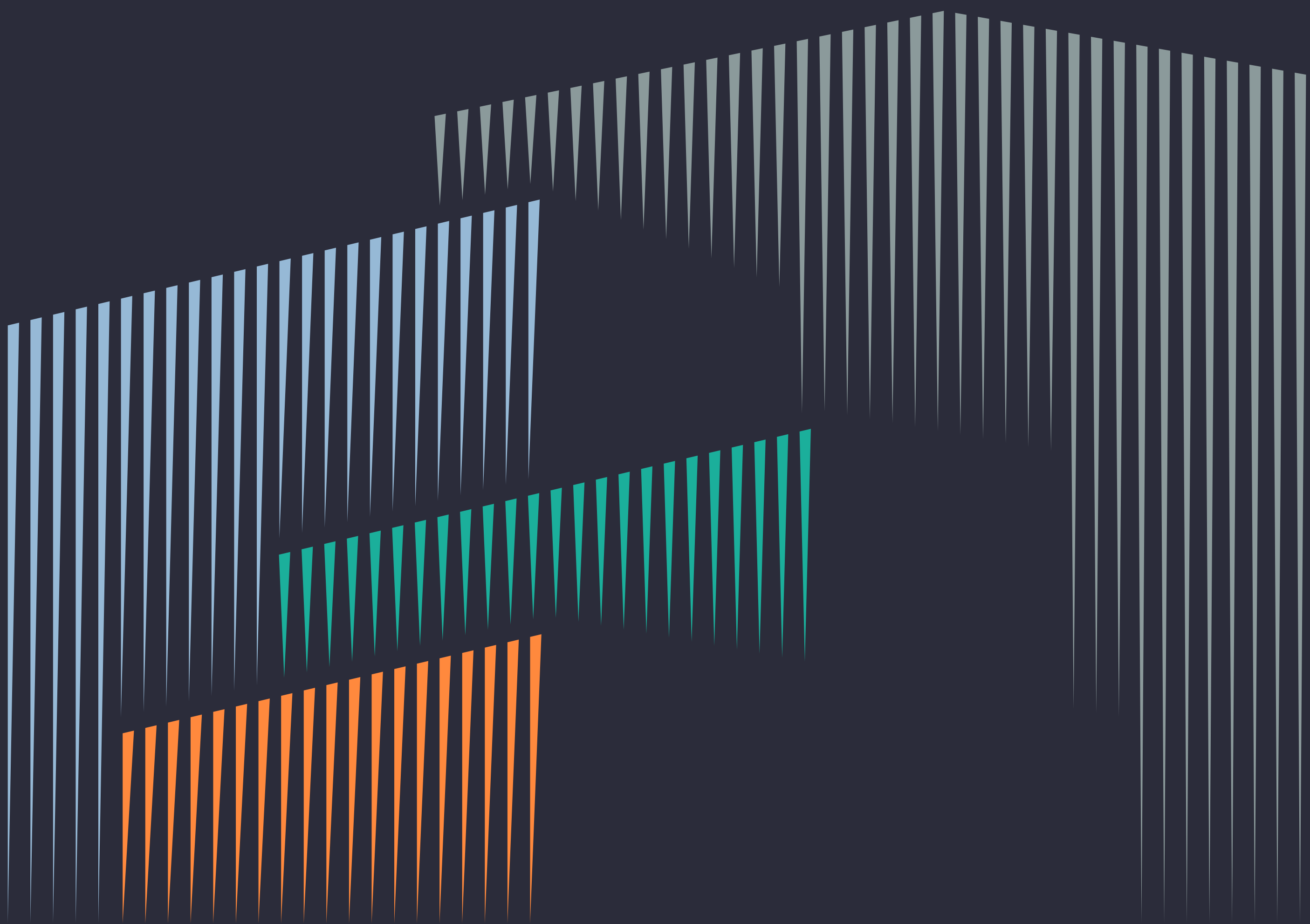
INTERIM
REPORT & ACCOUNTS
for the half year ended 30 June 2018

UK Commercial Property REIT



UKCPR PORTFOLIO IN NUMBERS
AS AT 30 JUNE 2018

1 NUMBER OF PROPERTIES, TENANCIES AND AVERAGE PROPERTY VALUE

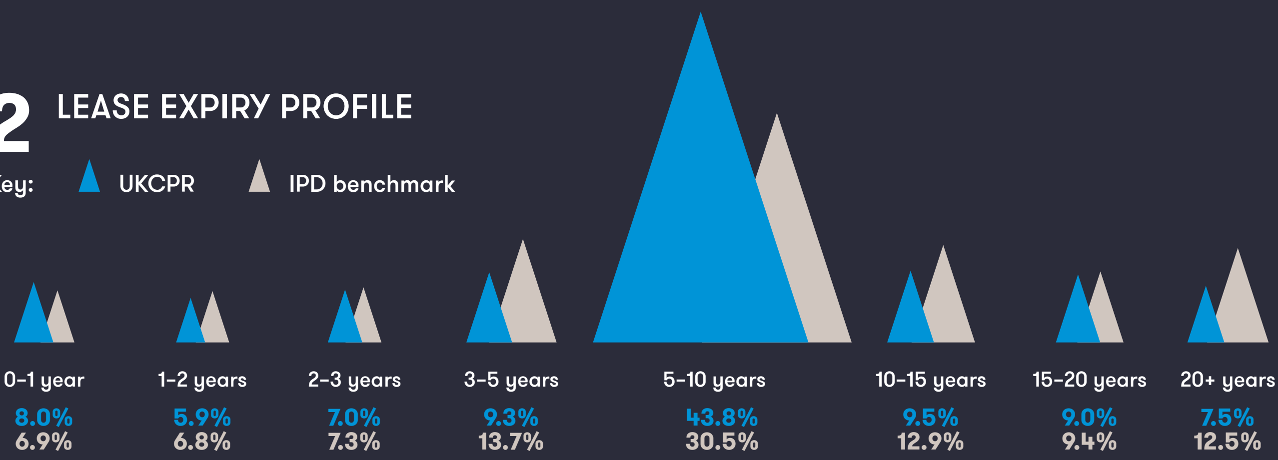
39 Properties

257 Tenancies

£36.3m Average property value

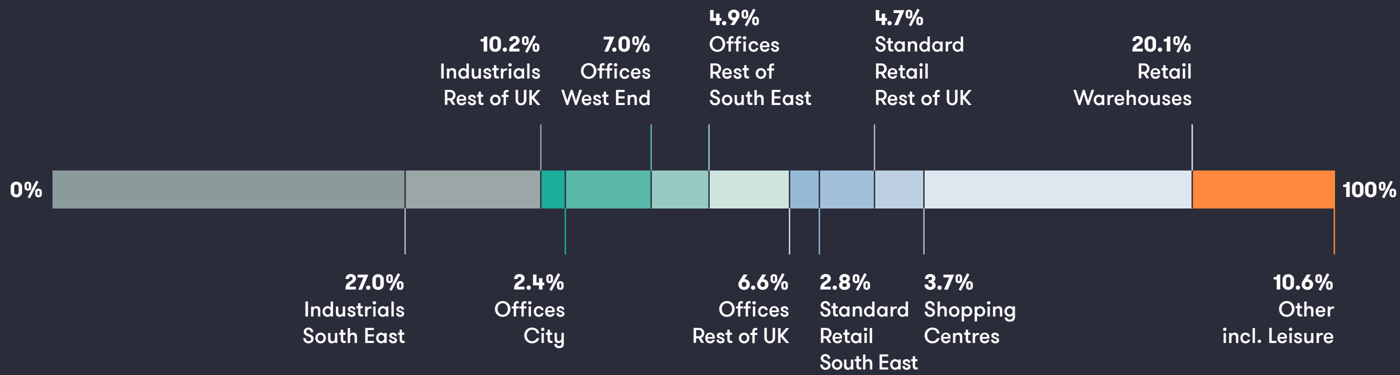
2 LEASE EXPIRY PROFILE

Key: UKCPR IPD benchmark



3 SUB SECTOR SPLIT OF UKCPR PORTFOLIO
(based on market value)

Key: Industrial Office Retail Leisure/Other



4 TOP 10 TENANTS BY PASSING RENT

35.9% of contracted rent

#01
B&Q PLC
Retail Warehouse
6.1% of contracted rent
IPD risk band: Negligible

#02
PUBLIC SECTOR
Office
5.0% of contracted rent
IPD risk band: Negligible

#03
OCADO RETAIL LIMITED
Industrial
4.7% of contracted rent
IPD risk band: Negligible

#04
MARKS & SPENCER PLC
Industrial
3.6% of contracted rent
IPD risk band: Negligible

#05
SONY
Office
3.2% of contracted rent
IPD risk band: Negligible

#06
DSG RETAIL LIMITED
Retail Warehouse
3.1% of contracted rent
IPD risk band: Low

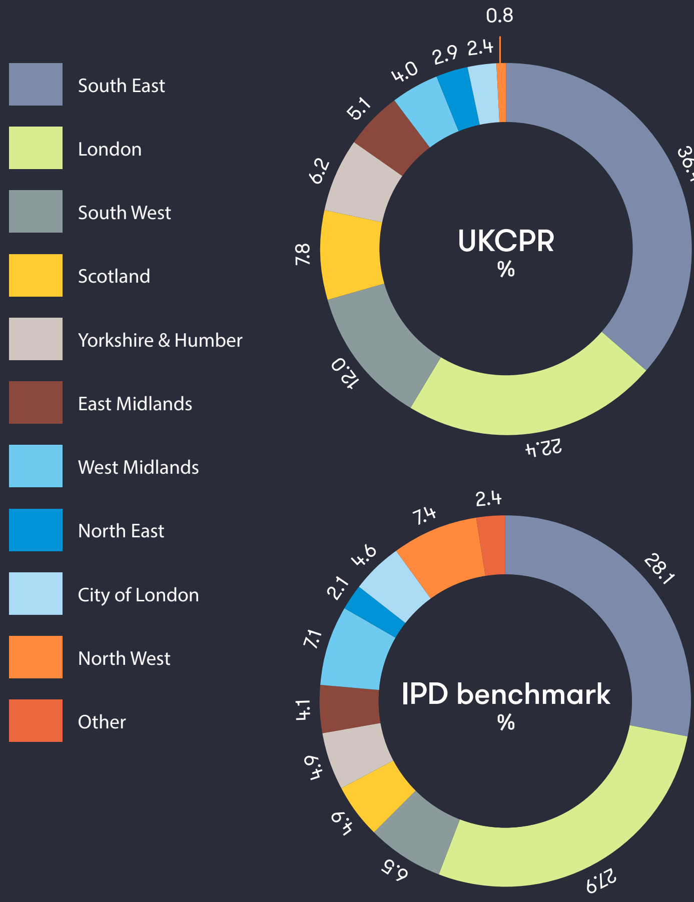
#07
ODEON CINEMAS LIMITED
Leisure
2.9% of contracted rent
IPD risk band: Negligible

#08
TOTAL E&P UK LIMITED
Industrial
2.8% of contracted rent
IPD risk band: Negligible

#09
CINEWORLD GROUP PLC
Leisure
2.8% of contracted rent
IPD risk band: Negligible

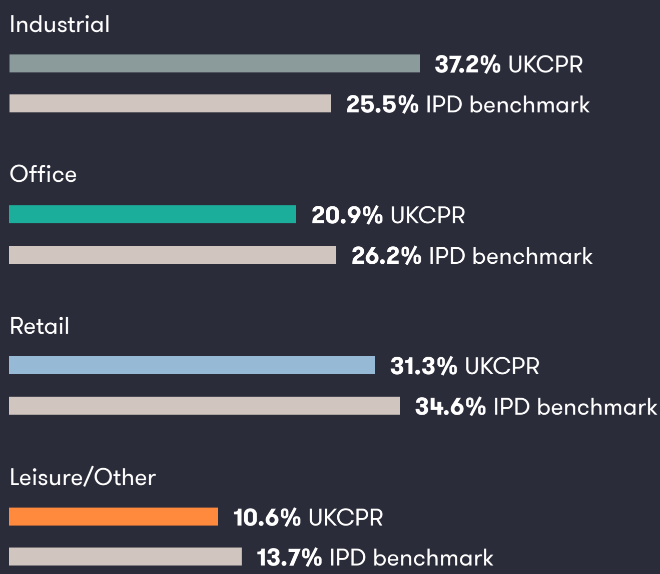
#10
CAPITA PLC
Office
1.7% of contracted rent
IPD risk band: Low

5 GEOGRAPHIC SPLIT vs IPD BENCHMARK



6 SECTOR SPLIT vs IPD BENCHMARK

(based on market value)



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COMPANY SUMMARY
An overview

The Company

UK Commercial Property REIT Limited ("the Company" – formerly known as UK Commercial Property Trust Limited) is an authorised closed ended, Guernsey registered investment company which was launched on 22 September 2006. On 1 July 2018 the Company became resident in the United Kingdom for tax purposes, entered the real estate investment trust ("REIT") regime and changed its name to UK Commercial Property REIT Limited.

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.

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.

The Group

The Group consists of the Company and its subsidiaries. The subsidiaries 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) and UK Commercial Property Estates (Reading) Limited (UKCPER) are incorporated in the UK. Pre-REIT conversion the principal business of UKCPH, UKCPEL, BRPL and the GP were that of an investment and property companies. The limited partnership, UKCPT Limited Partnership ("the GLP") is a Guernsey limited partnership. UKCPH and the GP had a partnership interest of 99 and 1 per cent respectively in this entity. The GP is the general partner and UKCPH was a limited partner of the GLP. The limited partnership's principal business was that of an investment and property entity. The principal business of UKCPFH and UKCPEH were that of holding companies. The principal business of UKCPN is that of a nominee company.

Following REIT conversion all direct properties held by UKCPH, UKCPEL and the Limited Partnership were transferred to UKCPFH and UKCPEH. BRPL and UKCPER continue to hold one asset each.

Objectives

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

Management

Standard Life Investments (Corporate Funds) Limited is the Investment Manager of the Group.

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

ISA Status

The Company's shares are eligible for ISA investment.

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 REIT 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

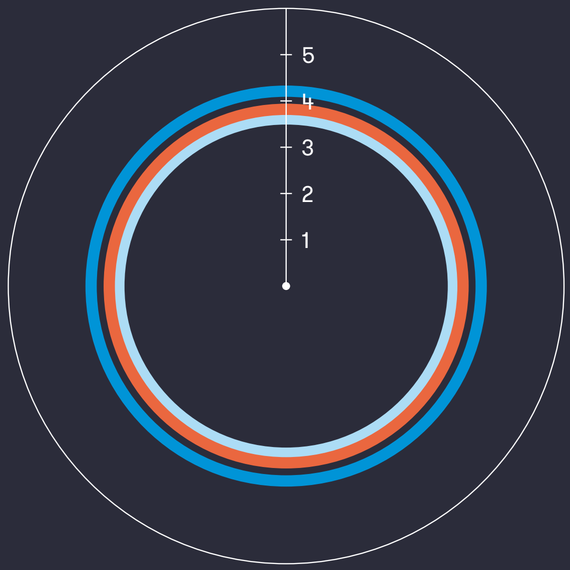
NAV TOTAL RETURN

NAV total return of 3.9% – Robust return achieved with limited gearing.

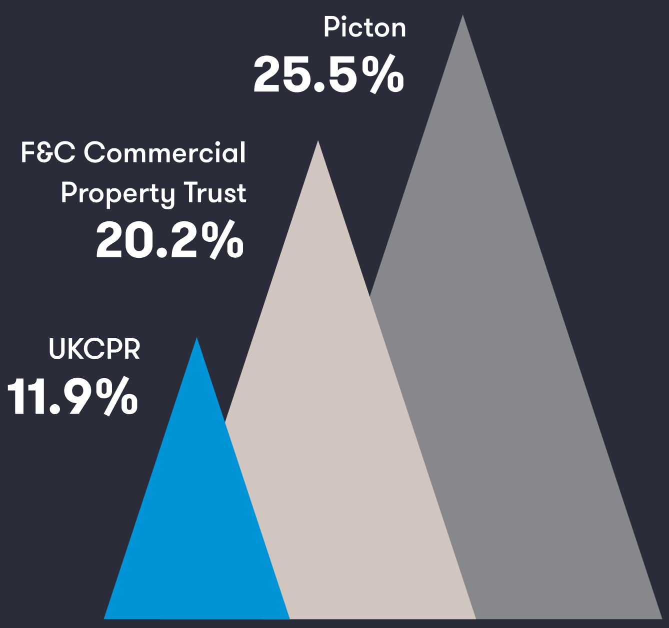
3.9%
NAV total return

DIVIDEND YIELD

Attractive dividend yield of 4.2% v FTSE All-Share Index REIT yield of 3.9% and FTSE All-Share Index yield of 3.6%.



UKCPR
FTSE All-Share Index
FTSE All-Share REIT Index



NET GEARING

Net gearing of 11.9%, remaining one of the lowest in the Company's peer group and in the wider REIT sector.

SHARE PRICE TOTAL RETURN

Share price total return of 1.4% which compares favourably to FTSE All-Share REIT Index total return of 1.3%. Since inception the Company's shares have delivered a total return of 74.9% compared to the REIT Index total return of minus 3.1%.

£80m

AVAILABLE FOR INVESTMENT

Significant uncommitted cash resources of £80 million available for investment at period end including £50 million available from Company's revolving credit facility.

1.43p

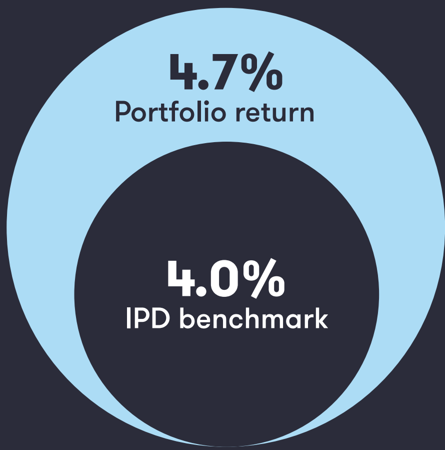
EPRA EARNINGS PER SHARE

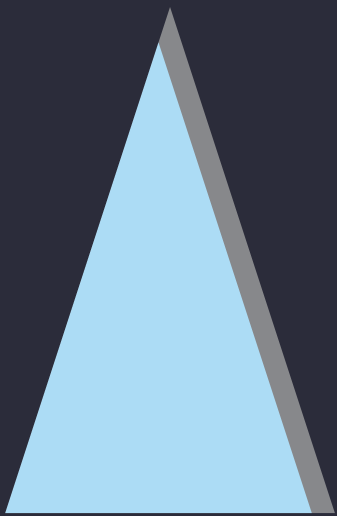
EPRA earnings per share of 1.43p equates to dividend cover of 78% which should grow as successful asset management initiatives are implemented and cash resources utilised.

PORTFOLIO HIGHLIGHTS

PORTFOLIO TOTAL RETURN

Continued outperformance from the portfolio which generated a total return of 4.7% v IPD benchmark return of 4.0%. Outperformance driven by above benchmark exposure to industrial sector and good performance from office portfolio.





93%

Occupancy

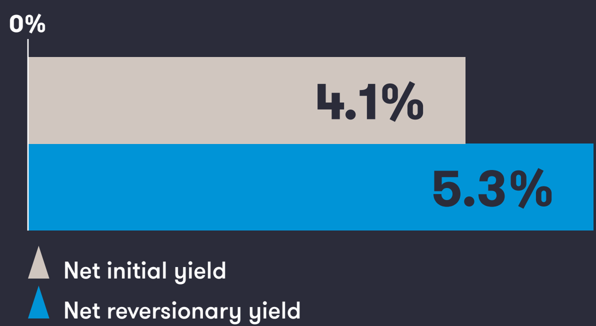
VOID RATE

Occupancy increased to 93% with half the remaining vacancy in strong locations within the industrial sector, which has good prospects to enhance future income and capital returns and further increase occupancy. Less than 20% of the vacancy is in the retail sector.

99%

RENT COLLECTION

99% of rent collected within 21 days underlining strength of tenant base.



PORTFOLIO YIELD

Portfolio yield of 4.1% with reversionary yield of 5.3% highlighting potential for earnings growth.

£1.4bn

Portfolio value

PORTFOLIO VALUE

Portfolio value has grown to £1.4 billion due to strong capital performance, income accretive acquisitions and successful asset management initiatives.

£4.1m per annum

ASSET MANAGEMENT

Successful asset management secured £4.1 million of annualised income through five new lettings, after rent free periods and incentives, and eight lease renewals/rent reviews.

PERFORMANCE SUMMARY

CAPITAL VALUES AND GEARING	30 June 2018	31 December 2017	% Change
Total assets less current liabilities (excl bank loan & swap) £'000	1,477,304	1,457,262	1.4
Net asset value per share (p)	94.5	92.8	1.8
Ordinary share price (p)	88.0	88.6	(0.7)
(Discount) to net asset value (%)	(6.9)	(4.5)	n/a
Gearing (%) — Net*	11.9	12.8	n/a
Gearing (%) — Gross**	16.9	17.2	n/a

TOTAL RETURN	6 month % return	1 year % return	3 year % return	5 year % return
NAV†	3.9	10.6	25.4	74.0
Share Price†	1.4	(0.4)	10.1	46.1
MSCI (IPD) Balanced Monthly and Quarterly Funds	4.0	9.8	26.4	69.4
FTSE All-Share REIT Index	1.3	9.8	9.9	62.7
FTSE All-Share Index	1.7	9.0	31.6	52.8

EARNINGS AND DIVIDENDS	30 June 2018	30 June 2017
EPRA Earnings per share (p)	1.43	1.73
Dividends declared per ordinary share (p)	1.84	1.84
Dividend Yield (%)‡	4.2	4.0
IPD Benchmark Yield (%)	4.7	5.0
FTSE All-Share REIT Index Yield (%)	3.9	3.6
FTSE All-Share Index Yield (%)	3.6	3.6

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

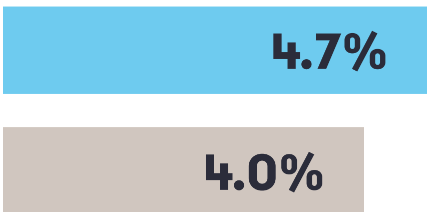
Sources: Aberdeen Standard Investments, MSCI Investment Property Databank ("IPD")

UK Commercial Property REIT, one of the UK's leading diversified REITs, is well placed to add value to its property portfolio and enhance returns for its shareholders.

CHAIRMAN'S STATEMENT

PORTFOLIO PERFORMANCE

UKCPR portfolio total return



IPD benchmark total return

The Company continued to make solid progress in the first half of 2018 with another above benchmark performance from the property portfolio. This has helped drive growth in NAV and delivered enhanced shareholder returns. Additionally, having received approval from shareholders, the Company converted to a Real Estate Investment Trust on 1 July 2018 and changed its name to UK Commercial Property REIT Limited. The Company is now one of the larger diversified UK REITs listed on the London Stock Exchange.

The Company's portfolio is now valued at £1.416 billion, and delivered a total return of 4.7% over the period, comparing favourably to the relevant IPD benchmark return of 4.0%. This outperformance was driven principally by the strategically overweight position in the industrial sector the Company has built over the past few years. Now accounting for 37.2% of the portfolio, our industrial assets delivered a total return of 10.2% in the six month period. Notably, the office portfolio, comprising some 21% of the total property holdings, also provided an above benchmark total return.

While our prime retail warehouse assets performed well, as a whole and as expected, the evolving retail climate put downwards pressure on the performance of the retail portfolio although our retail portfolio as a whole has 95% occupancy.

In an environment of continued political turmoil and with expectations of muted yield compression, our Investment Manager continues to scrutinise the portfolio for opportunities to enhance income and capital values, in order to drive shareholder returns. Of particular note is the performance of Ventura Park, Radlett, a strong industrial location. Following a series of successful asset management initiatives, including a refurbishment which led to the property being almost fully occupied following a significant new 15 year lease to a global company, this asset increased in value to over £100 million, well ahead of its September 2015 acquisition value of £67 million.

15 Great Marlborough Street
London W1

Portfolio Activity

UK Commercial Property REIT has been successful in implementing its portfolio strategy. This strategy includes the acquisition of assets in favoured sectors and locations where it has identified income growth opportunities or tenancies with inflation linked increases. At the same time the Company continued to dispose of assets considered to have limited return prospects often where significant capital expenditure is forecast.

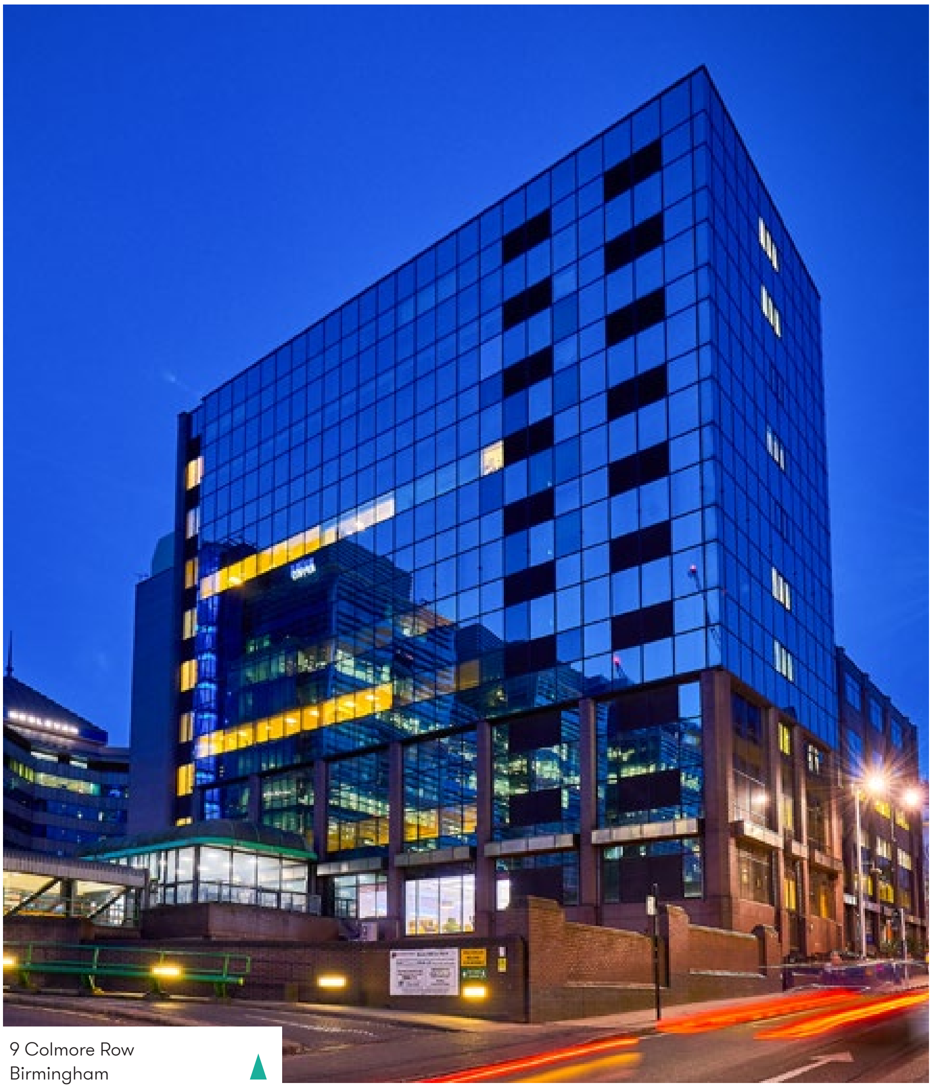
At the end of June, the Company acquired The White Building, a multi-let office in Reading, for around £51 million. This recently refurbished property is expected to produce annual rental income of around £3.0 million once fully let. Importantly for UK Commercial Property REIT as an income focused business, this property has strong reversionary potential and hence affords the opportunity to grow rental income streams in the future. In line with our strategy, The White Building acquisition was partly financed by the £26.6 million sale of the 1 Rivergate office building in Bristol, where it was considered that future returns would be adversely impacted by anticipated capital expenditure requirements.

Post the period end the Company also acquired the M8 industrial estate near Glasgow for £24.6 million at a topped-up net initial yield of 5.9%. This asset provides good functional industrial accommodation with a range of unit sizes at an attractive yield. It also has opportunities to increase rental levels and hence is a good fit with the ongoing portfolio strategy.

In addition to the above, the Company continues to forward fund a well located hotel development in the under-supplied Newcastle upon Tyne market, its first investment into this sub-sector. Pre-let to Dalata Hotels, this investment offers secure, long let income on an inflation linked basis.

Furthermore, once this development completes, 15% of the Company's contracted rental income will be either fixed or from inflation-linked leases. These provide a secure income base that balances well with the relatively shorter lease profiles across the rest of the Company's portfolio which afford greater opportunities to generate capital returns through leasing events.

As highlighted in the annual report, the Company completed the sale of its Shrewsbury shopping centres to Shropshire Council in January 2018 at a price which was above their most recent valuation. This reduced the Company's exposure to shopping centres to 3.7% of the portfolio at 30 June 2018.



9 Colmore Row
Birmingham

Corporate Performance

The Company achieved a NAV total return of 3.9% for the six months to 30 June 2018, which was accomplished with a low net gearing level of 11.9%. Since inception the Company has delivered a NAV total return of 90.6%, outperforming its Guernsey investment company peers' weighted average return of 84.1%.

The Company's share price moved to a 6.9% discount at the end of the period, contributing to a lower total return to shareholders of 1.4% but still ahead of the 1.3% total return of the FTSE All-Share REIT Index. Over the longer term, UK Commercial Property REIT Limited has delivered a total return of 74.9% since inception, significantly outperforming the FTSE All-Share REIT Index of minus 3.1% for the same period.

Financial Resources

UK Commercial Property REIT continues to be in a financially strong position with prudent gearing and significant financial resources available for investment. The low net gearing of 11.9% is still one of the lowest in the listed real estate sector and is a sensible defensive strategy given the current political climate and the anticipated moderation of capital returns. The fixed cost of the debt remains at 2.89% per annum and therefore the gearing remains an attractive source of financing that is accretive to dividend cover. Taking into account all known financial commitments, including capital expenditure, the Company had cash of £30 million available for investment at the period end, along with access to an undrawn £50 million low cost revolving credit facility.

These combined resources provide the Company with significant firepower that can be utilised both quickly and flexibly to strengthen the portfolio and boost returns as and when opportunities arise.

Dividends

The Company declared and paid its shareholders the following dividends in the six month period to 30 June 2018.

	Payment date (2018)	Dividend per share (p)
Fourth interim for prior period	Feb 2018	0.92
First interim	May 2018	0.92
TOTAL		1.84

A second interim dividend of 0.92p per share was declared on 2 August and was paid on 31 August 2018. This equates to a dividend yield of 4.1% as at 31 August 2018 and compares favourably with the yield on the 10 year gilt (1.5%), the FTSE All-Share Index (3.9%) and, from a property perspective, in line with the FTSE All-Share REIT Index (4.1%) as at the same date. This dividend yield continues to be underpinned by cash flows derived from a strong tenant base which pays 99% of its annual £63.1 million rental commitment within 21 days of the due dates.

The Board recognises the importance to shareholders of maintaining an attractive level of dividend. While dividend cover for the six months was 78%, the portfolio has significant reversionary potential: over half the Company's voids (in total 7.1% of the portfolio) were anticipated by the Investment Manager and are in the strongly performing industrial sector.

Considering also the firepower available for investment in accretive acquisitions, the Board believes that, subject to any unforeseen circumstances, dividend cover will move towards 100% in the medium term and allow the Board to then consider a progressive dividend policy.

REIT Conversion

As a result of the decision to bring non-resident landlords into the UK corporation tax regime from April 2020 and proposals to charge capital gains tax on non-UK resident owners of UK commercial property with effect from April 2019, the Company would have paid significant additional tax if it had remained a Guernsey domiciled Company for tax purposes. This risk has been removed by the Company converting to a UK REIT on 1 July 2018. Following this, the Company changed its name to UK Commercial Property REIT Limited. Not only does the conversion modernise the Company's structure, it is also anticipated that, as a result of the REIT classification and the size of the Company (constituent of the FTSE 250 Index), it will stimulate interest and investment in UK Commercial Property REIT from a wider pool of investors.

In June of this year, Standard Life Aberdeen plc approved the sale of its insurance business to the Phoenix Group for a combination of cash and shares.

Eldon House
London

Ventura Park
Radlett

This transaction completed in September and resulted in the Phoenix Group and Standard Life Aberdeen plc (the owner of the Company's Investment Manager) being classified by the Takeover rules as a concert party. As a consequence, the Company's ability to buy back its own shares if desirable may be restricted by the requirements of the Takeover Code unless shareholders approve an appropriate waiver.

The Company is consulting with its advisers on the timing of such a waiver and full details will be available in due course.

Reduction in Management Fee

The Board, through its Management Engagement Committee, conducts an annual exercise to benchmark its management fees against various comparators. As a result of this exercise the Board has agreed a reduction in its management fee with Aberdeen Standard Investments. From 1 January 2019 the annual management fee will be calculated on a tiered basis as follows:

- 0.60% per annum on gross assets up to £1.75 billion and 0.475% per annum on gross assets over £1.75 billion.

This compares to the current management fee of 0.65% on gross assets plus £100,000 administration fee. Based on the 30 June 2018 gross assets, this equates to a fee saving of £839,000 per annum for the Company.

Board

Margaret Littlejohns and Robert Fowlds joined the Board earlier this year. Your Board comprises a diverse and highly knowledgeable group of non-executive Directors who together work tirelessly with the Investment Manager to provide attractive continuing returns to shareholders.

Outlook

The political and economic uncertainty arising from the ongoing Brexit negotiations is impacting the real economy with subdued consumer spending growth and muted business investment. This is illustrated by our Investment Manager's forecast UK GDP growth of 1.4% for 2018 and 1.5% for 2019, significantly below the forecast for the G7 average.

Against this background, real estate has continued to prove remarkably resilient with the strong industrial sector, and healthy performance from the office sector, more than offsetting the challenges in the retail sector. The sources of investment have become more balanced between UK and overseas with UK institutions the major net investor in Q2 2018. Property fundamentals remain strong with prudent gearing and low vacancy levels, limited development and a property market which remains liquid. In addition to this, the yield differential generated by real estate over other mainstream asset classes and the desire for yield among investors show no sign of abating given the long term forecast for interest rates.

Set against this, UK Commercial Property REIT is well positioned for the future. The portfolio is prime in nature and has a purposely attractive industrial weighting, a sector underpinned by strong structural drivers. In addition, with many of the Company's voids also in this sector, there are significant opportunities to implement successful asset management initiatives and improve values and rental levels, something which our Investment Manager has a proven track record in undertaking. The Company remains in a strong financial position with low gearing and cash resources available allowing it to make investments which fit the Company's portfolio strategy.

The Company continues to provide a secure, attractive dividend yield in an environment where such income returns are keenly sought by investors. This return is underpinned by a substantial portfolio that is reversionary in nature, offering therefore the prospect of growing future income returns. In conclusion, UK Commercial Property REIT, one of the UK's leading diversified REITs, is well placed to add value to its property portfolio and enhance returns for its shareholders.

Andrew Wilson
Chairman
19 September 2018

It is pleasing to report strong performance from the Company during the reporting period. The main driver of outperformance arose from a strategic overweight position to the industrial sector, which over the past few years has become the Company's largest sector exposure.

INVESTMENT MANAGER REVIEW

For the half year ended 30 June 2018

Will Fulton
Fund Manager

20.3%
strong capital growth in the industrial sector
(for the 12 months to June)

7%
increase in industrial rents in the South East

Market Review

In contrast to the recent unusually warm and dry summer, the first quarter's cold snap appears to have been largely behind the weakness in the UK economy in Q1 rather than a more fundamental slowing. Real income growth should start to provide a modest tailwind to GDP growth during the course of this year. However business investment continues to be held back by elevated uncertainty over the UK's future Brexit "end state" and trading relationship with the EU. Our base case is for a free-trade agreement with an all-UK customs union and some regulatory devolution to Northern Ireland. At the start of the year we forecast UK GDP growth of 1.4% for 2018 and 1.5% for 2019 and our current forecast remains the same.

Although the rise in oil prices is expected to push the energy component of CPI inflation higher, the overall rate of inflation is expected to fall over the course of the year. As anticipated, the Bank of England increased the base rate by 25bps in August, as the most recent data gave the Monetary Policy Committee reassurance that the Q1 slowdown was largely temporary. From here we expect further gradual increases in 2019 and 2020 continuing a period of relatively low interest rates into the medium term.

UK PROPERTY SECTOR (NIY) MARGIN OVER 10-YEAR BONDS

- Industrial
- Office
- Retail
- All Property

Source: Aberdeen Standard Investments, June 2018

Commercial Property

Industrial demand has remained buoyant in the six month period and, in the supply-starved South East, this has pushed rents 7% higher over the year to June, according to MSCI. Demand is broad-based, with the continued expansion of trade counters and urban logistics uses a feature, and supply is generally constrained. Regional industrial rents rose by a more modest 2.3% over the period, with some pockets of more balanced supply and demand.

London office rents remain broadly static with take-up supported by flexible office providers who do not drive net absorption. Take-up in the regional office markets has slowed somewhat over the first half of 2018, although grade 'A' stock levels are low in many markets, maintaining some rental tension.

Difficulties in the retail sector have dominated the headlines over the last few months which, according to MSCI IPD, are now being reflected in falling retail rents. News that half-year profits at John Lewis would be "close to zero" was further evidence of the mounting challenges in the industry.

All of this translates to the average yield for all-industrial assets having swapped places with the average yield for all-retail assets since summer 2016. Retail is now valued at a wider margin to bonds than industrial reflecting the greater retail risk, and industrial reflecting stronger prospects for rental growth, as shown in the chart above.

Total investment volumes in Q2 suggest a higher total than Q1 although there was a noticeable fall in the number of industrial transactions, reflecting the dearth of stock as investors hold what they have and continue to compete very strongly for assets that do come to market. UK institutions were the major net investor in the second quarter, selling less real estate than any quarter since 2006. Overseas investors were only marginal net investors; whilst activity remained strong, the large deals that completed late in the quarter featured overseas sellers as well as buyers. Activity in Q3 has been more subdued but has followed a similar pattern to Q2. The result of that competitive demand has been continued strong capital growth in the industrial sector (20.3% for the 12 months to June according to MSCI), and this growth is expected to continue through the rest of 2018, though at a slower pace. Demand for retail assets across the spectrum remained weak.

Returns in the listed sector broadly mirrors the trends being seen in the direct market. Industrial stocks are trading at a premium to NAV which is indicative of optimism for sustained capital growth. London office names are still trading at a discount to NAV, but a narrower one, as the expectation has shifted from a market correction to one of stagnation. Negative sentiment around growth prospects means retail-dominated REITs continue to trade at discounts to NAV.

Portfolio Performance

It is pleasing to report strong performance from the Company during the reporting period with a total return from its property portfolio of 4.7% versus 4.0% for its MSCI/IPD benchmark. The table below sets out the components of these returns for the six month period to 30 June 2018. All valuations are undertaken by the Company's valuer, CBRE Ltd.

	Total Return		Income Return		Capital Growth	
	Fund %	Benchmark %	Fund %	Benchmark %	Fund %	Benchmark %
Industrial	10.2	8.9	1.6	2.2	8.4	6.6
Office	5.3	3.4	2.1	2.0	3.2	1.3
Retail	-1.1	1.1	2.6	2.6	-3.6	-1.5
Leisure/Other	3.5	4.1	2.3	2.2	1.2	1.9
TOTAL	**4.7**	**4.0**	**2.1**	**2.3**	**2.6**	**1.7**

Source: MSCI/IPD, assumes reinvestment of income in capital gain/loss

10.2%

UKCPR industrial assets delivered a total return of 10.2%

5.3%

UKCPR office assets delivered a total return of 5.3%

3.5%

UKCPR leisure assets delivered a total return of 3.5%

The main drivers of outperformance arose from a strategic overweight position in the industrial (including logistics distribution) sector, which over the past few years has become the Company's largest sector exposure, combined with relative outperformance by the sector assets within the portfolio; it was also pleasing to see the Company's Central London office stock outperform the benchmark. Activity of particular note arose in the Company's largest investment, Ventura Park, Radlett, where a 15 year agreement to lease was signed on what was the largest vacancy on the estate and the second largest vacancy in the portfolio.

The Company's income profile continues to provide a stable and reliable element of the portfolio return, delivering 2.1% for the six month period. With over half of the Company's 7.1% vacancy rate in well-located industrial/logistics stock, prospects for leasing this and further improving income remain strong.

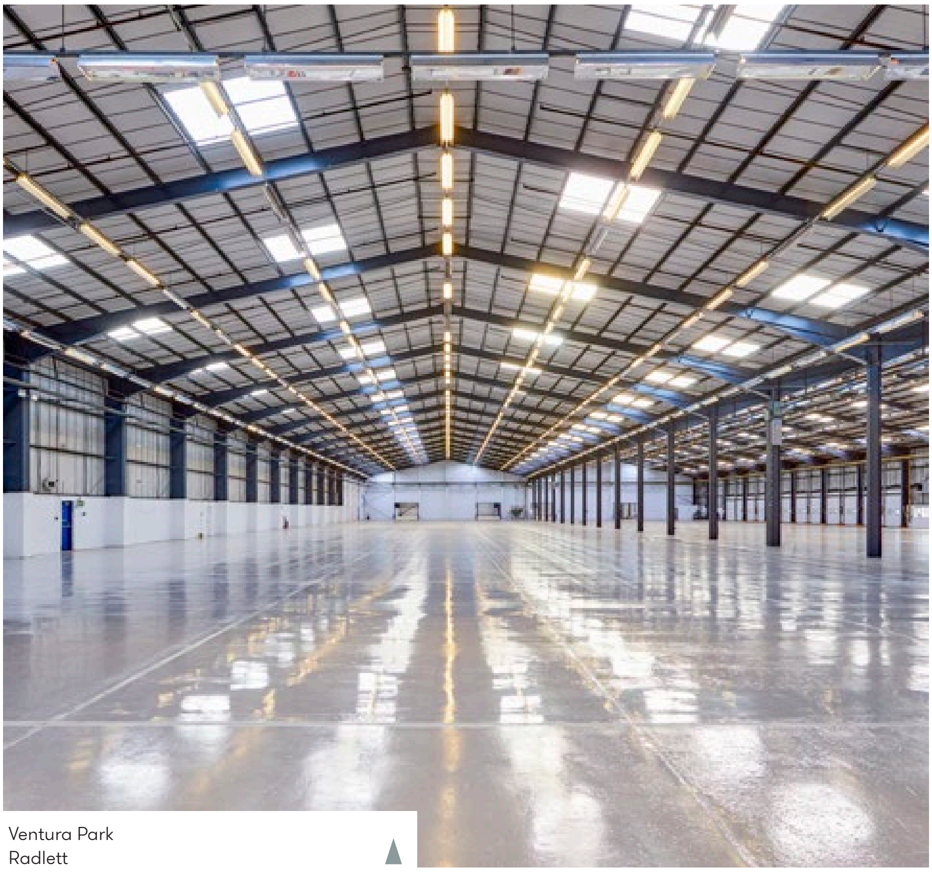
Industrial

The strongest performance during the first half came from the Company's industrial portfolio, where active management accelerated total return to 10.2% against 8.9% for the benchmark. A significant vacancy at the very well located and specified Lutterworth (Magna Park) logistics warehouse, which is under refurbishment, and a short term lease expiry at Neasden, Wembley, tempered returns despite the relative outperformance. Letting these units in due course will deliver further income. Investment demand is strong and quality stock is scarce, particularly in London and the South East, where pricing reflects the prospects of good rental growth from well located assets. Within this period the Company benefited from leasing activity on its multi let industrial estates at Ventura Park, Radlett and Emerald Park, Bristol, together with yield improvement. The Company's industrial portfolio is well located and split approximately 40:60 between 'big box' logistics assets and London-focused multi-let industrial estates; the prime characteristics of the portfolio should stand it in good stead with these sectors well-placed to continue providing sustainable income while also offering some growth opportunities, particularly through asset management.

Office

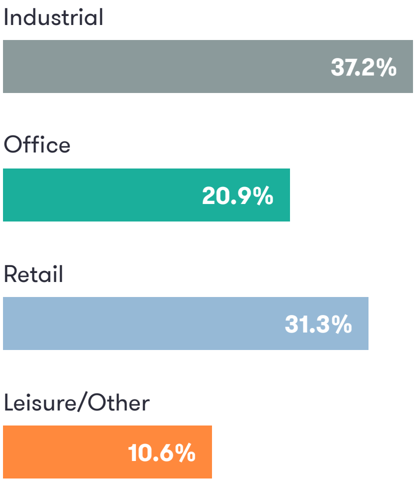
The Company's office portfolio also outperformed its benchmark, recording a total return of 5.3% v 3.4%, with investor demand and healthy leasing activity in Central London. Central London surprised on the upside, boosting both the Company's sole City of London investment and its main West End exposure. The latest data from MSCI/IPD suggests that Central London rents are declining modestly. The City of London and East London markets are under a Brexit spotlight, with uncertainty cast on the future of the UK financial services cross-border trading; the Company is strategically underweight Central London offices with only one small investment in the City, accounting for 2% of its total portfolio and well located within a stone's throw of the new Liverpool Street Elizabeth Line station due to open in 2019.

Regionally, the office portfolio produced an above-benchmark income return.



Ventura Park
Radlett

SECTOR SPLIT



Retail

Despite delivering the highest income return for the Company amongst the four principal commercial property investment sectors, total return was the weakest as was the case for the benchmark, -1.1% v 1.1%. The income component of total return matched the benchmark, however the Company's portfolio underperformed on capital value, held back by two assets – one, the remaining shopping centre investment in Swindon, which is currently on the wrong side of investor sentiment but where we are on track to complete a 5-point asset management plan to improve income; and another, St Georges Retail Park, at the edge of Leicester city centre, with a concentration of tenants undertaking CVAs although a number of positive asset managment initiatives have been instigated at this asset.

Overall the impact from CVA's on the Company's rental income over the period was 2.1%, although, encouragingly, we have experienced strong retailer interest in some of the impacted units; in one case we have served a notice to terminate the lease of Mothercare at Kew, our largest CVA tenant, currently paying 50% of the previously contracted rent, on the basis of good demand from alternative retailers.

The Company is strategically underweight the retail sector, having successfully sold its three shopping centres in Shrewsbury in January to Shropshire Council which halved its shopping centre exposure from 7.5% to just 3.7%. The High Street retail weighting is approximately half the benchmark's, at 7.5%, whilst the bulk of the Company's exposure is in retail parks concentrated in prime assets at Kew, London, Tunbridge Wells and Leeds, where the asset benefits from a location adjacent to Ikea.

The Company has been successful in reducing retail exposure and it is likely to continue doing so, unless compelling opportunities present themselves.

Leisure/Other Commercial

The Company's leisure assets in Kingston upon Thames, Swindon, and Glasgow, produced the second highest relative income return across the sectors for the period, albeit slightly short of the benchmark's capital growth. One of the larger assets is not expected to see any rental growth and is therefore reliant on its current yield, whilst the "Other" component of the benchmark includes most alternative sectors. This includes hotels, where many have been experiencing capital growth, as has been the case for the Company's pre-let hotel funding in Newcastle upon Tyne. Overall performance was 3.5% against 4.1% for the benchmark.

1 Rivergate
Bristol (Sold June 2018)

The White Building
Reading

Kew Retail Park
Richmond

Ocado
Hatfield

Charles Darwin Shopping Centre
Shrewsbury (Sold January 2018)

Investment Activity

At the start of the year the Company took advantage of the strong appetite shown by local authorities for commercial property in the UK and sold the Charles Darwin, Pride Hill and Riverside shopping centres in Shrewsbury to Shropshire Council for approximately £51 million. This represented a small premium to year-end valuation and reduced exposure to the retail sector. Shopping Centres now amount to less than 4% of the portfolio by value.

In June, having last year secured OVO Energy as the sole tenant of its office investment at 1 Rivergate, Temple Quay, a property built in 2002, the Company took advantage of the strength of investor demand for the Bristol office market and sold its investment ahead of valuation to a pension fund for a net price of £26.6 million.

Part of these sale proceeds were then reinvested in the acquisition of The White Building, Reading, for around £51 million based upon a topped-up net initial yield of 5.75%. This office has the potential to grow rent having recently been fully renovated at a cost of circa £17 million by the vendor. It has proven to be one of the most successful offices to let in the dynamic Reading office market, a town benefiting from a new Elizabeth Line station opening soon and considerable public realm improvements. It is currently 82% let to nine tenants with a weighted average secure unexpired lease term of five years and is expected to deliver an annual rental income of around £3.0 million once fully let.

Post half year we completed the acquisition of the M8 Industrial Estate, Coatbridge near Glasgow, which is strategically located within Scotland's Central belt to reach 75% of Scotland's population within a 2 hour drive time.

The agreed headline price is £24.6 million reflecting a topped-up initial yield of 5.9%. The investment offers a multi-let, reversionary industrial estate adjacent to the recently improved M8 Motorway.

Incorporating two small development sites, the 17 unit multi let estate provides an average weighted unexpired lease length of 6 years to break and 7 years to expiry.

Occupiers include Boots, Rentokill, Euroscot Rentals and the PTS Group.

Collectively these transactions are designed to enhance sustainable income with potential for growth.

Asset Management Activity

During the first half of the year the Company continued its drive to strengthen income streams, extend lease lengths and add value to the portfolio. A total of £4.1 million of annual income was generated from five new lettings, after rent free periods and incentives, and eight lease renewals/rent reviews.

It was pleasing to see that all open market rent reviews agreed during the period saw increases and settlements ahead of rental value. At the Company's logistics warehouse in Hatfield, let to Ocado, a 2016 rent review was settled. This secured a new annual rent of £3.0 million, 12% ahead of ERV at the review date, and an uplift of £322,000 per annum.

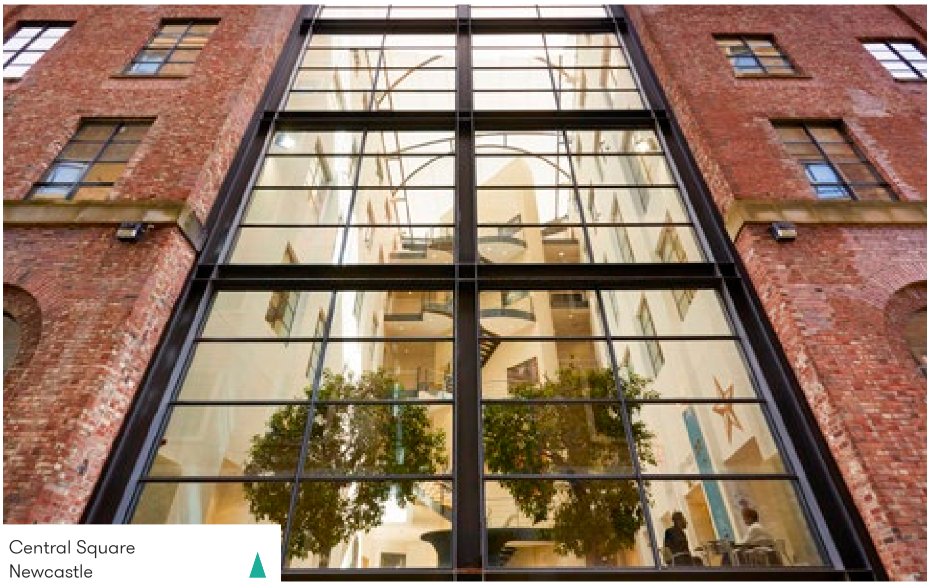
Overall, occupancy of the portfolio increased to 93% at 30 June 2018, with half the remaining vacancy in strong locations within the industrial sector, which has good prospects to increase occupancy and enhance future income and capital returns. Less than 20% of the vacancy is in the retail sector.

Highlights for the period include

Helping improve rental income, a lease renewal took place 8.5% ahead of ERV with GAP at Kew Retail Park, London, securing a rent of £439,600 per annum for a ten year term.

In the industrial sector at the Company's largest investment by value, Ventura Park, Radlett, a new agreement to lease was signed for a 15 year secure term to an existing global tenant on the estate. At a rent of £1.34 million per annum this was the Company's second largest vacancy. The lease contains five yearly inflation-linked and upwards only rent reviews and is subject to completion of landlord's roof works, expected in November. This letting represents an increase of 39% on the previous passing rent for the unit and is in-line with ERV. After completion of the lease 15.3% of the Company's income will be in leases that are inflation linked or have fixed uplifts.

In the North East a new 5 year lease renewal was completed with Cushman & Wakefield at Central Square, Newcastle upon Tyne, an office investment located close to the railway station and town centre; the new rent of £95,400 per annum represents an uplift 18% ahead of ERV and improved the average weighted unexpired lease length at the building.



Central Square
Newcastle

The Parade
Swindon

Emerald Park
Bristol

Ventura Park
Radlett

Within the Company's only shopping centre investment at The Parade in Swindon, Wilko Retail Ltd completed the pre-agreed new 15 year lease, securing a headline rent of £385,000 per annum in line with ERV, following completion of reconfiguration works to the unit. This was one of the first successful re-lettings of former BHS space.

In addition a lease renewal completed with Tesco at The Parade, Swindon, securing occupation for a 10 year term with a tenant-only break in year five at ERV, and a rent of £200,000 per annum.

A new ten year lease renewal took place with Nomenca at Emerald Park, Bristol. A revised rent of £76,000 per annum was achieved, 15% ahead of the previous passing rent and 3% ahead of ERV.

Rent Collection, Voids and Leasing Tone

Tenant covenants are monitored on a quarterly basis. The Company's average rent collection efficiency over the past 12 months shows that 99% of rent was collected within 21 days of the due date, indicative of the quality of the Company's tenant profile.

New Appointment

We have recently appointed Ed Clerk as deputy fund manager to UKCP REIT, providing additional manpower and expertise to support the delivery of our strategy outlined above. Ed, who will report directly into me as Lead Fund Manager, is highly qualified and has a proven track record in real estate investment sourcing and strategic asset management. Following the significant portfolio repositioning we have undertaken in recent years, I am looking forward to working with him as we continue to deliver on our strategy of growing a high-quality portfolio, diversified by asset class and geography, to generate sustainable returns for our shareholders.

Investment Outlook

Investor sentiment and activity continues to illustrate that the hierarchy of sector preference remains largely unchanged. The industrial sector remains favoured as investors seek to take advantage of the structural shift towards online retailing. The alternative sectors also remain favoured by many investors due to the long, stable inflation-linked leases they often afford, as we move into an environment of predominantly income-led returns. However, the sub-sectors are diverse and the risks associated with these sectors equally so. Nevertheless investors are broadening their investment requirements in the alternative space and rather than purely seeking defensive long income, investors are more comfortable with operational risk in alternatives and the associated diversification and sustainable income benefits. Residential and student accommodation are already firmly established in this regard.

Our five-year forecast for the property market shows that returns will be driven by income and, as such, a key focus will be active management of income risk at the asset and portfolio level. We do not predict downward yield shift contributing positively to total returns, as has been the case in recent years.

The focus on income is reflected in projected sub-sector returns which have become more divergent in the short term, with industrials and income-focused sectors, including the Private Rented Sector, expected to be the strongest performing areas of the market.

Finally, as the Chairman has noted, the Company's forward planning and conversion to a REIT has placed it on a stronger footing to deliver on its long term potential.

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, sales, and proactive asset management, including disciplined investment in existing stock where accretive.

Having undertaken a number of portfolio transactions in 2018, UKCP REIT retained cash of £30 million as at 30 June for new investment after allowing for dividend and existing capital expenditure commitments. In addition, the Company has the ability to draw upon a further £50 million of cash from its revolving credit facility.

Repositioning undertaken mostly in 2015 has led to a strategic overweight in the industrial/logistics sector, the Company's largest exposure, which has outperformed through a mix of choosing quality assets and successful asset management initiatives. We have been reducing retail exposure since 2015 and further reduced this element in 2018 with the sale to the Council of the Shrewsbury shopping centres; over the short to medium term our direction of travel is likely to reduce further as and when the opportunity is right.

When looking to deploy cash resources, we continue our focus on long-term secure income that would be accretive to recurring dividend cover. We continue to consider funding the construction of 'pre-let' development property where planning and leasing risk has been removed and we may benefit from an edge on pricing through our experience operating in this field. We are also open to shorter income opportunities in assets with strong fundamentals where we can see real opportunity for rental increases.

As ever we remain open to exploiting pricing opportunity in the market, with a large team and the resources to react quickly. With uncertainty continuing in both economics and politics, we believe the potential for opportunistic acquisitions and deployment of the Company's cash should accelerate.

We believe the Company is well positioned to grow earnings in this phase of the property cycle, focused as it is on income return rather than just capital growth. Income return will continue to be in sharp focus as Brexit uncertainty evolves in the run up to next year.

Will Fulton
Fund Manager
19 September 2018

9 Colmore Row
Birmingham

We believe the Company is well positioned to grow earnings in this phase of the property cycle, focused as it is on income return rather than just capital growth.

Property Portfolio

by location

UK Commercial Property REIT

PROPERTY PORTFOLIO

As at 30 June 2018

PROPERTY		Tenure	Sector	Principal Tenant	Value Range
1	Ventura Park, Radlett	Freehold	Industrial	DHL Supply Chain Ltd	Over £50m (representing 43% of the portfolio capital value)
2	15 Great Marlborough Street, London, W1	Freehold	Office	Sony Ltd	
3	Junction 27 Retail Park, Birstall, Leeds	Freehold	Retail Warehouse	DSG Retail Ltd	
4	Ocado Distribution Unit, Hatfield Business Area, Hatfield	Freehold	Industrial	Ocado Ltd	
5	Great Lodge Retail Park, Tunbridge Wells	Freehold	Retail Warehouse	B&Q Plc	
6	The Rotunda, Kingston upon Thames	Freehold	Leisure/Other	Odeon Cinemas Ltd	
7	Kew Retail Park, Richmond	Freehold	Retail Warehouse	TK Maxx	
8	Dolphin Estate, Sunbury on Thames	Freehold	Industrial	Trans Global Freight Management Ltd	
9	The Parade, Swindon	Freehold	Shopping Centre	H&M Hennes & Mauritz UK Ltd	
10	The White Building, Reading	Freehold	Office	Roc Search Ltd	£30m–£50m (representing 33% of the portfolio capital value)
11	Newton's Court, Dartford, Kent	Freehold	Industrial	Fabb Projects Ltd	
12	Hannah Close, London, NW10	Leasehold	Industrial	Marks & Spencer Plc	
13	Magna Park, Lutterworth	Leasehold	Industrial	Vacant	
14	Regent Circus, Swindon	Freehold	Leisure/Other	WM Morrison Supermarkets Plc	
15	Emerald Park, Emersons Green, Bristol	Freehold	Industrial	Knorr-Bremse Systems Ltd	
16	St Georges Retail Park, Leicester	Freehold	Retail Warehouse	Wickes Building Supplies Ltd	
17	Cineworld Complex, Glasgow	Freehold	Leisure/Other	Cineworld	
18	Eldon House, City of London, EC2	Freehold	Office	Stace LLP	
19	B&Q, Roneo Corner, Romford	Freehold	Retail Warehouse	B&Q Plc	
20	81/85 George Street, Edinburgh	Freehold	High St, Retail	Clydesdale Bank	
21	Total, Aberdeen Gateway, Aberdeen	Freehold	Industrial	Total E&P UK Ltd	
22	Motor Park, Eastern Road, Portsmouth	Freehold	Industrial	Snows Business Holdings Ltd	
23	Craven House, Fouberts Place, London, W1	Leasehold	Office	Molinaire Ltd	£20m–£29.9m (representing 17% of the portfolio capital value)
24	Centrum 260, Burton on Trent	Freehold	Industrial	Palletforce Plc	
25	9 Colmore Row, Birmingham	Leasehold	Office	BNP Paribas	
26	Gatwick Gate Industrial Estate, Crawley	Freehold	Industrial	Airbase Interiors Ltd	
27	Broadbridge Retail Park, Horsham	Freehold	Retail Warehouse	HHGL Ltd	
28	Central Square, Forth Street, Newcastle upon Tyne	Freehold	Office	Ove Arup & Partners	
29	No 2 Temple Quay, Bristol	Freehold	Office	Public Sector	
30	Network House & Meadowside House, Hemel Hempstead	Freehold	Office	Public Sector	
31	16/20 High Street & 1/3 Bedford Street, Exeter	Leasehold	High St, Retail	H&M Hennes & Mauritz UK Ltd	
32	140/144 King's Road, London, SW3	Freehold	High St, Retail	French Connection UK Ltd	
33	Hartshead House, Sheffield	Freehold	Office	Capita Business Services Ltd	Below £20m (representing 7% of the portfolio)
34	Maldron Hotel, Newcastle*	Leasehold	Leisure/Other	Dalata Group Plc	
35	14–22 West Street, Marlow	Freehold	High St, Retail	Sainsbury's Supermarket Ltd	
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	146 King's Road, London SW3	Freehold	High St, Retail	Telefonica O2 UK Ltd	

Overall number of properties	39
Total number of tenancies	257
Total average property value	£36.3m
Total floor area	6,068,116 sq ft (563,728 sq m)
Freehold/Leasehold (leases over 100 years)	90%/10%

* Under development

Key: Industrial Office Retail Leisure/Other

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 Margaret Littlejohns is a resident of the UK. Ms Littlejohns has 18 years' experience with Citigroup in investment and commercial banking, with specific expertise in risk management (both market and credit risk). Between 2004 and 2006, following an MBA at Imperial College, she co-founded two start-up ventures providing self storage facilities in the Midlands and acted as Finance Director until the businesses were successfully sold to a regional self storage chain in 2016. She is also a Non-Executive Director of JPMorgan Mid Cap Investment Trust plc and Foresight VCT plc as well as being Chairman of Henderson High Income Trust plc. Ms Littlejohns was appointed to the Board on 1 January 2018.

2 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.

3 Robert Fowlds is a resident of the UK. Mr Fowlds is a Charted Surveyor and has worked in the listed real estate sector for over 30 years. He worked as a Real Estate equity analyst for a number of major investment banks including Merrill Lynch and Kleinwort Benson before joining JP Morgan Cazenove in 2006 where he subsequently became Managing Director and Head of Real Estate Investment Banking. In his time at JP Morgan Cazenove he was involved in over 50 corporate finance transactions and doubled the size of the JP Morgan Cazenove UK listed real estate franchise before retiring in 2015. Since retirement, Mr Fowlds has been engaged on a number of consultancy roles to leading real estate organisations. He also sat on the EPRA Board until 2012. Mr Fowlds was appointed to the Board on 1 April 2018 and was also appointed to the Supervisory Board of Klepierre S.A. listed on Euronext with effect from 24 April 2018.

4 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 (Channel Islands) Limited. Mr Ayre is a fellow 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.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5 Andrew Wilson is a resident of the UK. He was formerly of Richard Ellis, Royal Insurance as Chief Surveyor and he joined Rugby Securities as a director in 1987. He was a founder director of Rugby Estates plc in 1990 and 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, until June of this year, 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 Chairman of the Property Valuation Committee of the Company.


5

6 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. Mrs Platts 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. Mrs Platts 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.

MANAGEMENT TEAM


7

7 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 30 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 UKCPR, he oversaw a team managing the £2.3 billion Standard Life Heritage With Profits Real Estate Fund.

8 Ed Clerk Ed joined Standard Life Investments in 2010. From 2010 to 2015 Ed worked as a Portfolio Manager on the Secure and Segregated Real Estate teams aligned to the Standard Life Long Lease Property Fund and the South Yorkshire Pensions Authority Fund. In 2015 Ed was appointed Deputy Fund Manager for the South Yorkshire Pensions Authority Fund. Ed is a Chartered Surveyor and holds a Degree from the University of Durham and a Master's Degree from Heriot Watt University.


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9 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 Mr McDonald 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, Mr McDonald transferred to Aberdeen working on both investment trusts and Venture Capital trusts. In 2009 Mr McDonald joined Scottish Widows Investment Partnership as 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 UKCPR. Mr McDonald transferred over to Standard Life Investments in October 2014.

HALF YEARLY CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 June 2018

	Notes	Half year ended 30 June 2018 (unaudited) £'000	Half year ended 30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
REVENUE				
Rental income		32,851	35,027	69,826
Gains on investment properties	2	31,090	37,495	90,416
Interest income		263	163	295
Total income		**64,204**	**72,685**	**160,537**
EXPENDITURE				
Investment management fee		(4,780)	(4,526)	(9,215)
Direct property expenses		(1,515)	(2,666)	(4,444)
Other expenses		(3,646)	(1,494)	(3,565)
Total expenditure		**(9,941)**	**(8,686)**	**(17,224)**
Net operating profit before finance costs		**54,263**	**63,999**	**143,313**
FINANCE COSTS				
Finance costs		(4,145)	(4,018)	(8,143)
		(4,145)	**(4,018)**	**(8,143)**
Net profit from ordinary activities before taxation		50,118	59,981	135,170
Taxation on profit on ordinary activities	9	(5,830)	(2,623)	(3,608)
Net profit for the period	4	**44,288**	**57,358**	**131,562**
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS				
Gains arising on effective portion of interest rate swap		972	913	1,664
Other comprehensive income		**972**	**913**	**1,664**
Total comprehensive income for the year		**45,260**	**58,271**	**133,226**
Basic and diluted earnings per share	3	**3.41p**	**4.41p**	**10.12p**
EPRA earnings per share (excluding non-recurring tax items)		**1.43p**	**1.73p**	**3.42p**

HALF YEARLY CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2018

	Notes	30 June 2018 (unaudited) £'000	30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
NON-CURRENT ASSETS				
Investment properties	2	1,403,690	1,309,844	1,332,923
Deferred tax asset	9	—	3,909	3,271
		1,403,690	**1,313,753**	**1,336,194**
CURRENT ASSETS				
Investment properties held for sale		—	—	47,600
Trade and other receivables		19,499	18,777	23,433
Cash and cash equivalents		84,080	98,611	72,443
		103,579	117,388	143,476
Total assets		**1,507,269**	**1,431,141**	**1,479,670**
CURRENT LIABILITIES				
Trade and other payables		(29,252)	(24,509)	(22,408)
Interest rate swap		(867)	(1,326)	(1,130)
		(30,119)	**(25,835)**	**(23,538)**
NON-CURRENT LIABILITIES				
Bank loan		(249,503)	(248,790)	(249,126)
Interest rate swap		(251)	(1,515)	(960)
		(249,754)	(250,305)	(250,086)
Total liabilities		**(279,873)**	**(276,140)**	**(273,624)**
Net assets	6	**1,227,396**	**1,155,001**	**1,206,046**
REPRESENTED BY				
Share capital		539,872	539,872	539,872
Special distributable reserve		573,208	586,547	583,920
Capital reserve		115,434	31,423	84,344
Revenue reserve		—	—	—
Interest rate swap reserve		(1,118)	(2,841)	(2,090)
Equity shareholders' funds		**1,227,396**	**1,155,001**	**1,206,046**
Net asset value per share		**94.5p**	**88.9p**	**92.8p**
EPRA Net asset value per share		**94.6p**	**89.1p**	**93.0p**

HALF YEARLY CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2018

HALF YEAR ENDED 30 JUNE 2018 (unaudited)	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Equity shareholders' funds £'000
At 1 January 2018		539,872	583,920	84,344	—	(2,090)	1,206,046
Net Profit for the period		—	—	—	44,288	—	44,288
Other comprehensive income		—	—	—	—	972	972
Total Comprehensive income		—	—	—	44,288	972	45,260
Dividends paid	7	—	—	—	(23,910)	—	(23,910)
Transfer in respect of gains on investment property		—	—	31,090	(31,090)	—	—
Transfer from special distributable reserve		—	(10,712)	—	10,712	—	—
At 30 June 2018		**539,872**	**573,208**	**115,434**	**—**	**(1,118)**	**1,227,396**

HALF YEAR ENDED 30 JUNE 2017 (unaudited)	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Equity shareholders' funds £'000
At 1 January 2017		539,872	590,594	(6,072)	—	(3,754)	1,120,640
Net Profit for the period		—	—	—	57,358	—	57,358
Other comprehensive income		—	—	—	—	913	913
Total Comprehensive income		—	—	—	57,358	913	58,271
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**

FOR THE YEAR ENDED 31 DECEMBER 2017 (audited)	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Interest Rate Swap Reserve £'000	Equity shareholders' funds £'000
At 1 January 2017		539,872	590,594	(6,072)	—	(3,754)	1,120,640
Net Profit for the period		—	—	—	131,562	—	131,562
Other comprehensive income		—	—	—	—	1,664	1,664
Total Comprehensive income		—	—	—	131,562	1,664	133,226
Dividends paid	7	—	—	—	(47,820)	—	(47,820)
Transfer in respect of gains on investment property		—	—	90,416	(90,416)	—	—
Transfer from special distributable reserve		—	(6,674)	—	6,674	—	—
At 31 December 2017		**539,872**	**583,920**	**84,344**	**—**	**(2,090)**	**1,206,046**

HALF YEARLY CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the half year ended 30 June 2018

	Notes	30 June 2018 (unaudited) £'000	30 June 2017 (unaudited) £'000	Year ended 31 December 2017 (audited) £'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the period before taxation		50,118	59,981	135,170
Adjustments for:				
Gains on investment properties	2	(31,090)	(37,495)	(90,416)
Movement in lease incentive		(1,328)	(3,165)	(6,597)
Movement in provision for bad debts		(545)	(38)	(130)
(Increase)/decrease in operating trade and other receivables		(981)	460	(672)
Increase/(decrease) in operating trade and other payables		4,543	(646)	(3,094)
Finance costs		3,737	4,018	8,131
Cash generated by operations		24,454	23,115	42,392
Tax paid		—	—	—
Net cash inflow from operating activities		**24,454**	**23,115**	**42,392**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment properties		(46,572)	(27,500)	(52,016)
Sale of investment properties		75,481	30,500	41,513
Capital expenditure		(14,198)	(4,725)	(8,981)
Net cash inflow/(outflow) from investing activities		**14,711**	**(1,725)**	**(19,484)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid		(23,910)	(23,910)	(47,820)
Bank loan interest paid		(2,983)	(3,070)	(6,114)
Payments under interest rate swap arrangement		(635)	(692)	(1,424)
Net cash outflow from financing activities		**(27,528)**	**(27,672)**	**(55,358)**
Net increase/(decrease) in cash and cash equivalents		**11,637**	**(6,282)**	**(32,450)**
Opening balance		**72,443**	**104,893**	**104,893**
Closing cash and cash equivalents		**84,080**	**98,611**	**72,443**
REPRESENTED BY				
Cash at bank		20,536	54,150	27,735
Money market funds		63,544	44,461	44,708
		84,080	**98,611**	**72,443**

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 2017.

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 2017, which were prepared under full IFRS requirements.

2. INVESTMENT PROPERTIES

FREEHOLD AND LEASEHOLD PROPERTIES	£'000
Opening valuation	1,380,523
Purchases at cost	46,572
Capital expenditure	14,198
Gain on revaluation to fair value	31,175
Disposal at prior year valuation	(72,750)
Adjustment for lease incentives	3,972
Total fair value at 30 June 2018	**1,403,690**

GAIN ON INVESTMENT PROPERTIES AT FAIR VALUE COMPRISE	
Valuation Gains	31,175
Movement in provision for lease incentives	3,972
Loss on disposal	(4,057)
	31,090

3. BASIC AND DILUTED EARNINGS PER SHARE

The earnings per ordinary share are based on the net profit for the period of £44,288,000 (30 June 2017 net profit of £57,358,000) and 1,299,412,465 (30 June 2017: 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 2018 should not be taken as a guide to the results for the year to 31 December 2018.

5. SHARES

As at 30 June 2018 the total number of shares in issues is 1,299,412,465 (30 June 2017: 1,299,412,465).

6. NET ASSET VALUE

The net asset value per ordinary share is based on net assets of £1,227,396,000 (30 June 2017: £1,155,001,000) and 1,299,412,465 (30 June 2017: 1,299,412,465) ordinary shares.

7. DIVIDENDS

PERIOD TO 30 JUNE 2018	Rate (pence)	£'000
Dividend for the period 1 October 2017 to 31 December 2017, paid 28 February 2018	0.92	11,955
Dividend for the period 1 January 2018 to 31 March 2018, paid 31 May 2018	0.92	11,955
		23,910

A dividend of 0.92p per share for the period 1 April 2018 to 30 June 2018 was paid on 31 August 2018. Under International Financial Reporting Standards, these unaudited financial statements do not reflect this dividend.

8. RELATED PARTY TRANSACTIONS

No Director has an interest in any transactions which are, or were, unusual in their nature or significance to the Group. The Directors of the Company received fees for their services totalling £139,000 (30 June 2017: £111,000) for the six months ended 30 June 2018, none of which was payable at the period end (30 June 2017: 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 £4,780,000 (30 June 2017: £4,526,000) of which £50,000 was administration fees (30 June 2017: £50,000). £2,405,000 (30 June 2017: £2,312,000) of this total charge remained payable at the period end.

9. TAXATION

TAXATION ON PROFIT ON ORDINARY ACTIVITIES COMPRISES	£'000
Release of deferred tax asset	3,271
Corporation tax charge	2,000
Income tax	559
	5,830

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 full year to 31 December 2017, £3,244,000 of this asset was written-off as these tax losses begin to be utilised. As a result of the Company converting to a UK REIT on 1 July 2018, the remaining £3,271,000 was written-off during the half year to 30 June 2018.

The White Building, Reading was acquired in the period via the purchase of the share capital of UK Commercial Property Estates (Reading) Limited. The purchase, and subsequent allocation of the property as an investment property triggered a corporation tax charge of £2,000,000 which was deducted from the purchase price.

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 2018. 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 2017. 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 is estimated by discounting expected future cash flows using the current interest rates applicable to each loan. There have been no transfers between levels in the half 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 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Investment properties	—	—	1,403,690	1,403,690

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 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Loan Facilities	—	267,344	—	267,344

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 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total fair value £'000
Interest rate swap	—	(1,118)	—	(1,118)
Trade and other receivables	—	19,499	—	19,499
Trade and other payables	—	(29,252)	—	(29,252)

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 their short term nature.

11. FINANCING

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

The Company has in place an interest rate swap with Barclays Bank Plc totalling £150 million. The fair value in respect of this interest rate swap as at 30 June 2018 is a liability of £1,118,000 (June 2017: Liability of £2,841,000).

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 was 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 was 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 was 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.

UKCPEH also acquired 100% of UK Commercial Property Estates (Reading) Limited (UKCPER) during the period, 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 was 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 four Jersey Property Unit Trusts (JPUTs) namely Junction 27 Retail Unit Trust, St Georges Leicester Unit Trust, Kew Retail Park Unit Trust, and Rotunda Kingston Property Unit Trust. The principal business of the Unit Trusts is that of investment in property.

Following REIT conversion all direct properties held by UKCPH, UKCPEL and the Limited Partnership were transferred to UKCPFH and UKCPEH. BRPL and UKCPER continue to hold one property each.

13. POST BALANCE SHEET EVENTS

On 1 July 2018 the Company converted to a UK REIT.

In August 2018 the Group purchased the M8 Industrial Estate at Coatbridge, near Glasgow for £24.6 million.

PRINCIPAL RISKS AND UNCERTAINTIES

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 2017. 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.

THE ROTUNDA
Kingston upon Thames

STATEMENT OF DIRECTORS' RESPONSIBILITIES
in respect of the half yearly financial report to 30 June 2018

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
19 September 2018

CORPORATE INFORMATION

Directors (all non-executive)

Andrew Wilson
Chair

Ken McCullagh
Chair of Audit Committee
and Senior Independent Director

Michael Ayre
Chair of the Property
Valuation Committee

Sandra Platts
Chair of the Management
Engagement Committee

John Robertson
Chair of the Risk Committee
retired 31 March 2018

Margaret Littlejohns
Chair of the Risk Committee
from 1 April 2018
appointed 1 January 2018

Robert Fowlds
Non-Executive Director
appointed 1 April 2018

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Registered Number

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Administrator and Secretary

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Corporate Broker

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Depositary

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GLOSSARY

AIC	Association of Investment Companies. The trade body representing closed-ended investment companies.
Annual rental income	Cash rents passing at the Balance Sheet date.
Average debt maturity	The weighted average amount of time until the maturity of the Group's debt facilities.
Break option	A break option (alternatively called a 'break clause' or 'option to determine') is a clause in a lease which provides the landlord or tenant with a right to terminate the lease before its contractual expiry date, if certain criteria are met.
Contracted rent	The contracted gross rent receivable which becomes payable after all the occupier incentives in the letting have expired.
Covenant strength	This refers to the quality of a tenant's financial status and its ability to perform the covenants in a Lease.
Dividend	A sum of money paid regularly by the company to its shareholders. The Company currently pays dividends to shareholders quarterly.
Dividend cover	The ratio of the company's net profit after tax (excluding capital items) to the dividends paid.
Dividend yield	Annual dividend expressed as a percentage of share price.
Earnings per share (EPS)	Profit for the period attributable to shareholders divided by the average number of shares in issue during the period.
EPRA	European Public Real Estate Association. The industry body representing listed companies in the real estate sector.
EPRA Earnings per share	Profit for the period, as defined within EPRA Best Practices Recommendation Guidelines November 2016, divided by the average number of shares in issue during the period.
ERV	The estimated rental value of a property, provided by the property valuers.
Fair value	Fair value is defined by IFRS 13 as 'the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'.
Fair value movement	Fair value movement is the accounting adjustment to change the book value of an asset or liability to its market value, and subsequent changes in market value.
Gross gearing	Calculated as gross borrowings (excluding swap valuation) divided by total assets less current liabilities (excluding borrowings and swaps). SWAP valuations at fair value are not considered relevant in gearing calculations.
Group	UK Commercial Property REIT and its subsidiaries.
IFRS	International Financial Reporting Standards.
Index linked	The practice of linking the review of a tenant's payments under a lease to a published index, most commonly the Retail Price Index (RPI) but also the Consumer Price Index (CPI).
IPD	Investment Property Databank. An independent organisation supplying an expansive range of regional and global indexes, research, performance modelling, data metrics and risk analytics across direct property, listed and unlisted vehicles, joint ventures, separate accounts and debt.
IPD benchmark	The MSCI IPD Balanced Monthly and Quarterly Funds Benchmark
Lease incentive	A payment used to encourage a tenant to take on a new Lease, for example by a landlord paying a tenant a sum of money to contribute to the cost of a tenant's fit-out of a property or by allowing a rent free period.
NAV	Net Asset Value is the equity attributable to shareholders calculated under IFRS.

NAV total return	The return to shareholders, expressed as a percentage of opening NAV, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in NAV. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs.
Net gearing	Calculated as net borrowings (gross borrowings less cash excluding swap valuation) divided by total assets less current liabilities (excluding cash, borrowings and swaps). SWAP valuations at fair value are not considered relevant in gearing calculations.
Net initial yield (NIY)	The net initial yield of a property is the initial net income at the date of purchase, expressed as a percentage of the gross purchase price including the costs of purchase.
Net Reversionary yield	Estimated rental value as a percentage of the gross property value.
Ongoing charges	A measure, expressed as a percentage of NAV, of the regular, recurring costs of running an investment company, calculated in line with AIC ongoing charge methodology.
Over-rented	Space where the passing rent is above the ERV.
Passing rent	The rent payable at a particular point in time.
Portfolio fair value	The market value of the company's property portfolio, which is based on the external valuation provided by CBRE Limited.
Portfolio total return	Combining the Portfolio Capital Return (the change in property value after taking account of property sales, purchases and capital expenditure in the period) and Portfolio Income Return (net property income after deducting direct property expenditure), assuming portfolio income is re-invested.
Portfolio yield	Passing rent as a percentage of portfolio value.
Premium/Discount to NAV	The difference between the share price and NAV per share, expressed as a percentage of NAV. Premium representing a higher share price compared to NAV per share, discount the opposite.
Rack-rented	Space where the passing rent is the same as the ERV.
REIT	A Real Estate Investment Trust (REIT) is a single company REIT or a group REIT that owns and manages property on behalf of shareholders. In the UK, a company or group of companies can apply for 'UK-REIT' status, which exempts the company from corporation tax on profits and gains from their UK qualifying property rental businesses.
Rent free	A period within a lease (usually from the lease start date on new leases) where the tenant has been granted that they do not have to pay any rent.
Rent review	A rent review is a periodic review (usually five yearly) of rent during the term of a lease.
RICS	The Royal Institution of Chartered Surveyors, the global professional body promoting and enforcing the highest international standards in the valuation, management and development of land, real estate, construction and infrastructure.
Share price	The value of each of the company's shares at a point in time as quoted on the Main Market of the London Stock Exchange.
Share price total return	The return to shareholders, expressed as a percentage of opening share price, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in share price. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs.
Void rate/vacancy rate	The quantum of rent relating to properties which are unlet and generating no rental income. Stated as a percentage of Estimated Rental Value.

UK Commercial Property REIT

FOCUSSING OUR POSITION TO DELIVER IN 2018

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