief accountant focusing on the finance, administration and company secretarial work for three investment trusts. Following GIM’s takeover by Aberdeen Asset Managers in 2007, Graeme transferred to the investment trust secretarial team within Aberdeen working on both investment trusts and Venture Capital trusts. In 2009 Graeme joined Scottish Widows Investment Partnership where he was a finance project manager before joining Ignis in January 2011 as a Fund Accounting Manager to provide a dedicated fund accounting and company secretarial service to the closed end clients within Ignis Asset Management. Graeme transferred over to Standard Life Investments in October 2014.

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**
For the half year ended 30 June 2016

	Notes	Half year ended 30 June 2017 £'000	Half year ended 30 June 2016 £'000	Year ended 31 December 2016 [audited] £'000
REVENUE				
Rental income		35,027	33,792	68,573
Gains/(Losses) on investment properties	2	37,495	4,389	(5,944)
Interest income		163	199	455
Total income		72,685	38,380	63,084
EXPENDITURE				
Investment management fee		(4,526)	(4,462)	(8,870)
Direct property expenses		(2,666)	(1,453)	(3,716)
Other expenses		(1,494)	(1,117)	(3,362)
Total expenditure		[8,686]	[7,032]	[15,948]
Net operating profit before finance costs		63,999	31,348	47,136
FINANCE COSTS				
Finance costs		(4,018)	(4,020)	(8,101)
		[4,018]	[4,020]	[8,101]
Net profit from ordinary activities before taxation		59,981	27,328	39,035
Taxation on profit on ordinary activities	9	(2,623)	(492)	6,151
Net profit for the year	4	57,358	26,836	45,186
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS				
Gain/(Loss) arising on effective portion of interest rate swap		913	(5,506)	(3,913)
Other comprehensive income		913	[5,506]	[3,913]
Total comprehensive income for the year		58,271	21,330	41,273
Basic and diluted earnings per share	3	4.41p	2.07p	3.48p
EPRA earnings per share (excluding deferred tax movement)		1.73p	1.73p	3.46p

**HALF YEARLY CONDENSED
CONSOLIDATED BALANCE SHEET**
As at 30 June 2017

	Notes	30 June 2017 (unaudited) £'000	30 June 2016 (unaudited) £'000	Year ended 31 December 2016 [audited] £'000
NON-CURRENT ASSETS				
Investment properties		1,309,844	1,274,457	1,242,274
Deferred tax asset		3,909	—	6,515
		1,313,753	1,274,457	1,248,789
CURRENT ASSETS				
Investment properties held for sale		—	—	28,350
Trade and other receivables		18,777	12,423	16,035
Cash and cash equivalents		98,611	114,353	104,893
		117,388	126,776	149,278
Total assets		1,431,141	1,401,233	1,398,067
CURRENT LIABILITIES				
Trade and other payables		(24,509)	(22,922)	(25,141)
Interest rate swap		(1,326)	(2,449)	(1,340)
		[25,835]	[25,371]	[26,481]
NON-CURRENT LIABILITIES				
Bank loan		(248,790)	(248,357)	(248,532)
Interest rate swap		(1,515)	(2,898)	(2,414)
		(250,305)	(251,255)	(250,946)
Total liabilities		[276,140]	[276,626]	[277,427]
Net assets	6	1,155,001	1,124,607	[1,120,640]
REPRESENTED BY				
Share capital		539,872	539,872	539,872
Special distributable reserve		586,547	585,821	590,594
Capital reserve		31,423	4,261	(6,072)
Revenue reserve		—	—	—
Interest rate swap reserve		(2,841)	(5,347)	(3,754)
Equity shareholders' funds		1,155,001	1,124,607	1,120,640
Net asset value per share		88.9p	86.5p	86.2p
EPRA Net asset value per share		89.1p	87.0p	86.5p

HALF YEARLY CONDENSED CONSOLIDATED
 STATEMENT OF CHANGES IN EQUITY
 For the half year ended 30 June 2016

Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Total £'000
HALF YEAR ENDED 30 JUNE 2017 unaudited						
At 1 January 2017	539,872	590,594	(6,072)	—	(3,754)	1,120,640
Net Profit for the year	—	—	—	57,358	—	57,358
Other comprehensive income	—	—	—	—	913	913
Dividends paid	7	—	—	(23,910)	—	(23,910)
Transfer in respect of gains on investment property	—	—	37,495	(37,495)	—	—
Transfer from special distributable reserve	—	(4,047)	—	4,047	—	—
At 30 June 2017	539,872	586,547	31,423	—	(2,841)	1,155,001

	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Total £'000
HALF YEAR ENDED 30 JUNE 2016 unaudited						
At 1 January 2016	539,872	587,284	(128)	—	159	1,127,187
Net Profit for the year	—	—	—	26,836	—	26,836
Other comprehensive income	—	—	—	—	(5,506)	(5,506)
Dividends paid	—	—	—	(23,910)	—	(23,910)
Transfer in respect of gains on investment property	—	—	4,389	(4,389)	—	—
Transfer from special distributable reserve	—	(1,463)	—	1,463	—	—
At 30 June 2016	539,872	585,821	4,261	—	(5,347)	1,124,607

	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Total £'000
FOR THE YEAR ENDED 31 DECEMBER 2016 audited						
At 1 January 2016	539,872	587,284	(128)	—	159	1,127,187
Net Profit for the year	—	—	—	45,186	—	45,186
Other comprehensive income	—	—	—	—	(3,913)	(3,913)
Dividends paid	—	—	—	(47,820)	—	(47,820)
Transfer in respect of gains on investment property	—	—	(5,944)	5,944	—	—
Transfer from special distributable reserve	—	3,310	—	(3,310)	—	—
At 31 December 2016	539,872	590,594	(6,072)	—	(3,754)	1,120,640

HALF YEARLY CONDENSED
 CONSOLIDATED CASH FLOW STATEMENT
 For the half year ended 30 June 2017

Notes	30 June 2017 (unaudited) £'000	30 June 2016 (unaudited) £'000	Year ended 31 December 2015 (audited) £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year before taxation	59,981	27,328	39,035
Adjustments for:			
[Gains]/Losses on investment properties	(37,495)	(4,389)	5,944
Movement in lease incentive	(3,165)	(113)	(2,271)
Movement in provision for bad debts	(38)	(262)	(75)
Decrease/(Increase) in operating trade and other receivables	460	(669)	(2,310)
[Decrease]/Increase in operating trade and other payables	(647)	(1,311)	1,421
Finance costs	4,018	4,040	8,125
Cash generated by operations	23,114	24,624	49,869
Tax paid	—	—	(453)
Net cash inflow from operating activities	23,114	24,624	49,416

CASH FLOWS FROM OPERATING ACTIVITIES			
Purchase of investment properties	(27,500)	—	(1,911)
Sale of investment properties	30,500	45,600	45,595
Capital expenditure	(4,725)	(3,973)	(8,558)
Net cash inflow from investing activities	[1,725]	41,627	35,126

CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	7	(23,909)	(23,910)	(47,820)
Bank loan interest paid		(3,070)	(3,237)	(6,467)
Payments under interest rate swap arrangement		(692)	(537)	(1,148)
Net cash (outflow) from financing activities		[27,671]	[27,684]	[55,435]
Net increase in cash and cash equivalents		[6,282]	38,567	29,107

Opening balance	104,893	75,786	75,786
Closing cash and cash equivalents	98,611	114,353	104,893

REPRESENTED BY			
Cash at bank	54,150	18,729	44,821
Money market funds	44,461	95,624	60,072
	98,611	114,353	104,893

The accompanying notes are an integral part of this statement.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

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 2016.

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 2016, which were prepared under full IFRS requirements.

2. INVESTMENT PROPERTIES

	£'000
Opening valuation	1,270,624
Purchases at cost	27,500
Capital expenditure	4,725
(Loss)/Gain on revaluation to fair value	38,510
Disposal at prior year valuation	(28,350)
Adjustment for lease incentives	(3,165)
Total fair value at 30 June	1,309,844

GAIN ON INVESTMENT PROPERTIES AT FAIR VALUE COMPRISE

Valuation Gains	38,510
Movement in provision for lease incentives	(3,165)
Gain on disposal	2,150
	37,495

GAIN ON INVESTMENT PROPERTIES SOLD

Original cost of investment properties sold	(15,339)
Sale proceeds	30,500
Profit on investment properties sold	15,161
Profit/(Loss) of investment properties sold	13,011
Recognised in previous periods	2,150
	15,161

3. BASIC AND DILUTED EARNINGS PER SHARE

The earnings per ordinary share are based on the net profit for the period of £57,358,000 (30 June 2016 net profit of £26,836,000) and 1,299,412,465 (30 June 2016: 1,299,412,465), Ordinary Shares, being the weighted average number of shares in issue during the period.

4. EARNINGS

Earnings for the period to 30 June 2017 should not be taken as a guide to the results for the year to 31 December 2017.

5. SHARES

As at 30 June 2017 the total number of shares in issues is 1,299,412,465 (30 June 2016: 1,299,412,465).

6. NET ASSET VALUE

The net asset value per ordinary share is based on net assets of £1,155,001,000 (30 June 2016: £1,124,607,000) and 1,299,412,465 (30 June 2016: 1,299,412,465) ordinary shares.

7. DIVIDENDS

	Rate (pence)	£'000
PERIOD TO 30 JUNE 2017		
Dividend for the period 1 October 2016 to 31 December 2016, paid 28 February 2017	0.92	11,955
Dividend for the period 1 January 2017 to 31 March 2017, paid 31 May 2017	0.92	11,955
		23,910

A dividend of 0.92p per share for the period 1 April 2017 to 30 June 2017 is payable on 31 August 2017. Under International Financial Reporting Standards, these unaudited financial statements do not reflect this dividend.

8. DIRECTORS

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 £111,000 (30 June 2016: £114,000) for the six months ended 30 June 2017, none of which was payable at the period end (30 June 2016: Nil). Standard Life Investments (Corporate Funds) Limited received fees for its services as Investment Managers. The total charge to the Income Statement during the period for these fees was £4,576,000 (30 June 2016: £4,512,000) of which £50,000 was administration fees (30 June 2016: £50,000). £2,312,000 (30 June 2016: £2,287,000) of this total charge remained payable at the period end.

9. TAXATION

	£'000
TAXATION ON PROFIT ON ORDINARY ACTIVITIES COMPRISES	
Release of deferred tax asset	2,606
Corporation tax charge	17
	2,623

During the year to 31 December 2016 the Group recognised a net deferred tax asset of £6,515,000. This was a result of the Group forecasting it would begin to utilise tax losses built up since inception to offset future taxable profits. During the half year to 30 June 2017, £2,606,000 of this asset was written-off as these tax losses begin to be utilised.

The company owns one UK Limited Company, Brixton Radlett Property Limited ("BRPL"). As the losses of the Group cannot be used to offset the profits of BRPL, the profits of this Company are subject to corporation tax in the UK, at a rate of 20%. For the half year to 30 June 2017, this is estimated at £17,000.

NOTES TO THE ACCOUNTS

10. FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

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 2017. 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.

Sensitivity of measurement to variance of significant unobservable inputs:

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 2016. 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. There has been no transfers between levels in the year for items held at fair value.

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:

30 June 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Investment properties	—	—	1,309,844	1,309,844

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

The following table shows an analysis of the fair value of bank loans recognised in the balance sheet by level of the fair value hierarchy:

30 June 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Loan Facilities	—	266,222	—	266,222

The lowest level of input is the interest rate applicable to each borrowing as at the balance sheet date which is a directly observable input.

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

30 June 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Interest rate swap	—	(2,841)	—	(2,841)
Trade and other receivables	—	18,777	—	18,777
Trade and other payables	—	(24,509)	—	(24,509)

The lowest level of input is the three month LIBOR yield curve which is a directly observable input. The carrying amount of trade and other receivables and payables is equal to their fair value, due to the short term.

11. FINANCING

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 in respect of these interest rate swaps as at 30 June 2017 is a liability of £2,841,000 (June 2016: Liability of £5,347,000).

The Company has fully utilised all of the £100 million facility in place with Cornerstone Real Estate Advisors Europe LLP.

The Company has in place a £50 million revolving credit facility with Barclays Bank Plc none of which was utilised at the period end.

12. SUBSIDIARY UNDERTAKINGS

The Company owns 100 per cent of the issued ordinary share capital of UK Commercial Property Finance Holdings Limited (UKCFH), a company incorporated in Guernsey whose principal business is that of a holding company.

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

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

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

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

UKCFH 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.

In addition the Group wholly owns seven Jersey Property Unit Trusts (JPUTs) namely Junction 27 Retail Unit Trust, Charles Darwin Retail Unit Trust, St Georges Leicester Unit Trust, Kew Retail Park Unit Trust, Pride Hill Retail Unit Trust, Riverside Mall Retail Unit Trust and Rotunda Kingston Property Unit Trust. The principal business of the Unit Trusts is that of investment in property.

The Group's assets consist of direct investments in UK commercial property. Its principal risks are therefore related to the UK commercial property market in general, but also the particular circumstances of the properties in which it is invested and their tenants. Other risks faced by the Group include 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 2016. The Group'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 Group's financial year.

- 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

Andrew Wilson
Chairman
xx September 2017

CORPORATE INFORMATION

Directors (all non-executive)

Andrew Wilson
Chairman

Ken McCullagh
Chairman of Audit Committee
and Senior Independent Director

Michael Ayre
Chairman of the Property
Valuation Committee

Sandra Platts
Chairman of the Management
Engagement Committee

John Robertson
Chairman of the Risk Committee

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Administrator and Secretary

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GLOSSARY TO ADD (TBS)

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