F&C Commercial Property Trust Limited

Interim Report

For the six months ended

30 June 2010

F&C Investments

Company Summary

The Company

F&C Commercial Property Trust Limited ('the Company') is an Authorised closed-ended Guernsey incorporated investment company. Its shares are listed on the Official List of the UK Listing Authority and 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

£917 million at 30 June 2010

Shareholders' Funds

£637 million at 30 June 2010

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.

ISA Status

The shares are eligible for Individual Savings Accounts ('ISAs').

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 22.

Website

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

Financial Highlights and Performance Summary

- Net asset value total return of 11.6 per cent
- Dividend yield of 6.6 per cent
- Continued outperformance of the portfolio compared with the IPD All Quarterly and Monthly valued funds
- Increased cash resources following draw down of new £50 million bank loan

Total Return

	Six months to 30 June 2010
Net asset value per share*	**11.6%**
Ordinary Share price	**4.9%**
Investment Property Databank All Quarterly and Monthly valued funds	**9.4%**
FTSE All-Share Index	**(6.1)%**

Capital Values

	30 June 2010	31 December 2009	% Change
Total assets less current liabilities (£'000)*	**917,183**	819,322	12.0%
Net asset value per share*	**93.6p**	86.6p	8.2%
Ordinary Share price	**91.4p**	90.0p	1.6%
FTSE All-Share Index	**2,543.47**	2,760.80	(7.9)%
(Discount)/premium to net asset value per share*	**(2.4)%**	3.9%	–
Gearing†	**30.5%**	28.0%	–
Net gearing‡	**19.0%**	18.5%	–

* Calculated under International Financial Reporting Standards.

Net asset value total return is calculated assuming dividends are re-invested.

† Gearing: Borrowings ÷ total assets (less current liabilities).

‡ 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

During the six month period ended 30 June 2010 the Company's net asset value ('NAV') total return was 11.6 per cent. This compares favourably with a market return, as measured by the Investment Property Databank ('IPD') All Quarterly and Monthly valued funds, of 9.4 per cent. The share price as at 30 June 2010 was 91.4p per share, representing a discount of 2.4 per cent to the NAV per share of 93.6p.

The UK commercial property market has continued the recovery which began in mid 2009 although the pace has slowed since the turn of the year, with investors becoming increasingly selective. Prime yields, after a sharp inward movement earlier in the recovery, were generally unchanged during the last three months of the reporting period, while secondary investments remained out of favour. The occupational market has steadied with void levels reducing and incentive packages stabilising, but it remains fragile as tenant demand continues to be subdued with rents still in decline in most sectors.

The Company benefited from the performance of its retail properties in London and the South East, with St. Christopher's Place Estate in particular contributing to returns. It also benefited from its Central London office investments, one of the best performing sectors during the period.

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 2009	86.6
Realised gain on disposal of indirect property holdings	0.4
Realised gain on disposal of direct properties	0.0
Unrealised increase in valuation of direct property portfolio	7.6
Movement in interest rate swap	(0.1)
Merger abort costs	(0.1)
Net revenue	2.2
Dividends paid	(3.0)
NAV per share as at 30 June 2010	93.6

Dividends

Six monthly interim dividends, each of 0.5p per share, were paid during the period. Since the end of the period the Company has continued with its policy of paying monthly dividends although, as a result of the proposals to wind up and reconstruct the Company as referred to below, a dividend was not paid in August. However, the Company has announced that two interim dividends, each of 0.5p per share, will be paid in September 2010. This maintains the annual dividend rate of 6.0p per share and provides a dividend yield of 6.6 per cent based on the share price of 91.4p per share as at 30 June 2010.

Borrowings and Cash Balances

The Company's principal borrowings comprise £230 million Secured Bonds which have been assigned an 'Aaa' rating by Moody's Investor

Services. The bonds have an expected maturity date of 30 June 2015 and carry interest at a fixed rate of 5.23 per cent per annum.

During the period the Board announced that the Company had transferred its interests in St. Christopher's Place Estate, London W1 ('SCPE') to a newly-established wholly-owned company, SCP Estate Limited. It also announced that the Company had entered into a new £50 million bank facility (the 'Facility') with Barclays Bank plc, which is repayable in 2017. The Facility is secured only over the assets of the new company, including fixed legal charges over the properties in SCPE. During the period, the Company drew down the full £50 million available under the Facility and the interest payable, including the margin, has been fixed through an interest rate swap at an aggregate interest rate of 4.88 per cent per annum for the full term of the Facility.

The Facility includes terms which are typical for a facility of this nature, including a loan to value covenant of 60 per cent and an interest cover limit of 1.4 times.

The Board believes that the Facility offers attractive terms for longer term debt and diversifies the periods to the repayment of the Company's borrowings. It also provides additional cash to take advantage of future investment opportunities.

As at 30 June 2010 the Company's borrowings amounted to £279.4 million in aggregate and it held cash balances of £129.7 million. This resulted in a level of gearing, net of cash, of 19.0 per cent as at 30 June 2010, which compares with 18.5 per cent as at 31 December 2009.

Proposals for the Winding Up and Reconstruction of the Company

During the period the Board announced that it had received a proposal from Ignis Investment Services Limited, a subsidiary of Phoenix Group Holdings ('Phoenix Group') and the investment manager of UK Commercial Property Trust Limited ('UKCPT'), for a liquidation scheme of reconstruction of the Company (the 'Scheme'). The Scheme would have resulted in the merger of the Company and UKCPT. Phoenix Group is, through its subsidiaries, the majority shareholder in UKCPT, which is also a London Stock Exchange listed Guernsey registered company with a portfolio of UK commercial properties. The Scheme had the support of the Company's largest shareholders, Friends Provident Life and Pensions Limited and Friends Provident Life Assurance Limited (together 'Friends Provident') and Phoenix Life Limited, a subsidiary of Phoenix Group, which together hold 50.3 per cent of the Company's issued share capital.

On 12 July 2010 a circular was issued to the Company's shareholders, convening an extraordinary general meeting of the Company (the 'EGM') on 9 August 2010. Although the proposals were supported by Friends

Chairman's Statement (continued)

Provident and Phoenix Life Limited, the Scheme was a related party transaction for the purposes of the UKLA Listing Rules and was therefore conditional on the approval of the Company's independent shareholders at the EGM. Following the EGM, the Board announced that the ordinary resolution voted on by the Company's independent shareholders had not been passed. The two additional special resolutions relating to the Scheme, which were conditional on the passing of the ordinary resolution, were therefore not put to the meeting. The conditions of the Scheme were therefore not satisfied and the Scheme did not proceed. The Company's liability to abort costs in respect of the Scheme is estimated at £900,000. Further details are provided in note 6 to the accounts.

After the EGM the Board announced that, with its advisers, it is considering the future of the Company and it will consult with its key shareholders. That process continues and it is expected that an announcement will be made in the near future.

Outlook

UK real estate returns for 2010 are expected to be front-loaded. The tightening of fiscal policy and continued restricted credit availability is expected to limit economic growth and keep occupier demand muted and cost sensitive, dampening the scope for rental growth. The unwinding of banks' problem property loans will increase the supply of investment properties while the scope for gains through further inward yield movement looks to be limited given the low level of prime yields and the risk aversion of most investors and lenders. The next twelve months are therefore expected to be more challenging with performance being driven by income returns.

The Board believes that the quality and weighting of the Company's portfolio and the availability of cash reserves for investment in suitable opportunities mean the Company is well placed for conditions expected over the next six to twelve months.

John Stephen
Chairman
31 August 2010

Managers' Review

Highlights

- £24.5 million acquisition of distribution unit in Chorley at a yield of 9.15 per cent. Total acquisitions in 12 months to June 2010 of £79.5 million.
- Commitment to, and start on site of development of, 24-27 Great Pulteney Street, London W1.
- Lettings to Matalan and Marks & Spencer at Newbury Retail Park.
- Strategic disposal of indirect holdings.

Property Market Review

The six month period ended 30 June 2010 witnessed continued positive total returns and rising capital values. The market, as measured by the Investment Property Databank ('IPD') All Quarterly and Monthly valued funds showed a 9.4 per cent total return during the period and a 6.1 per cent rise in capital values, although total returns were lower than in the previous six months and slowed as the period progressed.

The recovery was initially investment led with prime yields being forced sharply inward as buyers competed for a limited amount of quality stock. During the period, the pace of yield compression slowed, reflecting less depth among bidders and a reduction in the number of transactions from the levels seen at the end of 2009. By the end of the reporting period, investment yields had broadly stabilised. The occupational market remains fragile with rents still falling in most sectors of the market, although there are signs that the pace of decline is easing and rental growth has resumed for the Central London office sector.

Property Portfolio

During the period, the value of the direct property portfolio rose from £731.2 million to £797.9 million. This represents an ungeared increase, net of transactions and capital expenditure, of 7.1 per cent compared with the 6.1 per cent increase in the benchmark.

The total return from the portfolio during the period was 10.6 per cent which compares favourably with the 9.4 per cent benchmark return and places the portfolio in the top quartile against its benchmark over the six month period. The portfolio has now achieved top quartile performance against the benchmark over one, three and five years.

The out-performance in part reflects the superior performance of retail assets in London and the South East, with St. Christopher's Place Estate in particular contributing to returns. The Central London office market has seen a turnaround in its fortunes and the Company's properties in this segment generally out-performed in a rising market during the reporting period. The quality of the Company's portfolio has supported performance, keeping void levels below the benchmark average at a time of weak occupational demand.

Retail

The total return from the Company's retail properties during the period was 10.0 per cent which compares with the benchmark total return for the sector of 9.7 per cent.

For the market as a whole, shops in the South East and retail warehousing performed relatively well over the period, delivering double digit total returns, although the latter recorded a sharp slowdown from the previous

period. Shops outside the South East saw the weakest performance, while shopping centres moved in line with the all property average. Consumer spending has held up relatively well, partly helped by the delay in the implementation of the second VAT rise and an improving labour market. The letting market is very patchy with strong centres with limited supply seeing rental uplifts while more secondary towns and pitches are experiencing very high vacancy rates and major rent falls on re-letting. The investment market has seen a lower level of transactions as buyers become more selective.

During the period there was a good level of activity at Newbury Retail Park, where initiatives have focused on improving the tenant mix. The Company took a surrender of the JJB lease on Unit 6 (15,000 sq ft) previously let at £356,000 per annum having achieved a planning consent to extend the unit by 5,000 sq ft and to install a 15,000 sq ft mezzanine floor. An agreement to lease with Matalan Retail Limited has contracted at a commencing rent of £490,000 per annum for a term of 15 years. Approved capital expenditure amounts to £2.48 million and the works are well progressed and on budget. The Company also secured possession of the former Borders Books unit and has let to Marks & Spencer Simply Food, at a commencing rent of £300,000 per annum, subject to a nine month rent free period. These lettings demonstrate the quality of the park and position it for the future.

At St. Christopher's Place Estate we have continued to grow market rental levels and income and improve unit configurations and tenant mix. The refurbished shop at 10a St Christopher's Place is now under offer at £53,000 pa, reflecting a Zone A rent of £161 psf, which is substantially in excess of current levels. Works have been undertaken to merge the ground floors of 38 and 40 James Street into a single restaurant unit and this has been re-let on a 15 year lease at an average rent of £125,000 pa reflecting a Zone A rent of £135 psf and an improvement in income of 25 per cent. The rent review at 372 Oxford Street, due in March 2010, has been agreed at a Zone A rent of £575 psf, in line with the December valuation, and showing a 16 per cent rent rise on the previous rent. There is, however, keen retail demand for prime Central London locations at present and we expect this rental level to become reversionary in the near future.

The refurbishment of upper floors at 34, 36 and 38 James Street has completed, to create nine apartments, and contractors are currently on site at 10-12 James Street where the upper floors are being converted to residential use to create seven apartments. A number of office suites have been re-let at rents generally in line with, or in excess of, valuation. The two office floors at 14 St. Christopher's Place were both re-let at £37.50 psf within six weeks of the previous lease having expired and reflecting continued good demand for business space in this central location from small businesses.

Offices

The total return from the Company's office properties during the period was 12.4 per cent which compares with the benchmark return for the sector of 10.3 per cent.

Offices were the strongest performing sector but there was a wide divergence in performance between the sub-markets. The Central London office market saw a return to rental growth, helped by low levels of supply, and also witnessed a sharp uplift in capital values. The City saw a total return of 15 per cent and the West End and Midtown 14 per cent during the period. The provincial office markets were much weaker with rents still in decline, occupier demand muted and vacancy rates in double figures.

In response to the improving fundamentals for the Central London Office sector, the Company has contracted to the development of 24-27 Great Pulteney Street, London W1. When completed, the development will comprise a building on lower ground, ground and five upper floors totalling approximately 34,000 sq ft of Grade A specification office space. Total expenditure for the development is estimated to be £10.65 million. The demolition of the existing building has completed and the construction work is on programme and on budget with practical completion expected in October 2011. We expect the Company to benefit from completing this building at a time when there will be a severe shortage of Grade A space being delivered to the market.

A number of the Company's voids in Central London are currently under offer with legals progressing.

Industrials

The total return from the Company's industrial properties during the period was 6.7 per cent which compares with the benchmark return for the sector of 6.9 per cent.

Industrial properties under-performed the wider market during the period, affected by low demand, over-supply in some areas, high void levels and short leases, but the sector benefitted from a high income return.

Activity at portfolio level continues to be focussed on completing the fit-out and racking system for Kimberly Clark at Chorley (acquisition reported below). At The Cowdray Centre, Colchester the Company has agreed to sell a parcel of land at an attractive price to a national multiple retailer whose occupation could provide an early catalyst for the regeneration of the Company's larger holding.

Purchases and Disposals

During the period, the Company completed the purchase of a small freehold property, 77/77a Wigmore Street, London W1 for £2.96 million, reflecting a net initial yield of 4.55 per cent. Occupying an important corner position on St. Christopher's Place Estate, this was one of the few properties on the Estate not owned by the Company.

In June, the Company announced it had acquired Units 6 & 8, Buckshaw Avenue, Revolution Park, Chorley for a total consideration of £24.6 million, reflecting a net initial yield of 9.15 per cent. Revolution Park is a new distribution warehouse development on 128 acres and is located one mile west of Junction 8 of the M61 and two miles east of Junction 28 of the M6. The property comprises a modern detached distribution warehouse totalling 368,513 sq ft and was acquired vacant at vacant possession value. Upon completion the unit was simultaneously let to Kimberly Clark Limited as its northern region distribution centre, on a new lease for a

term of 11 years, subject to a rent free period of 12 months. The lease provides for fixed 2 per cent annual uplifts. The acquisition price is inclusive of significant capital works of £8.3 million to include an automated racking system which is to be provided to Kimberly Clark. These works are now on site and progressing well, and are expected to be completed within the next 12 months. The purchase increases the Company's exposure to the industrial and logistics sector and the attractive initial yield enhances the Company's revenue account and further improves divided cover.

Early in January the Company completed the sale of a shop at 27/28 Commercial Street, Leeds for £8.8 million (initial yield 5.74 per cent). This was the only sale of a direct property over the period. The Company also announced the strategic disposal of the remainder of its indirect holdings with the sale of units in the Industrial Property Investment Fund and The Mall LP. The total consideration was £9.0 million which provided an uplift of £2.9 million over the previous valuation.

With the inclusion of the proceeds of a new £50 million bank loan secured against St Christopher's Place Estate, as referred to in the Chairman's Statement, the Company now has significant cash reserves to invest into the direct property market over the next six months. We are actively seeking to acquire good quality investments at attractive yields or with value add opportunities.

Property Management

The sustainability of rental income from the portfolio is of paramount importance to the Company. We continue to focus on voids, which at the end of the period were 2.8 per cent compared with 8.1 per cent on the benchmark. Rent arrears and overdue debt at 1.2 per cent remain extremely low for a portfolio of this size, reflecting the quality of the property assets.

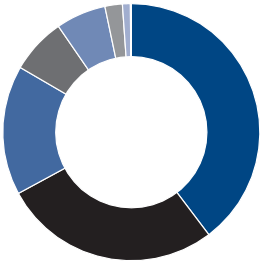
Outlook

Property still looks fairly priced against gilts and the historic risk premium, but with fiscal policy tightening, credit conditions remaining difficult and little scope for further yield compression at the prime end, the recovery in the property investment market may run out of steam in the next few months. Total returns over the next 12 months are likely to be dominated by income returns with some capital values coming under pressure. Particularly vulnerable are those areas which have a strong public sector presence, and the regions may under-perform London and the South East as this re-structuring takes place. With investors and lenders remaining risk averse, prime property with secure income is expected to out-perform. Given the quality of the portfolio and its strategic weightings to Central London and the South East, it is well positioned over the short and medium term.

Richard Kirby
Investment Manager
F&C REIT Property Asset Management plc
31 August 2010

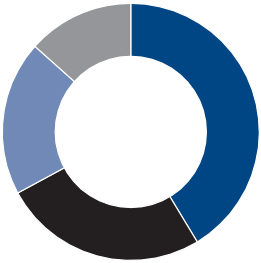
Portfolio Statistics

Geographical Analysis as at 30 June 2010 (% of total property portfolio)



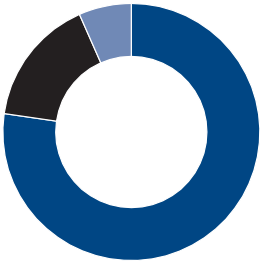
London – West End	39.7%
South East	27.4%
Midlands	16.3%
North West	7.0%
Scotland	6.3%
Eastern	2.2%
Rest of London	1.0%
Yorkshire and Humberside	0.1%

Sector Analysis as at 30 June 2010 (% of total property portfolio)



Offices	41.3%
Retail	25.8%
Retail Warehouses	19.5%
Industrial	13.4%

Tenure Analysis as at 30 June 2010 (% of total property portfolio)

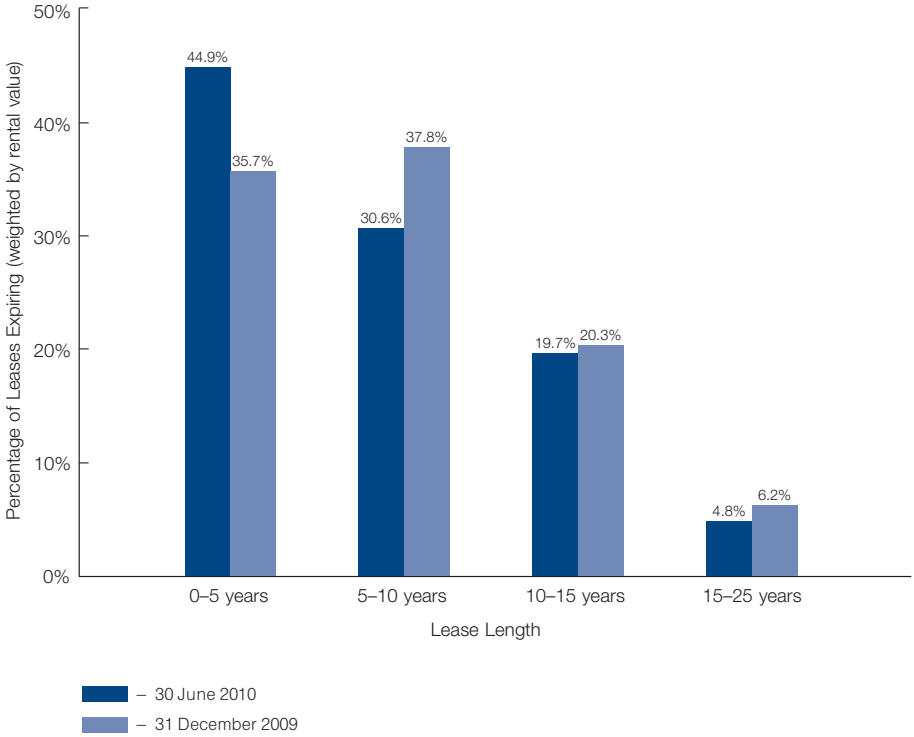


Freehold	77.3%
Mixed Freehold/Leasehold	16.1%
Leasehold	6.6%

Portfolio Statistics (continued)

Lease Expiry Profile

At 30 June 2010 the weighted average lease length for the portfolio, assuming all break options are exercised, was 7.0 years (31 December 2009: 7.2 years).



Property Portfolio

as at 30 June 2010

	Fair Value £'000	% of Total Assets (less current liabilities)
London W1, St. Christopher's Place Estate (notes 2 and 6)	128,500	14.0
Newbury, Newbury Retail Park (note 3)	66,363	7.2
London SW1, Cassini House, St James's Street	59,100	6.5
Solihull, Sears Retail Park	55,350	6.0
London SW19, Wimbledon Broadway	48,750	5.3
London SW1, 84 Eccleston Square	41,500	4.5
Uxbridge, 3 The Square, Stockley Park	36,475	4.0
London SW1, Charles House, 5-11 Regent Street (notes 1 and 4)	33,656	3.7
Rochdale, Dane Street	33,575	3.7
Glasgow, Alhambra House, Wellington Street	26,950	2.9
Ten largest properties	**530,219**	**57.8**
Reading,Thames Valley One, Thames Valley Park	22,100	2.4
Manchester, 82 King Street	21,900	2.4
Daventry, Site E4, Daventry International Rail Freight Terminal	18,900	2.1
Camberley, Watchmoor Park	17,300	1.9
Birmingham, Unit 8 Hams Hall Distribution Park	17,200	1.9
Chorley, Units 6 and 8 Revolution Park	16,900	1.8
London W1, 385/389 Oxford Street (note 1)	15,100	1.6
Reading,Thames Valley Two, Thames Valley Park	13,750	1.5
Colchester, The Cowdray Centre, Cowdray Avenue	13,380	1.5
Birmingham, Unit10A Hams Hall Distribution Park	13,370	1.4
Twenty largest properties	**700,119**	**76.3**
London W1, 17A Curzon Street	13,280	1.4
Edinburgh, 124/125 Princes Street (note 5)	12,183	1.3
London SW1, 2/4 King Street	11,575	1.3
London W1, 24/27 Great Pulteney Street	10,975	1.2
Edinburgh, Nevis/Ness Houses,11/12 Lochside Place	9,900	1.1
Birmingham, Unit 6A Hams Hall Distribution Park	8,350	0.9
London EC3, 7 Birchin Lane	7,950	0.9
Southampton, Upper Northam Road, Hedge End	7,770	0.8
Camberley, Affinity Point, Glebeland Road	6,420	0.7
Colchester, Ozalid Works, Cowdray Avenue	4,560	0.6
Thirty largest properties	**793,082**	**86.5**
London W1, 16 Conduit Street (note 1)	3,675	0.4
Leeds, 40/42 Albion Street	1,190	0.1
Total property portfolio	**797,947**	**87.0**
Net current assets	**119,236**	**13.0**
Total assets (less current liabilities)	**917,183**	**100.0**

Notes:

1 Leasehold property.
2 Mixed freehold/leasehold property.
3 The market value of Newbury Retail Park is £66,800,000. The difference between the market value and the fair value is a capital contribution paid to a tenant of £437,000 which is recorded in the accounts as a current asset.
4 The market value of Charles House, 5-11 Regent Street is £33,825,000. The difference between the market value and the fair value is a capital contribution paid to a tenant of £169,000 which is recorded in the accounts as a current asset.
5 The market value of 124/125 Princes Street is £13,125,000. The difference between the market value and the fair value is a capital contribution paid to a tenant of £942,000 which is recorded in the accounts as a current asset.
6 For the purpose of the Company's investment policy St. Christopher's Place Estate is treated as more than one property.
7 The property portfolio was valued as at 31 May 2010 (except in respect of Units 6 and 8 Revolution Park, Chorley, which were valued as at 18 June 2010). The Directors do not consider there to be an overall material change in the value of the portfolio between 31 May 2010 (18 June 2010 in respect of Units 6 and 8 Revolution Park, Chorley) and 30 June 2010.

Condensed Consolidated Statement of Comprehensive Income

(unaudited) for the six months to 30 June 2010

	Notes	**Six months to 30 June 2010 £'000**	Six months to 30 June 2009 £'000	Year ended 31 December 2009* £'000
Revenue				
Rental income and income from indirect property funds		**26,508**	24,135	50,201
Gains/(losses) on investments				
Unrealised gains/(losses) on revaluation of investment properties		**51,945**	(58,163)	17,764
Unrealised (losses)/gains on revaluation of indirect property funds		**–**	(1,374)	956
Gains on sale of investment properties realised		**19**	87	308
Gains on sale of indirect property funds realised		**2,931**	11	11
Total income/(expense)		**81,403**	(35,304)	69,240
Expenditure				
Investment management fee		**(2,484)**	(2,005)	(4,185)
Investment performance fee		**(1,947)**	(1,865)	(3,503)
Direct operating expenses of let rental property		**(1,015)**	(1,481)	(2,709)
Reconstruction costs		**–**	(830)	(506)
Merger abort costs	6	**(780)**	–	–
Valuation and other professional fees		**(259)**	(244)	(481)
Directors' fees		**(85)**	(72)	(149)
Administration fee		**(56)**	(56)	(112)
Other expenses		**(170)**	(124)	(346)
Total expenditure		**(6,796)**	(6,677)	(11,991)
Operating profit/(loss) before finance costs and taxation		**74,607**	(41,981)	57,249
Net finance costs				
Interest receivable		**207**	1,123	1,532
Finance costs		**(6,073)**	(6,070)	(12,139)
		(5,866)	(4,947)	(10,607)
Profit/(loss) before taxation		**68,741**	(46,928)	46,642
Taxation		**9**	(37)	(238)
Profit/(loss) for the period		**68,750**	(46,965)	46,404
Other comprehensive income				
Movement in fair value of interest rate swap		**(813)**	–	–
Profit/(loss) and total comprehensive income for the period		**67,937**	(46,965)	46,404
Basic and diluted income/(loss) per share	2	**10.0p**	(6.9)p	6.8p

All of the profit/(loss) 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.

*these figures are audited

Condensed Consolidated Statement of Financial Position

(unaudited) as at 30 June 2010

	Notes	30 June 2010 £'000	30 June 2009 £'000	31 December 2009* £'000
Non-current assets				
Investment properties		**797,947**	598,030	722,536
Investments in indirect property funds held at fair value		**–**	3,742	6,072
		797,947	601,772	728,608
Current assets				
Properties held for sale		**–**	–	8,694
Trade and other receivables		**6,658**	3,598	5,400
Cash and cash equivalents		**129,698**	157,294	95,138
		136,356	160,892	109,232
Total assets		**934,303**	762,664	837,840
Current liabilities				
Trade and other payables		**(17,120)**	(16,011)	(18,518)
Non-current liabilities				
Interest bearing bonds		**(229,367)**	(229,253)	(229,308)
Interest bearing bank loan		**(49,252)**	–	–
Interest rate swap		**(813)**	–	–
Deferred taxation		**(842)**	(598)	(626)
		(280,274)	(229,851)	(229,934)
Total liabilities		**(297,394)**	(245,862)	(248,452)
Net assets		**636,909**	516,802	589,388
Represented by:				
Share capital		**6,805**	7,531	6,805
Capital redemption reserve		**–**	105	–
Reverse acquisition reserve		**831**	–	831
Special reserve		**599,645**	668,587	664,063
Capital reserve – investments sold		**(48,244)**	(21,195)	(20,974)
Capital reserve – investments held		**9,382**	(150,227)	(71,970)
Revenue reserve		**68,490**	12,001	10,633
Equity shareholders' funds		**636,909**	516,802	589,388
Net asset value per share	5	**93.6p**	75.9p	86.6p

*these figures are audited

Condensed Consolidated Statement of Changes in Equity

(unaudited) for the six months to 30 June 2010

	Notes	Share Capital £'000	Capital Redemption Reserve £'000	Reverse Acquisition Reserve £'000	Special Reserve £'000	Capital Reserve – Investments Sold £'000	Capital Reserve – Investments Held £'000	Revenue Reserve £'000	Total £'000
At 1 January 2010		**6,805**	**–**	**831**	**664,063**	**(20,974)**	**(71,970)**	**10,633**	**589,388**
Profit for the period		–	–	–	–	–	–	68,750	68,750
Movement in fair value of interest rate swap		–	–	–	–	–	(813)	–	(813)
Dividends paid	4	–	–	–	–	–	–	(20,416)	(20,416)
Transfer from special reserve		–	–	–	(64,418)	–	–	64,418	–
Transfer in respect of unrealised gains on investment properties		–	–	–	–	–	51,945	(51,945)	–
Gains on sale of investment properties realised		–	–	–	–	19	–	(19)	–
Gains on sale of indirect property funds realised		–	–	–	–	2,931	–	(2,931)	–
Transfer of prior years' revaluation to realised reserve		–	–	–	–	(30,220)	30,220	–	–
At 30 June 2010		**6,805**	**–**	**831**	**599,645**	**(48,244)**	**9,382**	**68,490**	**636,909**

for the six months to 30 June 2009

	Notes	Share Capital £'000	Capital Redemption Reserve £'000	Reverse Acquisition Reserve £'000	Special Reserve £'000	Capital Reserve – Investments Sold £'000	Capital Reserve – Investments Held £'000	Revenue Reserve £'000	Total £'000
At 1 January 2009		7,531	105	–	673,010	(21,293)	(90,690)	15,520	584,183
Loss and total comprehensive income for the period		–	–	–	–	–	–	(46,965)	(46,965)
Dividends paid	4	–	–	–	–	–	–	(20,416)	(20,416)
Transfer from special reserve		–	–	–	(4,423)	–	–	4,423	–
Transfer in respect of unrealised losses on investment properties		–	–	–	–	–	(58,163)	58,163	–
Transfer in respect of unrealised losses on indirect property funds		–	–	–	–	–	(1,374)	1,374	–
Gains on sale of investment properties realised		–	–	–	–	87	–	(87)	–
Gains on sale of indirect property funds realised		–	–	–	–	11	–	(11)	–
At 30 June 2009		**7,531**	**105**	**–**	**668,587**	**(21,195)**	**(150,227)**	**12,001**	**516,802**

for the year to 31 December 2009*

	Notes	Share Capital £'000	Capital Redemption Reserve £'000	Reverse Acquisition Reserve £'000	Special Reserve £'000	Capital Reserve – Investments Sold £'000	Capital Reserve – Investments Held £'000	Revenue Reserve £'000	Total £'000
At 1 January 2009		7,531	105	–	673,010	(21,293)	(90,690)	15,520	584,183
Group reconstruction		(726)	(105)	831	(367)	–	–	–	(367)
Profit and total comprehensive income for the year		–	–	–	–	–	–	46,404	46,404
Dividends paid	4	–	–	–	–	–	–	(40,832)	(40,832)
Transfer from special reserve		–	–	–	(8,580)	–	–	8,580	–
Transfer in respect of unrealised gains on investment properties		–	–	–	–	–	17,764	(17,764)	–
Transfer in respect of unrealised gains on indirect property funds		–	–	–	–	–	956	(956)	–
Gains on sale of investment properties realised		–	–	–	–	308	–	(308)	–
Gains on sale of indirect property funds realised		–	–	–	–	11	–	(11)	–
At 31 December 2009		**6,805**	**–**	**831**	**664,063**	**(20,974)**	**(71,970)**	**10,633**	**589,388**

*these figures are audited

Condensed Consolidated Statement of Cash Flows

(unaudited) for the six months to 30 June 2010

	Notes	**Six months to 30 June 2010 £'000**	Six months to 30 June 2009 £'000	Year to 31 December 2009* £'000
Cash flows from operating activities				
Operating profit/(loss) for the period before finance costs and taxation		**74,607**	(41,981)	57,249
Adjustments for:				
Unrealised (gains)/losses on revaluation of investment properties		**(51,945)**	58,163	(17,764)
Unrealised losses/(gains) on revaluation of indirect property funds		**–**	1,374	(956)
Gains on sale of investment properties realised		**(19)**	(87)	(308)
Gains on sale of indirect property funds realised		**(2,931)**	(11)	(11)
(Increase)/decrease in operating trade and other receivables		**(1,058)**	1,607	(195)
(Decrease)/increase in operating trade and other payables		**(1,173)**	2,153	4,409
		17,481	21,218	42,424
Interest received		**207**	1,123	1,532
Interest paid		**(6,014)**	(6,015)	(12,029)
Taxation (paid)/refunded		**(201)**	988	1,066
		(6,008)	(3,904)	(9,431)
Net cash inflow from operating activities		**11,473**	17,314	32,993
Cash flows from investing activities				
Purchase of investment properties		**(19,808)**	–	(54,785)
Sale of investment properties		**8,801**	87	320
Sale of indirect property funds		**9,003**	11	11
Capital expenditure		**(3,745)**	(2,038)	(4,538)
Net cash outflow from investing activities		**(5,749)**	(1,940)	(58,992)
Cash flows from financing activities				
Costs of share reconstruction charged to capital		**–**	–	(367)
Dividends paid	4	**(20,416)**	(20,416)	(40,832)
Bank loan drawn down (net of costs)		**49,252**	–	–
Net cash inflow/(outflow) from financing activities		**28,836**	(20,416)	(41,199)
Net increase/(decrease) in cash and cash equivalents		**34,560**	(5,042)	(67,198)
Opening cash and cash equivalents		**95,138**	162,336	162,336
Closing cash and cash equivalents		**129,698**	157,294	95,138

*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 the accounting policies set out in the statutory accounts of the Group for the year ended 31 December 2009 except as detailed below. The condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2009, which were prepared under full IFRS requirements.

Derivative financial instruments
The Group uses derivative financial instruments to hedge its risk associated with interest rate fluctuations. It is not the Group's policy to trade in derivative instruments. Derivative instruments are initially recognised in the Statement of Financial Position at cost and are subsequently re-measured at their fair value. Fair value is determined by reference to market values for similar instruments. Changes in the fair value of derivative instruments are reported under Other Comprehensive Income.

2. Earnings per Ordinary Share are based on 680,537,003 shares, being the weighted average number of shares in issue during the period (period to 30 June 2009 – 680,537,003; year to 31 December 2009 – 680,537,003).

3. Earnings for the six months to 30 June 2010 should not be taken as a guide to the results for the year to 31 December 2010.

4. Dividends	**Six months to 30 June 2010 £'000**	Six months to 30 June 2009 £'000	Year to 31 December 2009 £'000
In respect of the previous period:			
Monthly interim (0.5p per share)	**3,403**	3,403	3,403
Monthly interim (0.5p per share)	**3,402**	3,402	3,402
Monthly interim (0.5p per share)	**3,403**	3,403	3,403
Monthly interim (0.5p per share)	**3,402**	3,402	3,402
In respect of the period under review:			
First interim (0.5p per share)	**3,403**	3,403	3,403
Second interim (0.5p per share)	**3,403**	3,403	3,403
Third interim (0.5p per share)	**–**	–	3,402
Fourth interim (0.5p per share)	**–**	–	3,402
Fifth interim (0.5p per share)	**–**	–	3,403
Sixth interim (0.5p per share)	**–**	–	3,403
Seventh interim (0.5p per share)	**–**	–	3,403
Eighth interim (0.5p per share)	**–**	–	3,403
	20,416	20,416	40,832

A third interim dividend for the year to 31 December 2010, of 0.5 pence per share totalling £3,403,000, was paid on 30 July 2010. A fourth interim dividend of 0.5 pence per share will be paid on 10 September 2010 to shareholders on the register on 27 August 2010, and a fifth interim dividend of 0.5 pence per share will be paid on 30 September 2010 to shareholders on the register on 17 September 2010.

Although these payments relate to the period ended 30 June 2010, under IFRS they will be accounted for in the six months ending 31 December 2010, being the period during which they are paid.

5. There were 680,537,003 Ordinary Shares in issue at 30 June 2010 (30 June 2009 – 680,537,003; 31 December 2009 – 680,537,003).

6. As the conditions of the proposals for the winding up and reconstruction of the Company, as set out in the circular published by the Company on 12 July 2010, were not satisfied the Company is liable to bear estimated abort costs of £900,000. Of that amount, £780,000 has been provided for in the Statement of Comprehensive Income, being the element of the costs relating to the period ended 30 June 2010.

7. The property portfolio was valued as at 31 May 2010 (except in respect of Units 6 and 8 Revolution Park, Chorley, which were valued as at 18 June 2010). The Directors do not consider there to be an overall material change in the value of the portfolio between 31 May 2010 (18 June 2010 in respect of Units 6 and 8 Revolution Park, Chorley) and 30 June 2010.

8. At the beginning of the period the Company's ultimate parent company was Resolution Limited which, through a number of subsidiaries, held a majority shareholding in the Company as at 31 December 2009. During the six months ended 30 June 2010 Resolution Limited reduced its shareholding in the Company and as at 30 June 2010 owned 34.15 per cent of the Company's ordinary share capital. The Directors continue to consider Resolution Limited to be a related party of the Company.

9. 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)
– SCP Estate 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)

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

10. 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.

Notes to the Interim Report (continued)

11. 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.

Independent Review Report to F&C Commercial Property Trust Limited

Introduction

We have been engaged by the Company to review the condensed set of consolidated financial statements in the Interim Report for the six months ended 30 June 2010 which comprises the Unaudited Condensed Consolidated Statement of Comprehensive Income, the Unaudited Condensed Consolidated Statement of Financial Position, 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 Services Authority ('the UK FSA'). 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 FSA.

As disclosed in note 1, the annual financial statements of the Group 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 2010 is not prepared, in all material respects, in accordance with IAS 34 and the DTR of the UK FSA.

Steven D Stormonth
For and on behalf of
KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
Guernsey

31 August 2010

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 Uncertainties' within the Report of the Directors in the Company's Annual Report for the year ended 31 December 2009. The Company's principal risks and uncertainties have not changed materially since the date of that report.

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 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 profit of the Company;
- 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

John Stephen
Director
31 August 2010

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 (Jersey) Limited, 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 directly 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 (Jersey) Limited, 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

How to Invest

As well as investing in F&C Commercial Property Trust Limited directly through a stockbroker, you can enjoy some additional benefits by investing through one of the savings plans run by F&C Management Limited (F&C).

You can enjoy the convenience of making regular savings by Direct Debit, take advantage of our tax-efficient ISA wrapper, receive a simple statement every six months and let us automatically reinvest your dividends for you.

- **F&C Private Investor Plan**
  A flexible, low cost way to invest with a lump sum from £500 or regular savings from £50 a month.
- **F&C Investment Trust ISA**
  Invest up to £10,200 tax-efficiently each year with a lump sum from £500 or regular savings from £50 a month.You can also transfer any existing ISAs.
- **F&C Child Trust Fund ('CTF')**
  F&C is a leading provider of child trust funds. Suitable for children born between 1 September 2002 and 31 December 2010.
- **F&C Children's Investment Plan**
  Suitable for older children ineligible for a CTF, or if you need access to the funds before the child is 18. This flexible plan can easily be written under trust to help reduce inheritance tax liability. Investments can be made from a £250 lump sum or £25 a month.

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 original investor.

Low Charges

All the plans are low cost and flexible. When you buy or sell shares in these plans the dealing fee is only 0.2 per cent. Government stamp duty of 0.5 per cent also applies on purchases (where applicable). There are no initial or exit charges. The only annual management fee is on the ISA, which is £60+VAT (no matter how many ISAs you take out annually with F&C, or how many ISAs you transfer).

The F&C Child Trust Fund has no initial charges, dealing charges or annual management fee.

How to Invest

For more information on any of these products, please either:

Contact **F&C's Investor Services Team** by

Calling us on:	0800 136 420
Emailing us on:	info@fandc.com
Investing online:	www.fandc.com

Contact our **Existing plan holders' enquiry line** by

Calling us on:	0845 600 3030
Emailing us on:	investor.enquiries@fandc.com
Writing to us at:	F&C Plan Administration Centre Block C Western House Lynch Wood Business Park Lynch Wood Peterborough PE2 6BP

Calls may be recorded.

The above has been approved by F&C Management Limited which is authorised and regulated by the Financial Services Authority ('FSA'). 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 originally invested.

Corporate Information

Directors
John H Stephen (Chairman)†
Jonathan G Hooley*
Peter Niven
Christopher Russell
Brian W Sweetland
Nicholas J M Tostevin‡

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

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