F&C Commercial Property Trust Limited

Annual Report and Accounts

2009

F&C Investments

Contents

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The Association of
Investment Companies

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.

The Company also consolidates FCPT Holdings Limited, F&C Commercial Property Holdings Limited and F&C Commercial Property Finance Limited, collectively known throughout this document as 'the Group', details of which are contained in note 1(b) to the accounts.

At 31 December 2009 Group total assets less current liabilities were £819 million and Group shareholders' funds were £589 million.

Group Reconstruction

The Group was reconstructed during the year.

On 5 June 2009, a prospectus and an offer document were sent to shareholders containing details of proposals to introduce a new listed holding company, now called F&C Commercial Property Trust Limited (previously called New FCPT Limited), which was incorporated for the purpose of making an offer to acquire all of the previous listed holding company's (now called FCPT Holdings Limited) issued shares. The offer became unconditional on 3 July 2009 and, on 7 July 2009, the shares of the new holding company were admitted to listing on the Official List of the UKLA and to trading on the main market of the London Stock Exchange.

Also on 7 July 2009, the listing of the shares of the old holding company on the Official Lists of the UKLA and the Channel Islands Stock Exchange, and the trading in its shares on the London Stock Exchange and the Channel Islands Stock Exchange, were suspended. The listings were cancelled on 4 August 2009.

Under the offer, shareholders were offered one new share in the new listed holding company for each share in the old listed company. The effect of the transaction was that, during the period under review, the company now called F&C Commercial Property Trust Limited became the new holding company of the Group with the same Board of Directors.

On 9 November 2009 the Board announced that, pursuant to the statutory compulsory acquisition procedure under Guernsey law, F&C Commercial Property Trust Limited had acquired 100 per cent of the issued share capital of FCPT Holdings Limited, and that the offer was therefore closed and was no longer capable of acceptance.

Following the completion of the group reconstruction, the shareholders in the new legal parent company were substantially the same as those of the previous listed holding company. This Annual Report has therefore been prepared under the name of F&C Commercial Property Trust Limited but represents a continuation of the financial statements of the legal subsidiary, now called FCPT Holdings Limited.

Further details on the basis of accounting regarding the group reconstruction adopted in the financial statements are contained in note 1(b).

Objective

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

Investment Policy

The Company's investment policy is contained within the Report of the Directors on page 17.

Management

The Board has appointed F&C Investment Business Limited (referred to throughout this document as 'FCIB' or 'the Investment Managers') as the Company's investment managers and F&C REIT Property Asset Management plc (referred to throughout this document as 'F&C REIT' or 'the Property Managers') as the

Company Summary (continued)

Company's property managers. FCIB and F&C REIT are both part of the F&C Asset Management plc group ('F&C') and, collectively, are referred to in this document as 'the Managers'.

Further details of the management arrangements are provided on page 8 and in note 2 to the accounts.

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 of the Company's assets after repayment of its borrowings and ordinary creditors. Borrowings consist of £230 million Secured Bonds due 2017. The bonds carry interest at a fixed rate of 5.23 per cent per annum and have an expected maturity date of 30 June 2015. If the bonds are not redeemed at this date they will carry interest at 0.6 per cent over LIBOR until the final maturity date of 30 June 2017.

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 51.

You may also invest through your usual stockbroker.

ISA Status

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

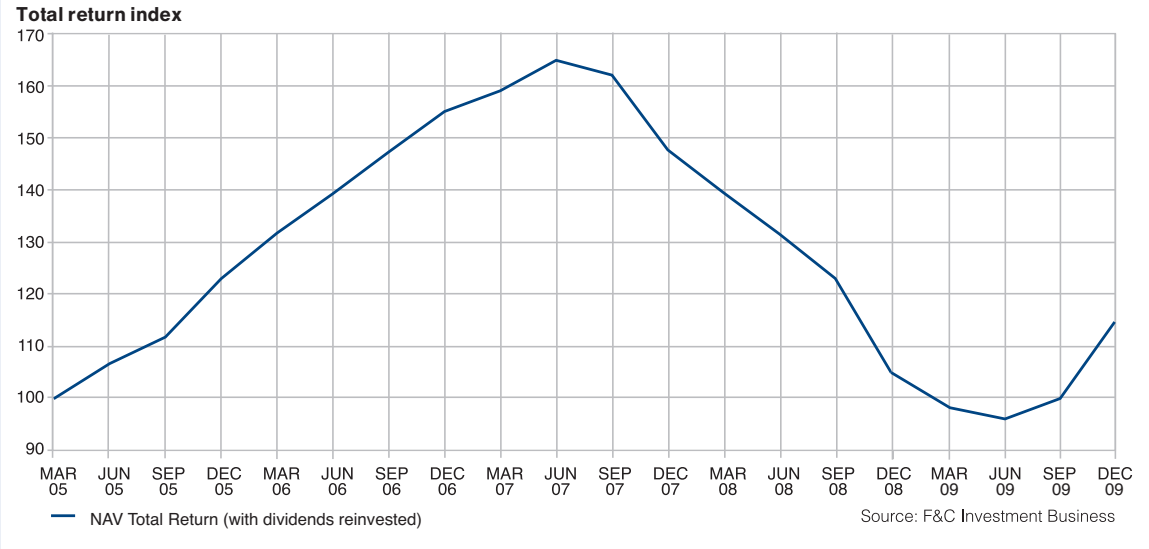
Website

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

Highlights

- Net asset value total return of 8.7 per cent
- Outperformance of portfolio compared with the benchmark IPD All Quarterly and Monthly valued funds
- Share price total return of 57.5 per cent
- Dividend level maintained, providing a yield of 6.7 per cent at the year end
- Improved dividend cover through investment in new properties
- Continuing low levels of voids and bad debts
- Increased investment and borrowing flexibility through a group reconstruction

F&C Commercial Property Trust Limited Net Asset Value Total Return from Launch



Performance Summary

	Year ended 31 December 2009	Year ended 31 December 2008
Total Return		
Net asset value per share*	**8.7%**	(28.8)%
Ordinary Share price	**57.5%**	(26.5)%
Investment Property Databank		
All Quarterly and Monthly Valued Funds	**2.8%**	(22.3)%
FTSE All-Share Index	**30.1%**	(29.9)%

	31 December 2009	31 December 2008	% Change
Capital Values			
Total assets less current liabilities (£'000)*	**819,322**	813,941	0.7
Net asset value per share*	**86.6p**	85.8p	0.9
Ordinary Share price	**90.0p**	62.0p	45.2
FTSE All-Share Index	**2,760.80**	2,209.29	25.0
Premium/(discount) to net asset value per share	**3.9%**	(27.7)%	–
Gearing‡	**28.0%**	28.2%	–
Net Gearing¶	**18.5%**	10.3%	–

	Year ended 31 December 2009	Year ended 31 December 2008
Earnings and Dividends		
Earnings per Ordinary Share*	**6.8p**	(39.8)p
Dividends per Ordinary Share	**6.0p**	6.0p
Dividend yield†	**6.7%**	9.7%
Total Expenses Ratio		
As a percentage of average total assets less current liabilities (excluding performance fee, reconstruction costs and non-recoverable property expenses)	**0.7%**	0.7%
As a percentage of average total assets less current liabilities	**1.5%**	1.0%

	Highs 2009	Lows 2009
Year's Highs/Lows		
Net asset value per share	**86.6p**	**75.9p**
Ordinary Share price	**90.0p**	**54.8p**
Premium/(discount)	**15.3%**	**(36.2)%**

* Calculated under International Financial Reporting Standards. Net asset value total return is calculated assuming dividends are re-invested.
‡ Gearing: Secured Bonds ÷ total assets (less current liabilities).
¶ Net Gearing: (Secured Bonds – cash) ÷ total assets (less current liabilities and cash).
† Calculated on annualised dividends of 6.0p per share. An analysis of dividend payments is contained in note 7 to the accounts.
Sources: F&C Investment Business, Investment Property Databank and Datastream.

Chairman's Statement

John Stephen Chairman

With signs of improving economic conditions during the second half of the year and an increase in investment activity driven by a demand for income, there was a recovery in the UK commercial property market in 2009. The market total return for the year, as measured by the Investment Property Databank ('IPD') All Quarterly and Monthly valued funds, was 2.8 per cent. Total returns in the last two quarters were strong, more than offsetting the falls in the first part of the year and reversing the trend of falling values which had been prevalent since the peak of the market in June 2007.

Against this backdrop the Company performed well, with a net asset value ('NAV') total return for the year of 8.7 per cent. It is also pleasing to report an increase of 45.2 per cent in the share price, to 90.0p at the end of the year, reflecting a premium of 3.9 per cent to the NAV of 86.6p per share. This compares with a discount of 27.7 per cent as at 31 December 2008.

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

	Pence
NAV per share as at 31 December 2008	85.8
Unrealised increase in valuation of direct property portfolio	2.6
Unrealised increase in valuation of indirect property holdings	0.1
Movement in revenue reserve	(1.9)
NAV per share as at 31 December 2009	86.6

Property Portfolio

The total return from the direct property portfolio during the year was 9.3 per cent, significantly outperforming the total return from the benchmark IPD All Quarterly and Monthly valued funds as referred to above. The portfolio was ranked on the 15th percentile against the benchmark. The principal reason for this outperformance was the strong returns generated from the portfolio's retail warehouse investments. This was the top performing sector in 2009 and the Company's properties also outperformed the benchmark, reinforcing the quality of the portfolio and emphasising the positive effect of good asset management. The portfolio has a significant overweight position to South East retail properties, which again was an outperforming sector, and where St. Christopher's Place Estate, London W1 remains the dominant property in the portfolio, providing a strong weighted contribution to performance. The portfolio's prime West End offices also outperformed as the demand from international investors forced capitalisation rates down. The Managers continue to be able to progress value-adding asset management opportunities and during the year successfully completed a number of initiatives.

As explained in more detail in the Managers' Review, new properties were purchased during the year for an aggregate consideration of £55 million, including costs. As well as increasing the Company's exposure to distribution warehouses, these purchases also have the effect of improving the level of dividend cover, counteracting the very low level of interest which had been received on the cash balances held previously. This investment activity has continued since the end of the year with a further purchase of a small, freehold property on the St. Christopher's Place Estate for £2.96 million.

Chairman's Statement (continued)

The Company sold one of its smaller retail properties subsequent to the year end, at above valuation, for £8.8 million.

As well as improving the level of dividend cover, the net effect of this investment activity has been a significant reduction in the level of cash balances which had been built up in previous years when the Managers were concerned about the outlook for the property market.

Importantly in the current economic environment, the Company continues to maintain a low void rate and a low provision for bad debts. Further details are provided in the Managers' Review.

Group Reconstruction

In June 2009, a prospectus and an offer document were sent to shareholders containing details of proposals to introduce a new listed holding company, now called F&C Commercial Property Trust Limited (previously called New FCPT Limited), which was incorporated for the purpose of making an offer to acquire all of the issued shares of the previous listed holding company. The offer became unconditional in July 2009 and the shares of the new holding company were admitted to listing on the Official List of the UKLA and to trading on the main market of the London Stock Exchange.

Under the offer, shareholders were offered one new share in the new listed holding company for each share in the old listed company. The effect of the transaction was that, during the year, the company now called F&C Commercial Property Trust Limited became the new holding company of the Group with the same Board of Directors.

As stated in the offer documentation, the introduction of the new holding company has the following benefits:

- The new holding company, and any new subsidiaries outside the previous group structure, do not form part of the security structure for the Secured Bonds and are not therefore subject to the same restrictions.
- In the event that the new holding company raises any new equity, it will have considerable flexibility over whether that cash is used within or outside the secured bond structure.
- The new holding company has more flexibility to incur borrowings in a manner which may be more cost-effective than through the secured bond structure when the market for securitised bonds is weak.
- The new holding company has the ability to acquire or merge with other companies or funds which may themselves have existing debt.
- The new holding company's investment policy provides it with flexibility to invest in listed property companies where the Board believes that it is in the best interests of shareholders to do so. It should be noted that that Board does not have any immediate intention to invest in listed property companies.
- The new holding company is not subject to the same restrictions as were imposed previously on the use of any surplus cash to pay dividends, buy back shares or otherwise return capital to shareholders.

Dividends

In accordance with the Board's announcement in November 2008 that dividends would in future be paid monthly, rather than quarterly, twelve dividends, each of 0.5p per share, were paid during the year. The annual dividend of 6.0p per share has been maintained since the Company's launch in 2005. The Board intends that dividends will continue to be paid monthly.

The Company's rental flows remained healthy during the year and, in the latter part of the period, benefited from the investment in new properties as described above which yield significantly more than the cash balances which had been held previously.

Borrowings

The Company has borrowings in the form of £230 million Secured Bonds due 2017 which have been assigned an 'Aaa' rating by Moody's Investor Services. The bonds carry interest at a fixed rate of 5.23 per cent per annum.

As at 31 December 2009, the Company level of gearing, net of cash, was 18.5 per cent. This compares with 10.3 per cent as at 31 December 2008.

Discount, Share Buy Backs and Continuation Vote

The Company did not buy back any shares during the year, and it will seek to renew its share buy back authority at the forthcoming Annual General Meeting.

In accordance with the Company's discount policy, an Extraordinary General Meeting was held on 1 May 2009 at which a resolution was proposed to approve the continuation of the Company. The Board was pleased to announce that the resolution was passed by shareholders. Full details of the policy are contained on page 24.

Amendment to Investment Management Agreement

During the year the Board announced an amendment to the investment management agreement between the Company and the Managers, such that each party shall be entitled to terminate the agreement on not less than six months' notice. Previously 12 months' notice had been required.

Board Composition

As a result of the acquisition during the year of the Company's majority shareholder, Friends Provident Group plc, by Resolution Limited, the previous Chairman of the Board, Mr Peter Niven, who is a non-executive director of Resolution Limited, was no longer considered to be independent under the Combined Code. Mr Niven therefore stepped down as Chairman on 31 October 2009 and, with the unanimous support of the Board, is continuing as a Director of the Company, subject to annual re-election as a non-independent non-executive Director. On behalf of the Board I would like to thank Peter for his valuable contributions to the Company as Chairman since launch, and the Board is looking forward to continuing to benefit from his wise counsel as a Director.

During the year the Board also announced the appointment of two independent non-executive Directors, Mr Jonathan Hooley and Mr Chris Russell, who both joined the Board on 31 October 2009, and the retirement on the same date of Mr Donald Adamson.

The biographies of all the Directors are contained on page 15.

Outlook

Although GDP growth resumed in the final quarter of 2009, the economic recovery is fragile and likely to be long and slow. Consequently, there is a high degree of uncertainty about the potential for returns in the commercial property market in the short term. Total return forecasts for 2010 are being revised upwards with double digit total returns now being predicted in the latest Investment Property Forum consensus forecasts. There may be some slippage for 2011 on concerns about the extent of fiscal and monetary tightening, the fundamentals of the occupational market and the scope for further yield falls as the yield gap against gilts narrows. In the longer term, returns are likely to be largely income driven with only modest capital growth.

The Board believes that, in this environment, the Company continues to be relatively well placed, and that the combination of its quality portfolio, diversity of tenants, low levels of voids and bad debts and continuing property asset management initiatives will all be beneficial to performance over the longer term.

John Stephen
Chairman
25 March 2010

Managers

Richard Kirby, BSc, MRICS
Investment Manager

Richard Kirby Investment Manager joined the F&C Asset Management plc group ('F&C') in 1990. He has been a fund manager since 1995 and has experience of running a number of property portfolios. He is a Chartered Surveyor and a member of the British Council for Shopping Centres.

Managers

The Board has appointed F&C Investment Business Limited (referred to throughout this document as 'FCIB' or 'the Investment Managers') as the Company's investment managers and F&C REIT Property Asset Management plc (referred to throughout this document as 'F&C REIT' or 'the Property Managers') as the Company's property managers. FCIB and F&C REIT are, collectively, referred to in this document as 'the Managers', and are both part of F&C.

F&C is a leading asset manager in both the UK and Europe and has £97.8 billion of funds under management (as at 31 December 2009). The shares of F&C are traded on the London Stock Exchange. F&C provides investment management and other services to a range of investment companies. In addition, it is one of the largest property managers in the UK, with property funds under management of £8.0 billion (as at 31 December 2009), and manages property investments on behalf of a wide range of clients including the Company, ISIS Property Trust Limited and IRP Property Investments Limited.

Managers' Review

Property Market Review

The commercial property market delivered total returns of 2.8 per cent in 2009 according to the Investment Property Databank ('IPD') All Quarterly and Monthly valued funds. After a weak first half, when total returns were negative, the market rallied strongly in the second half of 2009 and, by the fourth quarter, total returns were 9.6 per cent, a quarterly record for this series by some margin.

The upturn was largely investment driven. By mid-year, yields had reached high levels by historic standards and capital values had dropped by more than 40 per cent from the market peak in 2007. This attracted opportunistic funds and also made property attractive to income investors – provided that the income stream was secure. Investor activity was focused on prime stock but there was little such property available. The nature of the investment market was transformed during the year from one dominated by fund outflows, forced sales and limited buyer interest, to one where there was competitive bidding for stock, fund inflows and sharply rising prices. The year saw overseas investors providing a major support to property, especially in Central London, but as investor interest grew, they were joined by institutional investors who became net investors in property by the fourth quarter, private investors who were seeking a better return than that available on cash, and quoted companies which were investing the proceeds of recent rights issues.

London SW1, Charles House, 5-11 Regent Street

Although the lack of prime property did push some investors further up the yield curve in order to secure stock, with some secondary yields moving inwards as a consequence, secondary property generally remained out of favour during the year. The intensity of investment activity moved initial yields down to 6.9 per cent from a 7.7 per cent peak, and leaving yields at the end of 2009 unchanged from a year earlier.

The occupational market, affected by a steep and sudden economic downturn, remained weak throughout 2009. Rents fell by 8.1 per cent during the year with offices affected the most. The year witnessed a rise in incentives from landlords in an attempt to secure or retain tenants. Despite this, void rates moved up during the year, putting pressure on income streams which were down 1.4 per cent over the course of the year.

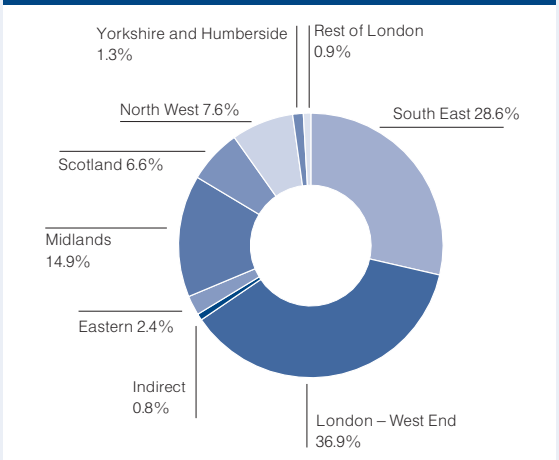
The year saw retail and industrial property moving to deliver positive total returns and offices only marginally negative. The income return moved up to 7.4 per cent from 5.7 per cent during the course of the year, underpinning property's attraction for income focused investors.

Portfolio

During 2009 the Company's portfolio, including purchases, increased in value by £78.0 million to £737.3 million. This represents an ungeared capital increase, net of purchases and capital expenditure, of 3.1 per cent.

The Company's direct property portfolio recorded a total return of 9.3 per cent over the period, compared with the return from the IPD All Quarterly and Monthly valued funds (comprising directly held properties only) of 2.8 per cent. This strong absolute and relative outperformance of the benchmark is reflected in the portfolio being ranked 34 out of the 223 funds contributing to the benchmark, and on the 15th percentile. Looking at longer term performance, the Company's portfolio has now outperformed by 2.3 per cent relative to its benchmark on an annualised three-year basis.

Geographical Analysis
as at 31 December 2009
% of total property portfolio



Managers' Review (continued)

London W1, St. Christopher's Place Estate

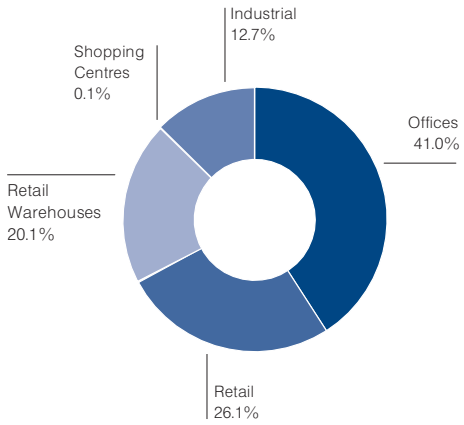
Retail

The Retail sector as a whole recorded total returns of 4.5 per cent for the year, but it was the strong performance coming through in the final quarter producing a total return of 11.2 per cent which drove returns. The retail property sector was the strongest performing sector in 2009, driven by a strong re-pricing of the retail warehouse sector which produced a total return of 11.1 per cent. Retails – South East also outperformed recording a return of 10.0 per cent. Conversely, Shopping Centres was a relatively weak sector, underperforming by recording a total return of –7.1 per cent for the year.

Rental values across the sector remained under pressure as retailers taking new space or negotiating lease renewals were able to leverage their position to negotiate flexible lease terms backed by significant landlord incentives.

The Company's direct retail properties produced a total return of 14.0 per cent for the year.

Sector Analysis
as at 31 December 2009
% of total property portfolio

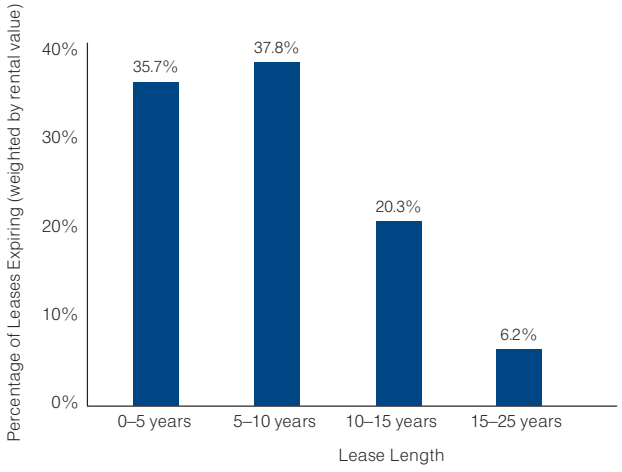


The focus of activity in the retail portfolio centred around protecting income and letting vacant units. At the beginning of the period the Company's largest void was a large shop unit at 124/125 Princes Street, Edinburgh where Zavvi vacated on lease expiry in December 2008. The Company secured a letting to Urban Outfitters for a term of 15 years at a commencing rent of £515,000 per annum, with fixed uplifts in rent for the first ten years of the term. Refurbishment works were undertaken to improve both the facade, by introducing a double height shop front, and the layout of the store. This unit now provides a ''flagship'' store for Urban Outfitters and opened to trade in December 2009. St. Christopher's Place Estate, London W1, the Company's largest asset, is categorised as retail but it benefits from a diversity of uses; retailers, restaurants, offices and residential. Two shop units were let on flexible leases on five year terms to Kookai and Adili (trading as Ascension) at a combined rent of £130,000 per annum. We are now looking to aggressively manage and enhance the tenant mix on the estate.

The Company's retail warehouses saw a significant re-rating over the period producing a total return of 16.9 per cent including capital growth of 8.6 per cent, with the bulk of this once again having been delivered in the final quarter. This sector saw the most profound turnaround in 2009, having started the year with investors having significant concerns over the covenant strength of tenants, rental levels and the letability of void units. Many retail parks were marked out in valuation terms to capitalisation rates of 8.5 per cent to 9 per cent. Investor sentiment to the sector changed in the summer with many of the open-ended funds re-entering the market and, as these purchasers chased stock, prices moved dramatically in the final quarter. The Company holds three prime assets in this sector, all of which benefited from a yield shift of around 150-200 basis points. Turning to asset management initiatives, at Newbury Retail Park, Newbury where Roseby's fell into administration late in 2008 having occupied a 10,000 sq ft unit, a planning consent was secured to split the unit and to permit a change of use. Thereafter, lettings were contracted to Peacocks (7,825 sq ft) at a rent of £195,625 per annum (£25 psf) for a term of ten years; and Costa Coffee at a rent of £58,500 per annum (£32.50 psf) for a term of ten years with a break at year five. Both these units are trading successfully.

Lease Expiry Profile

At 31 December 2009 the weighted average lease length for the portfolio, assuming all break options are exercised, was 7.2 years (2008: 7.9 years).



The Company does not directly hold any shopping centres having sold its only asset in 2008 and thereby benefiting from not being exposed to this sector.

Edinburgh, 124/125 Princes Street

Offices

The Office sector produced a total return of -0.8 per cent. Within this, the sector recorded a range of returns with the City producing –3.1 per cent, South East Offices –2.2 per cent, Rest of UK 0.1 per cent and the West End, the star performer, at 2.1 per cent.

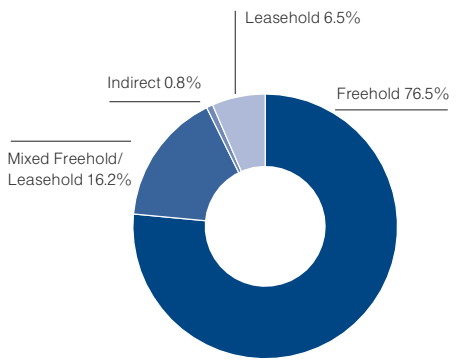
The Company's Offices produced a total return of 6.2 per cent, a significant outperformance of the benchmark. The performance was driven by an overweight position to West End Offices where the Company's holdings produced a positive total return of 9.6 per cent whilst all the Company's other Office sub-sectors produced positive total returns.

Rental levels in Central London fell steeply from the fourth quarter of 2008 well into 2009. Landlords were quick to react and re-base quoting rents in a falling market. In order to mitigate the cost of empty rates and void service charge costs, the Company took a pragmatic view to leasing vacant space in Central London. During the first half of 2009, it completed the letting of three floors at 7 Birchin Lane, London EC3 and 17a Curzon Street, London W1, all on short-term leases of five years, all with tenant breaks at year three and at an aggregate rent of £302,644 per annum. Additionally, two floors at 6-8 James Street, London W1 were let to Target Corporation and LPK Limited at a combined rent of £147,977 per annum. The Company completed the refurbishment of the second floor at Charles House, 5-11 Regent Street, London SW1 (4,692 sq ft) and let the newly refurbished space to Lunson Mitchenall at a commencing rent of £185,344 per annum (£39.50 psf) for a term of 10 years with a break at year six. This property is now fully let and the Company has undertaken the refurbishment of the entrance hall, common areas and five of the seven office floors. At the end of the period the Company had only one significant void in Central London which is the second floor at 2-4 King Street, London SW1 which comprises 2,645 sq ft.

The regional office markets have proved more difficult to secure lettings. The Company's largest void is at 82 King Street, Manchester which comprises part second, fifth, eighth and eleventh floors. The occupational market in Manchester remains weak with landlords offering very competitive terms and incentives to take space. In response to such

Managers' Review (continued)

Tenure Analysis
as at 31 December 2009
% of total property portfolio



conditions the property has been subject to a refurbishment of the entrance hall and common parts which were looking tired and in need of an upgrade. The property was relaunched to the market in March 2010 and it is hoped the refurbishment will enable the property to regain its position in the local market and for lettings to be contracted. On the positive side, lease re-gearings with both Chubb and Rothschild were agreed during 2009 which secured their longer term occupation of space within the building.

In last year's review it was stated that the development of 24-27 Great Pulteney Street, London W1 had been delayed against a background of global economic and financial uncertainty. During 2009 the fundamentals for speculative developments in Central London improved as forecasts of rental growth across the sector were markedly increased and very few, if any, developments were started.

Research and analysis of the development pipeline identifies an acute lack of new Grade A space due to be delivered to the market in late 2011 and 2012. Against such a backdrop we now believe the fundamentals have turned and a commitment to the development of Great Pulteney Street offers an opportunity to take advantage of competitive building tenders and to deliver a highly specified building into a market that will be starved of new Grade A space. The development of this property started on site in February 2010.

Industrials

Industrial property delivered a total return of 3.8 per cent in 2009.

The Company's industrial properties produced a total return of 3.1 per cent. This underperformance was, in the main, due to the capital costs of acquisition of four distribution warehouses during the second half of the year. The portfolio has been underweight to the industrial sector since the reduction of its holding in the Industrial Property Investment Fund in 2008. The Company acquired four properties in the sector, as detailed below, with the acquisitions increasing the weighting to the sector from 5.4 per cent in 2008 to 12.7 per cent at 31 December 2009.

Manchester, 82 King Street

At the Cowdray Centre, Colchester, the master plan for the area continues to be a matter of negotiation with the Local Planning Authority. The Company has received some interesting approaches on this site and it is hoped there will be some tangible progress in 2010. In the meantime, income, albeit short-term, is being managed and maintained.

Purchases and Disposals

The Company started the year with a significant cash balance and the focus of activity has been to secure suitable stock in challenging market conditions. In July, the Company completed its first purchase since launch in March 2005: Site E4, Daventry International Rail Freight Terminal ('DIRFT') Logistics Park was purchased for £17.25 million, representing a net initial yield of 9.05 per cent. DIRFT Logistics Park is one of the UK's premier distribution and logistics parks located adjacent to Junction 18 of the M1 motorway. The unit, constructed in 2005,

comprises a well-specified distribution warehouse of approximately 300,000 sq ft and is let to Exel Europe Limited until 31 May 2015 at a current rent passing of £1,650,000 per annum. The tenant operates, under contract, Mothercare's national distribution centre from the property. In October, the Company acquired three separate distribution warehouses at Hams Hall, National Distribution Centre, Birmingham for £34.85 million in aggregate, delivering a net initial yield of 9.0 per cent. Hams Hall is another established distribution and logistics park located adjacent to Junction 9 of the M42 motorway. These three acquisitions of properties constructed between 2000 and 2002 provide, in aggregate, more than 600,000 sq ft of modern, well-specified distribution units. The first property, Unit 6a, comprises 127,069 sq ft and is let to Bell Micro Products Limited until April 2019 (tenant break 2016) at a current rent passing of £707,172 per annum. Unit 8 comprises 264,369 sq ft in a mix of high and low bay accommodation and is let to Wincanton Holdings Limited until April 2025 (tenant break April 2015) at a current rent passing of £1,500,000 per annum. The third property comprises 225,808 sq ft and is let to Arvato SCM Limited, guaranteed by Bertelsmann AG, for a term expiring in July 2016, at a current rent passing of £1,130,890 per annum.

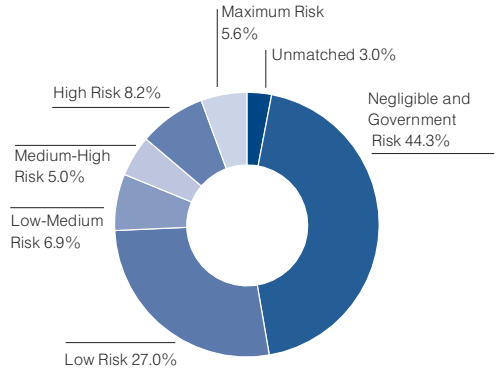
Since the end of the year, the Company has completed the purchase of 77/77a Wigmore Street, London W1 for £2.96 million, reflecting a net initial yield of 4.55 per cent. This small freehold property occupies an important corner position on the St. Christopher's Place Estate and was one of the few properties on the estate not owned by the Company. The property comprises a basement and ground floor restaurant and four upper floors of offices, comprising 3,808 sq ft in total. It is let to two tenants; Tunisian National Office of Tourism and Ayoush Restaurant, on leases expiring in 2014 and 2023.

The Company sold one property, 27/28 Commercial Street, Leeds, a shop unit which was well located but considered ex-growth. The sale exchanged in late December and completed in January 2010 for £8.8 million (initial yield 5.74%), an uplift of 9.0 per cent over the last external valuation undertaken in October 2009.

Property Management

The Company documented 13 lease events during the year, increasing the rent passing by £271,926 per annum. The Company was successful in letting void space, as highlighted above, and vacancy levels were reduced from 4.3 per cent (excluding developments) to close to 2.5 per cent, significantly better than the IPD rate of 12.1 per cent. Rent arrears and overdue debt have been constantly and persistently managed and, at 1.6 per cent, remain extremely low for a portfolio of this size, which reflects the quality of its property assets.

Covenant Strength
as at 31 December 2009
% of total property portfolio



As measured by Investment Property Databank ('IPD').

Property Market Outlook

The strong recovery in the capital markets and investment performance seen in the last quarter of 2009 appears to be unsustainable. However, the momentum and weight of money chasing property has carried into 2010 and looks to be set fair for the early months. However, due to a combination of a sluggish economic recovery coupled with concerns over the UK's fiscal position and credit rating, the outlook beyond the timing of a general election remains highly uncertain. The occupational markets remain poor and the general outlook for rental growth remains negative. However, Central London rents, which reacted quicker to the downturn, would appear to be at the bottom of the cycle with significant growth anticipated.

Total returns in 2010 are expected to be front-loaded with returns slowing in the second half of 2010 to be income driven. It is anticipated the second half of the year could see more stock offered to the market, which could lead to opportunities to acquire good quality and attractively priced properties.

Richard Kirby
Investment Manager
F&C REIT Property Asset Management plc
25 March 2010

Property Portfolio

	Sector	Book Cost £'000	Initial Yield	Fair Value £'000	% of Total Assets (less current liabilities)
London W1, St. Christopher's Place Estate (notes 2 and 7)	Retail	91,471	5.55%	110,775	13.5
Newbury, Newbury Retail Park (note 3)	Retail Warehouses	55,283	5.28%	62,714	7.7
Solihull, Sears Retail Park	Retail Warehouses	70,723	7.00%	53,375	6.5
London SW1, Cassini House, St James's Street	Offices	47,400	4.95%	48,200	5.9
London SW19, Wimbledon Broadway	Retail	47,054	6.79%	46,850	5.7
London SW1, 84 Eccleston Square	Offices	42,165	7.76%	38,800	4.7
Uxbridge, 3 The Square, Stockley Park	Offices	42,550	7.35%	34,750	4.2
Rochdale, Dane Street	Retail Warehouses	28,800	5.58%	32,400	4.0
London SW1, Charles House, 5-11 Regent Street (notes 1 and 4)	Offices	26,456	6.32%	30,997	3.8
Glasgow, Alhambra House, Wellington Street	Offices	26,950	7.20%	26,725	3.3
Ten largest properties		**478,852**		**485,586**	**59.3**
Manchester, 82 King Street	Offices	33,166	5.09%	23,475	2.8
Reading,Thames Valley One, Thames Valley Park	Offices	25,075	9.25%	21,000	2.5
Daventry, Site E4, Daventry International Rail Freight Terminal	Industrial	18,154	8.40%	18,600	2.3
Camberley, Watchmoor Park	Offices	36,950	12.76%	17,875	2.2
Birmingham, Unit 8 Hams Hall Distribution Park	Industrial	16,575	8.40%	16,900	2.1
London W1, 385/389 Oxford Street (note 1)	Retail	13,450	5.50%	13,700	1.7
Reading,Thames Valley Two, Thames Valley Park	Offices	17,950	10.00%	13,450	1.6
Colchester, The Cowdray Centre, Cowdray Avenue	Industrial	15,440	7.34%	13,220	1.6
Birmingham, Unit 10a Hams Hall Distribution Park	Industrial	12,498	8.30%	12,885	1.6
Edinburgh, 124/125 Princes Street (note 5)	Retail	18,871	4.98%	11,275	1.4
Twenty largest properties		**686,981**		**647,966**	**79.1**
London W1, 17A Curzon Street	Offices	7,944	6.24%	10,640	1.3
Edinburgh, Nevis/Ness Houses,11/12 Lochside Place	Offices	13,600	8.68%	9,950	1.2
London SW1, 2/4 King Street	Offices	6,517	5.50%	9,950	1.2
Leeds, 27/28 Commercial Street (notes 2 and 6)	Retail	10,650	5.74%	8,694	1.1
Birmingham, Unit 6a Hams Hall Distribution Park	Industrial	7,558	8.30%	8,050	1.0
Southampton, Upper Northam Road, Hedge End	Industrial	10,300	9.80%	7,930	1.0
London EC3, 7 Birchin Lane	Offices	5,009	7.37%	6,600	0.8
London W1, 24/27 Great Pulteney Street	Offices	12,774	–	6,250	0.8
Camberley, Affinity Point, Glebeland Road	Industrial	6,650	7.15%	6,050	0.7
Industrial Property Investment Fund	Industrial	6,398	n/a	5,231	0.6
Thirty largest properties		**774,381**		**727,311**	**88.8**
Colchester, Ozalid Works, Cowdray Avenue	Industrial	2,152	8.65%	4,500	0.5
London W1, 16 Conduit Street (note 1)	Offices	3,150	5.00%	3,500	0.4
Leeds, 40/42 Albion Street	Retail	1,650	7.50%	1,150	0.2
The Mall LP	Shopping Centres	27,939	n/a	841	0.1
Total property portfolio		**809,272**		**737,302**	**90.0**
Net current assets (excluding property held for sale)				**82,020**	**10.0**
Total assets (less current liabilities)				**819,322**	**100.0**

Notes:

[1] Leasehold property

[2] Mixed freehold/leasehold property

[3] The market value of Newbury Retail Park is £63,175,000 (2008: £57,450,000). The difference between the market value and the fair value is a capital contribution paid to a tenant of £461,000 (2008: £nil) which is recorded in the accounts as a current asset.

[4] The market value of Charles House is £31,175,000 (2008: £27,875,000). The difference between the market value and the fair value is a capital contribution paid to a tenant of £178,000 (2008: £nil) which is recorded in the accounts as a current asset.

[5] The market value of 124/125 Princes Street is £12,250,000 (2008: £11,125,000). The difference between the market value and the fair value is a capital contribution paid to a tenant of £975,000 (2008: £nil) which is recorded in the accounts as a current asset.

[6] The sale of 27/28 Commercial Street completed on 13 January 2010 with contracts having been exchanged on 24 December 2009. Accordingly, this property was categorised as an asset held for sale at 31 December 2009 and valued at market value less costs to sell.

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

Board of Directors

John Stephen†‡
Chairman
(age 60) was appointed a Director in 2005 and Chairman on 31 October 2009. He is a UK resident. He is a Fellow of the Royal Institution of Chartered Surveyors with over 35 years of property experience with Jones Lang LaSalle where he was Chairman for England until he retired from the firm in October 2009. He is also a director of Max Property Group plc, a strategic adviser to Evans Property Group, a trustee of the Portman Estate and an adviser to Lloyds Banking Group's Corporate Real Estate unit. He is a charity trustee, a school governor and a property adviser to the Duchy of Cornwall.

Jonathan Hooley*†‡
(age 54) was appointed a Director on 31 October 2009 and is a resident of Guernsey. He was, until September 2007, the senior partner of KPMG in the Channel Islands. He is Chairman of the Channel Islands Stock Exchange and a non-executive director of BlueCrest AllBlue Fund Limited, Rothschild Bank International Limited and Rothschild Bank (CI) Limited. He is a member of the Offshore Advisory Committee of The Association of Investment Companies and an adviser to the Policy Council of the States of Guernsey on external matters.

Peter Niven‡
(age 55) was appointed a Director in 2005 and is a resident of Guernsey. He has over 34 years' experience in the financial services industry both in the UK and offshore. He was a senior executive in the Lloyds TSB Group until his retirement in 2004 and, since then, has been the Chief Executive of Guernsey Finance LBG, promoting the island as a financial services destination. He also serves on the boards of a number of London-listed investment funds in addition to being a director of Resolution Limited, which is the Company's ultimate majority shareholder. Mr Niven is a Fellow of the Chartered Institute of Bankers and a Chartered Director.

Chris Russell*†‡
(age 61) was appointed a Director on 31 October 2009 and is a resident of Guernsey. He was, until 2001, an executive director of Gartmore Investment Management plc. He is a director of a number of investment companies listed in the UK and US including Candover Investments plc, JPMorgan Fleming Japanese Smaller Companies Investment Trust plc, Castle Asia Alternative PCC Limited and The Korea Fund Inc. He is also a director of The Association of Investment Companies, Schroders (C.I.) Limited, Enhanced Index Funds PCC and Hanseatic Asset Management LBG.

Brian Sweetland‡
(age 64) was appointed a Director in 2005 and is a UK resident. He was, until May 2005, an executive director of Friends Provident plc ('FP') and a member of its investment committee. As a solicitor, Mr Sweetland was the company secretary of FP for over 20 years. He was formerly a non-executive director of Benchmark Group plc and, until January 2005, F&C Asset Management plc ('F&C'). Since 2002, he has sat on a committee that provides independent non-investment related advice to F&C's range of socially responsible investment products, a role that will cease on 30 June 2010.

Nicholas Tostevin*†‡
Chairman of the Audit Committee
(age 57) was appointed a Director in 2005 and is a resident of Guernsey. He is an Advocate of the Royal Court of Guernsey and was, until 31 May 2009, the senior partner of Babbé. He has given legal advice on commercial property transactions in Guernsey for over 25 years. He was a member of the Guernsey legislature, the States of Deliberation, from 1991 to 1997 and was a member of the Guernsey Income Tax Authority for six years. He is a non-executive director of a number of captive insurance companies and Guernsey-based investment companies, including Gottex Market Neutral Trust Limited, a London-listed fund of hedge funds.

*Member of the Audit Committee
†Member of the Management Engagement Committee
‡Member of the Nomination Committee

Report of the Directors

The Directors present their report and accounts of the Group for the year ended 31 December 2009.

Results and Dividends

The results for the year are set out in the attached accounts.

The Group paid interim dividends during the year ended 31 December 2009 as follows:

	Payment date	Rate per share
Fourth interim for prior year	30 January 2009	0.5p
Fifth interim for prior year	27 February 2009	0.5p
Sixth interim for prior year	27 March 2009	0.5p
Seventh interim for prior year	24 April 2009	0.5p
First interim	29 May 2009	0.5p
Second interim	26 June 2009	0.5p
Third interim	31 July 2009	0.5p
Fourth interim	28 August 2009	0.5p
Fifth interim	25 September 2009	0.5p
Sixth interim	30 October 2009	0.5p
Seventh interim	27 November 2009	0.5p
Eighth interim	29 December 2009	0.5p

The above dividends were paid to shareholders, prior to acceptance of the offer set out in 'Group Reconstruction' below, by FCPT Holdings Limited and, subsequent to acceptance of the offer, by F&C Commercial Property Trust Limited.

It is the policy of the Directors to declare and pay dividends as interim dividends. The Directors do not therefore recommend a final dividend. Two further interim dividends, each of 0.5p per share, were paid on 29 January and 26 February and a third will be paid on 26 March 2010. The twelfth, and last, interim dividend in respect of the year, of 0.5p per share, will be paid on 30 April 2010 to shareholders on the register on 16 April 2010. It is the intention of the Directors that the Company will continue to pay dividends monthly.

Principal Activity and Status

The Company is a Guernsey-incorporated company and, during the year, carried on business as a property investment company. The Company's shares are traded on the London Stock Exchange.

The Company is a member of the Association of Investment Companies ('AIC').

Group Reconstruction

On 5 June 2009, a prospectus and an offer document were sent to shareholders containing details of proposals to introduce a new listed holding company, now called F&C Commercial Property Trust Limited (previously called New FCPT Limited), which was incorporated for the purpose of making an offer to acquire all of the previous listed holding company's (now called FCPT Holdings Limited) issued shares. The offer became unconditional on 3 July 2009 and, on 7 July 2009, the shares of the new holding company were admitted to listing on the Official List of the UKLA and to trading on the main market of the London Stock Exchange.

Also on 7 July 2009, the listing of the shares of the old holding company on the Official Lists of the UKLA and the Channel Islands Stock Exchange, and the trading in its shares on the London Stock Exchange and the Channel Islands Stock Exchange, were suspended. The listings were cancelled on 4 August 2009.

Under the offer, shareholders were offered one new share in the new listed holding company for each share in the old listed company. The effect of the transaction was that, during the period under review, the company now called F&C Commercial Property Trust Limited became the new holding company of the Group with the same Board of Directors.

On 9 November 2009 the Board announced that, pursuant to the statutory compulsory acquisition procedure under Guernsey law, F&C Commercial Property Trust Limited had acquired 100 per cent of the issued share capital of FCPT Holdings Limited, and that the offer was therefore closed and was no longer capable of acceptance.

Following the completion of the group reconstruction, the shareholders in the new legal parent company were substantially the same as those of the previous listed holding company. The Annual Report and Accounts for the year ended 31 December 2009 have therefore been prepared under IFRS 3 using the 'reverse acquisition' basis of accounting. Under this basis the Annual Report and Accounts have been prepared under the name of F&C Commercial Property Trust Limited but represent a continuation of the financial statements of the legal subsidiary, now called FCPT Holdings Limited.

Further details on the basis of accounting regarding the group reconstruction adopted in the financial statements are contained in note 1(b).

Business Review

The Board of Directors is responsible for the overall stewardship of the Company, including investment and dividend policies, corporate strategy, gearing, corporate governance procedures and risk management. As set out in the Directors' Responsibility Statement on page 25, the Board is also responsible for the preparation of the Annual Report and financial statements for each financial period. Biographical details of the Directors, all of whom are non-executive, can be found on page 15. The Company has no executive Directors or employees.

Objective

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

Investment Policy

The Company holds a diversified portfolio of freehold and predominantly long leasehold (over 60 years remaining at the time of acquisition) UK commercial properties. It invests principally in three commercial property sectors: office, retail and industrial.

The Company invests in properties which the Board, on the advice of the Managers, believes will generate a combination of long-term growth in capital and income for shareholders. Investment decisions are based on an analysis of, amongst other things, prospects for future capital and income growth, sector and geographic prospects, tenant covenant strength, lease length, and initial and equivalent yields.

Investment risks are spread by investing across different geographical areas and sectors and by letting properties to low risk tenants. The Company has not set any maximum geographic exposures, but the maximum weightings in the principal property sectors at any time (stated as a percentage of total assets) are: office: 50 per cent; retail: 65 per cent; and industrial: 40 per cent. No single property may exceed 15 per cent of total assets and the five largest properties (excluding indirect property funds) may not exceed 40 per cent of total assets (in each case at the time of acquisition). Short leasehold properties (with less than 60 years remaining) may not exceed 10 per cent of total assets at the time of acquisition.

The Company is permitted to invest up to 15 per cent, at the time of acquisition, of its total assets in indirect property funds which invest principally in UK property, but these investments may not exceed 20 per cent of total assets at any subsequent date. The Company is permitted to invest cash, held by it for working capital purposes and awaiting investment, in cash deposits, gilts and money market funds.

The Company uses gearing throughout the Group to enhance returns over the long term. Gearing, represented by borrowings as a percentage of total assets, may not exceed 50 per cent. However, the Board's present intention is that borrowings of the Group will be limited to a maximum of 35 per cent of total assets at the time of borrowing.

Investment of Assets

At each Board meeting, the Board receives a detailed presentation from the Managers which includes a review of investment performance, recent portfolio activity and a market outlook. It also considers compliance with the investment policy and other investment restrictions during the reporting period. An analysis of how the portfolio was invested as at 31 December 2009 is contained within the Managers' Review on pages 9 to 13 and a full portfolio listing is provided on page 14.

The Group's borrowings are represented by £230 million Secured Bonds due 2017, which are described in more detail in note 13 to the accounts. The gearing level as at 31 December 2009 was 28.0 per cent of total assets, including cash (2008: 28.2 per cent).

Strategy

As part of its strategy the Board has contractually delegated the management of the property portfolio and other services, to the Managers.

The Company's performance in meeting its objectives is measured against key performance indicators as set out below. A review of the Company's returns during the financial year, the position of the Company at the year-end, and

the outlook for the coming year are contained in the Chairman's Statement and the Managers' Review.

Principal Risks and Uncertainties

The Company's assets comprise direct and indirect investments in UK commercial property, although market uncertainty last year resulted in more cash being held for several months. Its principal risks are therefore related to the commercial property market in general and its investment properties. More detailed explanations of these risks and the way in which they are managed are contained in note 17 to the accounts. The Managers also seek to mitigate these risks through active asset management initiatives and carrying out due diligence work on potential tenants before entering into any new lease agreements. All of the properties in the portfolio are insured.

Other risks faced by the Company include the following:

- Economic – inflation or deflation, economic recessions and movements in interest rates could affect property valuations.
- Investment and strategic – incorrect strategy, including sector and geographic allocations and use of gearing could lead to poor returns for shareholders.
- Regulatory – breach of regulatory rules could lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.
- Management and control – changes that cause the management and control of the Company to be exercised in the United Kingdom could lead to the Company becoming liable to United Kingdom taxation on income and capital gains.
- Operational – failure of the Managers' accounting systems or disruption to the Managers' business, or that of third party service providers, could lead to an inability to provide accurate reporting and monitoring, leading to a loss of shareholders' confidence.
- Financial – inadequate controls by the Managers or third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to a qualified audit report, misreporting or breaches of regulations. Breaching bond covenants could lead to a downgrading of the Secured Bonds, a loss of shareholders' confidence and financial loss for shareholders (see note 13 for details of the principal bond covenants).

The Board seeks to mitigate and manage these risks through continual review, policy-setting and enforcement of contractual obligations. It also regularly monitors the investment environment and the management of the Company's property portfolio, and applies the principles detailed in the internal control guidance issued by the Financial Reporting Council. Details of the Company's internal controls are described in more detail on pages 22 and 23.

Shareholder Value

The Board and Managers recognise the importance of both marketing and share buy-backs in enhancing shareholder value. In terms of marketing, the Managers offer a range of private investor savings schemes, details of which can be found on page 51. In addition, meetings are held regularly with current and prospective shareholders and stockbroking analysts covering the investment company sector. Share buy-backs can help reduce the volatility of any discount of the share price to the net asset value per share and enhance the net asset value per share for continuing shareholders. Communication of quarterly portfolio information is made through the Company's website.

Key Performance Indicators

The Board uses a number of performance measures to assess the Company's success in meeting its objectives. The key performance indicators are as follows:

- Net asset value total return and total return of the property portfolio compared to relevant Investment Property Databank indices;
- Premium/discount of share price to net asset value;
- Dividend per share and dividend yield; and
- Total expenses as a ratio of total assets less current liabilities.

A historic record of these indicators is contained in the Highlights and the Performance Summary on pages 3 and 4, the Chairman's Statement on pages 5 to 7, and in the Historic Record on page 50.

Directors

On 31 October 2009 Mr J G Hooley and Mr C Russell, whose biographical details are shown on page 15, were appointed as Directors. On the same date Mr D L Adamson retired as a Director.

For the reasons provided under Corporate Governance on page 20, Mr P Niven stepped down as Chairman and as a member of the Audit Committee on 31 October 2009 and Mr J H Stephen was appointed as Chairman on the same date.

The Directors who held office at the end of the year and their interests in the shares of the Company as at 31 December 2009 (all of which were beneficially held) were:

	2009 Ordinary Shares	2008 Ordinary Shares*
J H Stephen	**42,389**	42,051
J G Hooley	**60,000**	60,000
P Niven	**43,142**	42,491
C Russell	**–**	–
B W Sweetland	**88,961**	87,620
N J M Tostevin	**21,832**	21,502

*or subsequent date of appointment.

There have been no changes in the above interests between 31 December 2009 and 25 March 2010.

In accordance with the Company's Articles of Incorporation all the Directors will retire at the Annual General Meeting, being the first such meeting following their appointment to the new holding company following the reconstruction of the Group during the year. Being eligible, all of the Directors offer themselves for re-election.

The Board confirms that, following formal performance evaluations, the performance of each of the Directors seeking re-election continues to be effective and demonstrates commitment to the role. The Board therefore believes that it is in the interests of shareholders that these Directors are re-elected.

During the year the Directors received the following emoluments in the form of fees:

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
J H Stephen (appointed Chairman 31 October 2009)	**27,500**	25,000
D L Adamson (retired 31 October 2009)	**20,833**	25,000
J G Hooley (appointed 31 October 2009)	**4,167**	–
P Niven (stepped down as Chairman 31 October 2009)	**37,500**	37,500
C Russell (appointed 31 October 2009)	**4,167**	–
B W Sweetland	**25,000**	25,000
N J M Tostevin	**30,000**	30,000
Total	**149,167**	142,500

There are no service contracts in existence between the Company and any Directors but each of the Directors was appointed by a letter of appointment which sets out the main terms of his appointment.

Management

The Managers provide investment management and other services to the Company. Details of the arrangements between the Company and the Managers in respect of management services are given in note 2 to the accounts.

The Board keeps under review the appropriateness of the Managers' appointment. In doing so the Board considers the past investment performance of the Company and the capability and resources of the Managers to deliver satisfactory investment performance. It also considers the length of the notice period of the investment management agreement and the fees payable to the Managers, together with the standard of the other services provided.

The Directors are satisfied with the Managers' ability to deliver satisfactory investment performance, and the quality of other services provided. It is therefore their opinion that the continuing appointment of the Managers on the terms agreed is in the interests of shareholders as a whole.

Report of the Directors (continued)

Substantial Interests in Share Capital

As at 25 March 2010 the Company had received notification of the following holdings of voting rights (under the FSA's Disclosure and Transparency Rules):

	Number of Ordinary Shares Held	Percentage Held
Resolution Limited	342,300,000	50.3

Corporate Governance

Guernsey does not currently have its own corporate governance code although, at the date of these financial statements, this is being developed. The Board has therefore considered the principles and recommendations of the AIC's Code of Corporate Governance ('the AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies ('the AIC Guide'). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the Financial Reporting Council ('the Combined Code'), as well as setting out additional principles and recommendations on issues specific to investment companies.

The Board considers that it is appropriate to report against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code).

Except as disclosed below, the Company complied throughout the year with the recommendations of the AIC Code and the relevant provisions of the Combined Code. Since all the Directors are non-executive, in accordance with the AIC Code and the preamble to the Combined Code, the provisions of the Combined Code on the role of the chief executive and, except in so far as they apply to non-executive Directors, on Directors' remuneration, are not relevant to the Company, and are not reported on further.

In view of its non-executive nature and the requirement of the Articles of Incorporation that all Directors retire by rotation at least every three years, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by principle 3 of the AIC Code and provision A.7.2 of the Combined Code, nor for a Senior Independent Director to be appointed as recommended by principle 1 of the AIC Code and provision A.3.3 of the Combined Code. In addition, in light of his considerable financial experience, the Board considered it appropriate for Mr P Niven, who was Chairman of the Board until 31 October 2009, to be a member of the Audit Committee, contrary to the recommendation of provision C.3.1 of the Combined Code which recommends that a company chairman should not be a member of the audit committee. Mr J H Stephen, who was appointed Chairman of the Board on 31 October 2009, ceased to be a member of the Audit Committee during the year.

The Board consists solely of non-executive Directors. All of the Directors, other than Mr P Niven and Mr B W Sweetland, are considered by the Board to be independent. Mr Niven is an independent non-executive director of Resolution Limited which, during the year, acquired the Company's majority shareholder, Friends Provident plc. As a result of the acquisition, Resolution Limited became the Company's new ultimate majority shareholder and, under the provisions of the Combined Code, Mr Niven ceased to be an independent Director of the Company. He therefore stepped down as Chairman on 31 October 2009, becoming a non-independent Director subject to annual re-election. Mr Sweetland was, until May 2005, an executive director of Friends Provident plc and, until January 2005, a non-executive director of F&C Asset Management plc ('F&C'), the parent company of the Company's Managers. He currently sits on a committee which provides non-investment related advice to F&C regarding its range of socially responsible investment products. This role will cease on 30 June 2010, after which Mr Sweetland will be considered to be an independent Director by the Board. However, until then, he may not be considered to be independent and will remain subject to annual re-election by shareholders. The Board has also considered Mr Hooley's position, until September 2007, as the senior partner of KPMG in the Channel Islands. In that role, Mr Hooley had no involvement with any aspect of KPMG's role as auditor of the Company. The Board therefore considers Mr Hooley to be independent.

The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. New Directors receive an induction from the Managers and Secretary on joining the Board, and all Directors receive other relevant training as necessary.

The Company has no executive directors or employees. A management agreement between the Company and FCIB sets out the matters over which the Managers have authority and the limits beyond which Board approval must be sought. All other matters, including investment and dividend policies, corporate strategy, gearing, corporate governance procedures and risk management, are reserved for the approval of the Board of Directors. The Board meets at least quarterly and receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings.

Throughout the year the Audit Committee and the Management Engagement Committee have been in operation and, during the year, the Nomination Committee was constituted. The terms of reference of these committees are available for inspection on request.

The Audit Committee meets twice yearly, is chaired by Mr N J M Tostevin and is the forum through which the auditor reports to the Board of Directors. Its membership comprises all of the independent non-executive directors other than Mr J H Stephen, who ceased to be a member of the Committee following his appointment as Chairman of the Board on 31 October 2009. Also on that date, Mr J G Hooley and Mr C Russell joined the Committee, Mr D Adamson retired from the Board and the Committee and Mr P Niven stepped down from the Committee when he ceased to be regarded as an independent director in the circumstances stated on page 20. The Committee operates within clearly defined terms of reference, its duties including reviewing the Annual and Interim Accounts, the system of internal controls and the terms of appointment and remuneration of the auditor. The objectivity of the auditor is reviewed by the Audit Committee which also reviews the terms under which the external auditor is appointed to perform non-audit services. The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to non-audit fees. Such fees amounted to £9,000 for the year ended 31 December 2009 (year ended 31 December 2008 – £14,000) and related principally to a review of the interim financial information and certification of bond compliance certificates. Notwithstanding such services the Audit Committee considers KPMG Channel Islands Limited to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit.

The Management Engagement Committee comprises all of the Directors except for Mr B W Sweetland and Mr P Niven, who stepped down from the Committee on 31 October 2009. The committee reviews the appropriateness of the Managers' continuing appointment together with the terms and conditions thereof on a regular basis.

During the year a Nomination Committee was established comprising all of the Directors. Mr J H Stephen is the Chairman. The committee is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. In considering appointments to the Board, the Nomination Committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board.

During the year the performance of the Board, committees and individual Directors was evaluated through an assessment process, led by the Chairman at that time. This process involved the completion of questionnaires tailored to suit the nature of the Company, and follow up discussions between the Chairman and each of the Directors. The performance of the Chairman was evaluated by the other Directors.

The table overleaf sets out the number of scheduled Board and committee meetings held during the year and the number of meetings attended by each Director.

Report of the Directors (continued)

	Board of Directors		Audit Committee		Management Engagement Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
J H Stephen	5	5	2	2	1	1	1	1
D L Adamson (retired 31 October 2009)	5	4	2	2	1	1	1	–
J G Hooley (appointed 31 October 2009)	5	1	2	–	1	–	1	–
P Niven	5	5	2	2	1	1	1	1
C Russell (appointed 31 October 2009)	5	1	2	–	1	–	1	–
B W Sweetland	5	5	2	n/a	1	n/a	1	1
N J M Tostevin	5	5	2	2	1	1	1	1

In addition to the scheduled meetings detailed above, there were a further 29 Board meetings and Board committee meetings held in Guernsey during the year.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance.

Going Concern

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Internal Controls

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has therefore established an ongoing process designed to meet the particular needs of the Company in managing the risks to which it is exposed, consistent with the internal control guidance issued by the Financial Reporting Council. The process is based principally on the Managers' existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by the Managers and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied.

The test matrix is regularly updated and the Board is provided with regular reports highlighting all material changes to the risk ratings and confirming the action which has been, or is being, taken. A formal annual review of these procedures is carried out by the Audit Committee and includes consideration of internal control reports issued by the Managers and other service providers.

Such review procedures have been in place throughout the year and up to the date of approval of the Annual Report, and the Board is satisfied with their effectiveness. These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. At each Board meeting the Board monitors the investment performance of the Company in comparison to its stated objective and against comparable companies. The Board also reviews the Company's activities since the last Board meeting to ensure that the Managers adhere to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to the guidelines. In addition, at each Board meeting, the Board receives reports from the Secretary in respect of compliance matters and duties performed on behalf of the Company.

The Board has reviewed the need for an internal audit function. The Board has decided that the systems and procedures employed by the Managers and the Secretary, including their internal audit functions and the work carried out by the Company's external auditor, provide sufficient assurance that a sound system of internal control,

which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Environmental Policy

The Managers acquire, develop and manage properties on behalf of the Company. It is recognised that these activities have both direct and indirect environmental impacts. The Board has endorsed the Managers' own environmental policy which is to work in partnership with contractors, tenants and consultants to minimise those impacts, seeking continuous improvements in environmental performance and conducting regular reviews.

Relations with Shareholders

The Company proactively seeks the views of its shareholders and places great importance on communication with them. The Board receives regular reports on the views of shareholders and the Chairman and other Directors are available to shareholders if required. The Notice of Annual General Meeting to be held on 19 May 2010 is set out on pages 48 and 49. It is hoped that this will provide a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Managers of the Company.

Directors' Authority to Allot Shares

The Company, being a Guernsey incorporated company, is an overseas company for the purposes of the current Listing Rules. Accordingly, the pre-emption rights under the current Listing Rules do not apply to the Company.

Changes to the UK listing regime are, however, scheduled to come into force on 6 April 2010. The proposed changes will mean that the listing regime will be restructured into two segments: premium and standard. The Company, as a result of having equity shares in issue, will be deemed to fall within the premium segment. In accordance with the proposed new provisions of the Listing Rules, with effect from 6 April 2011 the directors of a premium listed company will not be permitted to allot new shares (or grant rights over shares) for cash without first offering them to existing shareholders in proportion to their existing holdings.

The Board therefore believes that a resolution should be sought at this year's Annual General Meeting to disapply pre-emption rights.

Resolution 10 therefore, gives the Directors, for the period until the conclusion of the Annual General Meeting in 2011 or, if earlier, on the expiry of 15 months from the passing of Resolution 10, the necessary authority either to allot securities or sell shares held in treasury, otherwise than to existing shareholders on a pro-rata basis, up to an aggregate nominal amount of £680,537. This is equivalent to approximately 10 per cent of the issued ordinary share capital of the Company as at 25 March 2010. It is expected that in future the Company will seek this authority annually.

The Directors will only allot new shares pursuant to this authority if they believe it is advantageous to the Company's shareholders to do so and in no circumstances that would result in a dilution to the net asset value per share.

Directors' Authority to Buy Back Shares

The Company did not buy back any shares during the year.

The current authority of the Company to make market purchases of up to 102,012,496 Ordinary Shares, being 14.99 per cent of the Ordinary Share Capital issued in connection with the prospectus published by the Company on 5 June 2009, expires at the end of the Annual General Meeting and Resolution 11, as set out in the notice of the Annual General Meeting, seeks renewal of such authority until the earlier of the Annual General Meeting in 2011 and 18 months from the passing of the resolution. Any buy back of Ordinary Shares will be made subject to Guernsey law and within any guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board. Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value of the Ordinary Shares (as last calculated) where the Directors believe such purchases will enhance shareholder value. The price paid will not be less than the nominal value of 1p per share. Such purchases will also only be made in accordance with the rules of the UK Listing Authority which provide that the price to be paid must not be

more than 5 per cent above the average of the middle market quotations for the Ordinary Shares for the five business days before the shares are purchased. Any shares purchased under this authority will be cancelled or held in treasury within the following limits:

- No more than 10 per cent of the Company's issued shares will be held in treasury at any time; and
- Shares will only be re-issued out of treasury at a premium to the net asset value.

Discount Policy and Continuation Votes

In accordance with its stated discount policy FCPT Holdings Limited held an Extraordinary General Meeting on 1 May 2009 at which a resolution was proposed to approve its continuation. The Board was pleased to announce that the resolution was passed by shareholders.

The Board's stated intention is to use the share buy back authority to purchase Ordinary Shares (subject to the income and cash flow requirements of the Company and where the Directors believe the price available to be in the best interests of shareholders as a whole) if the share price of an Ordinary Share is more than five per cent below the published net asset value per share for a continuous period of 20 dealing days or more. To ensure a fair comparison, the Directors believe that such discount should be calculated by adjusting the published net asset value per share for any dividends for which the share price has gone ex-dividend.

In the event that the Ordinary Shares trade at a discount of more than five per cent for 90 consecutive dealing days or more after 1 May 2011, the Directors will convene a general meeting to be held within three months to consider an ordinary resolution for the continuation of the Company. If this continuation resolution is not passed, the Directors will convene a further general meeting to be held within six months of the first general meeting to consider the winding up of the Company or a reconstruction of the Company which offers all shareholders the opportunity to realise their investment. If any such continuation resolution is passed, this discount policy, save in respect of share buy backs, would not apply for a period of two years thereafter.

In addition, at the Annual General Meeting of the Company to be held in 2015, the Directors will propose an ordinary resolution for the continuation of the Company. If the continuation resolution is not passed, the Directors will be obliged to convene an Extraordinary General Meeting within six months to consider the winding up of the Company or a reconstruction of the Company which offers all Shareholders the opportunity to realise their investment. If the continuation resolution is passed, the Directors will propose a similar resolution at the Annual General Meeting of the Company five yearly thereafter.

Disclosure of Information to the Auditor

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

KPMG Channel Islands Limited has expressed its willingness to continue in office as the Group's auditor and a resolution proposing its re-appointment will be submitted at the Annual General Meeting.

On behalf of the Board

N J M Tostevin
Director

25 March 2010

Directors' Responsibilities

Directors' Responsibilities for the Financial Statements

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report (including a Business Review) and Corporate Governance Statement that comply with that law and those regulations.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group included in the consolidation taken as a whole; and
- the Chairman's Statement and Report of the Directors include a fair review of the development and performance of the business and the position of the Group included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

N J M Tostevin

Director

25 March 2010

Independent Auditor's Report

Independent Auditor's Report to the Members of F&C Commercial Property Trust Limited

We have audited the Group financial statements (the 'financial statements') of F&C Commercial Property Trust Limited (the 'Company') for the year ended 31 December 2009 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements which give a true and fair view, are in accordance with International Financial Reporting Standards and in compliance with applicable Guernsey law are set out in the Directors' Responsibilities for the Financial Statements on page 25.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are in accordance with International Financial Reporting Standards and comply with The Companies (Guernsey) Law, 2008. We also report to you if, in our opinion, the Company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view of the financial position of the Group as at 31 December 2009 and of its financial performance and its cash flows for the year then ended;
- are in accordance with International Financial Reporting Standards; and
- comply with The Companies (Guernsey) Law, 2008.

KPMG Channel Islands Limited

Guernsey

Channel Islands

25 March 2010

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The work carried out by the auditor does not include consideration of these matters and, accordingly the auditor accepts no responsibility for any changes that may have occurred to the financial statements or audit report since they were initially presented on the website. Legislation governing the preparation and dissemination of financial statements may differ from jurisdiction to jurisdiction.

Consolidated Income Statement

for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Revenue			
Rental Income		**50,056**	51,629
Income from indirect property funds		**145**	5,533
Total revenue		**50,201**	57,162
Gains/(losses) on investments			
Unrealised gains/(losses) on revaluation of investment properties	9	**17,764**	(251,874)
Unrealised gains/(losses) on revaluation of indirect property funds	9	**956**	(35,553)
Gains/(losses) on sale of investment properties realised	9	**308**	(4,137)
Gains/(losses) on sale of indirect property funds realised	9	**11**	(34,192)
Total income/(expense)		**69,240**	(268,594)
Expenditure			
Investment management fee	2a	**(7,688)**	(5,862)
Other expenses	3	**(4,303)**	(4,097)
Total expenditure		**(11,991)**	(9,959)
Operating profit/(loss) before finance costs		**57,249**	(278,553)
Net finance costs			
Interest receivable	4	**1,532**	5,717
Finance costs	5	**(12,139)**	(12,133)
		(10,607)	(6,416)
Profit/(loss) before taxation		**46,642**	(284,969)
Taxation	6	**(238)**	850
Profit/(loss) and total comprehensive income for the year		**46,404**	(284,119)
Basic and diluted earnings/(losses) per share	8	**6.8p**	(39.8)p

The Group does not have any income or expense that is not included in the profit/(loss) for the year, and therefore the 'profit/(loss) for the year' is also the 'Total comprehensive income for the year', as defined in International Accounting Standard 1 (revised).

All of the profit and total comprehensive income for the year is attributable to the owners of the Company.

The accompanying notes are an integral part of the above statement.

Consolidated Balance Sheet

as at 31 December 2009

	Notes	2009 £'000	2008 £'000
Non-current assets			
Investment properties	9	**722,536**	654,155
Investments in indirect property funds held at fair value	9	**6,072**	5,116
		728,608	659,271
Current assets			
Properties held for sale	9	**8,694**	–
Trade and other receivables	10	**5,400**	6,193
Cash and cash equivalents	11	**95,138**	162,336
		109,232	168,529
Total assets		**837,840**	827,800
Current liabilities			
Trade and other payables	12	**(18,518)**	(13,859)
Non-current liabilities			
Interest-bearing bonds	13	**(229,308)**	(229,197)
Deferred taxation		**(626)**	(561)
		(229,934)	(229,758)
Total liabilities		**(248,452)**	(243,617)
Net assets		**589,388**	584,183
Represented by:			
Share capital	14	**6,805**	7,531
Reverse acquisition reserve	14	**831**	–
Capital redemption reserve	14	**–**	105
Share premium account	14	**–**	–
Special reserve	14	**664,063**	673,010
Capital reserve – investments sold	14	**(20,974)**	(21,293)
Capital reserve – investments held	14	**(71,970)**	(90,690)
Revenue reserve	14	**10,633**	15,520
Equity shareholders' funds		**589,388**	584,183
Net asset value per share	15	**86.6p**	85.8p

The accounts on pages 27 to 47 were approved by the Board of Directors on 25 March 2010 and signed on its behalf by:

N J M Tostevin, Director

The accompanying notes are an integral part of the above statement.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

	Notes	Share Capital £'000	Reverse Acquisition Reserve £'000	Capital Redemption 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	14	(726)	831	(105)	(367)	–	–	–	(367)
Profit and total comprehensive income for the year		–	–	–	–	–	–	46,404	46,404
Dividends paid	7	–	–	–	–	–	–	(40,832)	(40,832)
Transfer in respect of unrealised gains on investment properties	9	–	–	–	–	–	17,764	(17,764)	–
Transfer in respect of unrealised gains on indirect property funds	9	–	–	–	–	–	956	(956)	–
Gains on sale of investment properties realised	9	–	–	–	–	308	–	(308)	–
Gains on sale of indirect property funds realised	9	–	–	–	–	11	–	(11)	–
Transfer from special reserve	14	–	–	–	(8,580)	–	–	8,580	–
At 31 December 2009		**6,805**	**831**	**–**	**664,063**	**(20,974)**	**(71,970)**	**10,633**	**589,388**

for the year ended 31 December 2008

	Notes	Share Capital £'000	Capital Redemption Reserve £'000	Share Premium Account £'000	Special Reserve £'000	Capital Reserve – Investments Sold £'000	Capital Reserve – Investments Held £'000	Revenue Reserve £'000	Total £'000
At 1 January 2008		687,224	–	14,390	34,043	325	213,448	8,657	958,087
Court reduction of share capital	14	(679,588)	–	(14,390)	693,978	–	–	–	–
Loss and total comprehensive income for the year		–	–	–	–	–	–	(284,119)	(284,119)
Dividends paid	7	–	–	–	–	–	–	(49,922)	(49,922)
Transfer in respect of unrealised losses on investment properties		–	–	–	–	–	(251,874)	251,874	–
Transfer in respect of unrealised losses on indirect property funds		–	–	–	–	–	(35,553)	35,553	–
Losses on sale of investment properties realised		–	–	–	–	(4,137)	–	4,137	–
Losses on sale of indirect property funds realised		–	–	–	–	(34,192)	–	34,192	–
Transfer of prior years' revaluation to realised reserve		–	–	–	–	16,711	(16,711)	–	–
Shares bought back	14	(105)	105	–	(39,863)	–	–	–	(39,863)
Transfer from special reserve	14	–	–	–	(15,148)	–	–	15,148	–
At 31 December 2008		7,531	105	–	673,010	(21,293)	(90,690)	15,520	584,183

The accompanying notes are an integral part of the above statement.

Consolidated Cash Flow Statement

for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Cash flows from operating activities			
Operating profit/(loss) for the year before finance costs and taxation		**57,249**	(278,553)
Adjustments for:			
Unrealised (gains)/losses on revaluation of investment properties		**(17,764)**	251,874
Unrealised (gains)/losses on revaluation of indirect property funds		**(956)**	35,553
(Gains)/losses on sale of investment properties realised		**(308)**	4,137
(Gains)/losses on sale of indirect property funds realised		**(11)**	34,192
(Increase)/decrease in operating trade and other receivables		**(195)**	472
Increase/(decrease) in operating trade and other payables		**4,409**	(4,631)
		42,424	43,044
Interest received		**1,532**	5,717
Interest paid		**(12,029)**	(12,029)
Taxation refunded/(paid)		**1,066**	(551)
		(9,431)	(6,863)
Net cash inflow from operating activities		**32,993**	36,181
Cash flows from investing activities			
Purchase of investment properties	9	**(54,785)**	–
Sale of investment properties	9	**320**	71,302
Sale of indirect property funds	9	**11**	43,790
Capital expenditure	9	**(4,538)**	(3,043)
Net cash (outflow)/inflow from investing activities		**(58,992)**	112,049
Cash flows from financing activities			
Costs of share reconstruction charged to capital	3, 20	**(367)**	–
Dividends paid	7	**(40,832)**	(49,922)
Share buy backs		**–**	(39,863)
Net cash outflow from financing activities		**(41,199)**	(89,785)
Net (decrease)/increase in cash and cash equivalents		**(67,198)**	58,445
Opening cash and cash equivalents		**162,336**	103,891
Closing cash and cash equivalents		**95,138**	162,336

The accompanying notes are an integral part of the above statement.

Notes to the Accounts

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

(a) Basis of accounting

The consolidated accounts have been prepared and approved in accordance with International Financial Reporting Standards ('IFRS') issued by, or adopted by, the International Accounting Standards Board (the 'IASB'), interpretations issued by the International Financial Reporting Standards Committee, applicable legal and regulatory requirements of The Companies (Guernsey) Law, 2008 and the Listing Rules of the UK Listing Authority. The consolidated accounts give a true and fair view and are also in compliance with The Companies (Guernsey) Law, 2008.

Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment trust companies issued by the Association of Investment Companies ('AIC') in January 2009 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The notes and financial statements are presented in pounds sterling (functional and presentational currency) and are rounded to the nearest thousand except where otherwise indicated.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the period. The nature of the estimation means that actual outcomes could differ from those estimates.

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The following new standards have been adopted in the current year:

- On 6 September 2007, the IASB issued an amendment to IAS 1 *'Presentation of Financial Statements (Amendment)'*, which became effective for periods commencing on or after 1 January 2009. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes, if any, disclosed in a single line.

  In addition, the standard introduces the Statement of Comprehensive Income. It presents all items of recognised income and expense either in a single statement, or in two linked statements. The Group has elected to present one single statement, entitled the Consolidated Income Statement.
- On 5 March 2009, the IASB issued an amendment to IFRS 7 *'Financial Instruments: Disclosures'*, which became effective for periods commencing on or after 1 January 2009. The amendments are intended to enhance disclosure about fair value measurement.
- On 30 November 2006, the IASB issued IFRS 8 *'Operating Segments'*, which became effective for periods commencing on or after 1 January 2009. The required disclosures are contained in note 1(h).

The following new standards have been issued but are not effective for this accounting period and have not been adopted early:

- In January 2008, the IASB issued IAS 27 *'Consolidated and Separate Financial Statements'* which becomes effective for accounting periods commencing on or after 1 July 2009. The objective of this standard is to enhance the relevance, reliability and comparability of the information that a parent entity provides in its separate financial statements and in its consolidated financial statements for a group of entities under its control.
- In November 2009, the IASB issued IFRS 9 *'Financial Instruments'* which becomes effective for accounting periods commencing on or after 1 January 2013. This represents the first of a three part project to replace IAS 39 '*Financial Instruments: Recognition and Measurement'*. The objective of the standard is to enhance the ability of investors and other users of financial information to understand the accounting of financial assets and to reduce complexity.

The Group does not consider that the future adoption of any new standards, in the form currently available, will have any material impact on the financial statements as presented.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries drawn up to 31 December each year. Subsidiaries are those entities, including special purpose entities, controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

A group reconstruction took place during 2009, for full details see note 20.

Notes to the Accounts (continued)

1. Accounting policies (continued)

(b) Basis of consolidation (continued)

Following the completion of the group reconstruction, the shareholders in the new legal parent company were substantially the same as those of the previous listed holding company. These consolidated financial statements have therefore been prepared under IFRS 3 using the 'reverse acquisition' basis of accounting. Under this basis, the consolidated financial statements have been prepared under the name of F&C Commercial Property Trust Limited but represent a continuation of the financial statements of the legal subsidiary, now called FCPT Holdings Limited.

The comparative information presented in these financial statements, including the equity structure at the end of the comparative period, is that of the legal subsidiary, FCPT Holdings Limited, as at 31 December 2008. At 31 December 2009, the equity structure reflects that of the new legal parent, F&C Commercial Property Trust Limited. All other reserves recognised in the consolidated financial statements reflect a continuation of the reserves of the legal subsidiary, FCPT Holdings Limited, immediately before the reconstruction. The difference arising between the nominal value of the total issued share capital (including the capital redemption reserve) immediately before and after the reconstruction has been recognised through the reverse acquisition reserve.

Following the reconstruction the Company owns 100 per cent of the issued ordinary share capital of FCPT Holdings Limited, a company incorporated in Guernsey which was, until the group reconstruction, the top company in the group structure. The principal activity of FCPT Holdings Limited is now to act as a holding company and owns 100 per cent of the ordinary share capital of F&C Commercial Property Holdings Limited.

The Company owns indirectly 100 per cent of the issued ordinary share capital of F&C Commercial Property Holdings Limited, a company incorporated in Guernsey whose principal business is that of an investment and property company.

The Group also consolidates the results of F&C Commercial Property Finance Limited, a special purpose vehicle incorporated in Guernsey to issue the interest-bearing bonds.

(c) Revenue recognition

Rental income, excluding VAT, arising on investment properties is accounted for in the Income Statement on a straight-line basis over the lease term of ongoing leases. Lease incentives granted are recognised as an integral part of the total rental income.

Distribution income received from the indirect property funds is recognised in the period to which the payment relates.

Interest income is accounted for on an accruals basis.

(d) Expenses

Expenses are accounted for on an accruals basis. The Group's investment management and administration fees, finance costs and all other expenses are charged through the Income Statement.

(e) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before taxation reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. As the Directors consider the value of the property portfolio is likely to be realised by sale rather than use over time, and that no charge to Guernsey or United Kingdom taxation will arise on capital gains, no provision has been made for deferred tax on valuation uplifts.

(f) Investment properties

Investment properties consist of land and buildings held to earn rental income together with the potential for capital and income growth.

Investment properties are initially recognised at cost, being the fair value of consideration given, including associated transaction costs. Any subsequent capital expenditure incurred in improving investment properties is capitalised in the period during which the expenditure is incurred and included within the book cost of the properties.

1. Accounting policies (continued)

(f) Investment properties (continued)

After initial recognition, investment properties are measured at fair value, with unrealised gains and losses recognised in the Income Statement and transferred to the Capital Reserve – Investments Held. Fair value is based on the open market valuation provided by DTZ Debenham Tie Leung Limited, chartered surveyors, at the balance sheet date using recognised valuation techniques. These techniques comprise both the Yield Method and the Discounted Cash Flow Method. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Company's assets.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under construction. These estimates are based on local market conditions existing at the balance sheet date.

Techniques used for valuing investment property

The Traditional Method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and application of investor yield or return requirements. One approach to value the property on this basis is to capitalise net rental income on the basis of an Initial Yield, generally referred to as the 'All Risks Yield' approach or 'Net Initial Yield' approach.

The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating property or a development property. To this projected cash flow series an appropriate market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross income less vacancy and collection losses and less operating expenses/ outgoings. A series of periodic net operating incomes, along with an estimate of the reversion/terminal/exit value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property.

Investment properties held under finance leases and leased out under operating leases are classified as investment properties and stated at fair value.

On derecognition, realised gains and losses on disposals of investment properties are recognised in the Income Statement and transferred to the Capital Reserve – Investments Sold.

Recognition and derecognition occurs on the completion of a sale between a willing buyer and a willing seller.

(g) Investments

Investments in unquoted indirect property funds are recognised and derecognised on the trade date, and are initially measured at fair value.

Investments in unquoted indirect property funds are financial instruments and are classified as fair value through profit or loss. Financial assets designated as fair value through profit or loss are measured at subsequent reporting dates at fair value.

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, 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 year 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 Group held no such securities during the year under review.

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's investments in unquoted indirect property funds are included in Level 3.

Notes to the Accounts (continued)

1. Accounting policies (continued)

(h) Operating segments

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 Group 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 Group. The key measure of performance used by the Board to assess the Group's performance is the total return on the Group's net asset value. As the total return on the Company's net asset value is calculated based on the net asset value per share calculated under IFRS as shown at the foot of the balance sheet, assuming dividends are re-invested, the key performance measure is that prepared under IFRS. Therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

(i) Cash and cash equivalents

Cash in banks and short-term deposits are carried at cost. Cash and cash equivalents consist of cash in hand and short-term deposits in banks with an original maturity of three months or less.

(j) Trade and other receivables

Trade receivables, which are generally due for settlement at the relevant quarter end, are recognised and carried at the original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Reverse lease premia and other capital incentives paid to tenants are recognised as a current asset and amortised over the period from the date of lease commencement to the earliest termination date.

(k) Interest-bearing borrowings

All non-current borrowings are initially recognised at cost, being fair value of the consideration received, net of arrangement costs associated with the borrowings. After initial recognition, all interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any loan arrangement costs and any discount or premium on settlement.

2. Fees

	2009	2008
	£'000	£'000
(a) Investment management fee		
– base management fee	**4,185**	5,862
– performance fee	**3,503**	–
	7,688	5,862

Throughout the year the Group's investment manager was F&C Investment Business Limited ('FCIB'), a wholly-owned subsidiary of F&C Asset Management plc. The property management arrangements of the Group have been delegated by FCIB, with the approval of the Company, to F&C REIT Property Asset Management plc, which is also part of the F&C Asset Management plc group.

FCIB is entitled to a base management fee of 0.60 per cent per annum of the Group's invested assets (including indirect property holdings) and 0.25 per cent per annum of the net current assets, payable quarterly in arrears. The fees of any managing agents appointed by the investment manager are payable out of the management fee.

FCIB is also entitled to a performance fee equal to 20 per cent of the amount by which the total return (whether positive or negative) on the directly held properties exceeds 110 per cent of the total return (90 per cent if the total return is negative) on the benchmark and multiplied by the Group's average total assets (excluding any indirect property holdings). The benchmark for measuring the comparative performance of directly held properties is the total return from the IPD All Quarterly and Monthly valued funds. The performance fee payable in each financial year is capped at an amount which, when taken with the aggregate base management fee payable in each financial year, equals 1.0 per cent of the gross assets of the Group. Performance fees in excess of this capped return can be carried forward for up to two subsequent financial years subject to the annual 1.0 per cent cap. The performance fee is measured over a rolling three year period and the performance fee payable in respect of any one financial year is equal to the total performance fee earned over that three year period less any performance fees already paid in the previous two years. In the event that the amount already paid in the previous two years is in excess of the amount earned over the rolling three year period, such excess shall be repaid to the Group by FCIB.

The performance fee is accrued based on the amount that would have been payable had the investment management agreement been terminated on the balance sheet date. No recognition is made of any excess paid by the Group in the previous two years until the Group's entitlement to any repayment is certain.

The calculation for the year to 31 December 2009 resulted in the cap being applied.

2. Fees (continued)

FCIB is also entitled to an administration fee, which increases annually in line with inflation, and is payable quarterly in arrears. It received £112,000 for administration services provided in respect of the year ended 31 December 2009 (2008: £107,000).

The investment management agreement may be terminated by either party by giving not less than six months' notice. The agreement may be terminated earlier provided that a payment in lieu of notice, equivalent to the amount the investment manager would otherwise have received during the notice period, is made.

(b) Valuers' fees

The valuers of the investment properties, DTZ Debenham Tie Leung Limited, have agreed to provide valuation services in respect of the property portfolio. The valuation agreement is for a fixed term up to 31 December 2010 and an annual fee is payable equal to 0.0165 per cent of the aggregate value of the direct property portfolio.

3. Other expenses

	2009	2008
	£'000	£'000
Direct operating expenses of let rental property	**2,460**	2,669
Costs of group reconstruction*	**506**	–
Valuation and other professional fees	**481**	617
Provision for bad debts	**249**	225
Directors' fees	**149**	143
Administration fee	**112**	107
Auditor's remuneration for:		
– audit (current year)	**57**	50
– audit (prior year underprovision)	**–**	20
– other services	**9**	14
Other	**280**	252
	4,303	4,097

An analysis of the Directors' fees is provided in the Report of the Directors on page 19.

*The costs of the group reconstruction during the year totalled £873,000. Of these costs £367,000 related directly to the issue of new Ordinary Shares and have been charged to the Special Reserve. The remaining costs, totalling £506,000, have been charged through the Income Statement. Refer to note 20 for details of the reconstruction.

4. Interest revenue receivable

	2009	2008
	£'000	£'000
Deposit interest	**1,532**	5,717

5. Finance costs

	2009	2008
	£'000	£'000
Interest on the 5.23 per cent Secured Bonds due 2017	**12,139**	12,133

Notes to the Accounts (continued)

6. Taxation

	2009 £'000	2008 £'000
Current income tax charge	**34**	77
Increase in provision/(reversal of over-provision) from prior years	**139**	(981)
Deferred income tax relating to origination and reversal of temporary differences	**65**	54
Total tax charge/(credit)	**238**	(850)

A reconciliation of the income tax credit applicable to the results at the statutory income tax rate to the charge for the year is as follows:

	2009 £'000	2008 £'000
Profit/(loss) before taxation	**46,642**	(284,969)
UK income tax at a rate of 20 per cent	**9,328**	(56,994)
Effects of:		
Capital (gains)/losses on investment properties and indirect property funds not taxable	**(3,808)**	65,151
Income not taxable, including interest receivable	**(306)**	(1,143)
Expenditure not allowed for income tax purposes	**2,719**	2,631
Allowable intercompany loan interest paid	**(7,834)**	(8,827)
Losses brought forward from prior years	**–**	(642)
Increase in provision/(reversal of over-provision) from prior years	**139**	(981)
Change in deferred income tax accrual arising on reduction in income tax rate	**–**	(45)
Total tax charge/(credit)	**238**	(850)

Deferred income tax at 31 December 2009 relates to accelerated depreciation for tax purposes.

Under IAS 12, the Group is required to provide at the balance sheet date for deferred income tax on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, regardless of whether or not those temporary differences are expected to reverse.

The Company is exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. A fixed annual fee of £600 is payable to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation will arise on capital gains.

The Directors intend to conduct the Group's affairs such that the management and control is not exercised in the United Kingdom and so that neither the Company nor any of its subsidiaries carries on any trade in the United Kingdom. Accordingly, the Company and its subsidiaries will not be liable for United Kingdom taxation on their income or gains other than certain income deriving from a United Kingdom source.

The Company and its subsidiaries are subject to United Kingdom income tax on income arising on the property portfolio after deduction of its allowable debt financing costs and other allowable expenses.

7. Dividends

	2009 Total £'000	2009 Rate (pence)	2008 Total £'000	2008 Rate (pence)
In respect of the previous period:				
Third interim dividend	n/a	n/a	10,875	1.5
Fourth interim dividend	3,403	0.5	10,687	1.5
Fifth interim dividend	3,402	0.5	n/a	n/a
Sixth interim dividend	3,403	0.5	n/a	n/a
Seventh interim dividend	3,402	0.5	n/a	n/a
In respect of the period under review:				
First interim dividend	3,403	0.5	10,650	1.5
Second interim dividend	3,402	0.5	10,650	1.5
Third interim dividend	3,403	0.5	7,060	1.0
Fourth interim dividend	3,402	0.5	n/a	n/a
Fifth interim dividend	3,403	0.5	n/a	n/a
Sixth interim dividend	3,403	0.5	n/a	n/a
Seventh interim dividend	3,403	0.5	n/a	n/a
Eighth interim dividend	3,403	0.5	n/a	n/a
	40,832	6.0	49,922	7.0

Two further interim dividends for the year to 31 December 2009, of 0.5 pence per share, each totalling £3,403,000 were paid on 29 January and 26 February and a third will be paid on 26 March 2010. The twelfth, and last, interim dividend in respect of the year, of 0.5p per share, will be paid on 30 April 2010 to shareholders on the register on 16 April 2010. The ex-dividend date will be 14 April 2010.

Although these payments relate to the year ended 31 December 2009, under IFRS they will be accounted for in the year ending 31 December 2010, being the period during which they are paid.

It is the Directors' intention that the Company will continue to pay dividends monthly.

8. Earnings/(losses) per share

The Group's basic and diluted earnings/(losses) per Ordinary Share are based on the profit for the year of £46,404,000 (2008: loss of £284,119,000) and on 680,537,003 (2008: 713,355,033) Ordinary Shares, being the weighted average number of shares in issue during the year.

9. Investments

	2009 £'000	2008 £'000
Freehold and leasehold properties		
Opening book cost	715,624	785,898
Opening unrealised (depreciation)/appreciation	(61,469)	192,527
Opening fair value	654,155	978,425
Purchases	54,785	–
Sales – proceeds	(320)	(67,513)
– gain/(loss) on sale	308	(2,015)
Capital expenditure	4,538	3,043
Insurance proceeds received	–	(3,789)
Unrealised gains realised during the year	–	(2,122)
Decrease/(increase) in unrealised depreciation	17,764	(251,874)
	731,230	654,155
Closing book cost	774,935	715,624
Closing unrealised depreciation	(43,705)	(61,469)
Closing fair value	731,230	654,155

Included within the fair value of £731,230,000 at 31 December 2009 were investment properties of £722,536,000 and properties held for sale of £8,694,000.

9. Investments (continued)	2009 £'000	2008 £'000
Indirect property funds		
Opening book cost	**34,337**	97,730
Opening unrealised (depreciation)/appreciation	**(29,221)**	20,921
Opening fair value	**5,116**	118,651
Sales – proceeds	**(11)**	(43,790)
– gain/(loss) on sale	**11**	(19,603)
Unrealised gains realised during the year	**–**	(14,589)
Decrease/(increase) in unrealised depreciation	**956**	(35,553)
	6,072	5,116
Closing book cost	**34,337**	34,337
Closing unrealised depreciation	**(28,265)**	(29,221)
Closing fair value	**6,072**	5,116

All the Group's investment properties were valued as at 31 December 2009 by qualified professional valuers working for the company of DTZ Debenham Tie Leung Limited ('DTZ'), Chartered Surveyors, acting in the capacity of external valuers. All such valuers are Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors ('RICS').

DTZ completed the valuation of the Group's investment properties at 31 December 2009 on a market value basis and in accordance with the requirements of the Appraisal and Valuation Manual published by RICS. Market value is the amount for which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction as at the valuation date. The market value of these investment properties amounted to £732,950,000 (2008: £654,155,000) and the fair value amounted to £731,230,000 (2008: £654,155,000). The difference between the market value and the fair value consists of capital incentives paid to tenants totalling £1,614,000, which is separately recorded in the accounts as a current asset, and the expected costs of sale of £106,000 relating to Leeds, 27/28 Commercial Street which was classified as a property held for sale as at 31 December 2009. The DTZ valuation report is dated 15 January 2010 (the 'Valuation Report').

Gillian Rushmore BSc, FRICS has been the signatory of valuation reports provided to the Group for the same purpose as the Valuation Report for a continuous period since March 2005. DTZ has been carrying out valuations for the Group for the same purpose as the Valuation Report for the same period.

DTZ also values properties held by other companies for which the F&C Asset Management plc group is also the investment manager. DTZ provides, and has provided in the past, ad hoc investment and occupational agency advice, landlord and tenant and building consultancy advice to members of the F&C Asset Management plc group. DTZ Debenham Tie Leung Limited is a wholly-owned subsidiary of DTZ Holdings plc. In DTZ Holdings plc's financial year to 30 April 2009, the proportion of total fees payable by the F&C Asset Management plc group to the total fee income of DTZ Holdings plc was less than five per cent.

The Group has adopted IAS 40 (revised 2003), allowing leasehold properties to be carried at fair value rather than amortised over the term of the lease. The same valuation criteria are therefore applied to leasehold as freehold properties.

All leasehold properties have more than 60 years remaining on the lease term.

9. Investments (continued)

The property valuer is independent and external to the Group. The property valuer takes account of deleterious materials included in the construction of the investment properties in arriving at its estimate of open market valuation, when the Managers advise the presence of such materials.

The Group has entered into leases on its property portfolio as lessor (See note 19 for further information). No one property accounts for more than 15 per cent of the gross assets of the Group. All of the properties per open market value are shown on page 14.

There are no restrictions on the realisability of the Group's investment properties or on the remittance of income or proceeds of disposal. However, the Group's investments comprise UK commercial property, which may be difficult to realise as described in Liquidity risk in note 17.

The Group is under no contractual obligations to purchase, construct or develop any investment property. The majority of leases are on a full repairing basis and, as such, the Group is not liable for costs in respect of repairs, maintenance or enhancements to its investment properties.

The Board has appointed an independent valuer to place a market valuation on the units held in the indirect property funds for the Directors to consider. Market value, which is deemed to equate to fair value, means the estimated amount for which units could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

As the valuation of the units held in the indirect property funds is based on an independent valuer's opinion, which is an unobservable input, these holdings have been classified as Level 3 under the hierarchy of fair value measurements for financial instruments required by IFRS 7 (revised). Further detail on the effect of what, in the Board's view, would be a reasonably possible movement in the market price of these units is provided in note 17.

10. Trade and other receivables

	2009	2008
	£'000	£'000
Accrued income	**3,932**	3,282
Rents receivable (net of provision for bad debts)	**1,329**	1,481
Other debtors and prepayments	**139**	1,430
	5,400	6,193

Rents receivable, which are generally due for settlement at the relevant quarter end, are recognised and carried at the original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Included within accrued income is the prepayment for rent-free periods recognised over the life of the lease. At 31 December 2009 this amounted to £2,175,000 (2008: £1,511,000). Also included within accrued income is £1,614,000 (2008: nil) relating to capital incentives paid to tenants.

11. Cash and cash equivalents

All cash balances at the year end were held in cash, current accounts or in banks on short-term deposits with an original maturity of three months or less.

The cash balance at 31 December 2009 includes £2,031,000 (2008: £2,344,000) of rent deposits and therefore a corresponding creditor is included within trade and other payables.

12. Trade and other payables

	2009	2008
	£'000	£'000
Rental income received in advance	**10,813**	9,763
VAT payable	**1,171**	839
Managers' fees payable	**4,690**	1,271
Income tax payable	**250**	–
Other payables	**1,594**	1,986
	18,518	13,859

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

Notes to the Accounts (continued)

13. Interest-bearing bonds

	2009 £'000	2008 £'000
Principal amount outstanding	**230,000**	230,000
Issue costs	**(1,196)**	(1,196)
Amortisation of issue costs	**504**	393
Total due	**229,308**	229,197

The Group, through F&C Commercial Property Finance Limited, has issued £230,000,000 of Secured Bonds due 2017. The bonds carry interest at a fixed rate of 5.23 per cent per annum and have an expected maturity date of 30 June 2015. If the bonds are not redeemed at this date they will carry interest at 0.60 per cent over six-month LIBOR until the final maturity date of 30 June 2017. These bonds are secured by means of a fixed and floating charge over the whole of the assets of the Secured Group (which comprises FCPT Holdings Limited, F&C Commercial Property Holdings Limited and F&C Commercial Property Finance Limited). Under the covenant relating to the bonds the Company is to ensure that for the Secured Group:

- the loan to value percentage remains less than, or equal to, 50 per cent (defined as financial indebtedness expressed as a percentage of gross secured asset value);
- the secured loan to value percentage remains less than, or equal to, 40 per cent (defined as the principal amount outstanding on the bonds expressed as a percentage of gross secured asset value);
- the interest cover ratio is greater than 1.5 times on any calculation date;
- payments are not made in respect of shares unless the ratio of free cash flow to interest is greater than 2.0 times and, after deduction of an amount equal to the proposed payment, greater than 1.75 times;
- no single property (measured by market value) accounts for more than 15 per cent of the gross asset value;
- the sector weightings (measured by market value) do not exceed the following percentages of the gross asset value: All industrial: 40 per cent; All office: 50 per cent: All retail: 65 per cent;
- the five largest properties (measured by market value) do not exceed 40 per cent of the gross asset value;
- no single tenant exceeds 15 per cent of the total annual net rental income from the properties;
- the five largest tenants do not exceed 40 per cent of the total annual net rental income from the properties; and
- short leasehold properties (measured by market value) do not exceed 10 per cent of the gross asset value.

The fair value of the interest-bearing bonds at 31 December 2009 was £221,181,000 (2008: £228,796,000).

14. Share capital and share premium account and reserves

	£'000
Authorised share capital	
1,000,000,000 Ordinary Shares of 1p each as at 31 December 2008	10,000

Following the group reconstruction in July 2009, as permitted by Guernsey law, the Company does not have an authorised share capital.

Allotted, called-up and fully paid	
753,082,016 Ordinary Shares of 1p each listed at 31 December 2008	7,531
72,545,013 Ordinary Shares of 1p each held in treasury at 31 December 2008	(726)
680,537,003 Ordinary Shares of 1p each in issue at 31 December 2008	6,805
680,537,003 Ordinary Shares of 1p each issued as part of the group reconstruction	6,805
680,537,003 Ordinary Shares of 1p each listed and in issue at 31 December 2009	6,805

Share capital

As detailed in note 20 a group reconstruction was conducted during the year. As a result of this reconstruction, one new Ordinary Share in the new legal parent, F&C Commercial Property Trust Limited, was issued for each one Ordinary Share in issue in FCPT Holdings Limited. F&C Commercial Property Trust Limited therefore issued 680,537,003 new Ordinary shares during the year. The comparative information presented regarding the equity structure at the end of the comparative period is that of the legal subsidiary, FCPT Holdings Limited.

Apart from the shares issued as part of the reconstruction, the Company did not issue or repurchase any Ordinary Shares during the year.

Subject to the solvency test contained in The Companies (Guernsey) Law, 2008 being satisfied, Ordinary Shareholders are entitled to all dividends declared by the Company and to all of the Company's assets after repayment of its borrowings and ordinary creditors. Ordinary Shareholders have the right to vote at meetings of the Company. All Ordinary Shares carry equal voting rights.

At 31 December 2009, the Company did not hold any Ordinary Shares in treasury. At 31 December 2008, the legal subsidiary held 72,545,013 shares in treasury. The shares held in treasury did not form part of the group reconstruction and were therefore not transferred to the new legal parent.

Notes to the Accounts (continued)

14. Share capital and share premium account and reserves (continued)

	2009 £'000	2008 £'000
Share premium account		
Received on the placing of Ordinary Shares	–	14,390
Court reduction of share capital	–	(14,390)
Closing balance	–	–
Listed share capital and share premium account	6,805	7,531

Capital redemption reserve

The nominal value of any shares repurchased for cancellation by the Company is taken to this reserve. The reserve is non-distributable.

The balance on this account at the time of the group reconstruction in July 2009 has been transferred to the Reverse Acquisition Reserve.

Reverse acquisition reserve

Created as a result of the group reconstruction in July 2009 to reflect the difference arising between the total of the issued share capital (including the Capital Redemption Reserve) immediately before and after the reconstruction. This reserve is non-distributable. For further details on the group reconstruction refer to note 20.

Special reserve

The Special Reserve was created by the cancellation of FCPT Holdings Limited's Share Premium Account by the Royal Court of Guernsey in July 2005 and a subsequent smaller cancellation in March 2008. In addition, approval of the Royal Court of Guernsey was received in March 2008 to reduce the nominal value of the Ordinary Shares from 90p to 1p, resulting in an amount of £679.6 million being transferred from Share Capital to the Special Reserve. It is a distributable reserve to be used for all purposes permitted under Guernsey law, including the buy back of shares and the payment of dividends.

The costs of the group reconstruction related directly to the issue of new Ordinary Shares of £367,000 have been charged to the Special Reserve.

Capital reserve – investments sold

The following are accounted for in this reserve:

- gains and losses on the disposal of investments and investment properties, including the transfer of any unrealised gains now realised which were previously recognised through 'Capital Reserve – Investments Held'; and
- the buy back of shares up to the balance on this reserve, thereafter any buy back of shares is charged to the Special Reserve.

Capital reserve – investments held

The following are accounted for in this reserve:

- increases and decreases in the fair value of investment properties held at the year end; and
- increases and decreases in the fair value of investments in indirect property funds held at the year end.

Revenue reserve

Any surplus arising from the profit after taxation after payment of dividends is taken to this reserve, with any deficit up to the level of the special reserve being transferred from that reserve.

Capital management

The Group's capital is represented by the Ordinary Shares, Capital Redemption Reserve, Reverse Acquisition Reserve, Share Premium Account, Special Reserve, Capital Reserve – Investments Sold, Capital Reserve – Investments Held and Revenue Reserve. The Group is not subject to any externally-imposed capital requirements.

The capital of the Group is managed in accordance with its investment policy, in pursuit of its investment objective, both of which are detailed in the Report of the Directors on page 17.

15. Net asset value per share

The Group's net asset value per Ordinary Share of 86.6p (2008: 85.8p) is based on equity shareholders' funds of £589,388,000 (2008: £584,183,000) and on 680,537,003 (2008: 680,537,003) Ordinary Shares, being the number of shares in issue at the year end.

16. Related party transactions

The Directors are considered to be the Group's key management personnel. No Director has an interest in any transactions which are, or were, unusual in their nature or significant to the nature of the Group.

The Company's ultimate parent company is Resolution Limited which, through a number of subsidiaries, held a majority shareholding in the Company as at 31 December 2009. Mr P Niven, a non-executive Director of the Company, is also an independent non-executive director of Resolution Limited.

F&C Investment Business Limited received fees for its services as investment manager. Further details are provided in note 2. The total charge to the Income Statement during the year was £7,688,000 (2008: £5,862,000) of which £4,690,000 (2008: £1,271,000) remained payable at the year end. F&C Investment Business Limited received a further £112,000 for administration services provided in respect of the year ended 31 December 2009 (2008: £107,000).

The Directors of the Company received fees for their services. Further details are provided in the Report of the Directors on page 19. Total fees for the year were £149,000 (2008: £143,000). No fees remained payable at the year-end.

17. Financial instruments

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

Consistent with that objective, the Group holds UK commercial property investments. In addition, the Group's financial instruments comprise interest-bearing bonds, cash, and receivables and payables that arise directly from its operations. The Group does not have exposure to any derivative instruments.

The Group is exposed to various types of risk that are associated with financial instruments. The most important types are credit risk, liquidity risk, interest rate risk and market price risk. There is no foreign currency risk as all assets and liabilities of the Group are maintained in pounds sterling.

The Board reviews and agrees policies for managing the Group's risk exposure. These policies are summarised below and have remained unchanged for the year under review.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group.

At the reporting date, the Group's financial assets and financial liabilities exposed to credit risk amounted to the following (on a contractual maturity basis):

Financial assets	Within one year £'000	1–2 years £'000	2–5 years £'000	More than 5 years £'000	Total £'000
As at 31 December 2009					
Investments in indirect property funds	–	–	–	6,072	6,072
Cash and cash equivalents	95,138	–	–	–	95,138
Rents receivable	1,329	–	–	–	1,329
As at 31 December 2008					
Investments in indirect property funds	–	–	–	5,116	5,116
Cash and cash equivalents	162,336	–	–	–	162,336
Rents receivable	1,481	–	–	–	1,481
Financial liabilities					
As at 31 December 2009					
Trade and other payables	18,518	–	–	–	18,518
Interest-bearing bonds	12,029	12,029	36,087	236,015	296,160
As at 31 December 2008					
Trade and other payables	13,859	–	–	–	13,859
Interest-bearing bonds	12,029	12,029	36,087	248,044	308,189

17. Financial instruments (continued)

In the event of default by an occupational tenant, the Group will suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. The Board receives regular reports on concentrations of risk and any tenants in arrears. The Managers monitor such reports in order to anticipate, and minimise the impact of, defaults by occupational tenants.

The Group has a diversified tenant portfolio. The maximum credit risk from the rent receivables of the Group at 31 December 2009 was £1,329,000 (2008: £1,481,000).

As at 31 December 2009, rent receivable of £610,000 that was greater than three months overdue was fully provided for. As at 31 December 2008 the provision was £360,000. Of this amount £77,000 was subsequently written off, £99,000 is still outstanding and £184,000 was recovered.

Apart from the rent receivable disclosed above there were not any financial assets which were either past due or considered impaired at 31 December 2009 (2008: nil).

All of the Group's cash is placed with financial institutions with a long-term credit rating of AA or better. Bankruptcy or insolvency of such financial institutions may cause the Group's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, cash holdings would be moved to another bank.

During the year, due to the quantum of cash balances held, counterparty risk was spread by placing cash across a number of different financial institutions.

Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments. The Group's investments comprise UK commercial property. Property and property-related assets in which the Group invests are not traded in an organised public market and may be illiquid. As a result, the Group may not be able to liquidate quickly its investments in these properties at an amount close to their fair value in order to meet its liquidity requirements.

The Group's liquidity risk is managed on an ongoing basis by the Managers and monitored on a quarterly basis by the Board. In order to mitigate liquidity risk the Group aims to have sufficient cash balances (including the expected proceeds of any property sales) to meet its obligations for a period of at least twelve months.

In certain circumstances, the terms of the Group's listed bonds entitle the bondholders to require early repayment and, in such circumstances, the Group's ability to maintain dividend levels and the net asset value attributable to the Ordinary Shares could be adversely affected. As at 31 December 2009 the Group's cash balance was £95,138,000 (2008: £162,336,000).

The Group's investments include investments in indirect property funds which are not traded in an organised public market and which generally may be illiquid. As a result, similar to the directly-held properties, the Group may not be able to liquidate quickly some of its investments in those instruments in order to meet its liquidity requirements. As at 31 December 2009 the Group's investment in indirect property funds was £6,072,000 (2008: £5,116,000).

Interest rate risk

Some of the Group's financial instruments are interest-bearing. They are a mix of both fixed and variable rate instruments with differing maturities. As a consequence, the Group is exposed to interest rate risk due to fluctuations in the prevailing market rate.

The Group's exposure to interest rate risk relates primarily to the Group's long-term debt obligations. Interest rate risk on long-term debt obligations is managed by fixing the interest rate on such borrowings. Long-term debt obligations and the interest rate risk they confer to the Group is considered by the Board on a quarterly basis. Long-term debt obligations consist of £230 million Secured Bonds due 2017 on which the rate has been fixed at 5.23 per cent until the expected maturity date of 30 June 2015. If the bonds are not redeemed at this date they will carry interest at 0.6 per cent over LIBOR until the final maturity date of 30 June 2017.

17. Financial instruments (continued)

The following table sets out the carrying amount of the Group's financial instruments that are exposed to interest rate risk:

Type	Total £'000	Fixed rate £'000	Variable rate £'000	Assets/ liabilities where no interest is received £'000	Weighted average interest rate %	Weighted average period for which rate is fixed (years)
As at 31 December 2009						
Financial assets						
Cash and cash equivalents	95,138	43,668	51,470	–	0.46	0.1
Rents receivable	1,329	–	–	1,329	–	–
Financial liabilities						
5.23 per cent Secured Bonds due 2017	229,308	229,308	–	–	5.29	5.5
As at 31 December 2008						
Financial assets						
Cash and cash equivalents	162,336	130,922	31,414	–	2.41	0.1
Rents receivable	1,481	–	–	1,481	–	–
Financial liabilities						
5.23 per cent Secured Bonds due 2017	229,197	229,197	–	–	5.29	6.5

Apart from the 5.23 per cent Secured Bonds as disclosed in note 13, the fair value of financial assets and liabilities is not materially different from their carrying value in the financial statements.

Considering the effect on the Secured Bonds, it is estimated that an increase of 150 basis points in interest rates as at the balance sheet date would have decreased their fair value by approximately £14,467,000 (2008: £17,314,000), and a decrease of 150 basis points would have increased their fair value by approximately £15,800,000 (2008: £19,166,000). The carrying value of the Secured Bonds in the financial statements would have remained unchanged.

When the Group retains cash balances, they are ordinarily held on interest-bearing deposit accounts. The benchmark which determines the interest income received on interest-bearing cash balances is the bank base rate which was 0.5 per cent as at 31 December 2009 (2008: 2.0 per cent). The Company's policy is to hold cash in variable rate or short-term fixed rate bank accounts and not usually in fixed rate securities with a term greater than three months.

Considering the effect on cash balances, an increase of 150 basis points in interest rates would have increased net assets and income for the year by £1,427,000 (2008: £2,435,000). A decrease of 150 basis points would have had an equal but opposite effect. The calculations are based on the cash balances at the respective balance sheet dates.

Market price risk

The Group's strategy for the management of market price risk is driven by the investment policy as outlined within the Report of the Directors on page 17. The management of market price risk is part of the investment management process and is typical of commercial property investment. The portfolio is managed with an awareness of the effects of adverse valuation movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Investments in property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Such risk is minimised through the appointment of external property valuers. The basis of valuation of the property portfolio is set out in detail in the accounting policies and note 9.

17. Financial instruments (continued)

Market price risk (continued)

The Group also holds investments in indirect property funds which in turn invest directly in commercial property. The underlying assets in such funds are valued by external property valuers appointed by the investment managers of the indirect property funds. In addition to the price risk attaching to the underlying assets, such funds also carry the risk that the investment cannot be disposed of at its net asset value due to a lack of liquidity. In order to address the fact that the likely realisable value of the indirect property holdings at the balance sheet date may not be equal to each fund's underlying net asset value, the Board has appointed an independent valuer to obtain estimated market values for these holdings. The fair value of these investments is deemed to be the Directors' valuation, which reflects these independently produced market values.

Any changes in market conditions will directly affect the profit or loss reported through the Income Statement. Details of the Group's investment property portfolio and indirect property funds held at the balance sheet date are disclosed on page 14. A 15 per cent increase in the fair value of the direct properties at 31 December 2009 would have increased net assets and income for the year by £109,685,000 (2008: £98,123,000). A decrease of 15 per cent would have had an equal but opposite effect.

A 25 per cent increase in the fair value of the indirect property funds at 31 December 2009 would have increased net assets and income for the year by £1,518,000 (2008: £1,279,000). A decrease of 25 per cent would have had an equal but opposite effect.

The calculations above are based on the investment property and indirect property fund valuations at the respective balance sheet dates and are not representative of the year as a whole.

18. Capital commitments

The Group had capital commitments totalling £1,829,000 as at 31 December 2009 (2008: £2,190,000).

19. Lease length

The Group leases out its investment properties under operating leases.

The future income based on the unexpired lessor lease length at the year end was as follows (based on annual rentals):

	2009	2008
	£'000	£'000
Less than one year	**3,931**	1,000
Between two and five years	**73,866**	34,838
Over five years	**436,525**	384,798
Total	**514,322**	420,636

The largest single tenant at the year end accounted for 5.1 per cent (2008: 5.7 per cent) of the current annual rental income.

The unoccupied property expressed as a percentage of estimated total rental value (excluding indirect property funds and properties under development) was 2.8 per cent (2008: 4.3 per cent) at the year end.

The Group has entered into commercial property leases on its investment property portfolio. These properties, held under operating leases, are measured under the fair value model as the properties are held to earn rentals. The majority of these non-cancellable leases have remaining non-cancellable lease terms of between 5 and 15 years.

Analyses of the nature of investment properties and leases are provided in the Managers' Review on pages 9 to 13.

20. Group reconstruction

On 5 June 2009, a prospectus and an offer document were sent to shareholders containing details of proposals to introduce a new listed holding company, now called F&C Commercial Property Trust Limited (previously called New FCPT Limited), which was incorporated for the purpose of making an offer to acquire all of the previous listed holding company's (now called FCPT Holdings Limited) issued shares. The offer became unconditional on 3 July 2009 and, on 7 July 2009, the shares of the new holding company were admitted to listing on the Official List of the UKLA and to trading on the main market of the London Stock Exchange.

Also on 7 July 2009, the listing of the shares of the old holding company on the Official Lists of the UKLA and the Channel Islands Stock Exchange, and the trading in its shares on the London Stock Exchange and the Channel Islands Stock Exchange, were suspended. The listings were cancelled on 4 August 2009.

Under the offer, shareholders were offered one new share in the new listed holding company for each share in the old listed company. The effect of the transaction was that, during the period under review, the company now called F&C Commercial Property Trust Limited became the new holding company of the Group with the same Board of Directors.

On 9 November 2009 the Board announced that, pursuant to the statutory compulsory acquisition procedure under Guernsey law, F&C Commercial Property Trust Limited had acquired 100 per cent of the issued share capital of FCPT Holdings Limited, and that the offer was therefore closed and was no longer capable of acceptance.

21. Post balance sheet events

Subsequent to the year end, the Group sold 27/28 Commercial Street, Leeds. The sale completed on 13 January 2010 with contracts having been exchanged on 24 December 2009. The property was sold for £8.8 million, which reflected a net initial yield of 5.74 per cent.

Also subsequent to the year end, the Group purchased 77/77a Wigmore Street, London W1 for £2.96 million, reflecting a net initial yield of 4.55 per cent. The purchase completed on 1 March 2010. This property occupies an important corner position on the St. Christopher's Place Estate.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of F&C Commercial Property Trust Limited will be held at Trafalgar Court, Les Banques, St. Peter Port, Guernsey, Channel Islands on Wednesday, 19 May 2010 at 12.30 pm for the following purposes.

Ordinary Business

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. That the Annual Report and Accounts for the year ended 31 December 2009 be received.
2. That Mr P Niven, who retires at the first Annual General Meeting following his appointment, be re-elected as a Director.
3. That Mr J H Stephen, who retires at the first Annual General Meeting following his appointment, be re-elected as a Director.
4. That Mr B W Sweetland, who retires at the first Annual General Meeting following his appointment, be re-elected as a Director.
5. That Mr N J M Tostevin, who retires at the first Annual General Meeting following his appointment, be re-elected as a Director.
6. That Mr J G Hooley, who retires at the first Annual General Meeting following his appointment, be re-elected as a Director.
7. That Mr C Russell, who retires at the first Annual General Meeting following his appointment, be re-elected as a Director.
8. That KPMG Channel Islands Limited be re-appointed as auditor.
9. That the Directors be authorised to determine the auditor's remuneration.

To consider and, if thought fit, pass the following as Special Resolutions:

10. That the Directors of the Company be and they are hereby generally empowered, to allot ordinary shares in the Company or grant rights to subscribe for, or to convert securities into, ordinary shares in the Company (''equity securities''), including the grant of rights to subscribe for, or to convert securities into ordinary shares held by the Company as treasury shares for cash as if any pre-emption rights in relation to the issue of shares to be set out in the listing rules made by the Financial Services Authority under part VI of the Financial Services and Markets Act 2000 (as amended) did not apply to any such allotment of equity securities, provided that this power:
    (a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
    (b) shall be limited to the allotment of equity securities up to an aggregate nominal value £680,537 being approximately 10 per cent of the nominal value of the issued share capital of the Company, as at 25 March 2010.
11. That the Company be authorised, in accordance with section 315 of The Companies (Guernsey) Law, 2008, to make market acquisitions (within the meaning of section 316(1) of The Companies (Guernsey) Law, 2008) of ordinary shares of 1p each (''Ordinary Shares'') (either for retention as treasury shares for future resale or transfer, or cancellation), provided that:
    (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 14.99 per cent of the issued Ordinary Shares on the date on which this resolution is passed;
    (b) the minimum price which may be paid for an Ordinary Share shall be 1p;
    (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be 105 per cent of the average of the middle market quotations (as derived from the Daily Official List) for the Ordinary Shares for the five business days immediately preceding the date of purchase; and
    (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2011, or on 19 November 2011, whichever is the earlier, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

By order of the Board

Northern Trust International Fund Administration Services (Guernsey) Limited
Secretary

Trafalgar Court, Les Banques, St. Peter Port
Guernsey, Channel Islands

25 March 2010

Notes:

1. A member who is entitled to attend, speak and vote at the Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company.

2. More than one proxy may be appointed provided each proxy is appointed to exercise the rights attached to different shares.

3. A form of proxy is enclosed for use at the Meeting. The form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach the Company's registrars Computershare Investor Services (Jersey) Limited, PO Box 83, Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW not later than 12.30 pm on 17 May 2010.

4. Completing and returning a form of proxy will not prevent a member from attending in person at the Meeting and voting should he or she so wish.

5. To have the right to attend and vote at the Meeting (and also for the purposes of calculating how many votes a member may cast on a poll) a member must first have his or her name entered on the register of members not later than close of business on 17 May 2010. Changes to entries in the register after that time shall be disregarded in determining the rights of any member to attend and vote at such Meeting.

6. As at 25 March 2010, the latest practicable date prior to publication of this document, the Company had 680,537,003 Ordinary Shares in issue. The number of shares with voting rights was 680,537,003, each carrying one voting right.

7. Any person holding 3 per cent or more of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.

8. The Articles of Incorporation and the Directors' letters of appointment will be available for inspection from 15 minutes prior to, and at, the Annual General Meeting.

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, PO Box 83, Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW 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, PO Box 83, Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW 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, Channel Islands. Additional information regarding the Company may also be found at its website address which is: www.fccpt.co.uk.

Financial Calendar 2010/11

April 2010	Publication of Interim Management Statement
19 May 2010	Annual General Meeting
August 2010	Announcement of interim results
	Posting of Interim Report
October 2010	Publication of Interim Management Statement
March 2011	Announcement of annual results
April 2011	Posting of Annual Report

Historic Record

	Total assets less current liabilities £'000	Shareholders' funds £'000	Net asset value per Ordinary Share p	Ordinary Share price p	Premium/ (discount) %	Earnings per Ordinary Share p	Dividends per Ordinary share p	Total expenses ratio %
18 March 2005 (launch)	943,288	713,288	97.0	100.0	3.1	–	–	–
31 December 2005	1,092,522	863,458	117.5	118.5	0.9	20.7	1.75	1.1*
31 December 2006	1,269,122	1,039,769	141.5	131.0	(7.4)	30.0	6.00	1.1
31 December 2007	1,175,822‡	946,222‡	129.2‡	90.5	(30.0)‡	(7.7)‡	6.00	1.0
31 December 2008	813,941	584,183	85.8	62.0	(27.7)	(39.8)	6.00	1.0
31 December 2009	**819,322**	**589,388**	**86.6**	**90.0**	**3.9**	**6.8**	**6.00**	**1.0†**

*Excluding set-up costs.

†Excluding performance fee and group reconstruction costs.

‡Stated after application of a 10 per cent discount to the value of the Company's investments in the indirect property funds.

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 Child Trust Fund ('CTF')**
  F&C is a leading provider of children's investment plans. Suitable for children born after 1 September 2002.

- **F&C Investment Trust ISA**
  Invest up to £7,200 tax efficiently each year with a lump sum from £500 or regular savings from £50 a month. ISA contribution limits are to be increased to £10,200 with effect from 6 April 2010 (and were increased to that limit on 6 October 2009 for individuals aged over 50). You can also transfer any existing ISAs.

- **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
Write to us at: F&C
Freepost RLRY-LYSR-KYBU
Clandeboye Business Park
West Circular Road
Bangor BT19 1AR

Calls may be recorded.

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 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) *
Donald L Adamson (resigned 31 October 2009)
Jonathan G Hooley † (appointed 31 October 2009)
Peter Niven
Christopher Russell (appointed 31 October 2009)
Brian W Sweetland
Nicholas J M Tostevin ‡

Secretary and Registrars
Northern Trust International Fund Administration Services (Guernsey) Limited
Trafalgar Court
Les Banques
St. Peter Port
Guernsey, Channel Islands

Registered Office
Trafalgar Court
Les Banques
St. Peter Port
Guernsey, Channel Islands

Investment Managers
F&C Investment Business Limited
80 George Street
Edinburgh EH2 3BU

Property Managers
F&C REIT Property Asset Management plc
5 Wigmore Street
London W1U 1PB

Property Valuers of Direct Properties
DTZ Debenham Tie Leung Limited
48 Warwick Street
London W1B 5NL

Auditor
KPMG Channel Islands Limited
20 New Street
St. Peter Port
Guernsey GY1 4AN

Guernsey Legal Advisers
Ozannes
1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP

UK Legal Advisers
Dickson Minto WS
16 Charlotte Square
Edinburgh EH2 4DF

Bond Trustee
The Bank of New York
One Canada Square
London E14 5AL

Marketing Advisers
G&N Collective Funds Services Ltd
14 Alva Street
Edinburgh EH2 4QG

* Chairman of the Nomination Committee
† Chairman of the Management Engagement Committee
‡ Chairman of the Audit Committee

Website
www.fccpt.co.uk

MLG Edinburgh 4524

Registered Office

Trafalgar Court

Les Banques

St. Peter Port

Guernsey, Channel Islands

Registrars

Northern Trust International Fund Administration Services (Guernsey) Limited

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