

# F&C Commercial Property Trust Limited

Interim Report for the six months  
ended 30 June 2018

ONE  
CATHEDRAL  
SQUARE

**F&C**  
Investments



# Company Summary

## Objective

The investment objective of F&C Commercial Property Trust Limited ('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.

## The Company

The Company is an Authorised Closed-Ended Guernsey incorporated investment company. Its shares have a premium listing on the Official List of the UK Listing Authority and are traded on the Main Market of the London Stock Exchange. Stock Code : FCPT.

The Interim Report of the Company also consolidates the results of its subsidiary undertakings, which collectively are referred to throughout this document as 'the Group', details of which are contained in note 9 to the accounts.

At 30 June 2018 Group total assets less current liabilities were £1,454.7 million and Group shareholders' funds were £1,144.9 million.

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

Visit our website at: [fcpt.co.uk](http://fcpt.co.uk)



Legal Entity Identifier: 213800A2B1H4ULF3K397

F&C is wholly owned by Bank of Montreal ('BMO') and is part of the BMO Global Asset Management group of companies.

## Capital Structure

The Company's equity capital structure consists of ordinary shares ('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.

## Guernsey Regulatory Status

The Company is an Authorised Closed-Ended Investment Scheme domiciled in Guernsey and was granted an authorisation declaration by the Guernsey Financial Services Commission 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 Investment Managers operate a number of investment plans which facilitate investment in the shares of the Company. Details are contained on page 29. You may also invest through your usual stockbroker.

## Alternative Performance Measures ('APM')

The Company uses a number of alternative performance measures in the discussion of its business performance and financial position. Further information is provided on page 30.



Front Cover Photo: One Cathedral Square, Bristol

# Financial Highlights

Diversified UK Commercial Property Portfolio to deliver attractive returns

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## Share price total return\*

Share price total return of 13.2 per cent for the 6 months.

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## Net asset value total return\*

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

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## Annualised dividend yield\*

Maintained annualised dividend at 6.0 pence per share giving a yield of 4.0 per cent on the period end share price.

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Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

\*See Alternative Performance Measures on page 30.

# Performance Summary

Half year  
ended  
30 June 2018

Total Returns for the period*	
Net asset value per share	3.6%
Ordinary Share price	13.2%
Portfolio	3.6%
MSCI Investment Property Databank ('IPD') Quarterly Universe ('the Benchmark')	3.7%
FTSE All-Share Index	1.7%

	Half year ended 30 June 2018	Year ended 31 December 2017	% change
<b>Capital Values</b>			
Total assets less current liabilities (£'000)	1,454,734	1,438,397	1.1
Net asset value per share	143.2p	141.2p	1.4
Ordinary Share price	150.6p	135.9p	10.8
FTSE All-Share Index	4,202.25	4,221.82	(0.5)
Premium/(Discount) to net asset value per share*	5.2%	(3.8)%	
Net Gearing*	20.2%	19.6%	

	Half year ended 30 June 2018	Half year ended 30 June 2017
<b>Earnings and Dividends</b>		
Earnings per Ordinary Share	5.0p	6.9p
Dividends per Ordinary Share	3.0p	3.0p
Annualised dividend yield*	4.0%	4.1%

Sources: F&C Investment Business, MSCI Investment Property Databank ('IPD') and Thomson Reuters Eikon.

\* See Alternative Performance Measures on page 30.

# Chairman's Statement

For the Six Months Ended 30 June 2018



**Chris Russell,**  
Chairman

## Performance for the Period

The share price total return to shareholders over the six-months to 30 June 2018 was 13.2\* per cent. The share price at the period-end was 150.6p, representing a premium of 5.2\* per cent to the NAV per share of 143.2p.

The net asset value total return over the six months was 3.6 per cent. The following table provides an analysis of the movement in the NAV per share for the period:

	Pence
NAV per share as at 31 December 2017	141.2
Unrealised increase in valuation of direct property portfolio	2.6
Other net revenue	2.4
Dividends paid	(3.0)
<b>NAV per share as at 30 June 2018</b>	<b>143.2</b>

The total return from the underlying portfolio, including rents net of direct property costs, was 3.6\* per cent, compared with the total return of 3.7\* per cent from the MSCI Investment Property Databank ('IPD') Quarterly Universe ('the Benchmark'). 1.5 percentage points of this return was attributable to capital growth which was in line with the capital return recorded by IPD. The

strongest absolute returns during the period were experienced in the alternative and office sectors, the latter primarily due to successful new lettings and ongoing capital initiatives. The longer-term performance of the portfolio remains above average over five and ten years.

In the retail sector, St. Christopher's Place Estate continues to benefit from the high number of completed and ongoing initiatives undertaken during the period. The Company benefits from having little exposure to traditional high street retail and no shopping centres. However, on the negative side, the Company has experienced a number of Company Voluntary Arrangements ('CVAs') and administrations over the period, which has had some impact on our retail parks in Newbury and Solihull. These are popular retailer destinations and the Manager is taking positive steps towards mitigating any impact that CVAs may have had.

While the focus has continued to be on asset management initiatives within the existing portfolio, the Company purchased an industrial unit and adjoining land in Liverpool for £5.1 million. The Company has entered into a forward commitment to acquire a warehouse to be constructed on completion of the works at an additional sum of £3.4 million. There is significant demand for quality buildings in the logistics sector in this region and this investment provides the Company with an opportunity to generate sustainable, quality, long-term income.

## Borrowings

The Group's available borrowings comprise a £260 million term loan with Legal & General Pensions Limited, maturing on 31 December 2024, and both a £50 million term loan facility and an undrawn £50 million revolving credit facility with Barclays, available until June 2021. The Group's net gearing,

was 20.2\* per cent at the end of the period. The weighted average interest rate on the Group's total current borrowings is 3.3 per cent.

### Dividends and Dividend Cover

Monthly interim dividends of 0.5p per share continued to be paid during the period, maintaining the annual dividend of 6.0p per share since 2006 and providing a dividend yield of 4.0\* per cent based on the period-end share price. Barring unforeseen circumstances, your Board intends that dividends will continue to be paid monthly at the same rate.

The Company's level of dividend cover for the period (excluding capital gains on properties) was 79.2\* per cent which was broadly in line with the equivalent period last year (80.6\* per cent). In comparing these, rental income levels have increased, helped significantly by the purchase of One Cathedral Square, Bristol in December 2017. However, this was offset by an increased level of expenses, with the majority of that increase attributable to a one-off payment to a tenant as an incentive for them to vacate a property early. The level of tax payable in the current period increased further as taxable losses were fully utilised in three subsidiaries of the Group.

### REIT Conversion

As highlighted in the 2017 Annual Report, the Board has been in consultation with its tax advisors regarding the tax affairs of the Group. The Group is now paying a rising level of taxation and this will increase substantially following the UK Government's decision to bring non-resident landlords into the corporation tax regime, effective April 2020.

In light of the current and continuing increase in corporate tax, and following a review of the current



**One Cathedral Square, Bristol**

structure of the group, it has been determined that change is necessary. Accordingly, it is proposed that the Company takes the necessary steps to achieve UK Real Estate Investment Trust ('REIT') status. Subject to the passing of certain resolutions to update its Articles of Incorporation at a General Meeting, and satisfying the necessary HMRC conditions, the intention is to serve notice to HMRC for entry to the REIT regime with effect from 1 April 2019.

### Board Composition

Over the years we have implemented a carefully orchestrated evolution of the Board, combining a degree of continuity with gradual change. This has ensured an appropriate balance of skills, experience, and of personalities who have provided constructive challenge to the management of your Company.

In continuing this programme of refreshment, I am delighted to welcome John Wythe as a new member of the Board. John brings considerable experience of the property market, most recently, among other positions, as director then chairman of the Trustees of The Portman Estate Ltd following a long career with Prudential Property Investment Managers Ltd, now M&G Real Estate.

Further proposed Board changes will be announced early in the new year together with detailed proposals for conversion to REIT status.

### **Outlook**

The property market has delivered a solid performance in the first six months of 2018. Future performance could be affected by the economic and political uncertainties surrounding Brexit as the March 2019 deadline approaches. Forecast modest economic growth and a gradual move to a regime of higher interest rates will also play a role.

With the scope for further yield compression being limited, total returns are now expected to be driven by income. Well-specified and well-let assets in established and emerging locations are likely to out-perform against this backdrop.

Notwithstanding the short-term pressures in the retail sector, the Company has a well-positioned and resilient portfolio. The priority continues to be to invest in and complete asset management initiatives within the portfolio and to capitalise on external opportunities to provide sustainable long-term rental income.



**Chris Russell**

Chairman

11 September 2018

\*See Alternative Performance Measures on page 30.

# Managers' Review



**Richard Kirby,**  
Fund Manager



**Matthew Howard,**  
Deputy Fund Manager

## Property highlights over the period

- 6-month total return of 3.6\* per cent. The Company maintains outperformance against the IPD Benchmark over a five and ten-year time horizon.
- Acquired industrial property known as Hurricane 47 at Estuary Business Park in Liverpool, as well as the adjoining land for the forward purchase of another newly constructed industrial warehouse.
- Agreed a new 16-year lease with Diageo to occupy the entire former HSBC office building on Edinburgh Park.

## Property Market Review

The market total return for the six months to 30 June 2018, as measured by the MSCI Investment Property Databank ('IPD') Quarterly Universe ('the Benchmark') was 3.7 per cent, continuing the positive performance seen since late-2016. Capital values increased by 1.5 per cent in the six months to June 2018. The income return was 2.2 per cent and rental growth was 0.5 per cent.

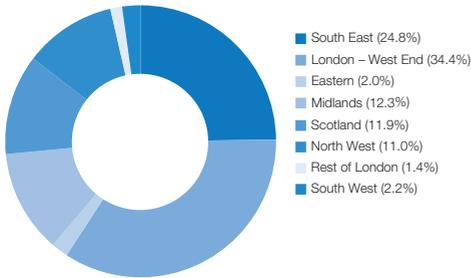
Key Benchmark Metrics – All-Property		
	Jan-June 2018 %	Jan-June 2017 %
Total Returns	3.7	4.6
Income Return	2.2	2.3
Capital Growth	1.5	2.3
Open Market Rental Value Growth	0.5	1.0
Initial Yield	4.5	4.8
Equivalent Yield	5.5	5.7

Source: MSCI Inc

The economy has delivered positive but muted growth. Inflation remained above target during the period. Monetary policy and interest rates were unchanged in the reporting period, following the increase in official rates in November 2017, although the base rate was increased to 0.75 per cent in August 2018. Gilt yields have remained low, finishing the period at 1.4 per cent, although have shown some growth following the historic lows in Q3 2016. The Brexit negotiations and the disunity within the government continued to dominate the political agenda, and concerns regarding a weakening in global growth prospects and the advance of protectionism globally are increasing.

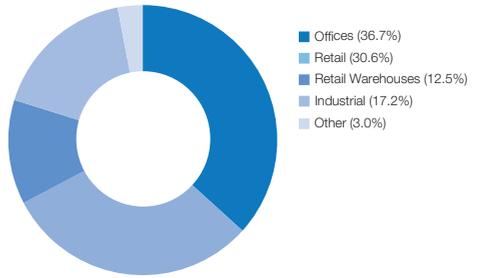
Some caution has entered the market with investment activity lower than in the same period of 2017, however, pricing has remained competitive leading to strong capital growth over the period save for the retail sector. Activity was supported by some large purchases by overseas investors, although this group has also been selectively selling stock. Institutional net investment in property has improved largely due to a reduced level of sales. The property yield gap against ten-year gilts has remained attractive by historic standards and the

**Geographical Analysis**  
as at 30 June 2018, % of total property portfolio



Source: BMO REP Asset Management plc

**Sector Analysis**  
as at 30 June 2018, % of total property portfolio



Source: BMO REP Asset Management plc

challenge for many investors has been the lack of suitable supply. In particular, prime assets and long income remained in favour but their lack of availability has encouraged investors to increasingly look to the alternative sectors, such as hotels and student housing, which are characterised by longer leases.

CBRE market data showed yields broadly stable but hardening for standard industrials and weakening for shopping centres and some retail warehousing. Rental growth has remained muted across the Benchmark but has been strong in the industrial sector. Rental growth was negative for high street retail, shopping centres, retail warehousing, and also for West End offices. We see this trend continuing in the retail sector in the short-term.

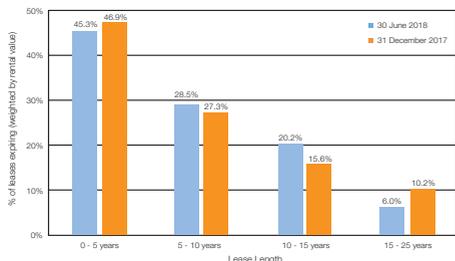
The period was notable for the increased number of business failures, administrations and rationalisations in the retail sector. As a result, total returns were a modest 1.1 per cent in the six-month period, intensifying a prolonged period of under-performance against the all-property average. Central London retail was relatively resilient but regional shops and shopping centres struggled. As retailers rationalise, many high streets and shopping centres are now too large for the thinning occupier markets, resulting in a downward

pressure on rents. The offices sector delivered 3.2 per cent helped by investment demand for City offices and a search for yield in some regional office markets. We have also started to see some rental growth coming through in strong regional centres as occupiers increasingly move to urban centres characterised by a broad cultural offering, good transport infrastructure and amenities. Performance at the all-property level continued to be driven by strength in the industrials market which recorded total returns of 9.0 per cent, with standard industrials out-performing distribution warehousing. Alternatives are growing in popularity with investors, and registered a 3.9 per cent total return.

The UK commercial property market continued to deliver a solid performance compared to long-term trends, underpinned by its income return with some capital growth. There is however, considerable polarisation between sectors with industrials pulling further ahead and retail generally struggling. Despite economic and political uncertainties forecasts remain stable. However, the prospect of higher interest rates and some economic headwinds mean that real estate markets may have reached a plateau and returns are likely to be subdued compared to the highs of recent years.

## Lease Expiry Profile

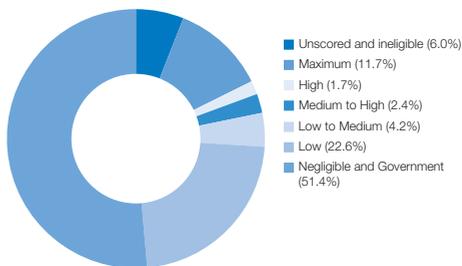
At 30 June 2018 the weighted average lease length for the portfolio, assuming all break options are exercised, was 7.0 years



Source: BMO REP Asset Management plc

## Covenant Strength

as at 30 June 2018, % of income by risk band



Source: IRIS Report, MSCI Inc

## Valuation and Portfolio

Total Portfolio Performance		
	30 June 2018	Year ended 31 December 2017
No of properties	38	37
Valuation (£'000)	1,450,035	1,418,612
Average Lot Size (£'m)	38.2	38.3
Six months to 30 June 2018	Portfolio (%)	Benchmark (%)
Capital Return*	1.5	1.5
Income Return*	2.1	2.2
<b>Total Return*</b>	<b>3.6</b>	<b>3.7</b>

Source: BMO REP Asset Management plc, MSCI Inc

The total return from the portfolio over the period was 3.6\* per cent (64th percentile) compared with the Benchmark return of 3.7 per cent. The portfolio has delivered a strong track record of longer-term performance: upper quartile over five and top quartile over ten years.

## Income Analysis

The portfolio benefits from a highly secure income stream. The current void rate excluding developments and refurbishments is 6.9\* per

cent. The vacancies present an opportunity and progress is currently being made in attracting new secure tenants to the portfolio.

## Retail

Retail Portfolio Performance		
	30 June 2018	Year ended 31 December 2017
No of properties**	8	8
Valuation (£'000)	624,550	626,400
Six months to 30 June 2018	Portfolio %	Benchmark (%)
Retail Capital Return*	(0.6)	(1.4)
Retail Income Return*	2.1	2.5
<b>Retail Total Return*</b>	<b>1.5</b>	<b>1.1</b>

\*\* St Christopher's Place is regarded as 1 investment which comprises 44 individual properties.

Source: BMO REP Asset Management plc, MSCI Inc

The overall total return from the Company's retail properties during the period was 1.5\* per cent, outperforming the Benchmark return of 1.1 per cent. The sector is the weakest performer in the Benchmark and the Company's relative outperformance is largely due to its' lack of exposure to shopping centres.

### St Christopher's Place

St. Christopher's Place Estate performed steadily over the period producing a total return of 2.3\* per cent. The asset continues to benefit from the high number of completed and ongoing initiatives undertaken during the period. At 30-34 James Street the new letting to Caprice Holdings has now completed for a term of 20 years and above anticipated rental value. The tenant will trade as 'Harry's Bar' and is due to open in the autumn following the fit-out program.

We have seen tenants Carluccios and Aldo enter Company Voluntary Arrangements ('CVA'), although in both cases their units at St. Christopher's Place were classified as 'category 1' assets and therefore the headline rents were unaffected.

### Other Retail

The sector has experienced a concentrated period of CVAs and administrations over the period as a number of retailers have felt the effect of the structural change in shopping habits and operational challenges. Our retail parks in Newbury and Solihull have felt some of the impact of this with New Look and Mothercare entering CVAs, Poundworld entering administration and Homebase also undertaking a CVA post period-end. Although it is a challenging environment, the assets remain popular retailer destinations and the Manager is already in a number of well advanced negotiations to refurbish, reconfigure and re-let the units where appropriate. A priority for the Company will be to manage these risks in the immediate term.

Following completion of the sub-division works of Unit 14 at Newbury we welcome Starbucks and Mountain Warehouse to the park having now opened their new stores. Starbucks (operating under franchisee 23.5 Degrees Ltd) have taken a 15-year lease, with tenant break option at year 10, whilst Mountain Warehouse have taken a 10-year lease with a break at year 6. Both lettings

demonstrate the ongoing retailer demand at this property.

### Offices

Offices Portfolio Performance		
	30 June 2018	Year ended 31 December 2017
No of properties	17	17
Valuation (£'000)	532,210	513,562
Six months to 30 June 2018	Portfolio (%)	Benchmark (%)
Offices Capital Return*	3.1	1.2
Offices Income Return*	1.8	1.9
<b>Offices Total Return*</b>	<b>5.0</b>	<b>3.2</b>

Source: BMO REP Asset Management plc, MSCI Inc

The total return from the office portfolio was 5.0\* per cent compared to the Benchmark total return of 3.2 per cent.

The Rest of UK Offices have benefitted from yield compression in the major markets and the portfolio has witnessed some significant asset management progress in letting the vacant building on Edinburgh Park to Diageo as their new Scottish headquarters. Diageo have entered into a new 16-year lease with tenant break at year 10, off the headline rent of £21 per square foot. The property is currently being comprehensively refurbished at a capex spend of £6.5 million and the works are due to complete in February 2019.

In Central London the refurbishment of the remaining floors in Cassini House, St James' Street, SW1 has completed and we expect to have these let shortly. Nearby, 2-4 King Street, SW1 is now fully let. The leasing success as a result of these refurbishment programs has contributed to West End Offices significantly outperforming the Benchmark over the quarter.

## Industrial and Logistics

Industrial & Logistics Portfolio Performance		
	30 June 2018	Year ended 31 December 2017
No of properties	12	11
Valuation (£'000)	249,775	239,350
Six months to 30 June 2018	Portfolio (%)	Benchmark (%)
Industrial & Logistics Capital Return*	2.0	6.6
Industrial & Logistics Income Return*	2.6	2.2
<b>Industrial &amp; Logistics Total Return*</b>	<b>4.6</b>	<b>9.0</b>

Source: BMO REP Asset Management plc, MSCI Inc

The industrial and logistics portfolio delivered a total return of 4.6\* per cent compared with the Benchmark total return of 9.0 per cent. The strong performance of the sector was once again driven by capital growth as valuation yields continue to reach unprecedented lows. This is primarily seen in South East industrial where capital growth during the period was 8.3 per cent. The industrial and logistics portfolio has underperformed the Benchmark as it is underweight South East industrials and its main exposure to the sector is maintained through mid to large size logistics and not to multi-let industrial estates which experienced the most marked re-rating of pricing. However, we see the recent levels of capital growth slowing in the short-term and a return to income returns with the strength of occupational markets driving long-term sustainable returns.

There were no significant lease events or asset management activities over the period. The Company owns a logistics unit at DIRFT, Daventry which is let to Mothercare having renewed their lease last year at a rent of £1.8 million per annum. As already reported, Mothercare undertook the CVA during the period but this property was not



82 King Street, Manchester

included in the CVA and the rent and lease terms remain unchanged.

### Industrial Purchase

The Company completed the purchase of Hurricane 47, Estuary Business Park, Liverpool for £3.995 million as well as an adjoining site of 3.6 acres with planning consent for the construction of a 52,000 sq. ft. unit for £1.080 million. Hurricane 47 comprises a 47,462 sq. ft. speculatively developed building, which achieved practical completion in April 2018 and is constructed to a high specification. Hurricane 47 is now being formally marketed to secure an occupier. The Company has entered into a forward commitment to acquire the warehouse to be constructed on completion of the works at an additional sum of £3.382 million. The Company already has an existing property on Estuary Business Park having acquired a warehouse let to Adient Seating in April 2014. The investment provides the Company with an opportunity to generate sustainable income and

to benefit from the lack of supply for new modern buildings and strong occupier demand, both of which are driving up rents in the logistics sector.

### *Industrial Sale*

It has previously been reported that the Company has conditionally exchanged contracts to sell the former Ozalid Works in Colchester to Persimmon Homes. Progress is being made on negotiating and securing a revised planning consent and it is hoped this will be secured by Persimmon Homes in the autumn which will discharge the conditionality of the sale.

### **The Alternative Property Sector**

The student accommodation block in Winchester produced a total return of 12.6\* per cent. This strong performance is attributable to the annual RPI linked rental increase being agreed at 3.4 per cent and a further yield compression for long let, inflationary hedged assets in the alternative sector.

### **Outlook**

The market is expected to deliver positive total returns but with some deceleration from the pace of the recent past. The outlook for property continues to be strongly influenced by the Brexit negotiations and we would expect investors to remain cautious, especially as the October 2018 negotiations and March 2019 Brexit deadline approach. The market is anticipating further interest rate rises, and although they are expected to be slow and gradual and the yield gap is currently favourable, this could affect property pricing over the longer-term.

The outlook for retail property has deteriorated as it faces major structural issues. Retailers are having to adjust their occupational strategies in face of

changing consumer habits, which will continue to provide challenges to Landlords in the short-term. Leasing strategies have moved from opportunistic to a more defensive income preservation focus but this will settle over time as we reach a more stable equilibrium between physical and online retail. As holders of core assets in prime locations the portfolio is well positioned in this regard.

There are growing concerns about the level of pricing in some parts of the market such as industrial, where yields have reached historically low levels, and City offices, where the occupational market may be weaker in the medium-term. These sub-sectors may see some readjustment in pricing if there is some cooling in real estate capital markets. Despite some uncertainty, the economy is forecast to remain resilient in the near term and we expect real estate to deliver stable and positive total returns, driven by a strong income return.

As highlighted in the 2017 annual report, the Company has a prime, well balanced portfolio and the focus remains on asset management initiatives apparent in the portfolio and reducing exposure to voids.

### **Richard Kirby and Matthew Howard**

Fund Managers

BMO REP Asset Management plc

11 September 2018

\*See Alternative Performance Measures on page 30.

# Responsible Property Investment

## Highlights for the period to 30 June 2018

- Long-term target adopted to reduce energy consumption by 20% per m<sup>2</sup> by 2031 against a 2016 baseline.
- Asset-specific energy reduction targets established for 2017-18 ranging from 2.7% to 4.0%.
- 17% reduction in greenhouse gas emissions between 2016 and 2017 on a like-for-like basis.
- 0% of rental income attributed to organisations associated with the production, storage, distribution or use of Controversial Weapons.
- GRESB 2018 Survey and CDP General Climate module questionnaire submitted.

The Company has further advanced the implementation of its Responsible Property Investment ('RPI') Strategy over the period, with material progress made in a number of key areas.

A separate RPI Report is being prepared for the Company for the first time and will be available on the Company website soon. The RPI Report will include disclosure of environmental, social and governance ('ESG') performance data in accordance with the sustainability Best Practice Recommendations published by EPRA<sup>1</sup>. The Report will show a number of variable performance trends, including an increase in like-for-like electricity consumption, a reduction in fuel consumption for heating and, notably, a 17% reduction in greenhouse gas emissions between 2016 and 2017.

Verco Advisory Services Limited was engaged to advise on the establishment of a long-term target

for reducing energy consumption across the portfolio, using a methodology consistent with the goal of the Paris Agreement on Climate Change to limit global warming to less than 2°C above pre-industrial levels. The Manager has agreed to adopt a target of reducing the energy intensity of the portfolio by 20% per square meter by 2031, against a 2016 baseline.

This target exceeds the science-based Sectoral Decarbonisation Approach pathway and has been used to frame the establishment of asset-specific energy reduction targets for 2017-18, which range from 2.7% to 4.0%.

In addition, a portfolio-wide water use reduction target has been set for the year of 1% for directly managed assets, whilst efforts continue to be made to improve the collection of waste data.

The Company monitors its tenant mix as part of its commitment to minimising its leasing exposure to organisations connected to the production, storage, distribution or use of Controversial Weapons<sup>2</sup>. At the period ending 30 June 2018, 0% (zero percent) of rental income was attributed to organisations that appear on the exclusions list managed by BMO Global Asset Management.

The Company has submitted its response to the 2018 Survey of the Global Real Estate Sustainability Benchmark (GRESB), for which the results of all participants will be released in September 2018. The CDP General Climate module questionnaire has also been completed, ahead of the target date set by the Board in the 2017 Annual Report & Accounts.

1. European Public Real Estate Association.

2. Including cluster munitions, anti-personnel mines and biochemical weapons as covered by the 1972 Biological and Toxic Weapons Convention, the 1997 Chemical Weapons Convention, the 1999 Anti-Personnel Mine Ban Convention, and the 2008 Convention on Cluster Munitions.

# Property Portfolio

as at 30 June 2018

	Sector
<b>Properties valued in excess of £200 million</b> London W1, St. Christopher's Place Estate (notes 2 and 3)	Retail*
<b>Properties valued between £100 million and £150 million</b> London SW1, Cassini House, St James's Street	Office
<b>Properties valued between £70 million and £100 million</b> Newbury, Newbury Retail Park	Retail Warehouse
<b>Properties valued between £50 million and £70 million</b> Solihull, Sears Retail Park London SW19, Wimbledon Broadway	Retail Warehouse Retail
<b>Properties valued between £40 million and £50 million</b> Crawley, The Leonardo Building, Manor Royal Winchester, Burma Road Manchester, 82 King Street	Office Other Office
<b>Properties valued between £30 million and £40 million</b> Uxbridge, 3 The Square, Stockley Park Aberdeen, Unit 1 Prime Four Business Park, Kingswells Aberdeen, Unit 2 Prime Four Business Park, Kingswells Rochdale, Dane Street Glasgow, Alhambra House, Wellington Street Chorley, Units 6 & 8 Revolution Park Daventry, Site E4, Daventry International Rail Freight Terminal Bristol, One Cathedral Square (note 1) Birmingham, Unit 8 Hams Hall Distribution Park	Office Office Office Retail Office Industrial Industrial Office Industrial
<b>Properties valued between £20 million and £30 million</b> Aberdeen, Unit 3 Prime Four Business Park, Kingswells Liverpool, Unit 1, G. Park, Portal Way East Kilbride, Mavor Avenue Birmingham, Unit 10a Hams Hall Distribution Park London SW1, 2/4 King Street London W1, 17a Curzon Street	Office Industrial Retail Warehouse Industrial Office Office
<b>Properties valued between £10 million and £20 million</b> Reading, Thames Valley One, Thames Valley Park London W1, 16 Conduit Street (note 1) Camberley, Watchmoor Park Reading, Thames Valley Two, Thames Valley Park Colchester, The Cowdray Centre, Cowdray Avenue London EC3, 7 Birchin Lane Liverpool, Unit 1 The Hive, Estuary Business Park (note 1) Birmingham, Unit 6a Hams Hall Distribution Park Southampton, Upper Northam Road, Hedge End Colchester, Ozalid Works, Cowdray Avenue	Office Retail Office Office Industrial Office Industrial Industrial Industrial Industrial
<b>Properties valued under £10 million</b> Camberley, Affinity Point, Glebeland Road Edinburgh, Nevis/Ness Houses, 11/12 Lochside Place Solihull, Oakenham Road Aberdeen, Unit 4 Prime Four Business Park, Kingswells Liverpool, Unit 2 & 4 The Hive, Estuary Business Park (note 1)	Industrial Office Retail Warehouse Office Industrial

**Notes:**

- 1 Leasehold property.
  - 2 Mixed freehold/leasehold property.
  - 3 St. Christopher's Place Estate is treated as more than one property.
- \* Mixed use property of retail, office and residential space.

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# Statement of Principal Risks and Uncertainties

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The Company's assets comprise mainly of direct investments in UK commercial property. Its principal risks are therefore related to the commercial property market in general. Other risks faced by the Company include market, geopolitical investment and strategic, regulatory, environmental, taxation, management and control, operational, and financial risks. The Company is also exposed to risks in relation to its financial instruments. These risks, and the way in which they are managed, are described in more detail under the heading 'Principal Risks and Risk Management' within the Business Model and Strategy in the Company's Annual Report for the year ended 31 December 2017. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remainder of the Company's financial year.

# Statement of Directors' Responsibilities in Respect of the Interim Report

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We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union;
- the Chairman's Statement and Managers' Review (together constituting the Interim Management Report) together with the Statement of Principal Risks and Uncertainties above include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements; and
- the Chairman's Statement together with the condensed set of consolidated financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

**Chris Russell**

Director

11 September 2018

# Independent Review Report

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## Independent Review Report to the Directors' of F&C Commercial Property Trust Limited

### Our conclusion

We have reviewed the accompanying condensed consolidated interim financial information of F&C Commercial Property Trust Limited (the "Company") and its subsidiaries (together the "Group") as of 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

### What we have reviewed

The accompanying condensed consolidated interim financial information comprise:

- the condensed consolidated balance sheet as of 30 June 2018;
- the condensed consolidated statement of comprehensive income for the six-month period then ended;
- the condensed consolidated statement of changes in equity for the six-month period then ended;
- the condensed consolidated statement of cash flows for the six-month period then ended; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

### Our responsibilities and those of the Directors

The Directors are responsible for the preparation and presentation of this condensed consolidated interim

financial information in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers CI LLP  
Chartered Accountants  
Guernsey, Channel Islands

11 September 2018

The maintenance and integrity of the Company website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have accrued to the financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Condensed Consolidated Statement of Comprehensive Income

<b>(unaudited) for six months ended 30 June 2018</b>				
Notes		<b>Six months to 30 June 2018 £'000</b>	Six months to 30 June 2017 £'000	Year to 31 December 2017* £'000
	<b>Revenue</b>			
	Rental Income	<b>32,638</b>	31,697	64,775
	<b>Total revenue</b>	<b>32,638</b>	31,697	64,775
	<b>Gains/(losses) on investment properties</b>			
5	Unrealised gains on revaluation of investment properties	<b>20,971</b>	35,502	52,854
5	Loss on sale of investment properties realised	<b>-</b>	(5)	(5)
	<b>Total income</b>	<b>53,609</b>	67,194	117,624
	<b>Expenditure</b>			
	Investment management fee	<b>(3,876)</b>	(3,750)	(7,692)
3	Other expenses	<b>(3,461)</b>	(2,699)	(5,659)
	<b>Total expenditure</b>	<b>(7,337)</b>	(6,449)	(13,351)
	<b>Operating profit before finance costs and taxation</b>	<b>46,272</b>	60,745	104,273
	<b>Net finance costs</b>			
	Interest receivable	<b>6</b>	-	72
	Finance costs	<b>(5,450)</b>	(5,445)	(10,932)
		<b>(5,444)</b>	(5,445)	(10,860)
	<b>Profit before taxation</b>	<b>40,828</b>	55,300	93,413
	Taxation	<b>(871)</b>	(465)	(703)
	<b>Profit for the period</b>	<b>39,957</b>	54,835	92,710
	<b>Other comprehensive income</b>			
	<b>Items that are or may be reclassified subsequently to profit or loss</b>			
	Movement in fair value of effective interest rate swaps	<b>315</b>	285	457
	<b>Total comprehensive income for the period</b>	<b>40,272</b>	55,120	93,167
4	<b>Basic and diluted earnings per share</b>	<b>5.0p</b>	6.9p	11.6p

All of the profit and total comprehensive income for the period is attributable to the owners of the Group.

All items in the above statement derive from continuing operations.

\* these figures are audited.

The accompanying notes on pages 24 to 27 are an integral part of the above statement.

# Condensed Consolidated Balance Sheet

<b>(unaudited) as at 30 June 2018</b>			
Notes	<b>30 June 2018 £'000</b>	30 June 2017 £'000	31 December 2017* £'000
	<b>Non-current assets</b>		
5	Investment properties	1,429,277	1,344,519
	Trade and other receivables	19,394	18,716
	Interest rate swap	55	–
		<b>1,448,726</b>	1,363,235
	<b>Current assets</b>		
	Trade and other receivables	5,067	3,466
	Cash and cash equivalents	19,933	74,995
		<b>25,000</b>	78,461
	<b>Total assets</b>	<b>1,473,726</b>	1,441,696
	<b>Current liabilities</b>		
	Trade and other payables	(17,608)	(16,959)
	Taxation payable	(1,384)	(587)
		<b>(18,992)</b>	(17,546)
	<b>Non-current liabilities</b>		
	Trade and other payables	(1,947)	(1,624)
	Interest-bearing loans	(307,846)	(307,510)
	Interest rate swaps	–	(432)
		<b>(309,793)</b>	(309,566)
	<b>Total liabilities</b>	<b>(328,785)</b>	(327,112)
	<b>Net assets</b>	<b>1,144,941</b>	1,114,584
	<b>Represented by:</b>		
6	Share capital	7,994	7,994
	Share premium	–	127,612
	Special reserves	589,593	465,039
	Capital reserves	436,474	398,151
	Hedging reserve	55	(432)
	Revenue reserve	110,825	116,220
	<b>Equity shareholders' funds</b>	<b>1,144,941</b>	1,114,584
7	<b>Net asset value per share</b>	<b>143.2p</b>	139.4p

\* these figures are audited.

The accompanying notes on pages 24 to 27 are an integral part of the above statement.

# Condensed Consolidated Statement of Changes in Equity

<b>(unaudited) for six months ended 30 June 2018</b>							
Notes	Share Capital £'000	Share Premium £'000	Special Reserves £'000	Capital Reserves £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
	<b>7,994</b>	<b>–</b>	<b>589,593</b>	<b>415,503</b>	<b>(260)</b>	<b>115,820</b>	<b>1,128,650</b>
	<b>Total comprehensive income for the period</b>						
	–	–	–	–	–	39,957	39,957
	–	–	–	–	315	–	315
5	–	–	–	20,971	–	(20,971)	–
	<b>–</b>	<b>–</b>	<b>–</b>	<b>20,971</b>	<b>315</b>	<b>18,986</b>	<b>40,272</b>
	<b>Transactions with owners of the Company recognised directly in equity</b>						
2	–	–	–	–	–	(23,981)	(23,981)
	<b>7,994</b>	<b>–</b>	<b>589,593</b>	<b>436,474</b>	<b>55</b>	<b>110,825</b>	<b>1,144,941</b>
<b>(unaudited) for six months ended 30 June 2017</b>							
	Share Capital £'000	Share Premium £'000	Special Reserves £'000	Capital Reserves £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
	<b>7,994</b>	<b>127,612</b>	<b>461,981</b>	<b>362,654</b>	<b>(717)</b>	<b>123,921</b>	<b>1,083,445</b>
	<b>Total comprehensive income for the period</b>						
	–	–	–	–	–	54,835	54,835
	–	–	–	–	285	–	285
5	–	–	–	35,502	–	(35,502)	–
5	–	–	–	(5)	–	5	–
	–	–	3,058	–	–	(3,058)	–
	<b>–</b>	<b>–</b>	<b>3,058</b>	<b>35,497</b>	<b>285</b>	<b>16,280</b>	<b>55,120</b>
	<b>Transactions with owners of the Company recognised directly in equity</b>						
2	–	–	–	–	–	(23,981)	(23,981)
	<b>7,994</b>	<b>127,612</b>	<b>465,039</b>	<b>398,151</b>	<b>(432)</b>	<b>116,220</b>	<b>1,114,584</b>

The accompanying notes on pages 24 to 27 are an integral part of the above statement.

# Condensed Consolidated Statement of Changes in Equity

<b>(audited) for the year to 31 December 2017</b>							
Notes	Share Capital £'000	Share Premium £'000	Special Reserves £'000	Capital Reserves £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
<b>At 1 January 2017</b>	7,994	127,612	461,981	362,654	(717)	123,921	1,083,445
<b>Total comprehensive income for the year</b>							
Transfer to Special Reserve	–	(127,612)	127,612	–	–	–	–
Profit for the year	–	–	–	–	–	92,710	92,710
Movement in fair value of interest rate swap	–	–	–	–	457	–	457
5 Transfer in respect of unrealised gains on investment properties	–	–	–	52,854	–	(52,854)	–
5 Losses on sale of investment properties realised	–	–	–	(5)	–	5	–
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>(127,612)</b>	<b>127,612</b>	<b>52,849</b>	<b>457</b>	<b>39,861</b>	<b>93,167</b>
<b>Transactions with owners of the Company recognised directly in equity</b>							
2 Dividends paid	–	–	–	–	–	(47,962)	(47,962)
<b>At 31 December 2017</b>	<b>7,994</b>	<b>–</b>	<b>589,593</b>	<b>415,503</b>	<b>(260)</b>	<b>115,820</b>	<b>1,128,650</b>

The accompanying notes on pages 24 to 27 are an integral part of the above statement.

# Condensed Consolidated Statement of Cash Flows

<b>(unaudited) for six months ended 30 June 2018</b>				
Notes		<b>Six months to 30 June 2018</b>	Six months to 30 June 2017	Year to 31 December 2017*
		<b>£'000</b>	£'000	£'000
	<b>Cash flows from operating activities</b>			
	Profit for the period before taxation	<b>40,828</b>	55,300	93,413
	Adjustments for:			
	Finance costs	<b>5,450</b>	5,445	10,932
	Interest receivable	<b>(6)</b>	–	(72)
5	Unrealised gains on revaluation of investment properties	<b>(20,971)</b>	(35,502)	(52,854)
5	Losses on sale of investment properties realised	<b>–</b>	5	5
	Increase in operating trade and other receivables	<b>(490)</b>	(1,313)	(3,204)
	(Decrease)/increase in operating trade and other payables	<b>(872)</b>	(1,613)	200
		<b>23,939</b>	22,322	48,420
	Interest received	<b>6</b>	–	72
	Interest and bank fees paid	<b>(5,303)</b>	(5,229)	(10,559)
	Taxation paid	<b>(227)</b>	(118)	(203)
		<b>(5,524)</b>	(5,347)	(10,690)
	<b>Net cash inflow from operating activities</b>	<b>18,415</b>	16,975	37,730
	<b>Cash flows from investing activities</b>			
5	Purchase of investment properties	<b>(5,777)</b>	(1,640)	(32,802)
5	Capital expenditure of investment properties	<b>(3,880)</b>	(1,380)	(6,831)
	Net cash outflow from investing activities	<b>(9,657)</b>	(3,020)	(39,633)
	<b>Cash flows from financing activities</b>			
2	Dividends paid	<b>(23,981)</b>	(23,981)	(47,962)
	Drawdown of Barclays Loan revolving credit facility	<b>–</b>	–	35,000
	Repayment of Barclays Loan revolving credit facility	<b>–</b>	–	(35,000)
	Net cash outflow from financing activities	<b>(23,981)</b>	(23,981)	(47,962)
	<b>Net decrease in cash and cash equivalents</b>	<b>(15,223)</b>	(10,026)	(49,865)
	Opening cash and cash equivalents	<b>35,156</b>	85,021	85,021
	<b>Closing cash and cash equivalents</b>	<b>19,933</b>	74,995	35,156

\* these figures are audited.

The accompanying notes on pages 24 to 27 are an integral part of the above statement.

# Unaudited Notes on the Condensed Accounts

## 1 General information and basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom Financial Conduct Authority and IAS 34 'Interim Financial Reporting'. The condensed consolidated financial statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2017, which were prepared under full IFRS as adopted by the European Union requirements. The accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those of the consolidated financial statements of the Group for the year ended 31 December 2017. These condensed interim financial statements have been reviewed, not audited.

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

These condensed interim financial statements were approved for issue on 11 September 2018.

## 2. Dividends

	<b>Six months to 30 June 2018 £'000</b>	Six months to 30 June 2017 £'000	Year to 31 December 2017 £'000
<b>In respect of the previous period:</b>			
Ninth interim dividend (0.5p per share)	3,997	3,997	3,997
Tenth interim dividend (0.5p per share)	3,997	3,997	3,997
Eleventh interim dividend (0.5p per share)	3,996	3,996	3,996
Twelfth interim dividend (0.5p per share)	3,997	3,997	3,997
<b>In respect of the period under review:</b>			
First interim dividend (0.5p per share)	3,997	3,997	3,997
Second interim dividend (0.5p per share)	3,997	3,997	3,997
Third interim dividend (0.5p per share)	–	–	3,996
Fourth interim dividend (0.5p per share)	–	–	3,997
Fifth interim dividend (0.5p per share)	–	–	3,997
Sixth interim dividend (0.5p per share)	–	–	3,997
Seventh interim dividend (0.5p per share)	–	–	3,997
Eighth interim dividend (0.5p per share)	–	–	3,997
	<b>23,981</b>	23,981	47,962

### Dividends paid/announced subsequent to the period end were:

	<b>Record date</b>	<b>Payment date</b>	<b>Rate (pence)</b>
Third interim dividend	13 July 2018	31 July 2018	0.5
Fourth interim dividend	10 August 2018	31 August 2018	0.5
Fifth interim dividend	14 September 2018	28 September 2018	0.5

Although these payments relate to the period ended 30 June 2018, under IFRS they will be accounted for in the period during which they are declared.

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

### 3. Other expenses

	<b>Six months to 30 June 2018 £'000</b>	Six months to 30 June 2017 £'000	Year to 31 December 2017 £'000
Direct operating expenses of rental property	2,069	1,973	4,208
Surrender premium	613	–	–
Valuation and other professional fees	207	213	417
Directors' fees	145	157	296
Administration fee	74	73	148
Depositary fee	86	82	166
Other	267	201	424
	<b>3,461</b>	2,699	5,659

The basis of payment for the Directors' and investment management fees are detailed within the consolidated financial statements of the Group for the year ended 31 December 2017.

### 4. Earnings per share

	<b>Six months to 30 June 2018</b>	Six months to 30 June 2017	Year to 31 December 2017
Net profit attributable to ordinary shareholders (£'000)	39,957	54,835	92,710
Return per share – pence	5.0p	6.9p	11.6p
Weighted average of ordinary shares in issue during period	799,366,108	799,366,108	799,366,108

Earnings for the six months to 30 June 2018 should not be taken as guide to the results for the year to 31 December 2018.

### 5. Investment properties

	<b>Six months to 30 June 2018 £'000</b>	Six months to 30 June 2017 £'000	Year to 31 December 2017 £'000
<b>Freehold and leasehold properties</b>			
Opening book cost	990,454	950,416	950,416
Opening unrealised appreciation	408,440	355,586	355,586
Opening fair value	1,398,894	1,306,002	1,306,002
Purchase of investment properties	5,532	1,640	33,212
Loss on sale	–	(5)	(5)
Capital expenditure	3,880	1,380	6,831
Unrealised gains on investment properties	31,353	45,667	68,267
Unrealised losses on investment properties	(10,382)	(10,165)	(15,413)
	<b>1,429,277</b>	1,344,519	1,398,894
Closing book cost	999,866	953,431	990,454
Closing unrealised appreciation	429,411	391,088	408,440
Closing fair value	<b>1,429,277</b>	1,344,519	1,398,894

**5. Investment properties (continued)**

The fair value of investment properties reconciled to the appraised value as follows:

	<b>Six months to 30 June 2018 £'000</b>	Six months to 30 June 2017 £'000	Year to 31 December 2017 £'000
Appraised value of CBRE	<b>1,450,035</b>	1,363,335	1,418,612
Lease incentives held as debtors	<b>(20,758)</b>	(18,816)	(19,718)
Closing fair value	<b>1,429,277</b>	1,344,519	1,398,894

There were no properties held for sale at 30 June 2018 (2017: none).

All the Group's investment properties were valued as at 30 June 2018 by RICS Registered Valuers working for the company of CBRE Limited ('CBRE'), commercial real estate advisors, acting in the capacity of a valuation adviser to the AIFM. All such valuers are Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors ('RICS').

CBRE completed the valuation of the Group's investment properties at 30 June 2018 on a fair value basis and in accordance with The RICS Valuation – Professional Standards UK January 2017.

There were no significant changes to the valuation process, assumptions and techniques used during the period, further details on which were included in note 8 of the consolidated financial statements of the Group for the year ended 31 December 2017.

As at 30 June 2018, all of the Group's properties are Level 3 in the fair value hierarchy as it involves the use of significant unobservable inputs and there were no transfers between levels during the period. Level 3 inputs used in valuing the properties are those which are unobservable, as opposed to Level 1 (inputs from quoted prices) and Level 2 (observable inputs either directly i.e. as priced, or indirectly, i.e. derived from prices).

**6. Share capital**

	<b>Six months to 30 June 2018 £'000</b>	Six months to 30 June 2017 £'000	Year to 31 December 2017 £'000
<b>Allotted, called-up and fully paid</b>			
799,366,108 Ordinary Shares of 1p each in issue	<b>7,994</b>	7,994	7,994

Under the Company's Articles of Incorporation, the Company may issue an unlimited number of Ordinary Shares. The Company issued nil Ordinary Shares during the period (2017: nil) raising net proceeds of £nil (2017: £nil).

The Company did not repurchase any Ordinary Shares during the period.

**7. Net asset value per share**

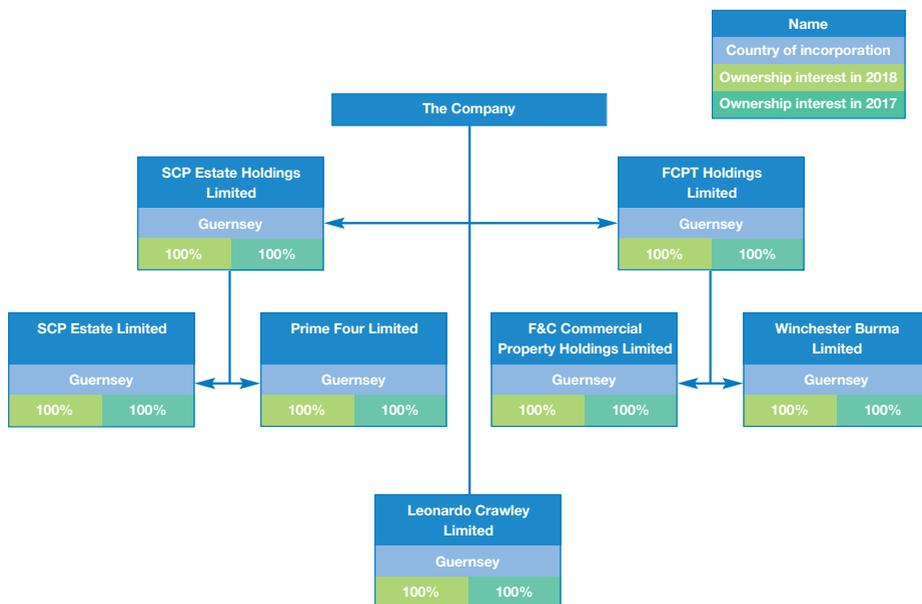
	<b>Six months to 30 June 2018</b>	Six months to 30 June 2017	Year to 31 December 2017
Net asset value per ordinary share – pence	<b>143.2p</b>	139.4p	141.2p
Net assets attributable at the period end (£'000)	<b>1,144,941</b>	1,114,584	1,128,650
Number of ordinary shares in issue at the period end	<b>799,366,108</b>	799,366,108	799,366,108

## 8. Capital commitments

The Group had capital commitments totalling £10,300,000 as at 30 June 2018 (30 June 2017: £1,625,000; 31 December 2017: £6,800,000). These commitments related mainly to contracted development works at the Group's properties at Cassini House, London SW1 and Nevis/Ness Houses, Edinburgh.

## 9. List of Subsidiaries

Set out below is a list of subsidiaries of the Group.



The results of the above entities are consolidated within the Group financial statements.

## 10. Subsequent events

There are no material subsequent events that need to be disclosed.

## 11. Forward looking statements

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

# Shareholder Information

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## Dividends

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

## Share Price

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

## Change of Address

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

## Shareholder Enquiries

Contact Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St. Peter Port, Guernsey, Channel Islands GY1 3QL. Additional information regarding the Company may also be found on its website which is: [fcpt.co.uk](http://fcpt.co.uk)

## Financial Calendar 2018/2019

October 2018	Q3 Net Asset Value announcement
January 2019	Q4 Net Asset Value announcement
April 2019	Announcement of annual results Posting of Annual Report
May 2019	Annual General Meeting

## Warning to Shareholders – Beware of Share Fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you are approached by fraudsters please tell the Financial Conduct Authority ('FCA') by using the share fraud reporting form at [fca.org.uk/scams](http://fca.org.uk/scams) where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

# How to Invest

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

## F&C Investment Trust ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the 2018/19 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. You can also transfer any existing ISAs to us whilst maintaining the tax benefits

## F&C Junior ISA (JISA)\*

You can invest up to £4,260 for the tax year 2018/19 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with F&C or another provider) to an F&C JISA

## F&C Child Trust Fund (CTF)\*

If your child has a CTF you can invest up to £4,260 for the 2018/19 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. You can also transfer a CTF from another provider to an F&C CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

## F&C Private Investor Plan (PIP)

This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £500 lump sum or £50 a month per Trust. You can also make additional lump sum top-ups at any time from £250 per Trust.

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

This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month per Trust. You can also make additional lump sum top-ups at any time from £100 per Trust.

## Charges

Annual management charges and other charges apply according to the type of plan.

### Annual account charge

**ISA:** £60+VAT

**PIP:** £40+VAT

**JISA/CIP/CTF:** £25+VAT

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

### Dealing charges

**ISA:** 0.2%

**PIP/CIP/JISA:** postal instructions £12, online instructions £8 per Trust.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits for the PIP, CIP and JISA.

There are no dealing charges on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year. Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan.

The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales cost disclosures related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you are wanting to invest into.

## How to Invest

To open a new F&C savings plan, apply online at [fandc.com/apply](https://fandc.com/apply)

Note, this is not available if you are transferring an existing plan with another provider to F&C, or if you are applying for a new plan in more than one name.

## New Customers

Call: **0800 136 420\*\*** (8.30am – 5.30pm, weekdays)

Email: [info@fandc.com](mailto:info@fandc.com)

## Existing Plan Holders

Call: **0345 600 3030\*\*** (9.00am – 5.00pm, weekdays)

Email: [investor.enquiries@fandc.com](mailto:investor.enquiries@fandc.com)

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

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: **Alliance Trust Savings, Barclays Stockbrokers, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, Selftrade, The Share Centre**

\*The CTF and JISA accounts are opened in the child's name and they have access to the money at age 18. \*\*Calls may be recorded or monitored for training and quality purposes.

# Alternative Performance Measures

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

**Discount or Premium** – the share price of an Investment Company is derived from buyers and sellers trading their shares on the stock market. If the share price is lower than the NAV per share, the shares are trading at a discount. This usually indicates that there are more sellers than buyers. Shares trading at a price above the NAV per share, are said to be at a premium.

**Dividend Cover** – The percentage by which Profits for the period (less gains/losses on investment properties) cover the dividend paid.

A reconciliation of dividend cover is shown below:

	<b>30 June 2018 £'000</b>	30 June 2017 £'000
<b>Profit for the period</b>	<b>39,957</b>	54,835
Add back: Unrealised gains on revaluation of investment properties	<b>(20,971)</b>	(35,502)
Losses on sales of investment properties realised	–	5
Profit before investment gains and losses	<b>18,986</b>	19,338
Dividends	<b>23,981</b>	23,981
Dividend Cover percentage	<b>79.2</b>	80.6

**Dividend Yield** – The annualised dividend divided by the share price at the period end. An analysis of dividends is contained in note 2 to the accounts.

**Net Gearing** – Borrowings less cash divided by total assets (less current liabilities and cash)

**Portfolio (Property) Capital Return** – The change in property value during the period after taking account of property purchases and sales and capital expenditure, calculated on a quarterly time-weighted basis.

**Portfolio (Property) Income Return** – The income derived from a property during the period as a percentage of the property value, taking account of direct property expenditure, calculated on a quarterly time-weighted basis.

**Portfolio (Property) Total Return** – Combining the Portfolio Capital Return and Portfolio Income Return over the period, calculated on a quarterly time-weighted basis.

**Total Return** – The theoretical return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV. The dividends are assumed to have been reinvested in the form of Ordinary Shares or Net Assets, respectively, on the date on which they were quoted ex-dividend.

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# Corporate Information

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## Directors (all non-executive)

Chris Russell (Chairman) \*  
Trudi Clark #  
Martin Moore †  
Peter Cornell  
David Preston †  
Paul Marcuse  
John Wythe (appointed 11 September 2018)

## Secretary

Northern Trust International Fund  
Administration  
Services (Guernsey) Limited  
PO Box 255  
Trafalgar Court  
Les Banques  
St. Peter Port  
Guernsey  
Channel Islands GY1 3QL  
Tel: 01481 745001

## Alternative Investment Fund Manager (‘AIFM’) and Investment Managers

F&C Investment Business Limited  
6th Floor  
Quartermile 4  
7a Nightingale Way  
Edinburgh EH3 9EG  
Tel: 0207 628 8000

## Property Managers

BMO REP Asset Management plc  
7 Seymour Street  
London W1H 7BA

## Property Valuers

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

## Auditor

PricewaterhouseCoopers CI LLP  
Royal Bank Place  
1 Glatigny Esplanade  
St. Peter Port  
Guernsey GY1 4ND

## Guernsey Legal Advisers

Corey Olsen (Guernsey) LLP  
Corey House  
Les Banques  
St. Peter Port  
Guernsey GY1 4BZ

## UK Legal Advisers

Dickson Minto WS  
16 Charlotte Square  
Edinburgh EH2 4DF

## Broker and Financial Adviser

Winterflood Securities Limited  
The Atrium Building  
Cannon Bridge House  
25 Dowgate Hill  
London EC4R 2GA

## Depository

JPMorgan Europe Limited  
25 Bank Street  
Canary Wharf  
London E14 5JP

\* Chairman of the Nomination Committee

† Chairman of the Management Engagement Committee

# Chairman of the Audit Committee

‡ Senior Independent Director

## Website

fccpt.co.uk

# F&C Commercial Property Trust Limited

INTERIM REPORT 2018

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## **Registered Office**

PO Box 255  
Trafalgar Court  
Les Banques  
St. Peter Port  
Guernsey  
Channel Islands GY1 3QL  
Tel: 01481 745001

## **Registrars**

Computershare Investor Services (Guernsey) Limited  
c/o Queensway House  
Hilgrove Street  
St. Helier  
Jersey  
Channel Islands JE1 1ES