F&C Commercial Property Trust Limited

Interim Report

For the six months ended

30 June 2013

Company Summary

The Company

F&C Commercial Property Trust Limited ('the Company') is an Authorised Closed-Ended Guernsey incorporated investment company. Its shares have a premium listing on the Official List of the UK Listing Authority and are traded on the main market of the London Stock Exchange.

Objective

To provide ordinary shareholders with an attractive level of income together with the potential for capital and income growth from investing in a diversified UK commercial property portfolio.

Management

The Company's investment managers and property managers are, respectively, F&C Investment Business Limited and F&C REIT Property Asset Management plc, both of which are part of the F&C Asset Management plc group and, collectively, are referred to in this document as 'the Managers'.

Total Assets Less Current Liabilities

£1,038 million at 30 June 2013.

Shareholders' Funds

£755 million at 30 June 2013.

Capital Structure

The Company's equity capital structure consists of Ordinary Shares. Subject to the solvency test provided for in The Companies (Guernsey) Law, 2008 being satisfied, ordinary shareholders are entitled to all dividends declared by the Company and to all the Company's assets after repayment of its borrowings and ordinary creditors.

Guernsey Regulatory Status

The Company is an Authorised Closed-Ended Investment Scheme domiciled in Guernsey and was granted an authorisation declaration in accordance with section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and rule 6.02 of the Authorised Closed-Ended Investment Schemes Rules 2008, on 9 June 2009.

How to Invest

The Managers operate a number of investment plans which facilitate investment in the shares of the Company. Details are contained on page 23.

You may also invest through your usual stockbroker.

Website

The Company's internet address is:
www.fccpt.co.uk

Financial Highlights and Performance Summary

- Share price total return of 11.6 per cent
- Net asset value total return of 3.8 per cent
- Dividend yield of 5.3 per cent at the period end
- Top decile performance of portfolio over 1, 3 and 5 years within the IPD benchmark
- Voids of 6.0 per cent compared with benchmark voids of 8.2 per cent
- £14 million of new equity raised during the period through the issue of new Ordinary Shares

Total Return	**Six months to 30 June 2013**
Net asset value per share*	**3.8%**
Ordinary Share price	**11.6%**
Investment Property Databank Quarterly Universe	**3.2%**
FTSE All-Share Index	**8.5%**

Capital Values	**30 June 2013**	31 December 2012	% Change
Total assets less current liabilities (£'000)*	**1,037,772**	1,019,525	+1.8
Net asset value per share*	**99.6p**	98.8p	+0.8
Ordinary Share price	**112.5p**	103.7p	+8.5
FTSE All-Share Index	**3,289.71**	3,093.41	+6.3
Premium to net asset value per share	**13.0%**	5.0%	
Net gearing‡	**11.6%**	15.0%	

* Based on net assets calculated under International Financial Reporting Standards. Net asset value total return is calculated assuming dividends are re-invested.

‡ Net gearing: (Borrowings – cash) ÷ total assets (less current liabilities and cash).

Sources: F&C Investment Business, Investment Property Databank ('IPD') and Datastream.

Chairman's Statement

There was a strengthening in appetite for UK commercial property during the first half of the year as the economy started to show signs of recovery. Demand from overseas investors, in particular, was strong. Central London properties continued to out-perform the rest of the UK and returns were driven mainly by income with prime property continuing to out-perform.

Against this backdrop, the Company's net asset value ('NAV') total return for the six month period was 3.8 per cent. This compares favourably with a total return of 3.2 per cent from the benchmark Investment Property Databank ('IPD') Quarterly Universe. The ungeared total return from the property portfolio was 4.5 per cent, again comparing favourably with the IPD return stated above. It is pleasing to report that the portfolio has recorded top decile performance over one, three and five years within the IPD benchmark.

The share price total return during the period was 11.6 per cent and the share price as at 30 June 2013 was 112.5p, representing a premium of 13.0 per cent to the NAV per share of 99.6p. Reflecting the attractive dividend yield and quality of the portfolio, there continued to be a strong level of demand for the Company's shares throughout the period.

There were no acquisitions during the period but the Company has continued to invest in the existing portfolio including the ongoing development of student accommodation at Burma Road, Winchester, the final stage of which completed earlier this month. As previously reported, in 2012 the Company agreed a forward commitment to purchase four pre-let office blocks in Aberdeen for approximately £94 million. The office blocks are currently being developed and are expected to be completed in October. They will be formally valued at the time of their individual acquisitions and it is expected that any uplifts in value will be recognised in the NAV per share at the subsequent quarter end.

During the period, the Company completed the sale of Charles House, 5-11 Regent Street, London SW1 for £36.0 million. Sale contracts were exchanged towards the end of 2012 and the sale price was reflected in the valuation as at 31 December 2012.

Further information regarding the various property management activities undertaken during the period are contained within the Managers' Review.

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

	Pence
NAV per share as at 31 December 2012	98.8
Unrealised increase in valuation of direct property portfolio	2.0
Movement in interest rate swaps	0.2
Premium on shares issued	0.1
Net revenue	1.5
Dividends paid	(3.0)
NAV per share as at 30 June 2013	99.6

Issue of New Ordinary Shares

During the period the Company issued 14 million Ordinary Shares for a net consideration of £14.1 million. All new shares were issued at a premium to the most recently announced NAV.

Dividends

Six monthly dividends, each of 0.5p per share, were paid during the period, maintaining the annual dividend rate of 6.0p per share. This was equivalent to a dividend yield of 5.3 per cent based on the share price of 112.5p per share as at 30 June 2013.

Borrowings

At the end of the period, the Company's borrowings were represented by £230 million of Secured Bonds, which have been assigned an 'Aaa' rating by Moody's Investor Services and mature in 2015, and a £50 million secured bank loan which is repayable in 2017. The Company's level of gearing, net of cash, as at 30 June 2013 was 11.6 per cent. Had the Company been fully invested at the end of the period the level of gearing would have been 27.2 per cent.

As previously reported, during 2012, and as part of the funding of the commitment to purchase the office blocks in Aberdeen, the Company entered into a £30 million committed bank facility which will mature on 30 June 2015. The facility is expected to be drawn down on the purchase of the property. The Company had cash balances of £182.9 million as at 30 June 2013. Approximately £64 million, plus costs, is expected to be required to fund the purchase of the office blocks in Aberdeen and some cash is required for normal working capital. The remaining balance provides the Managers with an opportunity to consider attractive investment opportunities through new acquisitions and to continue to invest in the existing portfolio.

Outlook

There are growing signs that both the UK economy and the property market have reached a turning point and that a sustained period of positive performance is in prospect. London is expected to continue to out-perform but, as excess capacity in the economy is absorbed, there may be an increasing number of opportunities in the regions.

Investors are likely to continue to favour prime properties and total returns are still expected to be driven by income. The Board therefore believes that the Company is well placed to make further good progress in the months ahead.

Chris Russell
Chairman
28 August 2013

Managers' Review

Property Market Review

The market portfolio total return for the six months to 30 June 2013, as measured by the Investment Property Databank ('IPD') Quarterly Universe ('the benchmark') was 3.2 per cent. The property market over the past six months has seen a sustained improvement, supported by the income return but with positive, if patchy, rental growth and capital growth starting to make a modest contribution.

The improvement was initially led by strength and depth of investment demand. Investment activity in the six months to June 2013 totalled almost £18 billion, according to IPD, reflecting an uplift of almost 18 per cent compared to the first half of 2012. Overseas investors remained significant net investors into property, especially in Central London. The period also saw the persistence of low gilt yields which attracted into property investors seeking a long-term secure income stream and has contributed to strong competition for long-income, index-linked assets.

Investor sentiment has also been supported by indications that the economy is starting to show signs of recovery. The period saw a resumption of GDP growth, helped by some easing in monetary conditions. This, along with a shortage of stock and pricing levels in the prime London office investment markets relative to demand, may have contributed to a broadening in purchasing activity to the regions and to other sectors on a selective basis.

Performance is still being largely driven by the income return which totalled 2.8 per cent during the period. There was a modest growth in capital values over the period, with falls in value in the January-March period being more than offset by growth in the final three months.

The property market remains polarised. Although the period saw an improvement in performance in many regional markets, property in Central London continued to out-perform the rest of the UK by some margin. The six month period saw the national office and industrial markets out-perform retail, although there were mixed performances within each sector.

Prime property generally out-performed more secondary stock. However, there were indications towards the end of the period that investors are becoming more prepared to consider "good secondary" assets where short income is underwritten by a strong covenant and prime location.

There was a return to modest positive rental growth at the all-property level after a period of flat rental performance. However, this tended to be concentrated in London and the occupational market elsewhere generally remained challenging. There are signs that tenants are starting to look more closely at their future occupational needs, especially as the lease expiry spike approaches, but this will take time to convert into concluded transactions. Net income growth remained elusive with West End offices, supermarkets and distribution warehousing among the categories showing relative strength.

After a long period where development has been at a virtual halt, there are signs that some schemes are being revived and some speculative construction has commenced. The banks are continuing to divest from property but new entrants are more willing to commit to the sector.

Property Portfolio

The property portfolio recorded a total return over the period of 4.5 per cent, outperforming the 3.2 per cent return from the benchmark. Over the period the portfolio achieved top quartile performance against the benchmark and continues to deliver strong long term performance with top decile performance over one, three and five years.

As at 30 June 2013 the Company's portfolio was externally valued at £866.3 million (see note 5), recording positive capital growth of 1.9 per cent compared to the market of 0.3 per cent.

Retail

The total return from the Company's retail properties during the period was 5.7 per cent which compares with the benchmark total return of 2.6 per cent.

A successful asset management initiative was completed at 16 Conduit Street, London W1. A surrender of the existing lease was successfully negotiated for a premium of £650,000 together with a simultaneous grant of a new 10 year lease to Christian Dior at a commencing rent of £308,500 per annum with no rent free period. The new rent reflects an increase of £81,500 per annum over the previous rent and Christian Dior also made a substantial contribution to the surrender premium paid to the previous tenant. This letting equates to a rent of £360 Zone A and is the highest rent achieved on Conduit Street. The luxury retailer will retain its presence on Bond Street whilst the new store is expected to galvanise Conduit Street and other major brands are expected to take space in the location in the near future.

In the last Report and Accounts, reference was made to Sears Retail Park, Solihull where both JJB Sports and Comet had entered into administration. We have been focussed on securing long term occupational tenants for these units and this has initially been targeted on achieving new planning consents to facilitate lettings. The 30,000 sq. ft. former Comet unit has now received planning consent to widen both the permitted use and to allow additional works to the unit and this is now under offer to a major national retailer. Progress is being made in letting the former JJB Sports unit and other asset management projects are progressing. It is hoped to be able to report contracted lettings in the near future.

Offices

The Company's office portfolio recorded a total return of 3.2 per cent compared with the benchmark total return of 4.1 per cent.

We are delighted to report the last available floor at 25 Great Pulteney Street, London W1 has let to WPP (UK) Group, an existing tenant within the building, at a rent of £411,825 per annum. This property is now fully let to strong financial covenants at rents well in excess of proforma rental levels. This development has been a significant success for the Company in both returns on capital and uplifting revenues.

Industrial

The Company's industrial and logistics properties produced a total return of 3.8 per cent compared with the benchmark return of 3.3 per cent.

The Other Sector

This sector comprises alternates such as healthcare, student accommodation, hotels, data centres and automotive uses. The sector offers an opportunity to acquire properties secured on long leases with RPI linkage offering partial inflationary hedging.

The Company's exposure to this sector is achieved through its holding of student accommodation at Burma Road, Winchester.

This property delivered a total return of 2.8 per cent during the period.

The property comprises a development of five blocks of student accommodation comprising 499 bedrooms and will be let to the University of Winchester on a new 25 year lease with cap and collar RPI linkage. All properties have now completed and will be handed over to the University in readiness for the new academic year. To date the Company has incurred costs of £20.3 million, inclusive of land acquisition on the project. The construction completed on budget and programme and the accounts are currently being reconciled which will trigger the balancing payments and rental agreements. The property will be fully income producing in September 2013.

Purchases and Disposals

As previously reported, in 2012 the Company agreed a forward commitment to purchase three pre-let office properties in Aberdeen for approximately £94 million. The four blocks are situated on the Prime Four Business Park, Kingswells, Aberdeen which is a new out of town business park located to the west of the city centre. This will be the largest single acquisition made by the Company since its listing in 2005. The properties are currently being developed and are expected to be completed in October 2013 and will comprise approximately 300,000 sq. ft. net initial area.

The purchase will provide the Company with exposure to one of the most buoyant office markets in the UK and to new headquarter office buildings let to excellent covenants on secure lease terms.

The total anticipated income upon completion is £6.7 million per annum and the overall net initial yield on completion is 6.84 per cent which is in excess of the initial yield on the portfolio.

The office blocks will be formally valued at the time of their individual acquisitions and it is expected that any uplifts in value will be recognised in the NAV per share at the subsequent quarter end.

Having exchanged contracts towards the end of 2012, the sale of Charles House, 5-11 Regent Street, London SW1 completed during the period at £36.0 million. The property was sold to The Crown Estate, the freeholder, at a net initial yield of 5.96 per cent representing a capital value of £820 psf.

Property Management

The management of income remains key and this still remains a challenging environment. The strategy of sustaining and protecting rental income within the portfolio remains of key focus.

Void levels over the period remained largely unchanged at 6.0 per cent of estimated rental value (excluding properties held for development) compared with the benchmark rate of 8.2 per cent. This equates to approximately £3.7 million of rental value.

The provision of overdue debt (90 days) is 3.0 per cent of annualised rents. This exposure is higher than previously experienced and is due in the main to the retailer defaults at Sears Retail Park, Solihull, as referred to above, and the administration of a tenant located at Hedge End, Southampton. As reported elsewhere in this report, progress is being made in securing long term occupational tenants for these units.

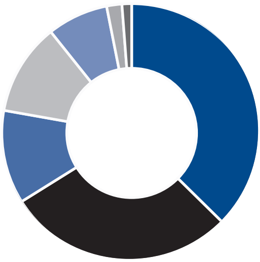
Outlook

The outlook for the economy and the property market has brightened over the past six months. There remain downside risks, particularly with regard to the Eurozone debt crisis and the speed of recovery both in the UK and globally. However, in the absence of external shocks, the property market looks set for a period of sustained positive performance with the recovery broadening as excess capacity is absorbed. The greater globalisation of property, the UK's role as a major property investment market in Europe, London's expansion as an international centre and property's yield premium over gilts are additional positive factors, benefiting UK property and London in particular. There may be more opportunities emerging in thriving regional markets and for "near prime" as the upturn gathers momentum, but the pace of economic growth is not expected to be sufficient to reach "true secondary"/tertiary or weaker locations which may have to correct further. Performance is likely to remain stock specific and income driven with prime property and core markets remaining in favour.

Richard Kirby
Investment Manager
F&C REIT Property Asset Management plc
28 August 2013

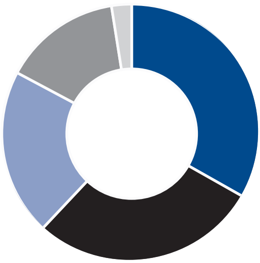
Portfolio Statistics

Geographical Analysis as at 30 June 2013 (% of total property portfolio)



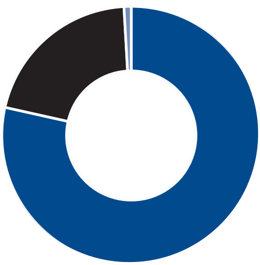
	30 June 2013	31 December 2012
London – West End	**37.4%**	38.9%
South East	**28.7%**	27.7%
Midlands	**11.7%**	11.5%
North West	**11.5%**	11.2%
Scotland	**7.6%**	7.6%
Eastern	**1.9%**	2.0%
Rest of London	**1.2%**	1.1%

Sector Analysis as at 30 June 2013 (% of total property portfolio)



Offices	**33.2%**	36.3%
Retail	**28.8%**	26.9%
Retail Warehouses	**20.8%**	20.5%
Industrial	**14.7%**	14.4%
Other	**2.5%**	1.9%

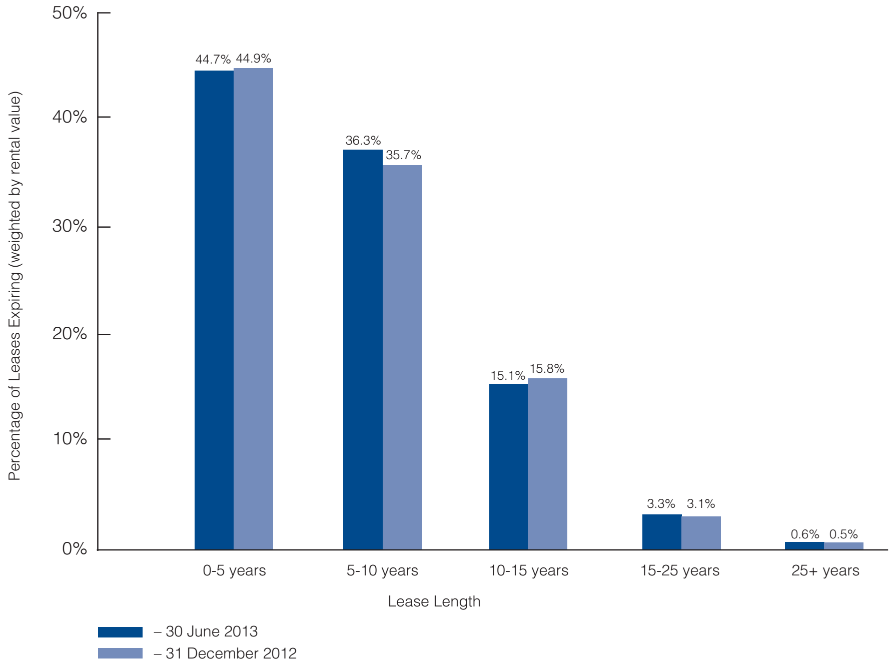
Tenure Analysis as at 30 June 2013 (% of total property portfolio)



Freehold	**78.5%**	76.3%
Mixed Freehold/Leasehold	**20.6%**	18.8%
Leasehold	**0.9%**	4.9%

Lease Expiry Profile

At 30 June 2013 the weighted average lease length for the portfolio, assuming all break options are exercised, was 6.6 years (31 December 2012: 6.9 years).



Property Portfolio

as at 30 June 2013

	Sector
Properties valued in excess of £150 million	
London W1, St. Christopher's Place Estate (notes 2 and 3)	Retail
Properties valued between £70 million and £100 million	
Newbury, Newbury Retail Park	Retail Warehouses
Properties valued between £50 million and £70 million	
London SW1, Cassini House, St James's Street	Offices
London SW19, Wimbledon Broadway	Retail
Properties valued between £40 million and £50 million	
Solihull, Sears Retail Park	Retail Warehouses
London W1, 25 Great Pulteney Street	Offices
Properties valued between £30 million and £40 million	
Rochdale, Dane Street	Retail Warehouses
Uxbridge, 3 The Square, Stockley Park	Offices
Properties valued between £20 million and £30 million	
Chorley, Units 6 and 8 Revolution Park	Industrial
Glasgow, Alhambra House, Wellington Street	Offices
Winchester, Burma Road (note 4)	Other
East Kilbride, Mavor Avenue	Retail Warehouses
Properties valued between £10 million and £20 million	
Manchester, 82 King Street	Offices
Daventry, Site E4, Daventry International Rail Freight Terminal	Industrial
Reading, Thames Valley One, Thames Valley Park	Offices
London SW1, 2/4 King Street	Offices
London W1, 17a Curzon Street	Offices
Birmingham, Unit 8 Hams Hall Distribution Park	Industrial
Liverpool, Unit 1, G. Park, Portal Way	Industrial
Edinburgh, 124/125 Princes Street	Retail
Camberley, Watchmoor Park	Offices
Reading, Thames Valley Two, Thames Valley Park	Offices
Birmingham, Unit 10a Hams Hall Distribution Park	Industrial
Colchester, The Cowdray Centre, Cowdray Avenue	Industrial
London EC3, 7 Birchin Lane	Offices
Properties valued under £10 million	
Southampton, Upper Northam Road, Hedge End	Industrial
Birmingham, Unit 6a Hams Hall Distribution Park	Industrial
London W1, 16 Conduit Street (note 1)	Offices
Edinburgh, Nevis/Ness Houses,11/12 Lochside Place	Offices
Camberley, Affinity Point, Glebeland Road	Industrial
Colchester, Ozalid Works, Cowdray Avenue	Industrial

Notes:

[1] Leasehold property.

[2] Mixed freehold/leasehold property.

[3] For the purposes of the Company's investment policy, St. Christopher's Place Estate is treated as more than one property.

[4] Under construction as at 30 June 2013. Completed August 2013.

Condensed Consolidated Statement of Comprehensive Income

(unaudited) for the six months to 30 June 2013

	Notes	**Six months to 30 June 2013 £'000**	Six months to 30 June 2012 £'000	Year to 31 December 2012* £'000
Revenue				
Rental income		**25,426**	29,584	57,212
Gains/(losses) on investments				
Unrealised gains/(losses) on revaluation of investment properties		**15,107**	(7,351)	(11,393)
(Losses)/gains on sale of investment properties realised		**(198)**	–	10,380
Total income		**40,335**	22,233	56,199
Expenditure				
Investment management fee		**(1,776)**	(1,665)	(3,494)
Investment performance fee		**(1,334)**	(1,283)	(2,500)
Direct operating expenses of let rental property		**(2,818)**	(2,097)	(4,252)
Valuation and other professional fees		**(225)**	(236)	(474)
Directors' fees		**(113)**	(113)	(225)
Administration fee		**(70)**	(69)	(138)
Other expenses		**(344)**	(160)	(560)
Total expenditure		**(6,680)**	(5,623)	(11,643)
Operating profit before finance costs and taxation		**33,655**	16,610	44,556
Net finance costs				
Interest receivable		**500**	182	530
Finance costs		**(7,348)**	(7,353)	(14,719)
		(6,848)	(7,171)	(14,189)
Profit before taxation		**26,807**	9,439	30,367
Taxation		**(123)**	(120)	(233)
Profit for the period		**26,684**	9,319	30,134
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Movement in fair value of interest rate swap		**1,265**	(395)	(660)
Total comprehensive income for the period		**27,949**	8,924	29,474
Basic and diluted earnings per share	2	**3.5p**	1.3p	4.2p

All of the total comprehensive income for the period is attributable to the owners of the Company.

All items in the above statement derive from continuing operations.

*these figures are audited

Condensed Consolidated Balance Sheet

(unaudited) as at 30 June 2013

	Notes	**30 June 2013 £'000**	30 June 2012 £'000	31 December 2012* £'000
Non-current assets				
Investment properties	5	**855,020**	930,934	833,147
		855,020	930,934	833,147
Current assets				
Properties held for sale		**–**	–	36,000
Trade and other receivables		**15,458**	14,352	15,575
Cash and cash equivalents		**182,908**	54,531	153,143
		198,366	68,883	204,718
Total assets		**1,053,386**	999,817	1,037,865
Current liabilities				
Trade and other payables		**(15,614)**	(15,528)	(18,340)
Non-current liabilities				
Interest-bearing bonds		**(229,743)**	(229,611)	(229,675)
Interest-bearing bank loan		**(49,151)**	(49,508)	(49,099)
Interest rate swaps		**(3,455)**	(4,455)	(4,720)
		(282,349)	(283,574)	(283,494)
Total liabilities		**(297,963)**	(299,102)	(301,834)
Net assets		**755,423**	700,715	736,031
Represented by:				
Share capital	6	**7,587**	7,083	7,447
Share premium	6	**78,566**	28,185	64,612
Reverse acquisition reserve		**831**	831	831
Special reserve		**562,366**	562,366	562,366
Capital reserves		**37,909**	16,662	23,000
Hedging reserve		**(3,455)**	(4,455)	(4,720)
Revenue reserve		**71,619**	90,043	82,495
Equity shareholders' funds		**755,423**	700,715	736,031
Net asset value per share	6	**99.6p**	98.9p	98.8p

*these figures are audited

Condensed Consolidated Statement of Changes in Equity

(unaudited) for the six months to 30 June 2013

	Notes	Share Capital £'000	Share Premium £'000	Reverse Acquisition Reserve £'000	Special Reserve £'000	Capital Reserves £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
At 1 January 2013		**7,447**	**64,612**	**831**	**562,366**	**23,000**	**(4,720)**	**82,495**	**736,031**
Total comprehensive income for the period									
Profit for the period		–	–	–	–	–	–	26,684	26,684
Movement in fair value of interest rate swaps		–	–	–	–	–	1,265	–	1,265
Transfer in respect of unrealised gains on investment properties		–	–	–	–	15,107	–	(15,107)	–
Losses on sale of investment properties realised		–	–	–	–	(198)	–	198	–
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**14,909**	**1,265**	**11,775**	**27,949**
Transactions with owners of the Company recognised directly in equity									
Issue of ordinary share capital	6	140	13,954	–	–	–	–	–	14,094
Dividends paid	4	–	–	–	–	–	–	(22,651)	(22,651)
At 30 June 2013		**7,587**	**78,566**	**831**	**562,366**	**37,909**	**(3,455)**	**71,619**	**755,423**

for the six months to 30 June 2012

	Notes	Share Capital £'000	Share Premium £'000	Reverse Acquisition Reserve £'000	Special Reserve £'000	Capital Reserves £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
At 1 January 2012		6,805	–	831	562,366	24,013	(4,060)	94,288	684,243
Total comprehensive income for the period									
Profit for the period		–	–	–	–	–	–	9,319	9,319
Movement in fair value of interest rate swap		–	–	–	–	–	(395)	–	(395)
Transfer in respect of unrealised losses on investment properties		–	–	–	–	(7,351)	–	7,351	–
Total comprehensive income for the period		–	–	–	–	(7,351)	(395)	16,670	8,924
Transactions with owners of the Company recognised directly in equity									
Issue of ordinary share capital	6	278	28,185	–	–	–	–	–	28,463
Dividends paid	4	–	–	–	–	–	–	(20,915)	(20,915)
At 30 June 2012		7,083	28,185	831	562,366	16,662	(4,455)	90,043	700,715

Condensed Consolidated Statement of Changes in Equity

(unaudited) for the six months to 30 June 2013

for the year to 31 December 2012*	Notes	Share Capital £'000	Share Premium £'000	Reverse Acquisition Reserve £'000	Special Reserve £'000	Capital Reserves £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
At 1 January 2012		6,805	–	831	562,366	24,013	(4,060)	94,288	684,243
Total comprehensive income for the year									
Profit for the year		–	–	–	–	–	–	30,134	30,134
Movement in fair value of interest rate swaps		–	–	–	–	–	(660)	–	(660)
Transfer in respect of unrealised losses on investment properties		–	–	–	–	(11,393)	–	11,393	–
Gains on sale of investment properties realised		–	–	–	–	10,380	–	(10,380)	–
Total comprehensive income for the year		–	–	–	–	(1,013)	(660)	31,147	29,474
Transactions with owners of the Company recognised directly in equity									
Issue of ordinary share capital	6	642	64,612	–	–	–	–	–	65,254
Dividends paid	4	–	–	–	–	–	–	(42,940)	(42,940)
At 31 December 2012		7,447	64,612	831	562,366	23,000	(4,720)	82,495	736,031

*these figures are audited

Condensed Consolidated Statement of Cash Flows

(unaudited) for the six months to 30 June 2013

	Notes	**Six months to 30 June 2013 £'000**	Six months to 30 June 2012 £'000	Year to 31 December 2012* £'000
Cash flows from operating activities				
Profit for the period before taxation		**26,807**	9,439	30,367
Adjustments for:				
Finance costs		**7,348**	7,353	14,719
Interest receivable		**(500)**	(182)	(530)
Unrealised (gains)/losses on revaluation of investment properties		**(15,107)**	7,351	11,393
Losses/(gains) on sale of investment properties realised		**198**	–	(10,380)
Decrease/(increase) in operating trade and other receivables		**117**	(3,155)	(4,378)
(Decrease)/increase in operating trade and other payables		**(2,759)**	(2,702)	67
		16,104	18,104	41,258
Interest received		**500**	182	530
Interest paid		**(7,215)**	(7,232)	(14,484)
Taxation paid		**(103)**	(191)	(255)
		(6,818)	(7,241)	(14,209)
Net cash inflow from operating activities		**9,286**	10,863	27,049
Cash flows from investing activities				
Purchase/development of investment properties		**(3,929)**	(7,079)	(12,159)
Capital expenditure		**(3,035)**	(6,623)	(10,583)
Sale of investment properties		**36,000**	–	77,165
Net cash inflow/(outflow) from investing activities		**29,036**	(13,702)	54,423
Cash flows from financing activities				
Shares issued (net of costs)	6	**14,094**	28,463	65,254
Dividends paid	4	**(22,651)**	(20,915)	(42,940)
Set-up costs of bank facility		**–**	–	(465)
Net cash (outflow)/inflow from financing activities		**(8,557)**	7,548	21,849
Net increase in cash and cash equivalents		**29,765**	4,709	103,321
Opening cash and cash equivalents		**153,143**	49,822	49,822
Closing cash and cash equivalents		**182,908**	54,531	153,143

*these figures are audited

Notes to the Interim Report

1. The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard ('IFRS') IAS 34 *'Interim Financial Reporting'* and, except as described below, the accounting policies set out in the statutory accounts of the Group for the year ended 31 December 2012. 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 2012, which were prepared under full IFRS requirements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013. The following changes in accounting standards are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2013.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1 *'Presentation of Financial Statements'*). The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income in its condensed consolidated statement of comprehensive income. Items that could be reclassified to profit or loss at a future point in time are now required to be presented separately from items that will never be reclassified. The amendment has no impact on the recognised assets, liabilities and comprehensive income of the Group.
- IFRS 10 *'Consolidated Financial Statements'* (2011). As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that is applicable to all investees, by focussing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. The Group reassessed the control conclusion for its investees at 1 January 2013 and concluded that it does not change the companies consolidated within the Group and therefore has no impact on the financial statements as presented.
- IFRS 13 *'Fair Value Measurement'* (2011). IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. In particular, it unifies the definition of fair value as the price at which an ordinary transaction to sell an asset or to transfer a liability would take place between investor participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 *'Financial Instruments: Disclosures'*. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see note 10). The change has no significant impact on the measurement of the Group's assets and liabilities.

2. Earnings per Ordinary Share are based on 754,837,249 shares, being the weighted average number of shares in issue during the period (period to 30 June 2012 – 696,892,772; year to 31 December 2012 – 714,924,384).

3. Earnings for the six months to 30 June 2013 should not be taken as a guide to the results for the year to 31 December 2013.

4. Dividends

	Six months to 30 June 2013 £'000	Six months to 30 June 2012 £'000	Year to 31 December 2012 £'000
In respect of the previous period:			
Ninth interim (0.5p per share)	**3,738**	3,403	3,403
Tenth interim (0.5p per share)	**3,753**	3,476	3,476
Eleventh interim (0.5p per share)	**3,778**	3,476	3,476
Twelfth interim (0.5p per share)	**3,794**	3,476	3,476
In respect of the period under review:			
First interim (0.5p per share)	**3,794**	3,542	3,542
Second interim (0.5p per share)	**3,794**	3,542	3,542
Third interim (0.5p per share)	**–**	–	3,641
Fourth interim (0.5p per share)	**–**	–	3,641
Fifth interim (0.5p per share)	**–**	–	3,641
Sixth interim (0.5p per share)	**–**	–	3,676
Seventh interim (0.5p per share)	**–**	–	3,702
Eighth interim (0.5p per share)	**–**	–	3,724
	22,651	20,915	42,940

A third interim dividend for the year to 31 December 2013, of 0.5 pence per share totalling £3,794,000, was paid on 31 July 2013. A fourth interim dividend of 0.5 pence per share will be paid on 30 August 2013 to shareholders on the register on 16 August 2013.

Although these payments relate to the period ended 30 June 2013, under IFRS they will be accounted for in the six months ending 31 December 2013, being the period during which they are paid.

5. As at 30 June 2013, the market value of the Group's investment properties amounted to £866,270,000 (30 June 2012 – £940,195,000; 31 December 2012 – £879,690,000) and the fair value amounted to £855,020,000 (30 June 2012 – £930,934,000; 31 December 2012 – £869,147,000). The difference between the market value and the fair value at 30 June 2013 consists of capital incentives paid to tenants totalling £3,472,000 and accrued income relating to the pre-payment for rent-free periods recognised over the life of the lease totalling £7,778,000, both of which are separately recorded in the accounts within current assets.

The market value at 30 June 2013 was provided by CBRE Limited, commercial real estate advisors, acting in the capacity of external valuers using recognised valuation techniques. There were no significant changes to the valuation techniques used during the period, further details on which were included in the consolidated financial statements of the Group for the year ended 31 December 2012.

6. There were 758,715,702 Ordinary Shares in issue at 30 June 2013 (30 June 2012 – 708,287,003; 31 December 2012 – 744,715,702).

During the six months to 30 June 2013 the Company issued 14,000,000 Ordinary Shares (period to 30 June 2012 – 27,750,000; year to 31 December 2012 – 64,178,699) raising net proceeds of £14,094,000.

The Company has not issued any further Ordinary Shares since 30 June 2013.

Notes to the Interim Report (continued)

7. At 30 June 2013 Resolution Limited, through a number of subsidiaries, owned 26.9 per cent of the Company's ordinary share capital (31 December 2012: 31.2 per cent). Mr P Niven, a non-executive Director of the Company was, until 28 March 2013, also an independent non-executive director of Resolution Limited. Having severed all business links with Resolution Limited, which is no longer resident in Guernsey, he now represents that company at charitable and similar events in Guernsey that may be supportive of that community. The Directors consider Resolution Limited to be a related party of the Company.

8. The Group results consolidate the results of the following companies:

– FCPT Holdings Limited (the parent company of F&C Commercial Property Holdings Limited)
– F&C Commercial Property Holdings Limited (a company which invests in properties)
– SCP Estate Holdings Limited (the parent company of SCP Estate Limited and Prime Four Limited)
– SCP Estate Limited (a company which invests in properties)
– Prime Four Limited (a company which invests in properties)
– F&C Commercial Property Finance Limited (a special purpose company which has issued the £230 million Secured Bonds)
– Winchester Burma Limited (a company which invests in properties)
– Accede Limited (a dormant company)

The Group's ultimate parent company is F&C Commercial Property Trust Limited.

9. The Group has entered into a forward commitment to purchase four pre-let office blocks in Aberdeen for approximately £94 million, which are currently being developed. The four blocks, to be situated in Prime Four Business Park, Kingswells, Aberdeen, are expected to be completed between October and November 2013 and to comprise approximately 300,000 square feet net internal area of pre-let accommodation. The consideration is payable on completion of the development of each block.

10. The fair value of the 5.23 per cent Secured Bonds, based on mid-market price, at 30 June 2013 was £244,462,000 (30 June 2012: £239,149,000, 31 December 2012: £242,008,000). The fair value of all other financial assets and liabilities is not materially different from their carrying value in the financial statements.

The fair value measurements for financial assets and financial liabilities are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Examples of such instruments would be investments listed or quoted on any recognised stock exchange. The Group held no such securities during the period under review.

- Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be those for which the quoted price has been suspended, forward exchange contracts and certain other derivative instruments. The interest rate swap entered into to hedge the interest rate on the £50 million bank loan and the forward interest rate swap are included in Level 2. The combined fair value of these instruments at 30 June 2013 was £3,455,000 (30 June 2012: £4,455,000, 31 December 2012: £4,720,000).

- Level 3 – External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument. The Group held no such instruments during the period under review.

There were no transfers between levels of the fair value hierarchy during the six months ended 30 June 2013.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2012.

11. Certain statements in this report are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Accordingly, undue reliance should not be placed on forward looking statements.

12. The Board has considered the requirements of IFRS 8 *'Operating Segments'*. The Board is of the view that the Group is engaged in a single segment of business, being property investment, and in one geographical area, the United Kingdom, and that therefore the Company has only a single operating segment. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance is the total return on the Company's net asset value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the condensed consolidated financial statements.

Statement of Principal Risks and Uncertainties

The Company's assets comprise mainly direct investments in UK commercial property. Its principal risks are therefore related to the commercial property market in general and its investment properties. Other risks faced by the Company include economic, investment and strategic, regulatory, management and control, operational, and financial risks. These risks, and the way in which they are managed, are described in more detail under the heading 'Principal Risks and Risk Management' within the Report of the Directors in the Company's Annual Report for the year ended 31 December 2012. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remainder of the Group's financial year.

Statement of Directors' Responsibilities in Respect of the Interim Report

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- the Chairman's Statement and Managers' Review (together constituting the Interim Management Report) together with the Statement of Principal Risks and Uncertainties above include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, 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 consolidated financial statements; and
- the Chairman's Statement together with the condensed set of consolidated financial statements include a fair review of the information required by DTR 4.2.8R, 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

Chris Russell
Director
28 August 2013

Independent Review Report to F&C Commercial Property Trust Limited

Introduction

We have been engaged by F&C Commercial Property Trust Limited ('the Company') to review the condensed set of financial statements in the Interim Report for the six months ended 30 June 2013 which comprises the Unaudited Condensed Consolidated Statement of Comprehensive Income, the Unaudited Condensed Consolidated Balance Sheet, the Unaudited Condensed Consolidated Statement of Changes in Equity, the Unaudited Condensed Consolidated Statement of Cash Flows and the related notes. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ('the DTR') of the UK's Financial Conduct Authority ('the UK FCA'). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' Responsibilities

The Interim Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with IFRS. The condensed set of financial statements included in this Interim Report has been prepared in accordance with IAS 34 *'Interim Financial Reporting'.*

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Interim Report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with IAS 34 and the DTR of the UK FCA.

Heather J MacCallum
For and on behalf of
KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Guernsey

28 August 2013

Shareholder Information

Dividends

Ordinary dividends are paid monthly. Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Computershare Investor Services (Guernsey) Limited, c/o Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES on request. Where dividends are paid directly to shareholders' bank accounts, dividend tax vouchers are sent to shareholders' registered addresses.

Share Price

The Company's Ordinary Shares are listed on the London Stock Exchange. Prices are given daily in the *Financial Times* under "Investment Companies" and in other newspapers.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Computershare Investor Services (Guernsey) Limited, c/o Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES under the signature of the registered holder.

Shareholder Enquiries

Contact Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL. Additional information regarding the Company may also be found at its website address which is: www.fccpt.co.uk

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Warning to Shareholders – Boiler Room Scams

In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you receive unsolicited investment advice or requests:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the Financial Conduct Authority ('FCA') before getting involved by visiting **www.fca.org.uk/firms/systems-reporting/register**
- Report the matter to the FCA by calling **0800 111 6768**
- If the calls persist, hang up.

More detailed information on this can be found on the FCA website **www.fca.org.uk/consumers/scams**

How to Invest

One of the most convenient ways to invest in F&C Commercial Property Trust Limited is through one of the savings plans run by F&C Management Limited ('F&C').

F&C Private Investor Plan ('PIP')

A flexible way to invest with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250. You can choose whether your dividends are paid out to you or automatically reinvested to buy more shares.

F&C Investment Trust ISA

Use your ISA allowance to make an annual tax-efficient investment of up to £11,520 for the 2013/14 tax year with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits. You can choose whether your dividends are paid out to you or automatically reinvested to buy more shares.

F&C Child Trust Fund ('CTF')

CTFs are closed to new investors; however, if your child has a CTF with another provider, it is easy to transfer it to F&C. Additional contributions can be made from as little as £25 per month or £100 lump sum – up to a maximum of £3,720 for the 2013/14 tax year.

F&C Children's Investment Plan ('CIP')

A flexible way to save for a child. With no maximum contributions, the plan can easily be written under trust to help reduce inheritance tax liability or kept in your name if you may need access to the funds before the child is 18. Investments can be made from a £250 lump sum or £25 a month. You can also make additional lump sum top-ups at any time from £100.

F&C Junior ISA ('JISA')

This is a tax-efficient savings plan for children who did not qualify for a CTF. It allows you to invest up to £3,720 for the 2013/14 tax year with all the tax benefits of the CTF. You can invest from £30 a month, or £500 lump sum, or a combination of both.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the individual. The CTF and JISA accounts are opened in the child's name. Money, including dividends, cannot be withdrawn until the child turns 18.

Annual management charges and certain transaction costs apply according to the type of plan.

Annual Account Charge

ISA: £60+VAT

JISA: £25+VAT

PIP: £40+VAT

CIP/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits)

Dealing Charge per Holding

ISA: 0.2%

PIP/CIP/JISA: postal instructions £12, online instruction £8.

The dealing charge applies when shares are bought or sold but the fixed rate charge does not apply to the reinvestment of dividends or the investment of regular monthly savings.

There is no dealing charge on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year.

Government stamp duty of 0.5% also applies on purchases (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan. For full details of charges, please read the Key Features and Terms and Conditions of the plan before investing.

How to Invest

You can invest in all our savings plans online at https://www.manageyouraccount.co.uk/fandc/app/login

New Customers:

Contact our Investor Services Team

Call: **0800 136 420**
(8:30am – 5:30pm, weekdays, calls may be recorded)

Email: **info@fandc.com**

Investing online: **www.fandc.com**

Existing Plan Holders:

Contact our Investor Services Team

Call: **0845 600 3030**
(*9:00am – 5:00pm, weekdays, calls may be recorded)

Email: **investor.enquiries@fandc.com**

By post: F&C Plan Administration Centre
PO Box 11114
Chelmsford, CM99 2DG.

If you have trouble reading small print, please let us know. We can provide literature in alternative formats, for example large print or on audiotape. Please call 0845 600 3030*.

The above has been approved by F&C Management Limited which is a member of the F&C Asset Management Group and is authorised and regulated in the UK by the Financial Conduct Authority.

Corporate Information

Directors
Chris Russell (Chairman)*
Jonathan Hooley†
Martin Moore
Peter Niven
Brian Sweetland
Nicholas Tostevin‡

Secretary
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Administration Services (Guernsey) Limited
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*Chairman of the Nomination Committee
†Chairman of the Management Engagement Committee
‡Chairman of the Audit Committee

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