



ASSET MANAGEMENT

UK Commercial Property Trust Limited 2013 Interim Results Presentation

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AGENDA



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- Outlook for Commercial Property more positive than it has been for a number of years;
- While UKCPT portfolio values dropped in the six months on a like-for-like basis, Q2 values recorded a 0.4% like for like increase, the first value increase since 2011;
- Strong share price total return in the period highlighting that investors are beginning to return to the asset class, and UKCPT in particular, given its strong income characteristics and quality portfolio;
- Above benchmark income returns maintained as asset management initiatives have enabled the Company to mitigate the impact of lease expiries and administrations;
- Continued low void rates compared to benchmark, emphasising strength of the Company's tenants;
- Purchases and sales in the period in line with overall strategy of selling smaller, lower yielding assets and reinvesting in higher yielding assets in favoured sectors;
- Company has one of the lowest gearing levels in the peer group combined with strong financial platform to support further growth in assets and income.



Financial Highlights



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Financial Highlights - Corporate



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- NAV per share of 68.9p as at 30 June 2013 (31 December 2012: 69.6p);
- NAV total return of 2.8% over six month period;
- Strong share price total return of 20.2% over the six month period;
- Shares trading at c.10% premium to NAV;
- Gross gearing of 21.6%, lowest in Company's peer group*;
- Dividend yield of 6.9% at 30 June 2013.

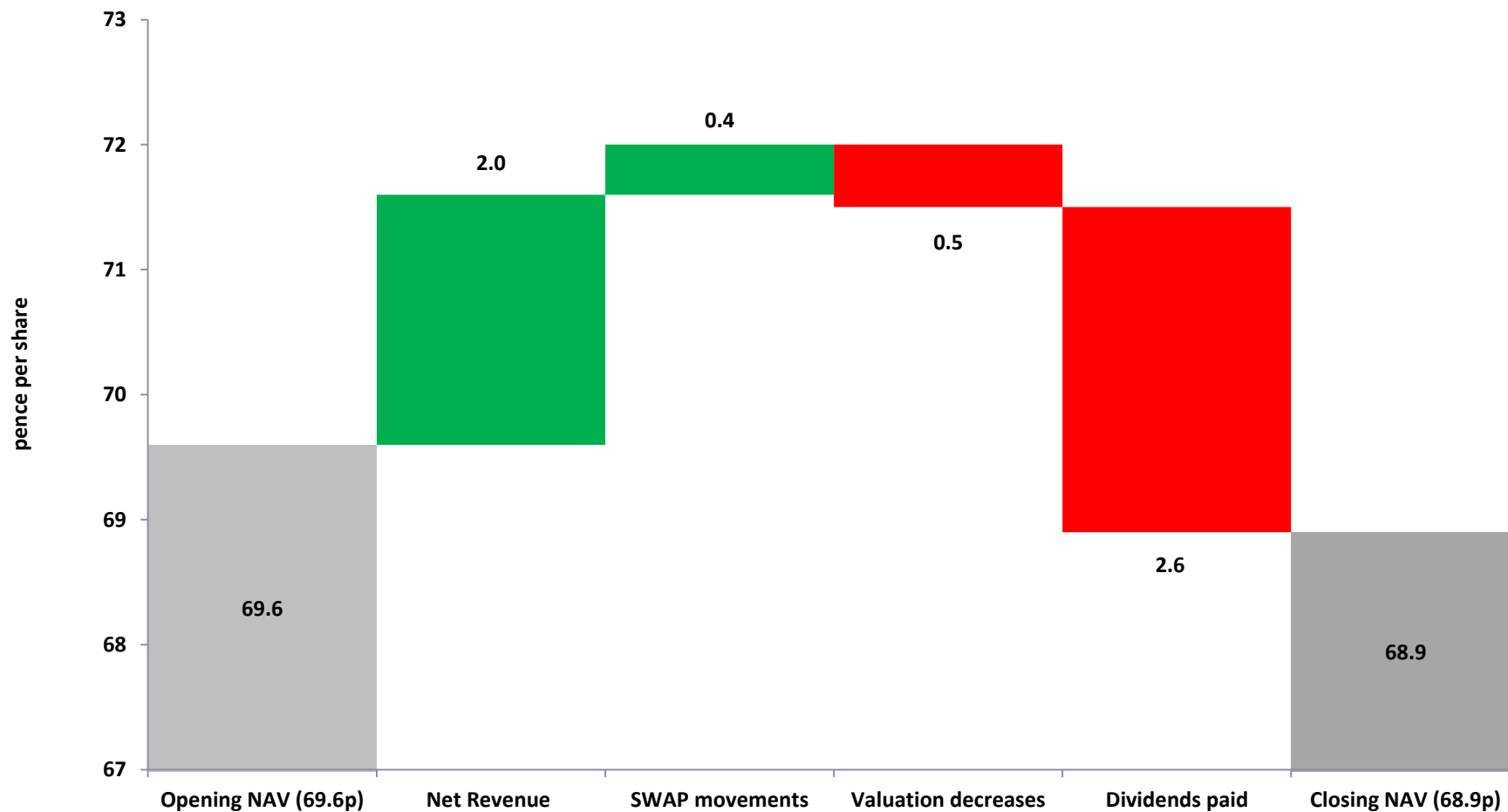


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NAV Movement for six month period to 30 June 2013



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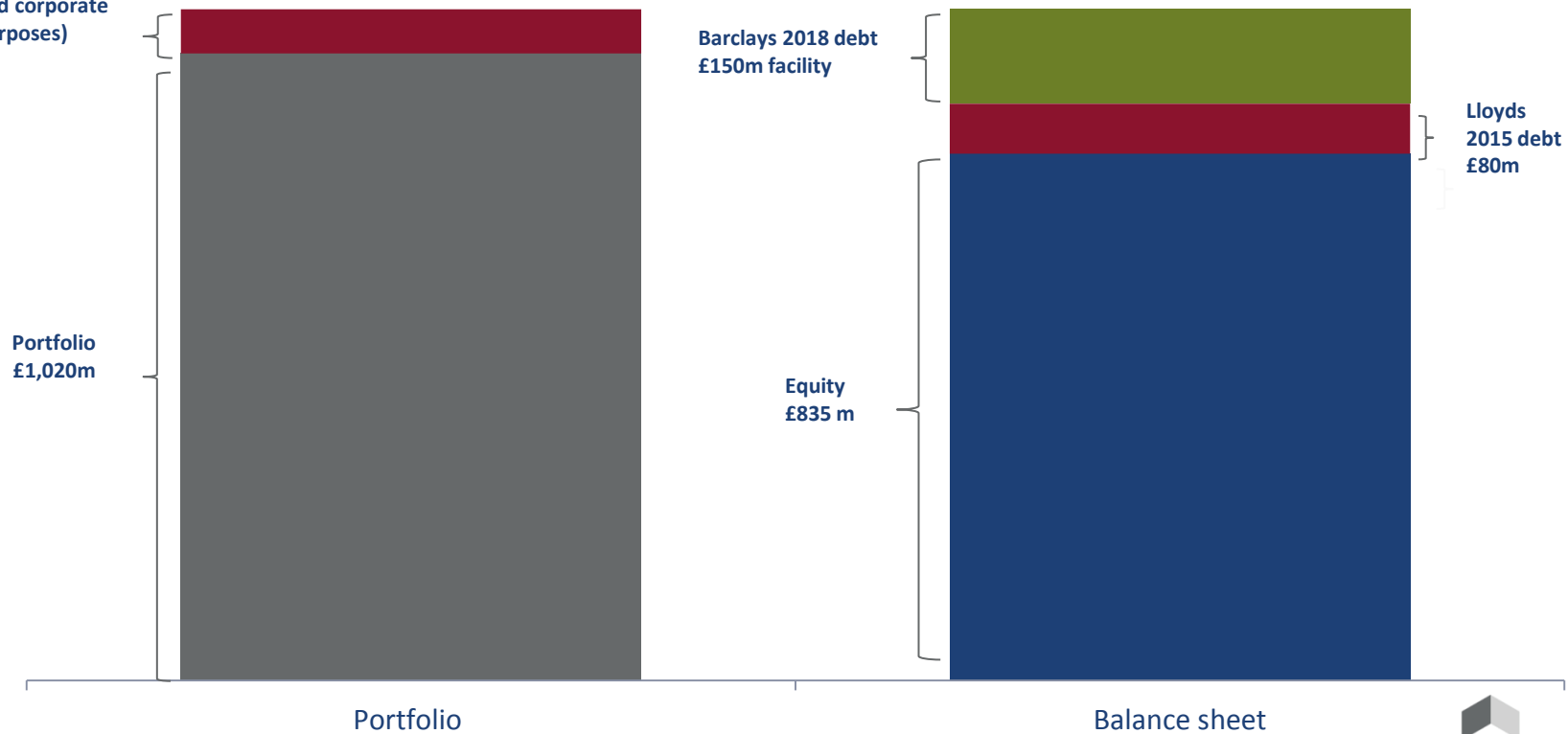
Strong balance sheet with considerable cash resources



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Other net assets
£45m (inc £60m cash
for working capital
and corporate
purposes)

UKCM balance sheet composition*



*Excluding SWAP liabilities; source: Internal as at 30/06/2013



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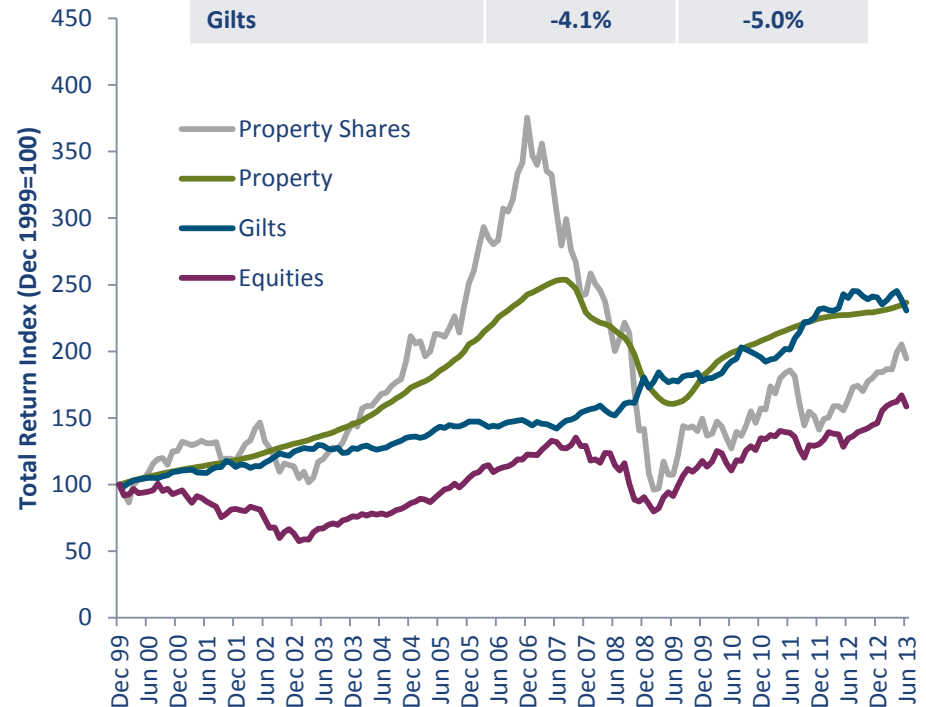
Property: positive returns in a turbulent market



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- Equities were the top performing asset class over H1 2013 with a total return of 8.5%. Property's relative position, however, improved over Q2 when it outperformed with a total return of 1.9%;
- Institutions have moved towards increasing equity and property allocations suggesting a more optimistic outlook on risk. This poses an issue for fixed income assets where nominal yields have fallen to low levels that offer limited protection against future inflation;
- This was illustrated by the decline in gilt prices which resulted in a total return of -4.1% for H1 2013;
- Commercial property continues to deliver positive total returns which are beginning to incorporate a modest level of capital appreciation as sentiment towards the asset class continues to improve.

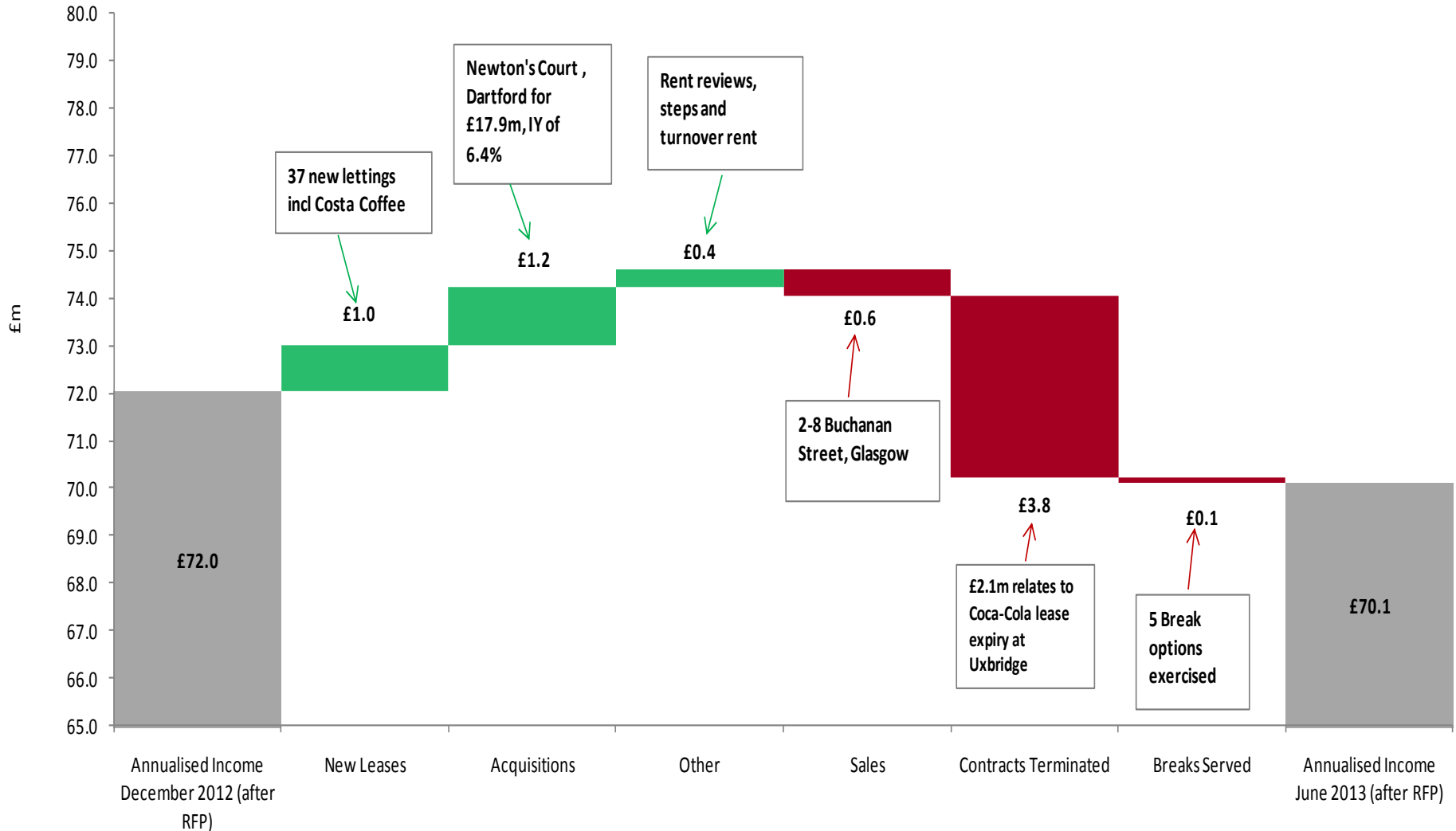
	H1 2013	Q2 2013
Property Shares	5.6%	4.4%
Property	2.9%	1.9%
Equities	8.5%	-1.7%
Gilts	-4.1%	-5.0%



Income Summary



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Number of successful asset management initiatives completed during the year including:

■ Retail High Street and Shopping Centres

- Lettings to Costa Coffee and Paddy Power at The Parade, Swindon, generating annualised income of £142,000 p.a. improving tenant mix and void position;
- A number of other flexible lettings in Weston super Mare and Shrewsbury improving net operating income;
- Positive rent review settlements in excess of ERV at Kensington High Street, London W8.

■ Retail Warehouse

- Positive rent review settlements in excess of ERV at Kew Retail Park, Richmond, providing basis for modest ERV uplift in asset.

■ Industrial

- Lease re-gears at Dolphin Industrial Estate, Sunbury on Thames;
- Improved lease length by 5 years and income by £162,000 p.a.;
- Successful consolidation of existing tenants with resultant reduction in voids.



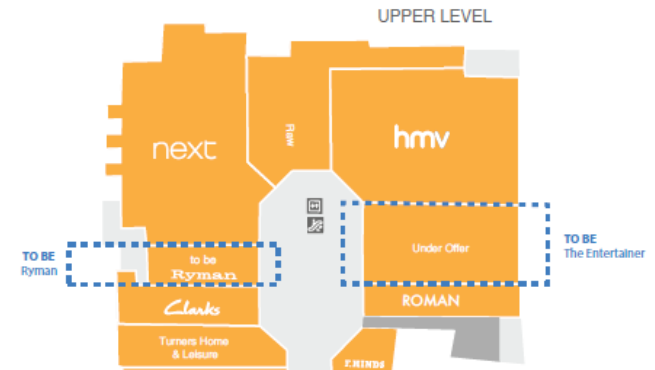
Key Assets - Shrewsbury



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Strategy to Rebuild Income and Preserve Development Potential

- Tenant administrations and lease expiries impacted on net operating income with £1.29m p.a. lost since June 2011;
- £1.41m p.a. of rental income due to expire in next 18 months;
- Renewed strategy to rebuild net operating income and reduce costs from:
 - Void Lettings - void ERV 18.85% across the asset;
 - Relocations - relocate Riverside Mall tenants to Pride Hill and Darwin;
 - Re-anchor Pride Hill and Darwin Centres – reduce voids and create platform for improved footfall and occupational demand;
 - Lease renewals and re-gears.
- Initiatives complement twin track strategy to preserve redevelopment options for Riverside Mall;
- Positive dialogue with Council on revised options for more modest development including Leisure and Residential.



Pride Hill – Main Mall



Charles Darwin – Main Mall

Key Assets - Charter Place, Uxbridge



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- Coca Cola vacated in April and leases now expired;
- Dilapidations negotiations ongoing;
- Regear discussions with Nexen no longer progressing, although they remain in occupation until June 2015;
- Strong occupational and investment market for high profile building such as Charter Place provides Company with options.



Pre development



Post development

Portfolio Activity – Continued Progress in rebalancing the Portfolio



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Acquisition

- Newton`s Court, Crossways Business Park, Dartford acquired for £17.9m i.e. 6.4% Net Initial Yield;
- 12 units totalling 163,720 sq ft in attractive business park environment within close proximity to M25;
- Total Income £1.2m from Boots UK Limited, Clear Channel UK Limited, Next Group plc and FedEx UK Limited.



Sales

- £17.5m realised from sales at Buchanan Street, Glasgow and Bushey Road, Raynes Park, London;
- Sales in line with strategy – reduction in high street retail exposure, lower yielding and capital intensive assets;
- Realised cash available for future acquisitions and portfolio initiatives.





- Performance of UK commercial property to continue to improve in 2013 and deliver investors a solid real return;
- Improved prospects for certain regional markets, but asset selective with market fundamentals still challenging. Central London markets still expected to outperform;
- Price discrimination has returned to the market, which is now more rationally priced. This will drive a polarised market within segments;
- Our latest forecast for 2013 reflects continued weak economic growth, but we expect property to continue delivering a solid 8.0% p.a. total return over a three year period, primarily through income return;
- Property remains competitive in comparison to other asset classes.





- Solid NAV performance achieved from the Company's focus on the retention and enhancement of income allied to improving capital valuations;
- Share price return and positive rating reflects increased demand for quality commercial property investments such as UKCPT;
- Asset management from a diversified portfolio will continue to deliver income and valuation gains with a key focus on Shrewsbury and Uxbridge;
- Strong financial position with low gearing and considerable resources to identify and implement income enhancing asset management and acquisitions;
- Continued interest in higher yielding prime properties in South East and major conurbations.



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