UK COMMERCIAL PROPERTY REIT
INTERIM REPORT & ACCOUNTS

for the half year ended 30 June 2023

abrdn

UK Commercial Property REIT

"UK Commercial Property REIT continues its strategic focus on earnings growth through development completion and portfolio reversion."

PETER PEREIRA GRAY,
CHAIR OF UK COMMERCIAL PROPERTY REIT

6% INCREASE IN EPRA EARNINGS *per share in 2023*

EPRA EPS*	PENCE PER SHARE
1 JANUARY 2023 TO 30 JUNE 2023	1.67p#
1 JULY 2022 TO 31 DECEMBER 2022	1.57p

243,482 SQ FT
3 DEVELOPMENTS COMPLETED *in H1 2023*

99% RENT COLLECTION
Strong and stable

98%* DIVIDEND COVER
to 30 June 2023

96.4% OCCUPANCY RATE
Post period end

OCCUPANCY	
30 JUNE 2023	95.6%
31 DECEMBER 2022	98.0%

1.70p DIVIDEND PAID
to 30 June 2023 pence per share

Compares favourably to the MSCI benchmark occupancy rate of 91.9%

#EPRA EPS 1.45p allowing for non-cash exceptional item. As a result of the Company's restructure with Cineworld it experienced a non-cash, accounting adjustment creating dividend cover of 85% for the period, without which it would have been 98% covered.

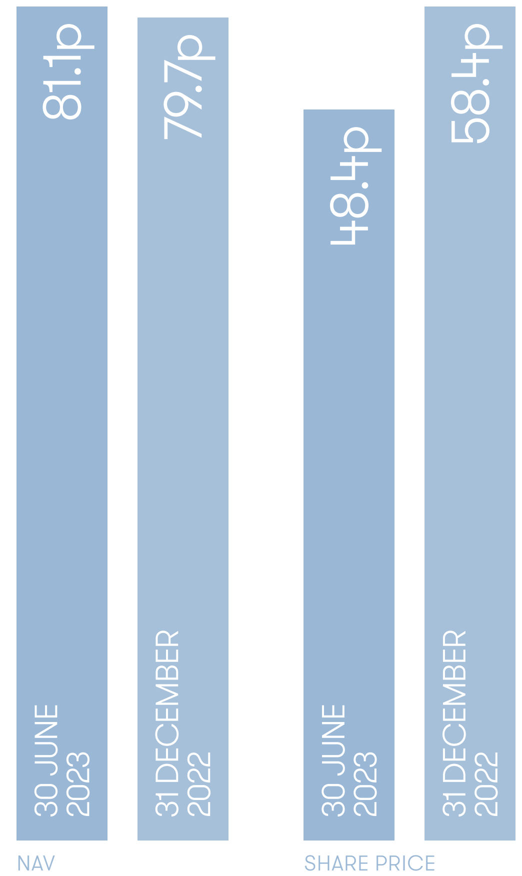
193 TENANCIES
(2022: 196)

39 PROPERTIES
(2022: 40)

8.3yrs AVERAGE WEIGHTED UNEXPIRED LEASE TERM
(2022: 8.3yrs)
Source: MSCI Inc

£1.3bn TOTAL ASSETS
as at 30 June 2023

Half year NAV total return* of 3.9%



Strong balance sheet with **low LTV** and **low weighted cost of debt** at 3.35% per annum, with a **blended period to maturity** of 5.3 years.

GEARING*	
30 JUNE 2023	15.6%
31 DECEMBER 2022	20.0%

15.6% GROUP GEARING

£330M OF UNENCUMBERED PROPERTY

All covenants well covered which provides further significant headroom and flexibility

SELECTIVE CAPITAL RECYCLING *with accretive*

£74m WEMBLEY ASSET SALE *at* **3.49% YIELD**

*EPRA and Alternative Performance Measures (see page 39 for further details)

PERFORMANCE SUMMARY

	30 June 2023	31 December 2022	% Change
CAPITAL VALUES AND GEARING			
Total assets less current liabilities (excl bank loan) £'000	1,297,415	1,327,405	(2.3)
IFRS Net asset value (£'000)	1,053,868	1,035,719	1.8
Net asset value per share (p)	81.1	79.7	1.8
Ordinary Share Price (p)	48.4	58.4	(17.1)
Discount to net asset value (%)	(40.3)	(26.7)	n/a
Gearing (%)*	15.6	20.0	n/a

	6 month % return	1 year % return	3 year % return	5 year % return
TOTAL RETURN				
NAV†	3.9	(24.2)	8.1	3.4
Share Price†	(14.5)	(30.0)	(5.8)	(30.4)
UKCM Direct Portfolio	3.9	(19.0)	14.4	13.4
MSCI Balanced Portfolios Quarterly Property Index	0.0	(16.4)	7.4	9.0
FTSE Real Estate Investment Trusts Index	(7.6)	(22.1)	(9.1)	(22.5)
FTSE All-Share Index	2.6	7.9	33.2	16.5

	30 June 2023	30 June 2022
EARNINGS AND DIVIDENDS		
Net profit for the period £'000	40,239	162,356
Underlying EPRA earnings per share (p)*	1.7	1.6
IFRS Earnings per share (p)	3.1	12.5
Dividends paid per ordinary share (p)	1.70	1.55
Dividend Yield (%)‡	7.0	3.8
MSCI Benchmark Yield (%)	4.9	3.9
FTSE Real Estate Investment Trusts Index Yield (%)	5.1	3.6
FTSE All-Share Index Yield (%)	3.7	3.5

* See EPRA and Alternative Performance Measures on page 39 for further details.

† Assumes re-investment of dividends excluding transaction costs.

‡ Based on dividend paid in last 12 months of 3.4p and the share price at 30 June 2023.

Sources: abrdn, MSCI

COMPANY SUMMARY
An overview

ABOUT US

Launched in **2006**

FTSE **250**

£1.1bn Net Asset Value as at 30 June 2023

£1.3bn Total Assets as at 30 June 2023

UK Commercial Property REIT Limited ("UKCM") is a listed Real Estate Investment Trust (REIT) with a net asset value of £1.1 billion as at 30 June 2023.

UKCM is one of the largest diversified REITs in the UK and is a component of the FTSE 250 index made up of the largest 350 companies with a primary listing on the London Stock Exchange.

OBJECTIVE

The 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.

This objective is achieved by:

- Constructing a portfolio that is diversified within the four main commercial property sectors – Industrial, Offices, Retail and Alternatives.
- Investing in a portfolio with a strong earnings and income focus.
- Delivering value through a proactive approach to acquisitions, sales and asset management.
- Selectively developing or funding developments, mostly pre-let.
- Considering Environmental, Social and Governance factors as integral parts of the investment process.

Industrial | Retail | Alternatives | Offices

· DIVERSIFIED PORTFOLIO ·

BOARD & MANAGEMENT

6 Independent Non-executive Directors

abrdn

The Company has a Board of six experienced Non-Executive Directors who have significant expertise in property, accounting, risk and tax. UKCM is managed by abrdn, a top 10 European (inc. UK) real estate manager with over £39bn of assets under management across direct and indirect strategies.

To learn more, visit our website at:
ukcpreit.com

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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.

Peter Pereira Gray
Chair

Dear Shareholder

In this, my first report to shareholders, I am pleased to report a robust performance from UK Commercial Property REIT, with valuation increases and continued positive leasing momentum demonstrating the benefits of the Company's diversified property portfolio and active management strategy. As a result, we are able to present an encouraging increase in NAV and underlying earnings.

While uncertainty surrounding future inflation and the path of interest rates remains, I am cautiously optimistic that following the sector rerating at the end of last year the worst of the property market valuation declines are now behind us.

With this in mind, I believe the outlook for UKCM is positive, given the strength of the portfolio and the management team. These results demonstrate our ability to drive value and income appreciation through the successful asset management of the Company's high-quality portfolio and we look forward to this continuing into the second half.

While UKCM's portfolio valuation has stabilised and continues to perform well at an operational level, the Board is aware of the discount at which the Company's shares, and other diversified REIT's shares, trade relative to their net asset value and it is actively considering options to redress this with the Investment Manager. We will continue to focus on increasing earnings, controlling our gearing and delivering a strong underlying operational performance of the Company.

Industrial weighting positions the portfolio towards earning growth

Portfolio Weighting

58% Industrial

15% Retail Warehouse / Supermarkets

14% Alternatives

13% Offices

FROM THE CHAIR

> "We will continue to focus on increasing earnings, controlling our gearing and delivering a strong underlying operational performance of the Company."

Portfolio Activity

In May 2023, following an assessment of the asset's business plan, UKCM sold its 186,455 sq ft Wembley 180 logistics asset in London to Covent Garden IP Limited, a registered charitable company, for £74 million. The price achieved reflected a net initial yield of 3.49% which was broadly in line with the 31 March 2023 valuation. UKCM had owned the property since 2009 and completed a refurbishment of the asset in 2019 when it let the unit to a global e-commerce company until 2029. The proceeds of the sale were used to enhance earnings by paying down a substantial amount of the Company's Revolving Credit Facility (RCF).

In the period, the Company achieved practical completion of its 107,00 sq ft industrial development, Sussex Junction, in Bolney. Two units are pre-let to geological services company CGG on a 15-year lease at an annual rent of £780,875 pa and the final, unit of 46,500 sq ft was let after the period end, in August, to Birch Sussex Ltd. The development is rated BREEAM 'Very Good' and has an EPC rating of A for its shell and core.

The Company's 226-room student housing development at Glenthorne Road in Exeter completed during Q1 and is let directly to students. With a significant supply shortage of student accommodation in the local market, there is already strong letting momentum for the 2023/2024 academic year and UKCM benefits from guaranteed Year 1 income of £1,650,000. The development has an EPC rating of B, benefits from PV solar panels on the roof and is targeting a BREEAM 'Very Good' rating.

The Company has successfully retained Cineworld at Glasgow and Swindon following negotiations in relation to its US Chapter 11 process. The agreement involved a restructuring of the leases to reduce the tenant's annual outgoings and ensure the cinemas are profitable. The restructure has been reflected in the portfolio value and NAV.

The Company has agreed a reduction in Cineworld's rent representing c.1% of the annualised portfolio valuation rent as at 30 June 2023. Despite this adjustment, the annualised portfolio rent roll, on a like-for-like basis, remains higher than at the start of the year. The retention of Cineworld as a tenant ensures these two assets remain occupied and income producing.

The Company also completed the development of Units G&H at Precision Park in Leamington Spa during the quarter. The property provides 67,700 sq ft of high-quality industrial space with flexibility to sub-divide to accommodate smaller requirements as required. The units have strong ESG credentials with an EPC of A and a BREEAM 'Very Good' rating, as well as PV enablement. The completed asset is attracting encouraging levels of occupier interest.

Further details on all investment transactions and significant lettings are outlined in the Investment Manager Review.

Portfolio and Corporate Performance for the period

The property portfolio delivered a total return of 3.9% for the half year, ahead of the MSCI benchmark total return for the period of 0.0%. UKCM has continued to outperform against its MSCI UK Balanced Portfolio Quarterly Index benchmark for 3,5 and 10 years. Further details on the Company's portfolio performance are given in the Investment Manager's Review.

The strong portfolio performance allowed the Company to report a 3.9% NAV total return for the period. This strong performance, both in absolute and relative terms compared with its peers, is not reflected in the share price total return of -14.5% for the same period. As mentioned above, addressing the discount at which the Company's shares trade versus their net asset value remains a priority for the Board.

The Company's strategic overweight position to the industrial sector (58.5% v MSCI 34.9%) was the primary driver of portfolio outperformance against the benchmark during the period.

The portfolio continues to benefit from strong underlying fundamentals to generate growth opportunities. The Company's underlying EPRA earnings per share increased 6% from H2 2022 to 1.67 pence per share.

The following table provides an analysis of the movement in the NAV (pence per share) for the period:

Net assets as at 1 January 2023	79.7
Unrealised increase in valuation of property portfolio	2.3
Capex in the period	(0.9)
Income earned for the period	2.7
Expenses for the period	(1.0)
Dividend paid in period	(1.7)
Net assets as at 30 June 2023	81.1

Strong balance sheet with significant covenant headroom and flexibility

UKCM continues to be on a solid financial footing with a NAV of £1.1 billion at 30 June 2023, and gearing of 15.6%, meaning the Company remains one of the lowest geared in its AIC peer group and the wider REIT sector. The weighted average cost of this debt remains low at 3.35% per annum, of which 88% is at a low fixed rate, with a blended period to maturity of 5.3 years. The Company continues to sit comfortably within the covenants on its three debt facilities. In addition, with over £330 million of unencumbered assets, the Company has significant headroom and further flexibility with respect to its covenants and overall gearing strategy.

UKCM has financial resources of £123.6 million available after allowing for future capital commitments and the August 2023 dividend. The bulk of these resources relate to the Company's RCF, which is a relatively expensive form of debt, and it is therefore only likely to be deployed if a compelling and accretive opportunity arises.

Dolphin Estate, Sunbury

Gilmore Place, Edinburgh

Ventura Park, Radlett

Dividends

The Company paid two interim dividends totalling 1.70 pence per share during the period. Dividend cover for the first half of 2023 was 98%.

Board Composition

On the 31 July 2023, Ken McCullagh stepped down as Chair and I assumed the role. I would first like to thank Ken for his significant contribution and commitment to UKCM over the past ten years, and particularly during his term as Chair of the Board. In the decade since Ken was appointed to the Board, the Company has successfully navigated multiple headwinds: Brexit, Covid, the invasion of Ukraine and the current period of rising interest rates and market volatility. To address these challenges, the Board, expertly led by Ken over the last three years, has worked with the Investment Manager to ensure the Company's portfolio is comprised of high-quality assets that meet the future needs of tenants and deliver reliable income to shareholders.

Outlook

The direct UK real estate market faces a challenging macroeconomic climate, with gilt yields expected to remain volatile and with the higher level of interest rates exerting pressure on real estate pricing. Investors are expected to remain cautious, and are likely to prefer good-quality assets with more robust supply/demand dynamics of the type owned by UKCM. Polarisation between individual property sectors is expected to remain, with the sectors that benefit from structural and thematic tailwinds, including industrial, set to perform well over the longer term.

The Company's portfolio strategy revolves around creating an environment where the underlying performance and consequently the share price, will improve. This includes increasing earnings through strong asset and company management; having a portfolio allocation strategy that targets growth; and maintaining very strong balance sheet discipline. The Company will continue to assess the portfolio for opportunistic trading but is broadly comfortable with its current composition, with assets focused on favoured sectors and offering strong geographic and tenant diversification.

Peter Pereira Gray
Chair of UKCM
27 September 2023

Will Fulton
UKCM Lead Fund Manager

Ocado, Hatfield

INVESTMENT MANAGER'S STATEMENT

"Our long-term conviction remains towards sectors with structural growth drivers and those with resilient income streams such as industrials, retail warehousing and living assets."

Commercial Property

UK real estate recorded a period of greater stability in the first half of 2023 following the significant repricing the sector experienced in late 2022. That repricing was principally driven by increased interest rates raising the cost of debt in what was a largely a debt-driven property market, while rising gilt yields reduced the yield margin available from property versus the risk-free rate. These sudden movements also dented investor conviction on asset pricing. Although this has served to help insulate UK real estate from economic volatility during the first six months of 2023, market volatility and macro headwinds continue to impact investor sentiment, which has remained weak. Underneath the bonnet of real estate, occupational strength endures in many sectors and, indeed, modest capital value growth has been recorded in those sectors that benefit from structural tailwinds, such as industrial and logistics.

According to the MSCI Balanced Portfolios Quarterly Property Index, all property recorded a total return of 0% over the first half of the year with capital values falling by 2.3%. However, this hides sector variance with the industrial sector recording capital growth of 0.3%. Office values remain under pressure and saw capital value declines of 6.7%.

Transaction volumes have also remained constrained during the first half of 2023 as investors have taken a risk off approach. According to Real Capital Analytics data, approximately £18.3bn transacted across the UK to June 2023. To put these number volumes in perspective, this is lower than the same period in 2020 during the onset of the Covid-19 pandemic and 37% below the 10-year H1 average. Proportionately, each of the three principal sectors – industrial, office and retail – accounted for broadly similar volumes representing between 20-26% each.

Interestingly, transactions in residential assets continue to rise, with the sector accounting for 19% of total half year volume. Transaction volumes are anticipated to remain subdued over the remainder of the year against a weak macroeconomic backdrop and volatile interest rates, with owners of good quality real estate likely to remain unwilling sellers. Improved investment activity is likely to be prompted by greater confidence around the path of the Bank of England's monetary policy, with an end to base rate rises likely to improve investor sentiment.

Improved sentiment returned to the industrial and logistics sector during the second quarter of 2023, with pricing and performance demonstrating tentative signs of stabilisation. Whilst short-term pressure, as a result of the weaker macroeconomic environment and rising debt costs, is expected to affect investor confidence, the sector continues to benefit from significant structural and thematic tailwinds. We now expect continued longer term positive performance, which will be driven principally by robust rental growth. Supporting this, and despite an increase since the start of the year, UK industrial vacancy remains near historic lows, with any new supply unlikely to satisfy current occupational demand.

The office sector remains under structural pressure as evolving working habits and economic uncertainty impact occupancy. In London, supply levels are rising and, according to Deloitte, over 10 million sq ft of new accommodation is expected to be completed this year, which is the highest level in over 20 years. Rising supply and weakening demand are forcing the vacancy rate higher, with the Central London vacancy rate now more than 9% according to CoStar data; the bulk of which relates to old stock as occupiers increasingly seek prime modern space with strong environmental credentials.

We expect this to dampen rental growth prospects and expediate the bifurcation in performance between new and old. Investor demand for UK offices remains weak amid a poor outlook for the sector. Further capital value declines, particularly for secondary office assets, are expected.

The retail sector has proven to be more resilient than many had expected over the first half of 2023. According to the Office for National Statistics (ONS), retail sales in the UK unexpectedly expanded in May, boosted by spending on summer clothing and outdoor goods. While the presence of discount retailers in the UK is not new, changes in consumer shopping behaviour have propelled them to the top of the wish list for many UK retail schemes. Discount retailers have been a key beneficiary of a more cost-conscious UK consumer illustrated by B&M's recent results, reporting like-for-like sales growth of 9.2% in its UK business over the first quarter of 2023. As a result, retail parks with a strong discount-orientated line-up remain in high demand for UK institutional investors.

Investor sentiment towards the purpose-built student accommodation (PBSA) sector remains positive and underlying occupational demand is robust, as illustrated by strong booking momentum for the 2023/2024 academic year. Like build-to-rent residential, there is an acute shortage of supply, particularly for the strongest university towns, which supports rental value growth for the sector. Investment volumes are down over 80% year-on-year for the sector. However, this is primarily due to a limited amount of investment stock being brought to the market, as opposed to any softening in investor sentiment towards the sector.


Gatwick Gate,
Crawley

Portfolio Performance

Following the sharp macro-led valuation correction experienced in the second half of 2022, it is good to see UKCM's portfolio valuations stabilising and growing in the first half of 2023. The portfolio delivered a total return of 3.9% over the first six months, significantly ahead of its MSCI benchmark that was flat at 0.0%.

The table below breaks down this return by sector with all valuations undertaken by the Company's external valuer, CBRE. The portfolio delivered an income return that is marginally ahead of benchmark (2.3%) at 2.4% over the year to 30 June. However, UKCM recorded significantly higher capital growth at 1.5% while the benchmark saw capital decline at -2.3%. The Company's tactical overweight position to the strongest performing sectors of industrial and retail (retail warehousing and supermarkets) helped drive returns, as did the portfolio's strategic underweight position to the weakest returning sector of offices which is facing structural headwinds.

Industrial

The Company has maintained a strategic long term overweight position to the industrial sector, which continues to be well placed to benefit from the structural drivers that have fuelled the occupational market. Although it is widely accepted that tenant demand has tapered off slightly from its peak in 2020 and 2021, it remains healthy and significantly outstrips supply in key locations, which is reflected in robust rental levels. Key markets are likely to face an undersupply of stock moving forward as development remains constrained due to a combination of elevated build costs, weakened yields and high finance costs. Investor interest remains strong in the sector, although debt-backed buyers often have strict running yield targets they are required to meet to cover finance costs, which means a return to very low yields of 2021 / early 2022 is unlikely.

	Exposure		Total Return		Income Return		Capital Growth	
			UKCM %	Benchmark %	UKCM %	Benchmark %	UKCM %	Benchmark %
All	100.0%	£1,263.8m	3.9	0.0	2.4	2.3	1.5	(2.3)
Industrials	58.5%	£739.3m	6.7	2.5	1.9	2.2	4.7	0.3
Offices	12.7%	£160.5m	(3.2)	(4.9)	3.3	2.0	(6.3)	(6.7)
Retail Warehouses / Supermarkets	14.7%	£185.7m	5.7	2.0	2.8	2.9	2.8	(0.9)
Alternatives	14.1%	£178.3m	(2.6)	(0.1)	3.3	2.4	(5.7)	(2.4)

Source: MSCI June 2023


XDock,
Magna Park

In the first half of 2023, the Company's industrial holdings delivered a strong total return of 6.7%, well ahead of the benchmark level of 2.5%. This was due to significantly stronger capital returns of 4.7% against the benchmark return of 0.3%, whilst the industrial portfolio income return was marginally below benchmark (2.2%) at 1.9%.

Overall, industrials remain the strongest performing sector in the benchmark and the Company's 58% exposure (benchmark 34%) enhanced overall portfolio returns. Portfolio industrial holdings are split respectively between multi-let industrial estates at 48% by capital value and 52% by capital value in single-let big-box distribution units in strategic locations throughout the South East and the Midlands. In general, the multi-let estates offer more immediate prospects for asset management and therefore opportunities to grow income, whilst the distribution units tend to be longer let and offer secure income streams with the opportunity to capture growth at rent reviews and lease renewals. We expect returns to be driven principally by rental growth going forward and UKCM's key focus is on capturing reversion within the industrial portfolio.

Office

The Company has a deliberately low exposure to the office sector in absolute and relative terms at 13% against the benchmark weighting of 26%. The sector faces structural change with long-term tenant demand levels an unknown as post-Covid-19 working patterns continue to evolve, whilst landlords face an increased cost burden to comply with future ESG legislation. Overall, we see tenant demand for office space reducing and focusing on the very best buildings that can offer high levels of amenity, wellness facilities and strong ESG credentials. These requirements mean landlords face increased costs against the current backdrop of economic instability, which traditionally restricts tenant demand for office space. This has led to a reduction in investor demand, with the market polarising between a select number of investors targeting the very best high-specification offices and those targeting riskier assets with repositioning potential or high yields.

In this context, the Portfolio's office assets delivered a negative total return of -3.2%, which was ahead of the benchmark level of -4.9%. UKCM's offices delivered an above-benchmark income return of 3.3% (benchmark 2.0%) and saw a slightly less pronounced capital decline of -6.3% (benchmark -6.7%). The Company is deliberately underweight to lower yielding London offices, with the vast majority of its office exposure being elsewhere in the South East or in regional cities where yields are generally higher. The Company's office assets are frequently reviewed to ensure they remain fit for purpose and can meet the needs of current and future occupational trends, including appropriate ESG requirements.

Retail Warehouse/Supermarkets

At the half year, the Company's weighting to retail was 15% compared to 23% in the benchmark. The retail portfolio only comprises supermarkets and retail parks dominated by either bulky goods retailers or convenience and discount operators. These tenants have proven to be resilient in challenging economic circumstances where spending is likely to be focused away from non-discretionary items and therefore supermarkets and retail warehousing remain sectors favoured by investors. All UKCM's retail parks are fully occupied. The Company has no exposure to shopping centres and its only high street shop exposure is a minority element within its well-located office investment at 81 George Street in Edinburgh.

The quality of the Company's retail portfolio is demonstrated by its performance against benchmark, delivering a total return in the period of 5.7% against 2.0% recorded by the benchmark. This was principally driven by much stronger capital growth in the period of 2.8% against -0.9% for the benchmark, with much of this performance derived from the retail park element of the portfolio.

Alternatives – Leisure/Hotel/ Student Accommodation

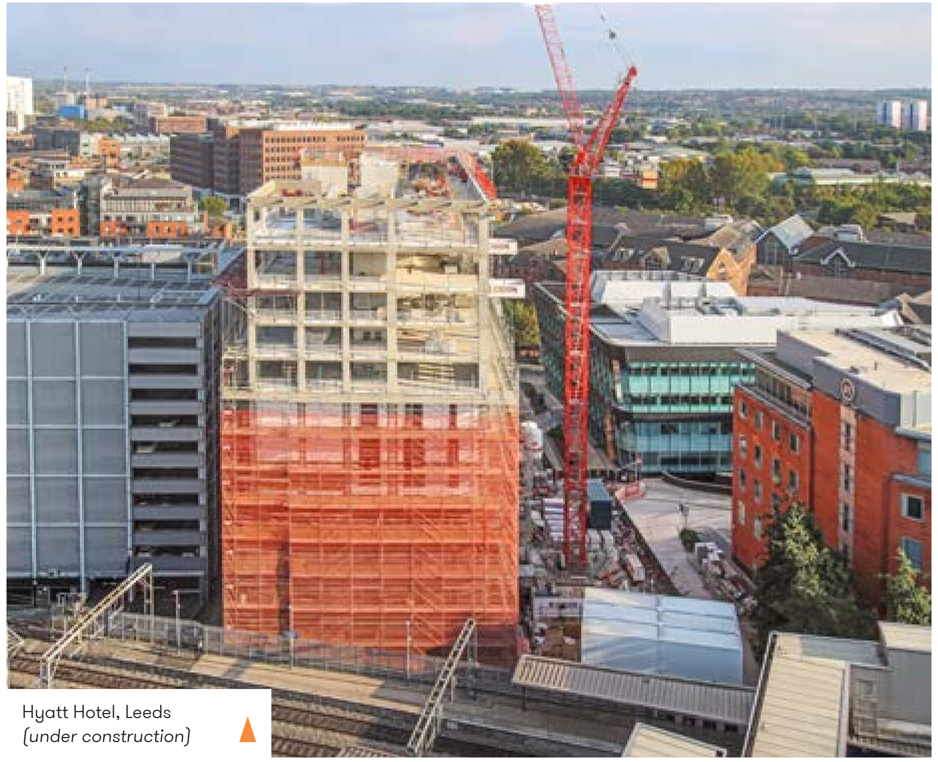
Within the alternatives sector we saw a negative total return of -2.6% in the first half of 2023, while the benchmark was broadly flat at -0.1%. Underperformance was driven by a greater capital decline in the portfolio of -5.7% against the benchmark of -2.4%.

At the end of the period, alternatives comprised 14% of the Company's portfolio value (benchmark 18%) and was split between three cinema-led leisure schemes in Kingston-upon-Thames, Glasgow, and Swindon and four hotel / student housing assets; one of which is a development that will not fully contribute to portfolio performance until completion in Q3 2024. Capital decline was driven by the leisure schemes in Glasgow and Swindon where Cineworld is a tenant. The Company successfully renegotiated two leases with Cineworld following its Chapter 11 process in the US and importantly retained them at the two assets. The leases were varied to reduce the tenant's outgoings and to ensure the tenant can operate profitably going forward. This led to a capital decline at the assets and the reduction in rent represents c.1% of the annualised portfolio rent as at 30 June 2023. Despite this adjustment the annualised portfolio rent roll, on a like-for-like basis, remains higher than at the start of the year.

Investment Activity

Within the period the Company sold its 186,455 sq ft Wembley 180 logistics asset in London to Covent Garden IP Limited, a registered charitable company at a strong price of £74 million, which reflects a net initial yield of 3.49%. The sale was broadly in line with the asset's latest valuation. UKCM had owned the property since 2009 and had completed its business plan having undertaken a comprehensive refurbishment of the property in 2019 when it let the unit to a global e-commerce company until 2029.

The asset was identified for sale given its low initial yield and its rent review structure, which is linked to CPI inflation with an annual cap and collar of 1.5% to 3%. This meant it was not possible to access the property's full underlying rental value until lease expiry in 2029.



Hyatt Hotel, Leeds
(under construction)

The White Building, Reading

Covent Garden IP Limited was identified as one of a select number of motivated buyers able to take a long-term view on the income profile, given the asset has very limited short-term asset management opportunities. In addition to crystalising a strong return of 15% per annum over UKCM's period of ownership, the sale provided an opportunity to optimise the Company's balance sheet, with the proceeds used to enhance earnings by paying down a substantial amount of the Company's Revolving Credit Facility (RCF). This was reduced by 71% from £93 million at end December 2022 to £27 million at end June 2023.

Asset Management and Rent Collection

Following the trend seen throughout 2022, rent collection rates have remained strong within the portfolio in the first half of the year and are maintained at pre-pandemic levels. There continues to be some tenants within the portfolio that pay rents, by agreement, on a monthly, as opposed to quarterly, basis. Allowing for this, collection of rent due for the three billing periods of this year stands at 99%.

The Company benefits from low tenant income concentration due to its diverse tenant mix of 193 tenancies across 39 assets, with its top tenant, Ocado, accounting for 6% of contracted rental income and the portfolio's top ten tenants according for 34%.

The portfolio has a high occupancy level of 95.6% at the end of H1 2023 which reflects a void rate well below the MSCI Benchmark rate of 8.1% at the end of the same period. Portfolio vacancy has increased slightly over the year, primarily driven by the completion of two speculative industrial units at Sussex Junction in Bolney, and Precision Park in Leamington Spa. Both are high quality properties with excellent ESG credentials. Sussex Junction is now fully let from August 2023 with the speculative unit leased to Birch Sussex Ltd, an asset storage and concierge business, leasing the c. 47,000 sq ft Unit 1, on a 15-year lease without break. This has increased the rental rate of the property to £14.50 per sq ft, delivering annual rental income of c. £677,000. The agreement commences with two years at half rent and five-yearly open market rent reviews. Precision Park in Leamington Spa is attracting good level of tenant interest.

Almost half the Company's remaining vacant properties comprise new or newly refurbished industrial assets and we have a high degree of conviction in announcing further strong lettings in the near term.

Asset management highlights within the period included:

- At Ventura Park, Radlett, the 31,803 sq ft Unit B was let to Aerospace Reliance Ltd, which supplies aircraft maintenance materials worldwide, at a rent of £558,025 per annum (£17.55 psf p.a.). The tenant signed a 10-year lease, with a tenant only break option in year five. A seven-month lease incentive was provided as the tenant accepted the unit in its current condition without the need for any landlord works or additional capital contribution. Unit 7 at Ventura Park has been let to Location Collective Ltd, a Film & Media Production Company, at a rent of £1,455,880 per annum (£17 psf p.a.). The property is 85,640 sq ft and the tenant has agreed a 15-year lease with a mutual break option in year 12. Demonstrating the ability to drive rental income and capture reversion in the portfolio, these two new leases equate to a 69% increase on the previous rent paid and are 63% ahead of December 2021's ERV. These lettings leave Ventura Park with only one unit available, which has been fully refurbished and is attracting good tenant interest.
- The Company's Emerald Park multi-let industrial estate in Bristol is fully occupied at the end of the period following a number of new lettings. Firstly, Unit 111 was let to South West Ambulance Service on a 10-year lease without break. A rent of £92,022 per annum (£10.50 psf p.a.) was agreed over the 8,764 sq ft unit. The new rent is 21% ahead of the previous passing rent and is also ahead of ERV. Unit 101, which extends to 22,500 sq ft, has been let to Northgate Vehicle Hire Ltd. Northgate has signed a new 10-year lease, subject to a tenant break in year five, at £247,500 p.a., establishing a new rental tone of £11 psf. The agreed rent is 31% ahead of the previous rent over the unit and is in line with ERV. A further lease was also completed at Emerald Park with Erik's Industrial Services Ltd renewing its lease on the 8,097 sq ft Unit 110 for a further 10 years, subject to a break option in year five. The renewal has increased the rent generated at the unit by 24% to £85,000 p.a. reflecting £10.50 psf, in line with ERV.
- Excellent letting progress has been made at the multi-let industrial estate Gatwick Gate in Crawley. Firstly, a 12-month extension over Unit 2B was agreed with Airbase at a rent of £13.50 psf, equating to £330,000 per annum, increased from £11.50 psf. This is a significant rental increase and improves the estate's rental tone, while the short-term lease gives time to complete asset management planning. Espresso Solutions became the latest tenant at the estate, agreeing a new 10-year lease, subject to a five-year break option, over Unit 3A. The annual rent of £144,625 p.a. equates to £13.00 psf, which is in line with ERV and 25% ahead of the unit's previous passing rent. The tenant will move in following completion of landlord works which are well advanced and expected to complete in Q3 this year. Also within the period, the rent review dating from March 2022 over Units 2C/D at Gatwick Gate was agreed with International Logistics Group. The review has secured an 8% increase in the passing rent to £483,550 p.a. equating to £10.92 psf, ahead of ERV at the time of the rent review.
- Webcon, a supplier of car parts, agreed a five-year lease renewal for the c.10,000 sq ft Unit 1 at the multi-let industrial estate, Dolphin Industrial Estate in Sunbury-on-Thames, Surrey. The new lease increases annual rental income on the unit by 63% to £155,000, 4% ahead of ERV.
- Trafford Retail Park in Manchester continues to be fully occupied and has seen two tenants commit to longer leases and increased rents, demonstrating the strength of the location and its appeal to tenants. Kentucky Fried Chicken, which occupies the 2,388 sq ft unit 4 at the park, agreed a new 20-year lease term with a tenant-only break option at the end of year 15 at a new headline rent of £83,580 per annum (£35 psf p.a.), reflecting a 17% increase in passing rent and a 9% premium to ERV. Carpetright, the tenant at Unit 4 which extends to 10,069 sq ft, signed a new 10-year lease at £161,100 p.a. (£16 psf), representing a 13% increase on the previous passing rent and in line with ERV. The lease is subject to a tenant-only break option at the end of the fifth year.
- Finally, three rent reviews, a mix of open market review, index-linkage and a stepped increase, have been completed at the Dolphin Industrial Estate in Sunbury-on-Thames; the Centrum logistics warehouse at Burton-upon-Trent; and the White Building office in Reading, increasing income by £214,000 representing a weighted 11% uplift on the previous rent and in line with ERV.

Development

UKCM has made excellent progress on its development programme throughout the period, achieving completion of three assets which are now fully integrated with the portfolio. There is only one ongoing development project, the 305-bedroom Hyatt hotel in Leeds, which is detailed below.

Practical completion of the 107,00 sq ft industrial development, Sussex Junction, in Bolney was achieved in Q1. The high-quality development, which occupies a strategic location south of London, comprises three units. Two units were pre-let to geological services company CGG on a 15-year lease at an annual rent of £780,875 pa and the third unit of 46,500 sq ft was let after the period end, in August, to Birch Sussex Ltd. The development is rated BREEAM 'Very Good' and has an EPC rating of A for its shell and core.

The Company's 226-room student housing development at Glenthorne Road in Exeter also completed during Q1. The asset is let directly to students and UKCM benefits from guaranteed Year 1 income of £1,650,000. There is already strong momentum for the 2023/2024 academic year with over 90% of available rooms let. The development has an EPC B rating, benefits from PV solar panels on the roof and is targeting a BREEAM 'Very Good' rating.

Most recently, the development of Units G&H at Precision Park in Leamington Spa was successfully completed. The flexible building provides 67,700 sq ft of high-quality industrial space with the option to sub-divide to accommodate smaller requirements. The units have strong ESG credentials with an EPC rating of A and a BREEAM 'Very Good' rating, as well as PV enablement. The completed asset is attracting encouraging levels of occupier interest.

Construction continues at the Company's Hyatt-branded 305-bed hotel development at Sovereign Square in Leeds. The hotel remains on target to open in Q3 2024 and construction has reached the twelfth and final floor. The top floor will offer a bar and restaurant with views over Leeds and the surrounding area. The hotel will be operated under the Hyatt brand by leading hospitality company Aimbridge who have taken a lease over the premises. UKCM's rental income will be solely derived from the performance of the hotel, which we are confident will be strong given its prime location, high specification and the quality of the operator. The remaining development spend will be funded via UKCM's RCF, the cost of which is effectively offset from a finance return of 6% on expenditure throughout the construction period, and deducted from the final payment to the developer. UKCM forecasts an attractive 7.25% yield once the hotel completes and stabilises.

Environmental, Social and Governance (ESG)

The Company has again submitted its portfolio information to GRESB and preliminary results show that it has been awarded three stars, in line with its previous year's award. The Company has also obtained a Gold rating from EPRA for ESG reporting in 2022. UKCM continues to track its progress towards its long-term goals of Net Zero Carbon for landlord emissions by 2030 and Net Zero Carbon for all emissions by 2040.

Maldron Hotel, Newcastle

ESG Case Study

The Company takes its ESG responsibilities seriously and seeks the positive implementation of its values across the portfolio. Its student housing developments provide an excellent opportunity to positively contribute to society and the welfare of its student residents is paramount.

UKCM has retained leading student housing operator Homes For Students to manage Hill View Place, its newly developed 226-room property in Exeter. In its opening year the asset has welcomed 140 students from 25 countries. Ensuring the students feel safe, comfortable and engaged at the property is a key focus for UKCM and Homes For Students.

A total of 60 student events were organised throughout the year to help foster community spirit within the property, ranging from 'meet and greet' events, quizzes, movie nights, baking competitions and cultural celebrations including Chinese New Year festivities. There are also several environmentally focused initiatives at the property covering recycling, energy efficiency and raising environmental awareness.

Fact

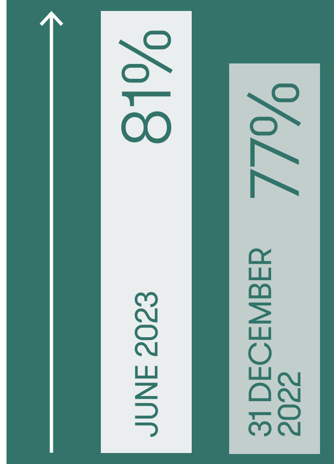
2.1 tonnes of waste has been recycled from November 2022 to June 2023 at Hill View Place, which is equivalent to the total weight of 20 baby elephants!

Student wellbeing is a key focus for the property team, which worked with Student Minds, a charity that empowers students to prioritise their mental health, and the University of Exeter to ensure students are supported, particularly during challenging times of the year such as exam periods. Throughout the year students are invited to chat with staff if they have questions regarding the accommodation, academic life, or just simply wish to talk to somebody.

Fact

Hill View Place is rated No.1 in Exeter on student housing review site Student Crowd with a rating of 4.85/5.

The combination of the excellent quality of the accommodation itself, alongside the care and focus of the Company's operator in creating a healthy environment for the students, has led to extremely positive feedback from residents. Hill View Place is currently the top-rated student accommodation in Exeter based on student reviews on the Student Crowd website. The excellent reputation of the development has translated into strong demand for the 2023/2024 academic year, with the property currently over 90% let.



81%

of the portfolio's ERV has an EPC of A, B or C

ENERGY PERFORMANCE CERTIFICATES (EPC) BY ESTIMATED RENTAL VALUE (ERV)

Hill View Place, Exeter

Central Square Offices, Newcastle upon Tyne

Investment Outlook

While more positivity returned to the market in the first half of 2023, the shorter-term outlook for the direct UK real estate market remains clouded on the back of a weaker macroeconomic climate. Gilt yields are anticipated to remain volatile in the short term and any further rise in those yields will result in a tightening margin between UK real estate and gilts, though softened by the previous repricing of UK real estate. Heightened interest rates will also maintain pressure on real estate pricing. On a positive note, debt financing remains available and lender appetite for good-quality assets endures.

Investors are likely to remain risk-off with good-quality real estate providing more resilience in the face of weaker economic conditions and benefiting from more robust supply/demand dynamics. Polarisation within sectors is expected to intensify, with secondary rental and capital values under more pressure than prime. Occupational performance is expected to be the dominant driver of real estate returns in the near term and so the robustness of income will be paramount.

Importantly, polarisation between sectors is also likely to rise with those sectors that benefit from structural and thematic tailwinds, such as industrial and residential, set to benefit over the longer term.

Investors with limited exposure to the office sector, which is facing further capital value declines because of various structural headwinds, look likely to be in a stronger position.

Finally, although the risks to the timing of a recovery remain elevated given the strength of underlying inflation and the associated risk of interest rates remaining higher for longer, an improvement in real estate performance is anticipated in 2024 when we expect UK monetary policy will be designed to stimulate economic growth.

Portfolio Strategy

We will continue to assess the portfolio for opportunistic trading but are happy with its current composition, focused as it is on favoured sectors while offering good geographic and tenant diversification. Our long-term conviction remains towards sectors with structural growth drivers and those with resilient income streams such as industrials, retail warehousing and living assets. Although the Company has financial resources of £123.6 million available as at 30 June 2023, this is primarily via its RCF. RCFs are currently a relatively expensive form of debt and so, given prevailing interest rate conditions, this debt is only likely to be deployed if a compelling and accretive opportunity arises. Notwithstanding the potential for an exceptional opportunity to emerge, we do not anticipate utilising it in the short term to fund further property acquisitions.

As Manager, with the Board, we are aware of the dislocation between the Company's share price and net asset value. Whilst this is a wider asset class issue it is not one we take lightly. As you would expect, our efforts and strategy revolve around a focus on the areas we are able to control to create the environment where our share price will improve. We believe earnings growth through active asset and company management, a strategic portfolio allocation set for growth and strong balance sheet discipline will create the best foundations for the stock to shine when, or ahead of, a recovery in the real estate sector.

A focus on earnings will create the conditions for dividend growth, with the strong structural attributes of the portfolio – industrial, beds and good retail warehousing – really coming to the fore for growth when an improved macro environment arrives.

Will Fulton
Fund Manager
27 September 2023

2023 PORTFOLIO ANALYSIS
(all figures as at 30 June 2023)

Top 10 Tenants by Rent

33.6% of passing rent

No.1
OCADO
Industrial
6.0% of contracted rent

No.2
PUBLIC SECTOR
Office & Industrial
5.1% of passing rent

No.3
ARMSTRONG LOGISTICS
Industrial
3.7% of passing rent

No.4
TOTAL
Industrial
3.2% of passing rent

No.5
KANTAR
Office
2.9% of passing rent

No.6
B&Q
Retail Warehouse
2.8% of passing rent

No.7 WARNER BROS. STUDIOS LEAVESDEN LTD
Industrial
2.6% of passing rent

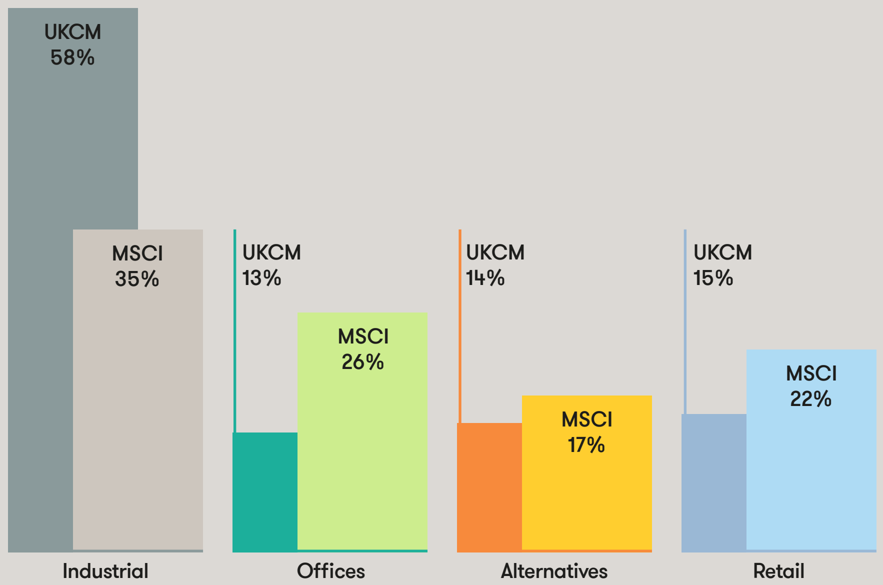
No.8
PALLETFORCE
Industrial
2.5% of passing rent

No.9
DALATA
Alternatives
2.4% of passing rent

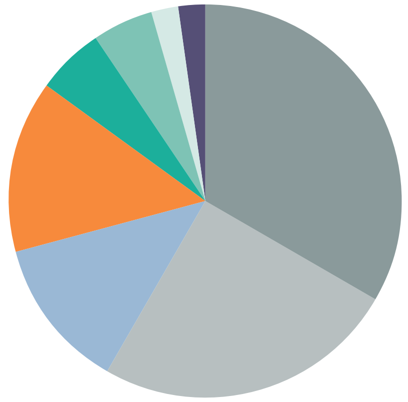
No.10
TK MAXX
Industrial
2.4% of passing rent

Industrial | Offices | Alternatives | Retail

Sector Split vs Benchmark

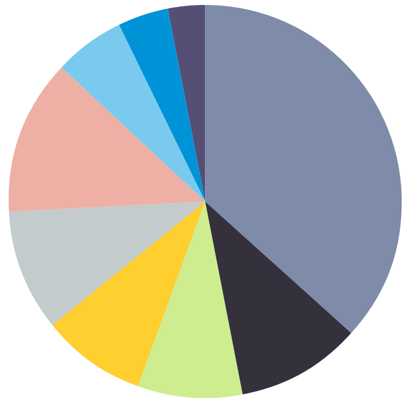


Portfolio Split by Sub Sector



Industrials — South East & London	33.4%
Industrials — Rest of UK	25.1%
Retail Warehouses	12.5%
Alternatives	14.1%
Offices — Rest of UK	5.7%
Offices — Rest of South East	5.0%
Offices — West End	2.0%
Supermarkets	2.2%

Portfolio Split by Geography



South East	36.8%
London	10.4%
Scotland	8.4%
South West	8.8%
East Midlands	9.8%
West Midlands	12.9%
Yorks and Humber	5.9%
North East	4.0%
North West	3.0%

PROPERTY PORTFOLIO

As at 30 June 2023

#	PROPERTY	Tenure	Sector	Principal Tenant	Value Range
1	Ventura Park, Radlett	Freehold	Industrial	Warner Bros Studios Ltd	Over £70m (representing 23.7% of the portfolio capital value)
2	Dolphin Estate, Sunbury on Thames	Freehold	Industrial	Trans Global Freight Management Ltd	
3	Ocado Distribution Unit, Hatfield Business Area, Hatfield	Freehold	Industrial	Ocado Retail Ltd	
4	Newton's Court , Dartford	Freehold	Industrial	Veerstyle Ltd	£40m–£70m (representing 20.5% of the portfolio capital value)
5	Junction 27 Retail Park, Birstall, Leeds	Freehold	Retail Warehouse	Barker & Stonehouse Ltd	
6	XDock 377, Magna Park, Lutterworth	Leasehold	Industrial	Armstrong Logistics Ltd	
7	Emerald Park East, Emersons Green, Bristol	Freehold	Industrial	Knorr-Bremse Systems Ltd	
8	The Rotunda, Kingston upon Thames	Freehold	Alternatives	Odeon Cinemas Ltd	
9	The White Building, Reading	Freehold	Office	Barracuda Networks Ltd	£20m–£40m (representing 42.0% of the portfolio capital value)
10	Maldron Hotel, Newcastle	Leasehold	Alternatives	Dalata Group plc	
11	Trafford Retail Park, Manchester	Freehold	Retail Warehouse	Dunelm (Soft Furnishings) Ltd	
12	B&Q, Roneo Corner, Romford	Freehold	Retail Warehouse	B&Q Plc	
13	Kantar, London	Freehold	Office	Kantar UK Ltd	
14	St Georges Retail Park, Leicester	Freehold	Retail Warehouse	Aldi Stores Ltd	
15	Gilmore Place, Edinburgh	Freehold	Alternatives	Edinburgh University	
16	Total, Aberdeen Gateway, Aberdeen	Freehold	Industrial	Total E&P UK Ltd	
17	Centrum 260, Burton on Trent	Freehold	Industrial	Palletforce plc	
18	Glenthorne Road, Exeter	Freehold	Alternatives	Direct letting to university students	
19	Gatwick Gate Industrial Estate, Crawley	Freehold	Industrial	International Logistics Group Ltd	
20	Dalewood Road, Newcastle Under Lyme	Freehold	Industrial	TK Maxx Ltd	
21	Axiom, Precision Park, Leamington Spa	Freehold	Industrial	Public Sector	
22	Craven House, Fouberts Place, London, W1	Freehold	Office	Molinaire Ltd	
23	Cineworld Complex, Glasgow	Freehold	Alternatives	Cineworld Group plc	
24	81–85 George Street, Edinburgh	Freehold	Office	Clydesdale Bank plc	
25	Tetron Point, Swadlincote	Freehold	Industrial	Clipper Logistics plc	
26	Sussex Junction, Bolney	Freehold	Industrial	CGG (UK) Ltd	
27	Integra, Precision Park, Leamington Spa	Freehold	Industrial	Iron Mountain (UK) Ltd	
28	Whittle Road, Stoke on Trent	Freehold	Industrial	Bestway Pharmacy NDC Ltd	£0m–£20m (representing 13.8% of the portfolio capital value)
29	Aura, Precision Park, Leamington Spa	Freehold	Office	Tata Technologies Europe Ltd	
30	No.2 Temple Quay, Bristol	Freehold	Office	Public Sector	
31	Interlink Way West, Bardon	Freehold	Industrial	Roca Ltd	
32	Central Square Offices, Forth Street, Newcastle Upon Tyne	Freehold	Office	Ove Arup & Partners International Ltd	
33	Asda, Torquay	Freehold	Supermarket	Asda Stores Ltd	
34	Regent Circus, Swindon	Freehold	Alternatives	WM Morrison Supermarkets plc	
35	14–22 West Street, Marlow	Freehold	Supermarket	Sainsbury's Supermarket Ltd	
36	Cannock Watling Street	Freehold	Industrial	Rhenus Logistics Ltd	
37	Hyatt Hotel, Leeds — Funding	Leasehold	Alternatives	Under Development (PC date — Q2 2024)	
38	Tetra, Aberdeen Gateway, Aberdeen	Freehold	Industrial	Tetra Technologies UK Ltd	
39	Development Site, Precision Park, Leamington Spa	Freehold	Industrial	Birch Sussex Ltd	

Overall number of properties	39
Total number of tenancies	193
Total average property value	£32.4
Total floor area	6,217,983 sq ft (excluding Hyatt)
Freehold / Leasehold (leases over 100 years)	92% / 8%

Key: Industrial | Offices | Retail Warehouse | Alternatives | Supermarket

PRINCIPAL RISKS AND UNCERTAINTIES

Emerald Park, Bristol

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 those relating to strategy, investment & asset management, macroeconomics & finance, operations, regulation and shareholder engagement. These risks, and the way in which they are mitigated and managed, are described in more detail under the headings Principal Risks and Emerging Risks within the Report of the Directors in the Company's Annual Report for the year ended 31 December 2022, published in March 2023, on pages 38 to 45. The Group's principal risks have not changed since the date of that report.

GOING CONCERN

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the next twelve months. In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Group, forecast rental income and other forecast cash flows. The Group has agreements relating to its borrowing facilities with which it has complied during the period. Based on the information the Directors believe that the Group has the ability to meet its financial obligations as they fall due for the foreseeable future, which is considered to be for a period of at least twelve months from the date of approval of the financial statements. For this reason they continue to adopt the going concern basis in preparing the accounts.

Centrum 260, Burton on Trent

Gatwick Gate, Crawley

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In respect of the half yearly financial report to 30 June 2023

We confirm that to the best of our knowledge:

- The condensed set of half yearly consolidated 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 Group.
- The half yearly Management Report includes a fair value review of the information required by:

  (a) DTR 4.2.7R of the Disclosure Guidance 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 Guidance 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

Peter Pereira Gray
Chair
27 September 2023

Sussex Junction,
Bromley

HALF YEARLY CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 June 2023

	Notes	Half year ended 30 June 2023 (unaudited) £'000	Half year ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
REVENUE				
Rental income		32,094	32,326	66,930
Impairment reversal on trade receivables		143	641	256
Service charge income		2,967	3,024	6,451
Gains/(Losses) on investment properties	7	21,428	141,768	(263,090)
Loss on liquidation of subsidiaries		—	—	(117)
Total income/(expense)		56,632	177,759	(189,570)
EXPENDITURE				
Investment management fee		(3,389)	(4,798)	(8,617)
Direct property expenses	2	(3,323)	(1,756)	(6,522)
Service charge expenses	2	(2,967)	(3,024)	(6,451)
Other expenses	2	(1,079)	(1,754)	(2,299)
Total expenditure		(10,758)	(11,332)	(23,889)
Operating profit/(loss) before finance costs		45,874	166,427	(213,459)
FINANCE COSTS				
Finance costs	3	(6,200)	(4,137)	(9,181)
Interest income		565	66	311
Net finance costs		(5,635)	(4,071)	(8,870)
Operating profit/(loss) after finance costs		40,239	162,356	(222,329)
Net profit/(loss) from ordinary activities before taxation		40,239	162,356	(222,329)
Taxation on profit on ordinary activities	4	—	—	0
Net profit/(loss) for the period		40,239	162,356	(222,329)
Total comprehensive income/(deficit) for the period		40,239	162,356	(222,329)
Basic and diluted earnings per share	6	3.10p	12.49p	(17.11)p
EPRA earnings per share	6	1.67p	1.58p	3.15p

All of the profit and total comprehensive income for the period is attributable to the owners of the Company.
All items in the above statement derive from continuing operations. The accompanying notes are an integral part of this statement.

Additional EPRA performance measures are on page 39.

HALF YEARLY CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	Notes	30 June 2023 (unaudited) £'000	30 June 2022 (unaudited) £'000	31 December 2022 (audited) £'000
NON-CURRENT ASSETS				
Investment properties	7	1,235,791	1,655,915	1,275,610
		1,235,791	1,655,915	1,275,610
CURRENT ASSETS				
Investment properties held for sale	7	—	22,675	—
Trade and other receivables	9	43,669	56,198	52,648
Cash and cash equivalents		29,836	34,288	30,861
		73,505	113,161	83,509
Total assets		1,309,296	1,769,076	1,359,119
CURRENT LIABILITIES				
Trade and other payables	10	(29,881)	(35,095)	(31,714)
		(29,881)	(35,095)	(31,714)
NON-CURRENT LIABILITIES				
Bank loan	11	(225,547)	(266,538)	(291,686)
Total liabilities		(255,428)	(301,633)	(323,400)
Net assets		1,053,868	1,467,443	1,035,719
REPRESENTED BY				
Share capital		539,872	539,872	539,872
Special distributable reserve		538,969	568,891	542,472
Capital reserve		(24,973)	358,233	(46,625)
Revenue reserve		—	447	—
Equity shareholders' funds		1,053,868	1,467,443	1,035,719
Net asset value per share	12	81.1p	112.9p	79.7p

The accompanying notes are an integral part of this statement.

HALF YEARLY CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2023

HALF YEAR ENEDED 30 JUNE 2023 (UNAUDITED)	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Equity Shareholders' Funds £'000
At 1 January 2023		539,872	542,472	(46,625)	—	1,035,719
Total comprehensive income		—	—	—	40,239	40,239
Dividends paid	5	—	—	—	(22,090)	(22,090)
Transfer in respect of gain on investment property	7	—	—	21,652	(21,652)	—
Transfer from special distributable reserve		—	(3,503)	—	3,503	—
As 30 June 2023		**539,872**	**538,969**	**(24,973)**	**—**	**1,053,868**

HALF YEAR ENDED 30 JUNE 2022 (UNAUDITED)	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Equity Shareholders' Funds £'000
At 1 January 2022		539,872	568,891	216,465	—	1,325,228
Total Comprehensive income		—	—	—	162,356	162,356
Dividends paid	5	—	—	—	(20,141)	(20,141)
Transfer in respect of gains on investment property	7	—	—	141,768	(141,768)	—
As 30 June 2022		**539,872**	**568,891**	**358,233**	**447**	**1,467,443**

FOR THE YEAR ENDED 31 DECEMBER 2022 (AUDITED)	Notes	Share Capital £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Equity Shareholders' Funds £'000
At 1 January 2022		539,872	568,891	216,465	—	1,325,228
Total comprehensive deficit		—	—	—	(222,329)	(222,329)
Dividends paid	5	—	—	—	(67,180)	(67,180)
Transfer in respect of loss on investment property	7	—	—	(263,090)	263,090	—
Transfer from special distributable reserve		—	(26,419)	—	26,419	—
As 31 December 2022		**539,872**	**542,472**	**(46,625)**	**—**	**1,035,719**

The accompanying notes are an integral part of this statement.

HALF YEARLY CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the half year ended 30 June 2023

	Notes	Half year ended 30 June 2023 (unaudited) £'000	Half year ended 30 June 2022 (unaudited) £'000	Year ended 31 December 2022 (audited) £'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit/(loss) for the period before taxation		40,239	162,356	(222,329)
Adjustments for:				
Gains/(losses) on investment properties	7	(21,428)	(141,768)	263,090
Loss on liquidation of subsidiaries		—	—	116
Movement in lease incentives	7	4,402	(2,277)	(2,360)
Movement in provision for bad debts	9	143	641	256
Decrease/(increase) in operating trade and other receivables		2,794	(3,312)	219
(Decrease)/increase in operating trade and other payables		(1,833)	7,397	4,016
Finance costs	3	6,200	4,137	9,181
Cash generated by operations		30,517	27,174	52,189
Tax paid		—	—	—
Net cash inflow from operating activities		**30,517**	**27,174**	**52,189**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment properties	7	(225)	(6,552)	(8,304)
Sale of investment properties		73,424	—	25,609
Capital expenditure	7	(10,282)	(21,902)	(48,517)
Net cash inflow/(outflow) from investing activities		**62,917**	**(28,454)**	**(31,212)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Facility fee charges from bank financing		(313)	(657)	(727)
Dividends paid	5	(22,090)	(20,141)	(67,180)
Bank loan drawndown	11	—	18,000	43,000
Bank loan repaid	11	(66,000)	—	—
Bank loan interest paid	3	(5,306)	(3,755)	(7,166)
Loan facility set up costs		(750)	—	(164)
Net cash outflow from financing activities		**(94,459)**	**(6,553)**	**(32,237)**
Net decrease in cash and cash equivalents		**(1,025)**	**(7,833)**	**(11,260)**
Opening cash and cash equivalents		**30,861**	**42,121**	**42,121**
Closing cash and cash equivalents		**29,836**	**34,288**	**30,861**
REPRESENTED BY				
Cash at bank		11,694	17,800	21,321
Money market funds		18,142	16,488	9,540
		29,836	**34,288**	**30,861**

The accompanying notes are an integral part of this statement.

1. BASIS OF PREPARATION

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 2022.

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 2022, which were prepared under full IFRS requirements.

These condensed interim financial statements were approved for issue on 27 September 2023.

2. EXPENSES

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
DIRECT PROPERTY EXPENSES			
Direct property expenses of let rental units	2,810	1,885	4,951
Direct property expenses of vacant units	263	373	675
Bad debts recognised during the year, net	250	(502)	896
	3,323	**1,756**	**6,522**
Service charge expenses	2,967	**3,024**	**6,451**
OTHER EXPENSES			
Professional fees	289	1,030	705
Abortive transaction costs	41	7	380
Valuation fees	92	76	152
Directors' fees and expenses	151	134	263
Marketing fees	198	200	396
Administration and company secretarial fees	186	186	161
Regulatory fees	47	46	92
Auditor's remuneration for:			
Statutory audit	75	75	150
Non audit services	—	—	—
	1,079	**1,754**	**2,299**

3. FINANCE COSTS

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Interest on principal loan amount	5,212	3,480	7,922
Facility fees	377	446	735
Amortisation of loan set up fees	611	211	524
	6,200	**4,137**	**9,181**

4. TAXATION

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Net profit/(loss) from ordinary activities before tax	**40,239**	**162,356**	**(222,329)**
UK Corporation tax at a rate of 22% (2022: 19%)	8,853	30,848	(42,243)
Effect of:			
Capital (gains)/losses on Investment properties not taxable	(4,714)	(26,936)	49,987
Income not taxable, including interest receivable	(124)	–	(59)
UK REIT exemption on net income	(4,015)	(3,912)	(7,685)
Total tax charge	—	—	—

The Group migrated tax residence to the UK and elected to be treated as a UK REIT with effect from 1 July 2018. As a UK REIT, the income profits of the Group's UK property rental business are exempt from corporation tax as are any gains it makes from the disposal of its properties, provided they are not held for trading or sold within three years of completion of development. The Group is otherwise subject to UK corporation tax at the prevailing rate. From 1 April 2023, the rate of UK Corporation Tax has increased to 25% from 19%.

5. DIVIDENDS AND PROPERTY INCOME DISTRIBUTIONS (PID) GROSS OF INCOME TAX

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
DIVIDENDS ON ORDINARY SHARES			
Interim dividends paid per ordinary share:			
2022 Fourth interim: PID of 0.68p per share, Non-PID of 0.17p per share paid 28 February 2023 2021 Fourth interim: PID of 0.466p per share, Non-PID of 0.284p per share paid 11 February 2022	11,045	9,746	9,746
2023 First interim: PID of 0.850p paid 31 May 2023 2022 First interim: PID of 0.800p paid 27 May 2022	11,045	10,395	10,395
2022 Second interim: PID of 0.850p per share paid 31 August 2022	—	—	11,045
2022 Special dividend: 1.92p per share paid 31 August 2022	—	—	24,949
2022 Third interim: PID of 0.500p per share, Non-PID of 0.350p per share paid 30 November 2022	—	—	11,045
	22,090	**20,141**	**67,180**

6. BASIC AND DILUTED EARNINGS PER SHARE

	Half year ended 30 June 2023	Half year ended 30 June 2022	Year ended 31 December 2022
Weighted average number of shares	1,299,412,465	1,299,412,465	1,299,412,465
Net profit/(loss) (£)	40,239,000	162,356,000	(222,329,000)
Basic and diluted earnings per share (pence)	3.10	12.49	(17.11)
EPRA earnings per share (pence)*	**1.67**	**1.58**	**3.15**

*A breakdown of the calculation is detailed on page 39.

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

Earnings per share are based on the net profit of the period divided by the weighted average number of Ordinary Shares in issue during the period.

7. INVESTMENT PROPERTIES

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
FREEHOLD AND LEASEHOLD PROPERTIES			
Opening valuation	1,275,610	1,508,368	1,508,368
Purchase at cost	225	6,552	6,934
Capital expenditure	10,556	21,902	48,517
Gain/(Loss) on revaluation to market value	17,250	144,045	(264,295)
Disposals at prior year valuation	(72,252)	—	(21,554)
Lease incentive movement	4,402	(2,277)	(2,360)
Total fair value at 30 June / 31 December	1,235,791	1,678,590	1,275,610
Less: reclassified as held for sale	—	(22,675)	—
Fair value as at 30 June / 31 December	**1,235,791**	**1,655,915**	**1,275,610**

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
GAINS/(LOSSES) ON INVESTMENT PROPERTIES AT FAIR VALUE COMPRISE			
Valuation gains/(losses)	17,250	144,045	(264,295)
Movement in provision for lease incentives	4,402	(2,277)	(2,360)
(Loss)/gain on disposal	(224)	—	3,565
	21,428	**141,768**	**(263,090)**

8. SUBSIDIARY UNDERTAKINGS

The Company owns 100 per cent of the issued share capital of UK Commercial Property Estates Holdings Limited (UKCPEHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPEHL 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 to hold and manage investment properties for rental income and, 100% of the issued share capital of Duke Distribution Centres Sarl and Duke Offices & Developments Sarl, both companies are incorporated in Luxembourg with the principal business being to hold and manage investment properties for rental income. UKCPEHL also owned 100% of Brixton Radlett Property Limited and UK Commercial Property Estates (Reading) Limited, both were UK companies, whose principal business was that of an investment and property company. UKCPEHL completed the dissolution of both of these companies on 9 July 2022.

The Company owns 100 per cent of the issued ordinary share capital of UK Commercial Property Finance Holdings Limited (UKCPFHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income. UKCPFHL owns 100 per cent of the issued ordinary share capital of UK Commercial Property Holdings Limited (UKCPHL), a company incorporated in Guernsey whose principal business is to hold and manage investment properties for rental income.

UKCPFHL owned 100 per cent of the issued share capital of UK Commercial Property Nominee Limited, a company incorporated in Guernsey whose principal business was that of a nominee company. During prior year UKCPFHL successfully completed the liquidation of UK Commercial Property Nominee Limited, effective 21 December 2022.

UKCPT Limited Partnership, (LP), was a Guernsey limited partnership, whose principal business was to hold and manage investment properties for rental income. UKCPHL and the GP, had a partnership interest of 99 and 1 per cent respectively in the LP. The GP was the general partner and UKCPHL was a limited partner of the LP. UKCPHL completed the dissolution of UKCPT Limited Partnership on 31 March 2021 and the liquidation of the GP, on 28 December 2022.

In addition, the Group controls three JPUTS namely Junction 27 Retail Unit Trust, St George's Leicester Unit Trust, and Rotunda Kingston Property Unit Trust. The principal business of the Unit Trusts is that of investment in property.

During the prior year the Group successfully completed the voluntary liquidation of Kew Retail Park, effective 10 June 2022, a JPUT whose principal business prior to liquidation was that of investment in property.

9. TRADE AND OTHER RECEIVABLES

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Rental debtors	15,692	20,251	20,605
Rental deposits	3,000	2,426	3,000
Provision for bad debts	(4,928)	(4,686)	(5,071)
Lease incentives	28,139	32,458	32,541
Other debtors and prepayments	1,766	5,749	1,573
	43,669	**56,198**	**52,648**

Provision for bad debts as at 1 January	5,071	5,327	5,327
Bad debts recognised/(derecognised) during the period net	250	(90)	896
Bad debts written off during the period as uncollectable	(393)	(551)	(1,152)
Provision for bad debts as at 30 June / 31 December	**4,928**	**4,686**	**5,071**

All other debtors are due within one year.

10. TRADE AND OTHER PAYABLES

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Rental income received in advance	13,926	13,944	14,223
Investment Manager fee payable	1,665	4,798	3,819
Rental deposits	3,000	2,426	3,000
Bank loan interest	2,372	1,949	2,402
Transaction costs	798	—	798
VAT payable	3,061	3,907	3,622
Other payables	5,059	8,071	3,850
	29,881	**35,095**	**31,714**

The Group's payment policy is to ensure settlement of supplier invoices in accordance with stated terms.

11. BANK LOANS

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Total facilities available	380,000	350,000	380,000
Drawn down:			
Barclays facility	27,000	68,000	93,000
Barings facility	200,000	200,000	200,000
Set up costs incurred	(7,542)	(6,628)	(6,792)
Accumulated amortisation of set up costs	6,089	5,166	5,478
	225,547	**266,538**	**291,686**

12. NET ASSET VALUE PER SHARE

	Half year ended 30 June 2023 £'000	Half year ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Ordinary Shares	1,299,412,465	1,299,412,465	1,299,412,465
Net assets attributable at the period end (£'000)	1,053,868	1,467,443	1,035,719
NAV per share (pence)	**81.1**	**112.9**	**79.7**
EPRA Net Tangible Assets per share*	81.1	112.9	79.7

*A breakdown of the calculation is detailed on page 39.

13. FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

The Group's investment objective is to provide ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified UK commercial property portfolio. Consistent with that objective, the Group holds UK commercial property investments. The Group's financial instruments consist of cash, receivables and payables that arise directly from its operations and loan facilities. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, market risk and interest rate risk. The Board reviews and agrees policies for managing its risk exposure.

These policies are summarised within the 2022 annual report and remained unchanged during the period. In addition, the Group controls three JPUTS namely Junction 27 Retail Unit Trust, St George's Leicester Unit Trust, and Rotunda Kingston Property Unit Trust. The principal business of the Unit Trusts is that of investment in property.

During the prior year the Group successfully completed the voluntary liquidation of Kew Retail Park, effective 10 June 2022, a JPUT whose principal business prior to liquidation was that of investment in property.

14. CAPITAL COMMITMENTS

The Group had contracted capital commitments as at 30 June 2023 of £38 million in relation to the development at Sovereign Square, Leeds, with the purpose to forward fund the development of a Hyatt Hotel. Completion is targeted during summer 2024.

15. EVENTS AFTER THE BALANCE SHEET DATE

A second interim dividend, PID of 0.50p, Non-PID of 0.35p was paid on 31 August 2023 to shareholders on the register on 17 August 2023.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE AND PRE-INVESTMENT DISCLOSURE DOCUMENT

UK Commercial Property REIT Limited (the "Company") has appointed abrdn Fund Managers Limited ("abrdn") as its alternative investment fund manager and Citibank UK Limited as its depositary under the Alternative Investment Fund Managers Directive (the "AIFMD").

The AIFMD requires abrdn, as the Company's alternative investment fund manager, to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under AIFMD are published in the Company's Pre-Investment Disclosure Document which can be found on its website: *ukcpreit.com*

The periodic disclosures required to be made by abrdn under the AIFMD are set out on page 116 of the Annual Report for the year ended 31 December 2022 which is available on the Company's website.

BENCHMARK

The Company's benchmark is MSCI UK Balanced Portfolios Quarterly Index.

KEEPING YOU INFORMED

For internet users, detailed data on the Company (including price, performance information and a quarterly fact sheet) is available from the Company's website. Alternatively, for investment company information, you can call 0808 500 0040 (free when dialling from a UK landline) or, from overseas, on 00 44 1268 448 222. You can also register for regular email updates from abrdn by visiting the Company's website, or via social media:

abrdn Investment Trusts Social Media Accounts

Twitter: *@abrdnTrusts*
LinkedIn: *abrdn Investment Trusts*

INVESTOR WARNING: BE ALERT TO SHARE FRAUD AND BOILER ROOM SCAMS

The Company has been made aware by abrdn that some investors have received telephone calls from people purporting to work for abrdn, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares. These callers do not work for abrdn and any third party making such offers has no link with abrdn. abrdn never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, they should not offer any personal information, end the call and contact abrdn's investor services centre using the details provided below.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams at: *fca.org.uk/consumers/scams*

SHAREHOLDER ENQUIRIES

For queries regarding shareholdings, lost certificates, dividend payments, registered details and related matters, shareholders holding their shares directly in the Company are advised to contact the Registrar, Computershare Investor Services (Guernsey) Limited (see Directors and Company Information for details). Changes of address must be notified to the Registrar in writing.

Any general questions about the Company should be addressed to UK Commercial Property REIT Limited, 1 George Street, Edinburgh EH2 2LL or submitted by email to: *commercial.property@abrdn.com*

SUITABLE FOR RETAIL/NMPI STATUS

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking exposure to UK commercial property, and who understand and are willing to accept the risks of exposure to this asset class.

Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that the securities issued by the Company can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments ("NMPIs") and intends to continue to do so for the foreseeable future.

The Company's securities are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are securities issued by an investment trust.

KEY INFORMATION DOCUMENT

The Key Information Documents relating to the Company can be found under 'Key Documents' in the 'Literature' section of the Company's website at *ukcpreit.com*

HOW TO INVEST IN UK COMMERCIAL PROPERTY REIT LIMITED AND OTHER ABRDN-MANAGED INVESTMENT TRUSTS

A range of leading investment platforms and share dealing services let you buy and sell abrdn-managed investment trusts including the Company.

Many of these platforms operate on an 'execution-only' basis. This means they can carry out your instruction to buy or sell a particular investment trust. But they may not be able to advise on suitable investments for you. If you require advice, please speak to a qualified financial adviser (see below).

A NOTE ABOUT THE abrdn INVESTMENT TRUSTS SAVINGS PLANS

In June 2023, abrdn notified existing investors in the abrdn Investment Trusts ISA, Share Plan and Investment Plan for Children (the "Plans") that these products would be closing in December 2023. The Plans are no longer open to new investors.

If you are an existing investor in the Plans and have any queries, please contact our Investor Services on 0808 500 4000 or, from overseas, on 00 44 1268 448 222, who are open from 9am to 5pm, Monday to Friday, Call charges will vary. Alternatively, please contact Investor Services by email at *inv.trusts@abrdn.com*

Email is not a secure form of communication so you should not send any personal or sensitive information.

Flexibility

Many investment platform providers will allow you to buy and hold abrdn Investment Trust shares within an Individual Savings Account (ISA), Junior ISA or Self Invested Personal Pension (SIPP), all of which have potential tax advantages. Most will also allow you to invest on both a lump sum and regular savings basis.

Costs and service

It is important to choose the right platform for your needs, so take time to research what each platform offers before you make your decision, as well as considering charges. When it comes to charges, some platforms have flat fee structures while others levy percentage-based charges. Typically, you will also pay a fee every time you buy and sell shares, so you need to bear in mind these transaction costs if you are trading frequently. There may also be additional charges for ISA and SIPP investments.

Can I Exercise My Voting Rights if I Hold my Shares Through an Investment Platform?

Yes, you should be able to exercise your right to vote by contacting your platform provider. Procedures differ, but some platforms will automatically alert you when new statutory documents are available and then allow you to vote online. Others will require you to contact them to vote. Your chosen platform provider will provide further guidance.

Getting Advice

abrdn recommends that you seek financial advice prior to making an investment decision. If you do not currently have a financial adviser, details of authorised financial advisers in your area can be found at *pimfa.co.uk* or *unbiased.co.uk* (see below). You will pay a fee for advisory services.

Platform Providers

Platforms featuring UK Commercial Property REIT Limited, as well as other abrdn-managed investment trusts, include:

- Interactive Investor: *ii.co.uk/investment-trusts*
- AJ Bell: *ajbell.co.uk/markets/investment-trusts*
- Barclays Smart Investor: *barclays.co.uk/smart-investor*
- Charles Stanley Direct: *charles-stanley-direct.co.uk*
- Fidelity: *fidelity.co.uk*
- Halifax: *halifax.co.uk/investing*
- Hargreaves Lansdown: *hl.co.uk/shares/investment-trusts*

The companies above are shown for illustrative purposes only. Other platform providers are available. The links above direct you to external websites operated by each platform provider. abrdn is not responsible for the content and information on these third-party sites.

Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management & Financial Advice Association at: *pimfa.co.uk*

Financial Advisers

To find an adviser who recommends on investment trusts, visit: *unbiased.co.uk*

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: 0800 111 6768 or
at *register.fca.org.uk*
Email: *consumerqueries@fca.org.uk*

EFFECT OF REIT STATUS ON PAYMENT OF DIVIDENDS

REITs do not pay UK corporation tax in respect of rental profits and chargeable gains relating to property rental business. However, REITs are required to distribute at least 90% of their qualifying income (broadly calculated using the UK tax rules) as a Property Income Distribution ("PID").

Certain categories of shareholder may be able to receive the PID element of their dividends gross, without deduction of withholding tax. Categories which may claim this exemption include: UK companies, charities, local authorities, UK pension schemes and managers of PEPs, ISAs and Child Trust Funds.

Further information and the forms for completion to apply for PIDs to be paid gross are available from the Registrar.

Where the Company pays an ordinary dividend, in addition to the PID, this will be treated in the same way as dividends from non-REIT companies.

NOTE

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested. As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread. Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

The information on pages 36 to 37 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by abrdn Investments Limited, 280 Bishopsgate, London EC2M 4AG which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

CORPORATE INFORMATION

Directors (all non-executive)

Ken McCullagh (Retired 31 July 2023)
Chair

Peter Pereira Gray (Appointed 3 April 2023)
Chair (with effect from 31 July 2023)

Michael Ayre
Chair of Audit Committee

Chris Fry
Chair of Property Valuation Committee

Fionnuala Hogan
Chair of the Management Engagement Committee and Nomination and Remuneration Committee

Margaret Littlejohns
Chair of the Risk Committee and Senior Independent Director

Registered Office

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

Registered Number

45387

Administrator and Company Secretary

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

Investment Manager and Alternative Investment Fund Manager

abrdn
Fund Managers Limited
280 Bishopsgate
London
EC2M 4AG

Property Valuer

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

Independent Auditors

Deloitte LLP
PO Box 137
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
Channel Islands
GY1 3HW

Guernsey Legal Advisors

Walkers
12–14 New Street
Guernsey
GY1 2PF

UK Legal Advisors and Sponsor

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

Property Legal Advisors

Maples Teesdale LLP
30 King Street
London
EC2V 8EE

Registrar

Computershare Investor Services (Guernsey) Limited
1st floor
Tudor House
Le Bordage
St Peter Port
Guernsey
Channel Islands
GY1 1DB

Principal Bankers and Lenders

Barclays Bank plc
Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Barings
Real Estate Advisors Europe LLP
Southwest House
11a Regent Street
London
SW1Y 4LR

Corporate P.R. Advisor

FTI Consulting Limited
200 Aldersgate
Aldersgate Street
London
EC1A 4HD

Corporate Broker

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

Depositary

Citibank UK Limited
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Environmental Statement

This Report is printed on Oxygen Offset, manufactured using 100% FSC® Recycled fibre sourced from de-inked post consumer waste. Oxygen Offset is a Carbon Balanced paper, 100% of the CO2 produced in the manufacture of the paper has been offset using Carbon Footprint Ltd and it also carries the EU Eco Label.

The Printer and the manufacturing mill are both credited with ISO14001 Environmental Management Systems standard and both are FSC® certified.

The production of this Report has been Carbon Balanced through the printer who are a certified partner of ClimateCare.

EPRA AND ALTERNATIVE PERFORMANCE MEASURES

The European Public Real Estate Association (EPRA) is the industry body representing listed companies in the real estate sector. EPRA publishes Best Practice Recommendations (BPR) to establish consistent reporting by European property companies. Further information on the EPRA BPR can be found at *epra.com*

The Company uses the following Alternative Performance Measures (APMs). APM do not have a standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities.

Further details can be found in the Glossary on pages 40 to 41.

EPRA EARNINGS	30 June 2023 £'000	30 June 2022 £'000
Earnings per IFRS Income statement	40,239	162,356
Adjustments to calculate EPRA Earnings, exclude:		
Net changes in value of investment properties	(21,428)	(141,768)
Cineworld rent smoothing adjustment	2,909	—
EPRA Earnings	21,720	20,588
Weighted average number of shares (000's)	1,299,412	1,299,412
EPRA Earnings per share (pence per share)	1.67	1.58

EPRA NET TANGIBLE ASSETS	30 June 2023 £'000	31 December 2022 £'000
IFRS NAV	1,053,868	1,035,719
Fair value of financial instrument (assets)/liabilities	—	—
EPRA NTA	1,053,868	1,035,719
Shares in issue (000's)	1,299,412	1,299,412
EPRA NTA per share (pence per share)	81.1	79.7

DIVIDEND COVER	30 June 2023 £'000	30 June 2022 £'000
Earnings per IFRS Income statement	40,239	162,356
Adjustments to calculate Dividend Cover, exclude:		
Net changes in value of investment properties	(21,428)	(141,768)
Cineworld rent smoothing adjustment	2,909	—
Profit for Dividend Cover	21,720	20,588
Dividends paid in period	22,090	20,141
Dividend Cover	98%	102%

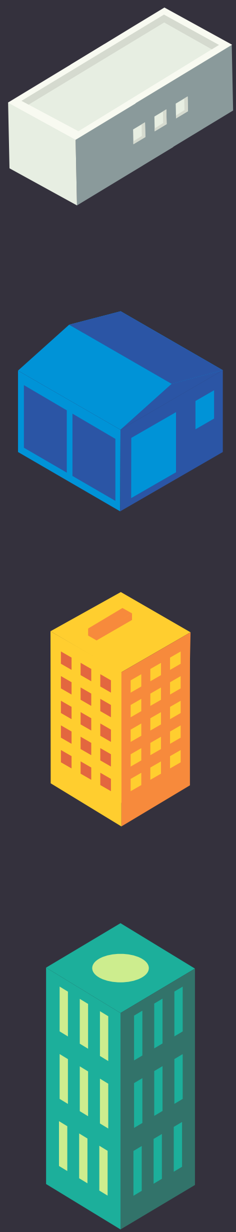
GEARING	30 June 2023 £'000	31 December 2022 £'000
Gross borrowings	227,000	293,000
Less cash	(29,836)	(30,861)
	197,164	262,139
Portfolio valuation	1,263,825	1,308,025
Gearing	15.6%	20.0%

TOTAL RETURN	Net asset value	Share price
NAV/Share price per share at 31 December 2022 (pence)	79.7	58.4
NAV/Share price per share at 30 June 2023 (pence)	81.1	48.4
Change in the period	1.8%	(17.1)%
Impact of dividend reinvestment	2.1%	2.6%
Total return for the period	3.9%	(14.5)%

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. Detailed calculation provided on page 39.
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 February 2022, divided by the average number of shares in issue during the period. Detailed calculation provided on page 39.
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.
Financial resources	Cash balance less financial commitments plus undrawn amount of revolving credit facility.
Gearing	Calculated under AIC guidance as gross borrowing less cash divided by portfolio valuation. Detailed calculation provided on page 39.
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).
MSCI	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.
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.
MSCI benchmark	Benchmark which includes data relevant to all properties held by funds included in the MSCI UK Balanced Portfolios Quarterly Property Index Benchmark.
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. Detailed calculation provided on page 39.
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.
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 gross property 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.
Property Income Distribution	UK REITs are required to distribute a minimum of 90% of the income from their qualifying property rental business. This distribution is known as a Property Income Distribution ("PID"). PIDs are taxable as UK property income in the hands of tax-paying shareholders.
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 collection	The percentage of rents paid compared to the rents invoiced over a specified period.
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. The vast majority of rent review clauses require the assessment of the open market, or rack rental value, at the review date, in accordance with specified terms, but some are geared to other factors, such as the movement in an Index.
Reversionary yield	Estimated rental value as a percentage of the gross property value.
Revolving Credit Facility ("RCF")	A bank loan facility from which funds can be withdrawn, repaid and redrawn again any number of times until the facility expires. As at date of this report UKCM had a RCF facility of £180 million.
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. Detailed calculation provided on page 39.
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



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