



# **F&C Commercial Property Trust Limited**

Interim Report

For the six months ended

30 June 2007

# Company Summary

## **The Company**

The Company is a closed-ended Guernsey registered investment company. Its shares are listed on the Official List of the UK Listing Authority and on the Channel Islands Stock Exchange, and traded on the London Stock Exchange and the Channel Islands Stock Exchange. It was incorporated on 21 January 2005 and launched on 18 March 2005.

## **Objective**

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

## **Investment Managers**

F&C Investment Business Limited

## **Total Assets Less Current Liabilities**

£1,302 million at 30 June 2007

## **Shareholders' Funds**

£1,073 million at 30 June 2007

## **Capital Structure**

At launch, on 18 March 2005, the Company had a capital structure comprising approximately 75 per cent Ordinary Shares and 25 per cent Secured Bonds.

Ordinary shareholders are entitled to all dividends declared by the Company and to all the Company's assets after repayment of its borrowings. 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 0.60 per cent over LIBOR until the final maturity date of 30 June 2017.

## **Isa/Pep Status**

The Company's shares are eligible for Individual Savings Accounts (Isas) and Pep transfers.

## **Website**

The Company's internet address is [www.fccpt.co.uk](http://www.fccpt.co.uk)

# Financial Highlights and Performance Summary

- Net asset value total return of 6.3 per cent
- Dividend yield of 4.8 per cent

## Total Return

	<b>Six months to 30 June 2007</b>
Net asset value per share	<b>6.3%</b>
Ordinary Share price	<b>(3.1)%</b>
Investment Property Databank UK Monthly Index	<b>4.4%</b>
FTSE All-Share Index	<b>7.6%</b>

## Capital Values

	<b>30 June 2007</b>	31 December 2006	% Change
Total assets less current liabilities (£'000)	<b>1,302,270</b>	1,269,122	2.6%
Net asset value per share	<b>147.4p</b>	141.5p	4.2%
Ordinary Share price	<b>124.0p</b>	131.0p	(5.3)%
FTSE All-Share Index	<b>3,404.1</b>	3,221.4	5.7%
Discount to net asset value per share	<b>(15.9)%</b>	(7.4)%	–
Gearing*	<b>17.6%</b>	18.0%	–

\* Gearing: Secured Bonds ÷ Total assets (less current liabilities).

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

# Chairman's Statement

## Performance

Having experienced three years of exceptional total returns, the UK commercial property market is now slowing. Yield compression, which has largely driven performance of the sector during this period, would now appear to have stabilised. This is unsurprising as the all-property initial yield of 4.56 per cent from the Investment Property Databank UK Monthly Index (the 'IPD Monthly Index') as at 30 June 2007 was below the five year swap rate and risk free yield on gilts. The slowdown is evident from a more moderate return of 4.4 per cent from the IPD Monthly Index for the six months to 30 June 2007 compared with the return of 18.1 per cent achieved in 2006.

The market is, however, still experiencing strong investment demand for prime properties but demand is weakening for more secondary properties. In particular, overseas buyers continue to be very active in the market, especially in Central London. The Board believes that the Company's portfolio comprises prime properties in the main.

## Portfolio

The Company had total assets (less current liabilities) of £1.3 billion as at 30 June 2007, an increase of 2.6 per cent for the period. The ungeared total return of the portfolio for the six months was 6.1 per cent which compares very favourably with the IPD Monthly Index return of 4.4 per cent referred to above. The net asset value total return for the period was 6.3 per cent.

## Retail

The total return from the Company's retail properties during the period was 4.7 per cent which compares with the IPD Monthly Index all-

retail total return of 2.9 per cent. Investment demand for prime shopping centres and Open A1 consented retail warehouse parks remains strong. However, the investment market for high street shops is weakening and retail warehouses with bulky goods or restricted planning consents, especially the big DIY units, are also beginning to weaken. This is evidenced by retailers beginning to have concerns over retail sales levels and the changing of formats seen in the DIY sector.

This is an important year for the Company's retail properties, with significant rent reviews due at Newbury Retail Park, Dane Street, Rochdale and Wimbledon Broadway, London SW19. In a more challenging environment these negotiations are taking considerably longer to settle, often by referral to a third party surveyor. However, the Company has received a favourable rent review determination on a unit at Sears Retail Park, Solihull reflecting an uplift of 36 per cent over the previous contracted rent.

St Christopher's Place Estate, London W1 continues to let successfully and the Company currently has a number of quality retail lettings in solicitors' hands. The Estate also benefits from a diversified income stream with its exposure to restaurants, offices and residential units. The Estate's office element continues to benefit from the significant rental growth being experienced in Central London with £50 psf now firmly established on the Estate. The Company continues to refurbish and upgrade the office content on a rolling programme.

## Offices

The total return from the Company's office properties during the period was 8.0 per cent which compares with the IPD Monthly Index all-office total return of 6.9 per cent. The office

market continues to be the best performing sector, being driven by Central London which is still experiencing strong rental growth and investor demand for properties. The Company has a significant exposure to Central London and is well placed to capture rental growth. It is shortly to commence refurbishment works to three floors of offices at Charles House, 5-11 Regent Street, London SW1 and a further three floors at 7 Birch Lane, London EC3.

Resolution to grant planning consent, subject to agreement of a S.106 Agreement, has been given for a proposed redevelopment of 24/27 Great Pulteney Street, London W1. This is a significant opportunity for the Company to develop approximately 34,000 sq. ft. of high quality office space in Soho and to let into a strong leasing cycle.

Elsewhere in Central London, Cassini House, St James's Street, London SW1 has performed strongly with a letting of the ground floor contracted at £75 psf. The first floor in the property has recently been sub-let at £92.50 psf, which provides further evidence of the strength of occupier demand in Central London.

### **Industrials**

The total return from the Company's industrial properties during the period was 5.3 per cent which compares with the IPD Monthly Index all-industrial total return of 4.2 per cent. There is some concern that the abolition of empty rates relief from next April is not being factored into the current pricing of investments, especially for secondary and older stock. A masterplan for the industrial site at The Cowdray Centre, Colchester continues to be developed with the local authority and the Company intends to submit a planning application for redevelopment of the site.

### **Portfolio Management**

2007 is an important year for the Company, with a significant portion of its income subject to rent review, lease renewal or break options. The Managers are focused on managing this process. The Company's voids were measured at 1.8 per cent of rental value as at 30 June 2007 which is low, reflecting the size and nature of the portfolio.

### **Sales and Purchases**

Since the beginning of the year the Company has been reducing its exposure to the Industrial Property Investment Fund which, as at 31 December 2006, was its largest asset. The Company realised £45.8 million in three separate transactions during the period, at a premium to net asset value. The Company also realised £4.9 million from the disposal of units in The Mall LP.

There were no purchases during the period. However, the Managers continue to look for ways to enhance the quality of the portfolio through attractive purchase opportunities.

### **Dividends**

A first interim dividend of 1.5p per share was paid on 27 July 2007. The Board has declared a second interim dividend of 1.5p per share which will be paid on 26 October 2007 to shareholders on the register on 28 September 2007.

The current annual rate of dividend, of 6.0p per share, is unchanged from that set at the time of the Company's launch in March 2005 and represented a dividend yield of 4.8 per cent as at 30 June 2007.

### **Discount and Share Buy Backs**

As a reflection of the more challenging environment for property as an asset class and

# Chairman's Statement

in common with the peer group and wider quoted property sector, the Company's shares started to trade at a discount to net asset value for the first time during the period. The discount at the end of the period as shown in the accounts was 15.9 per cent. However, it is the Company's practice not to issue quarterly net asset values until after the end of each quarter and the discount to the most recently published net asset value (adjusted for any quarterly dividends for which the share price has gone ex-dividend) at the end of the period was 11.8 per cent. The average discount on this basis during the period was 5.9 per cent and, over the six months, the share price fell by 5.3 per cent.

During the period the Company bought back 7 million shares, equivalent to 0.95 per cent of the issued share capital as at 31 December 2006. The shares were bought back at an average discount of 9.3 per cent to the published net asset value (adjusted for any quarterly dividends for which the share price has gone ex-dividend) and provided an enhancement of 0.14p per share to the net asset value. The shares were bought back to be held in treasury, for subsequent re-issue at a premium to net asset value. In carrying out these share buy backs the Board gave careful consideration to the Company's cashflow and bond covenant constraints as well as amounts committed to future development opportunities.

Shareholders will be aware of the statement in the prospectus that the Directors intend to use the share buy back authority to purchase shares (subject to the income and cash flow requirements of the Company) if the share price is more than five per cent below the published net asset value 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 for any quarterly dividends for which the share price has gone ex-dividend.

It is also stated in the prospectus that, in the event of the discount to the published net asset value being more than five per cent for 90 dealing days or more, the Directors will convene an Extraordinary General Meeting to be held within three months to consider an ordinary resolution for the continuation of the Company. This condition has not been met to date but, should the discount remain in excess of five per cent, will be met on 22 August 2007.

## **Borrowings**

As a result of the continued rise in the valuation of the property portfolio and the disposals during the period, the level of gearing fell during the period from 18.0 per cent to 17.6 per cent. This compares with 24.4 per cent at launch in March 2005.

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

## **Issue of Shares**

Since the end of the period the Board has announced that it is proposing to issue shares in connection with the proposed liquidation and reconstruction (the 'Scheme') of The UK Balanced Property Trust Limited ('UKBPT') that has been announced by UKBPT.

Under the Scheme, it is intended that shareholders in UKBPT will have the opportunity to roll-over their investment into the Company.

The Company will be the default option for shareholders in UKBPT. Ordinary shares will be issued to shareholders in UKBPT at an issue price equal to the net asset value of a share in the Company at the time the Scheme becomes effective, which is expected to be mid-October 2007, adjusted for any accrued dividends in the Company to which the roll-over shareholders may or may not be entitled.

The Company's Managers, F&C Investment Business Limited, have agreed to make a contribution to the costs to the Company of the roll-over which is expected to cover the costs to the Company of participating in the Scheme. As such, the Company's participation in the Scheme will not be dilutive to the net asset value per share. It is the intention that the number of shares to be issued will be limited to 44.5 million. Subsidiaries of Friends Provident plc will retain over 50 per cent of the issued shares in the Company following the Scheme.

## Outlook

Property returns are beginning to slow and the Managers' in-house forecast for the sector is for total returns of between 7 and 8 per cent for 2007. This is somewhat more conservative than consensus forecasts. It is apparent that secondary stock is weakening as there is not the strength and depth of bidders previously seen. Total returns are likely to be income driven with pockets of capital growth being enhanced by rental growth, superior stock selection and continued asset management.

Since its launch in March 2005, the Company has produced a net asset value total return of 64.7 per cent. The Board believes that the Company continues to offer a robust and liquid means for investors to access a high quality portfolio of real estate in the UK.



**Peter Niven**

Chairman

31 July 2007

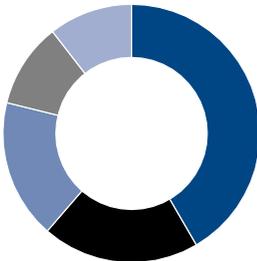
# Portfolio Statistics

## Geographical Analysis as at 30 June 2007



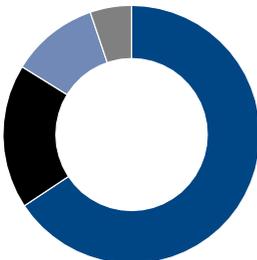
West End	32.0%
South East	26.3%
Indirect	11.0%
Eastern	8.5%
West Midlands	7.0%
North West	6.9%
Scotland	6.0%
Yorkshire and Humberside	1.3%
Rest of London	1.0%

## Sector Analysis as at 30 June 2007



Offices	41.2%
Retail	19.9%
Retail Warehouse	17.6%
Industrial	10.7%
Shopping Centre	10.6%

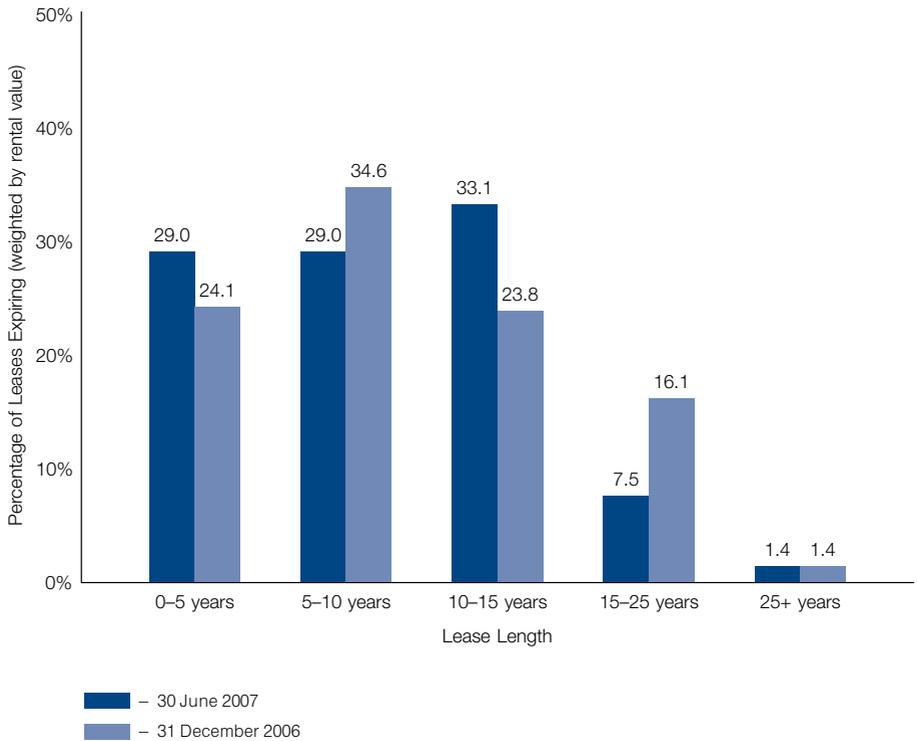
## Tenure Analysis as at 30 June 2007



Freehold	65.7%
Mixed Freehold/Leasehold	18.1%
Indirect	11.0%
Leasehold	5.2%

## Lease Expiry Profile

At 30 June 2007 the weighted average lease length for the portfolio, assuming all break options are exercised, was 9.1 years (31 December 2006: 9.5 years).



# Property Portfolio

as at 30 June 2007

Property	Market Value £'000	% of Total Assets (less current liabilities)
London W1, St Christopher's Place Estate	129,900	10.0
Newbury, Newbury Retail Park	89,300	6.8
London SW1, Cassini House, St James's Street	86,750	6.7
Solihull, Sears Retail Park	85,860	6.6
Industrial Property Investment Fund	83,648	6.4
Colchester, Lion Walk Shopping Centre	77,800	6.0
London SW1, 84 Eccleston Square	62,800	4.8
London SW19, Wimbledon Broadway	61,480	4.7
Uxbridge, 3 The Square, Stockley Park	51,550	4.0
The Mall LP	51,505	3.9
<b>Ten largest properties</b>	<b>780,593</b>	<b>59.9</b>
Camberley, Watchmoor Park	43,800	3.4
Manchester, 82 King Street	43,075	3.3
London SW1, Charles House, 5-11 Regent Street	41,075	3.2
Rochdale, Dane Street	40,800	3.1
Glasgow, Alhambra House, Wellington Street	38,425	3.0
Reading, Thames Valley One, Thames Valley Park	32,350	2.5
Reading, Thames Valley Two, Thames Valley Park	22,050	1.7
Colchester, The Cowdray Centre, Cowdray Avenue	20,110	1.5
London W1, 24/27 Great Pulteney Street	18,690	1.4
Edinburgh, 124/125 Princes Street.	18,550	1.4
<b>Twenty largest properties</b>	<b>1,099,518</b>	<b>84.4</b>
London SW1, 2/4 King Street	17,875	1.4
London W1, 385/389 Oxford Street	17,700	1.4
Edinburgh, Nevis/Ness Houses, 11/12 Lochside Place	16,000	1.1
Leeds, 27/28 Commercial Street	13,700	1.1
London W1, 17A Curzon Street	12,650	1.0
Southampton, Upper Northam Road, Hedge End	12,575	1.0
London EC3, 7 Birchin Lane	11,825	0.8
Camberley, Affinity Point, Glebeland Road	8,650	0.7
Colchester, Ozalid Works, Cowdray Avenue	5,900	0.5
London W1, 16 Conduit Street	4,475	0.4
<b>Thirty largest properties</b>	<b>1,220,868</b>	<b>93.8</b>
Leeds, 40/42 Albion Street	1,835	0.1
<b>Total property portfolio</b>	<b>1,222,703</b>	<b>93.9</b>
<b>Net current assets</b>	<b>79,567</b>	<b>6.1</b>
<b>Total assets (less current liabilities)</b>	<b>1,302,270</b>	<b>100.0</b>

# Consolidated Income Statement

(unaudited) for the six months to 30 June 2007

	Notes	Six months to 30 June 2007 £'000	Six months to 30 June 2006 £'000	Year to 31 December 2006* £'000
<b>Revenue</b>				
Rental income		27,672	25,982	53,427
Income from indirect property funds		3,421	4,354	7,747
<b>Gains on investments</b>				
Gain on investment properties		40,815	79,618	155,511
Gain on indirect property funds		3,464	15,503	27,653
<b>Total income</b>		<b>75,372</b>	125,457	244,338
<b>Expenditure</b>				
Investment management fee		(4,824)	(4,277)	(9,050)
Direct operating expenses of let rental property		(1,004)	(1,524)	(3,156)
Provision for bad debts		(74)	36	127
Valuation and other professional fees		(244)	(151)	(388)
Administration fee		(51)	(50)	(102)
Directors' fees		(49)	(49)	(97)
Other expenses		(155)	(192)	(254)
<b>Total expenditure</b>		<b>(6,401)</b>	(6,207)	(12,920)
<b>Net operating profit before finance costs</b>		<b>68,971</b>	119,250	231,418
<b>Net finance costs</b>				
Interest revenue receivable		1,513	855	1,573
Finance costs		(6,063)	(6,062)	(12,123)
		<b>(4,550)</b>	(5,207)	(10,550)
<b>Net profit from ordinary activities before taxation</b>		<b>64,421</b>	114,043	220,868
Taxation on profit on ordinary activities		(313)	(333)	(457)
<b>Net profit for the period</b>		<b>64,108</b>	113,710	220,411
<b>Earnings per share</b>	2	<b>8.7p</b>	15.5p	30.0p

This financial information has been prepared on the basis of the accounting standards and policies set out in the Annual Report and Accounts for the year ended 31 December 2006.

All items in the above statement derive from continuing operations.

\*these figures are audited

# Consolidated Balance Sheet

(unaudited) as at 30 June 2007

	<b>30 June 2007 £'000</b>	30 June 2006 £'000	31 December 2006* £'000
<b>Non-current assets</b>			
Investment properties	<b>1,087,550</b>	991,885	1,046,980
Investments in indirect property funds held at fair value	<b>135,153</b>	169,727	181,877
	<b>1,222,703</b>	1,161,612	1,228,857
<b>Current assets</b>			
Trade and other receivables	<b>34,909</b>	4,084	6,217
Cash and cash equivalents	<b>63,687</b>	35,397	53,291
	<b>98,596</b>	39,481	59,508
<b>Total assets</b>	<b>1,321,299</b>	1,201,093	1,288,365
<b>Current liabilities</b>			
Trade and other payables	<b>(19,029)</b>	(16,767)	(19,243)
<b>Non-current liabilities</b>			
Interest bearing bonds	<b>(229,043)</b>	(228,946)	(228,993)
Deferred taxation	<b>(434)</b>	(262)	(360)
	<b>(229,477)</b>	(229,208)	(229,353)
<b>Total liabilities</b>	<b>(248,506)</b>	(245,975)	(248,596)
<b>Net assets</b>	<b>1,072,793</b>	955,118	1,039,769
<b>Represented by:</b>			
Share capital	<b>661,500</b>	661,500	661,500
Special reserve	<b>58,434</b>	62,337	58,434
Capital reserve – realised	<b>9,172</b>	–	4,202
Capital reserve – unrealised	<b>342,687</b>	228,571	312,412
Revenue reserve	<b>1,000</b>	2,710	3,221
<b>Equity shareholders' funds</b>	<b>1,072,793</b>	955,118	1,039,769
<b>Net asset value per share</b>	<b>147.4p</b>	129.9p	141.5p

\*these figures are audited

# Consolidated Statement of Changes in Equity

(unaudited) for the six months to 30 June 2007

	Share Capital £'000	Special Reserve £'000	Capital Reserve – Realised £'000	Capital Reserve – Unrealised £'000	Revenue Reserve £'000	Total £'000
<b>At 1 January 2007</b>	<b>661,500</b>	<b>58,434</b>	<b>4,202</b>	<b>312,412</b>	<b>3,221</b>	<b>1,039,769</b>
Net profit for the period	–	–	–	–	64,108	64,108
Dividends paid	–	–	–	–	(22,050)	(22,050)
Gain on investment properties	–	–	33	40,782	(40,815)	–
Gain on indirect property funds	–	–	13,971	(10,507)	(3,464)	–
Share buy-backs	–	–	(9,034)	–	–	(9,034)
<b>At 30 June 2007</b>	<b>661,500</b>	<b>58,434</b>	<b>9,172</b>	<b>342,687</b>	<b>1,000</b>	<b>1,072,793</b>

## For the six months to 30 June 2006

	Share Capital £'000	Special Reserve £'000	Capital Reserve – Realised £'000	Capital Reserve – Unrealised £'000	Revenue Reserve £'000	Total £'000
At 1 January 2006	661,500	62,337	–	133,450	6,171	863,458
Net profit for the period	–	–	–	–	113,710	113,710
Dividends paid	–	–	–	–	(22,050)	(22,050)
Gain on investment properties	–	–	–	79,618	(79,618)	–
Gain on indirect property funds	–	–	–	15,503	(15,503)	–
<b>At 30 June 2006</b>	<b>661,500</b>	<b>62,337</b>	<b>–</b>	<b>228,571</b>	<b>2,710</b>	<b>955,118</b>

## For the year to 31 December 2006\*

	Share Capital £'000	Special Reserve £'000	Capital Reserve – Realised £'000	Capital Reserve – Unrealised £'000	Revenue Reserve £'000	Total £'000
At 1 January 2006	661,500	62,337	–	133,450	6,171	863,458
Net profit for the year	–	–	–	–	220,411	220,411
Dividends paid	–	–	–	–	(44,100)	(44,100)
Transfer from special reserve	–	(3,903)	–	–	3,903	–
Gain on investment properties	–	–	4,202	151,309	(155,511)	–
Gain on indirect property funds	–	–	–	27,653	(27,653)	–
<b>At 31 December 2006</b>	<b>661,500</b>	<b>58,434</b>	<b>4,202</b>	<b>312,412</b>	<b>3,221</b>	<b>1,039,769</b>

\*these figures are audited

# Consolidated Cash Flow Statement

(unaudited) for the six months to 30 June 2007

	Notes	Six months to 30 June 2007 £'000	Six months to 30 June 2006 £'000	Year to 31 December 2006* £'000
<b>Cash flows from operating activities</b>				
Net operating profit for the period before finance costs		68,971	119,250	231,418
Adjustments for:				
Gain on investment properties		(40,815)	(79,618)	(155,511)
Gain on indirect property funds		(3,464)	(15,503)	(27,653)
Decrease/(increase) in operating trade and other receivables		1,608	479	(1,654)
(Decrease)/increase in operating trade and other payables		(134)	(26)	2,452
		<b>26,166</b>	24,582	49,052
Interest received		1,513	855	1,573
Interest paid		(6,015)	(6,015)	(12,029)
Taxation paid		(317)	(283)	(311)
		<b>(4,819)</b>	(5,443)	(10,767)
<b>Net cash inflow from operating activities</b>		<b>21,347</b>	19,139	38,285
<b>Cash flows from investing activities</b>				
Purchase of investments		–	(975)	(975)
Sale of investments		20,921	–	23,237
Capital expenditure		(788)	(2,397)	(4,836)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>20,133</b>	(3,372)	17,426
<b>Cash flows from financing activities</b>				
Share buy-backs		(9,034)	–	–
Dividends paid	4	(22,050)	(22,050)	(44,100)
<b>Net cash outflow from financing activities</b>		<b>(31,084)</b>	(22,050)	(44,100)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>10,396</b>	(6,283)	11,611
Opening cash and cash equivalents		53,291	41,680	41,680
<b>Closing cash and cash equivalents</b>		<b>63,687</b>	35,397	53,291

\*these figures are audited

# Notes to the Interim Report

1. The unaudited interim results have been prepared on the basis of International Financial Reporting Standards and the accounting policies set out in the statutory accounts of the Group for the year ended 31 December 2006.

2. Earnings per Ordinary Share are based on 733,683,000 shares, being the weighted average number of shares in issue during the period (period to 30 June 2006 – 735,000,000; year to 31 December 2006 – 735,000,000).

3. Earnings for the six months to 30 June 2007 should not be taken as a guide to the results for the year to 31 December 2007.

4. Dividends

	<b>Six months to 30 June 2007</b>		Six months to 30 June 2006		Year ended 31 December 2006	
	<b>Total £'000</b>	<b>Rate (pence)</b>	Total £'000	Rate (pence)	Total £'000	Rate (pence)
In respect of the previous period:						
Third interim dividend	<b>11,025</b>	<b>1.50</b>	11,025	1.50	11,025	1.50
Fourth interim dividend	<b>11,025</b>	<b>1.50</b>	11,025	1.50	11,025	1.50
In respect of the period under review:						
First interim dividend	<b>n/a</b>	<b>n/a</b>	n/a	n/a	11,025	1.50
Second interim dividend	<b>n/a</b>	<b>n/a</b>	n/a	n/a	11,025	1.50
	<b>22,050</b>	<b>3.00</b>	22,050	3.00	44,100	6.00

A first interim dividend for the year to 31 December 2007, of 1.5p per share, was paid on 27 July 2007 to shareholders on the register at close of business on 29 June 2007.

A second interim dividend of 1.5p per share will be paid on 26 October 2007 to shareholders on the register at close of business on 28 September 2007. The ex-dividend date will be 26 September 2007.

5. During the period the Company purchased 7,000,000 Ordinary Shares to be held in treasury at a cost of £9,034,000 (period to 30 June 2006 – nil; year to 31 December 2006 – nil). There were 728,000,000 Ordinary Shares in issue at 30 June 2007 (30 June 2006 and 31 December 2006 – 735,000,000).

The Company held 7,000,000 shares in treasury at 30 June 2007 (30 June 2006 and 31 December 2006 – nil).

6. The Group results consolidate the results of F&C Commercial Property Holdings Limited, a wholly owned subsidiary which invests in properties, and F&C Commercial Property Finance Limited, a special purpose company which has issued the £230 million Secured Bonds.

# Independent Review Report to F&C Commercial Property Trust Limited

## **Introduction**

We have been instructed by the Company to review the financial information for the six months ended 30 June 2007 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes 1 to 6. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

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

## **Directors' Responsibilities**

The Interim Report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## **Review Work Performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the UK. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Statements on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

## **Review Conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

## **KPMG Channel Islands Limited**

Guernsey

31 July 2007

# Shareholder Information

## Dividends

Ordinary dividends are paid quarterly in January, April, July and October each year. 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 (Channel Islands) 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.

## Dividend Reinvestment Plan

Shareholders who wish to use their dividends to purchase further shares in the Company by participating in the Dividend Reinvestment Plan can complete a Mandate Form which may be obtained from Computershare Investor Services (Channel Islands) Limited, PO Box 83, Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW on request.

## 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 (Channel Islands) 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 GY1 3QL. Additional information regarding the Company may also be found at its website address which is: [www.fccpt.co.uk](http://www.fccpt.co.uk).

# Corporate Information

## Directors

Peter Niven (Chairman)  
Donald L Adamson  
John H Stephen  
Brian W Sweetland  
Nicholas J M Tostevin

## Registered Office

Trafalgar Court  
Les Banques  
St. Peter Port  
Guernsey GY1 3QL

## Secretary and Registrars

Northern Trust International Fund  
Administration Services (Guernsey) Limited  
Trafalgar Court  
Les Banques  
St. Peter Port  
Guernsey GY1 3QL

## Investment Managers

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

## Property Valuers

DTZ Debenham Tie Leung Limited  
One Curzon Street  
London W1A 5PZ

## Website

[www.fccpt.co.uk](http://www.fccpt.co.uk)

## Auditors

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



**Registered Office**

Trafalgar Court  
Les Banques  
St. Peter Port  
Guernsey GY1 3QL

**Registrars**

Northern Trust International Fund Administration  
Services (Guernsey) Limited  
Trafalgar Court  
Les Banques  
St. Peter Port  
Guernsey GY1 3QL