F&C Commercial Property Trust Limited

Interim Report for the six months ended 30 June 2016

F&C Investments

Company Summary

The Company

F&C Commercial Property Trust Limited ('the Company') is an Authorised Closed-Ended Guernsey incorporated investment company. Its shares 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.

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 10 to the accounts.

At 30 June 2016 Group total assets less current liabilities were £1,381 million and Group shareholders' funds were £1,072 million.

Objective

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

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'.

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 (as amended) 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 Managers operate a number of investment plans which facilitate investment in the shares of the Company. Details are contained on page 26. You may also invest through your usual stockbroker.

Website

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

aic The Association of Investment Companies

London Stock Exchange LISTED PREMIUM

Financial Highlights

Diversified UK Commercial Property Portfolio to deliver attractive returns

88.7
per cent

Dividend cover

Continued improvement in dividend cover increasing to 88.7% from 80.6% as at 2015 year end.

1.4
per cent

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.

5.3
per cent

Dividend yield

Maintained dividend at 6.0 pence per share for the 10th successive year, giving a yield of 5.3% on the period end share price.

£100m

Loan refinanced and new revolving credit facility

£50 million loan refinanced with a significantly reduced interest rate, fixed for 5 years. Additional £50 million revolving credit facility, to be used for on-going working capital purposes and to provide the Group with flexibility to acquire further property should the opportunity arise.

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.

Performance Summary

	Half year ended 30 June 2016		
Total Returns for the period[ø]			
Net asset value per share*	**1.4%**		
Ordinary Share price	**(13.3)%**		
Investment Portfolio Databank ('IPD') Portfolio ungeared return	**2.0%**		
Investment Property Databank ('IPD') All Quarterly and Monthly Valued Funds Benchmark	**2.6%**		
FTSE All-Share Index	**4.3%**		

	Half year ended 30 June 2016	Year ended 31 December 2015	% change
Capital Values			
Total assets less current liabilities (£'000)*	**1,380,825**	1,389,389	(0.6)
Net asset value per share*	**134.1p**	135.2p	(0.8)
Ordinary Share price	**113.8p**	134.4p	(15.3)
FTSE All-Share Index	**3,515.45**	3,444.26	2.1
(Discount)/Premium to net asset value per share	**(17.8)%**	(0.6)%	
Net Gearing[¶]	**19.9%**	19.0%	

	Half year ended 30 June 2016	Half year ended 30 June 2015	
Earnings and Dividends			
Earnings per Ordinary Share	**2.0p**	9.9p	
Dividends per Ordinary Share	**3.0p**	3.0p	
Dividend yield[†]	**5.3%**	4.2%	

[ø] Includes dividends re-invested.

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

[¶] Net Gearing: (Borrowings – cash) ÷ total assets (less current liabilities and cash).

[†] Calculated on annualised dividends of 6.0p per share. An analysis of dividend payments is contained in note 2 to the accounts.

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

Chairman's Statement

Chris Russell Chairman

For the Six Months Ended 30 June 2016

Perfomance for the Period

The Company's net asset value ('NAV') total return for the six month period ended 30 June 2016 was 1.4 per cent and the ungeared total return from the property portfolio was 2.0 per cent. This compares with a total return of 2.6 per cent from the Investment Property Databank ('IPD') All Quarterly and Monthly Valued Funds.

The changes to Stamp Duty announced in March 2016 reduced the value of the portfolio by 0.8 per cent and the period saw income becoming the main driver of total return. Although overseas buyers remained active, institutions became net sellers as the period progressed. The yield compression that had previously driven the market became less pronounced and restricted to a smaller part of the market.

The share price total return for the period was -13.3 per cent. The share price had been trading at a premium to NAV for more than two years until the final quarter of 2015 when it fell to a discount of 0.6 per cent by the end of December. As at 30 June 2016, the share price was 113.8p, a discount of 17.8 per cent on the June NAV, but it subsequently recovered, closing the discount to 8.1% by 22 August 2016.

The initial share price fall was primarily due to lower expectations for capital growth in UK commercial property values. Subsequent weakness followed the announcement of the referendum in February and Stamp Duty changes in March, with sharp falls across the sector in the immediate aftermath of the Brexit vote in the last week of June. This was followed by recovery in July and August when a number of open-ended funds re-opened for business after temporary closure and several property market transactions took place on lower discounts to pre-Brexit prices than expected.

With the referendum vote occurring so near to the quarter end, valuers struggled to determine the impact of the outcome on both the property investment and lettings markets. Our valuer has explicitly stated that the uncertainty following the UK's decision to exit the EU has reduced the probability of valuations coinciding with prices received were the properties to be sold.

The period saw a moderating level of investment activity in the property market. While the market continued to deliver a positive total return, Central London retail and the industrials sectors out-performed alongside South East and West End offices. The retail market outside London continued to under-perform.

The Company's underperformance of the IPD benchmark came primarily from the office sector of the portfolio where there were significant voids at Thames Valley Park One, Reading and Watchmoor Park, Camberley. There was also a mark down in the valuation of the Aberdeen properties. On the upside, all the other sectors in the portfolio produced positive total returns and were ahead of the benchmark.

There were no purchases or sales during the period and the focus has continued to be on driving income and value-creating asset management within the existing portfolio. Further detail on the various property and asset management activities undertaken during the period and a breakdown of the performance are shown in the Managers' Review.

The Directors have also considered it appropriate to prepare the financial statements on the going concern basis, as explained in note 1 to the condensed financial statements.

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 2015	135.2
Unrealised decrease in valuation of direct property portfolio	(0.6)
Movement in interest rate swap valuation	(0.2)
Other net revenue	2.7
Dividends paid	(3.0)
NAV per share as at 30 June 2016	**134.1**

Dividends

Monthly dividends of 0.5p per share were paid during the period, maintaining the annual dividend rate of 6.0p per share. The annualised dividend yield at the end of the period was 5.3 per cent on a closing share price of 113.8p per share.

Chairman's Statement (continued)

Barring unforeseen circumstances, it is the Board's intention that the dividend will continue to be paid monthly at the same rate. Dividend cover for the period (excluding capital gains on properties and the loss on redemption of the interest rate swap) was 88.7 per cent, an improvement on the cover achieved for the last financial year which was 80.6 per cent.

Borrowings

As announced in June 2016, the Group agreed amended financing arrangements with Barclays Bank PLC in respect of the existing £50 million term loan facility repayable in June 2017. This included extending the repayment date to June 2021. The Board also agreed an additional revolving credit facility of £50 million over the same period for ongoing working capital purposes and to provide the Group with the flexibility to acquire further property should the opportunity arise.

Following this refinancing, 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. The Group's drawn down borrowings currently total £310 million. The Group's total loan to value, net of cash, was 19.9 per cent at the end of the period.

The Group terminated, at a cost of £1.3 million, the interest rate hedging arrangements linked to the previous Barclays facility. This had been accounted for as a liability, net of accrued interest, of £1.5 million as at 31 December 2015. The Group has entered into a new £50 million interest rate swap to cover the extended Barclays term facility. This has a fixed interest payable at 2.5 per cent. per annum, a substantial reduction on the previous 4.9 per cent per annum. The weighted average interest rate on the Group's total current borrowings is 3.3 per cent which is 0.3 per cent lower than before the refinancing.

Board Composition

Brian Sweetland, who has been a Director of the Company from the beginning in 2005, retired from the Board at the Annual General Meeting on 2 June 2016. I recorded in the annual report, published in April this year, our appreciation for the time, experience and effort he has given to the Company over the years.

The Board continues the programme of refreshment of the Board which was outlined in the 2014 annual report. As a consequence of this, Peter Niven, who has served the Company since inception, both as a Director and Chairman, will retire at the 2017 AGM. The Board has engaged a recruitment agent to begin the process of seeking a replacement.

Outlook

Following the EU referendum vote at the end of June there are unresolved political and economic issues which will continue to contribute to a climate of uncertainty in the property market. While the next few months should begin to see greater clarity on economic policy and Brexit strategy, a prolonged period of negotiation is likely before the final outcome is known.

This uncertain state of affairs will have some effect on both occupier and investor demand over both the short and medium-term, especially concerning City offices, secondary stock and development activity all of which the Company has limited exposure to. Prime property in core locations should prove more resilient. Investors seeking an income stream may be attracted to an asset class with long-term contractual income yielding at least 4 per cent per annum, particularly if low interest rates limit profitable investment opportunities in other asset classes.

Brexit is important but is only one element in the outlook for property. There are wider global economic and political factors which will come into play and the UK remains a large, mature and relatively transparent market for UK and overseas investors. Following the fall in both sterling and gilt yields, and given the prospect of a prolonged period of low interest rates, well located and let property remains attractively priced against the current risk free rate of interest.

Chris Russell
Chairman
23 August 2016

Managers' Review

Richard Kirby, Fund Manager

Richard Kirby Fund Manager joined the predecessor to the F&C Asset Management plc group ('F&C') in 1990. He has been a fund manager since 1995 and has experience of managing commercial property portfolios across all sectors for open-ended, closed-ended and life fund clients. He sits on both the Executive Committee and Investment Committee of BMO REP Asset Management plc ('BMO REP'). He is a Chartered Surveyor and a member of the Investment Property Forum, the British Council of Offices and the British Council for Shopping Centres.

Managers

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

Property Market Review

The market total return for the six months to 30 June 2016, as measured by the Investment Property Databank ('IPD') All Quarterly and Monthly Valued Funds ('the benchmark') was 2.6 per cent.

The early part of the review period was characterised by extreme volatility in the global financial markets reflecting concerns about growth prospects internationally. In February 2016, it was declared that the referendum regarding EU membership would be held on 23 June 2016 and this added a further element of uncertainty for investors. In the March Budget, the Chancellor announced changes to stamp duty on commercial property, which adversely affected capital values.

The economy continued to deliver positive growth but there were indications that the pace was slowing. The Bank of England kept interest rates and monetary policy unchanged during this period but there was a growing feeling that rates would stay "lower for longer". Gilt yields moved lower during the half-year to touch 1 per cent by 30 June 2016.

The EU referendum vote took place on 23 June 2016. The decision in favour of leaving the EU was unexpected. There was a sharp fall in sterling and in gilt yields in the final week of the reporting period. The equity market (FTSE 100) also registered a steep drop in the immediate aftermath of the vote although this had reversed by 30 June. This volatility also affected the market for listed real estate securities.

Benchmark capital values rose by 0.3 per cent in the six month period. However, the timing of the Brexit vote so close to the quarterly valuation date, the unexpected outcome and the lack of timely market evidence as guidance for valuers all need to be borne in mind when assessing this return. Performance was supported by the income return, which was 2.3 per cent for the half-year, in line with the market level.

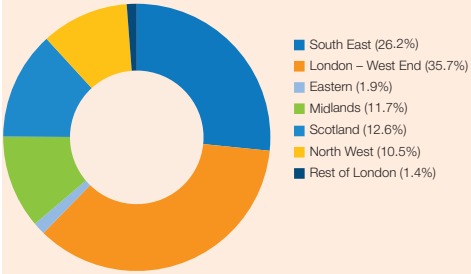
The period saw the level of investment activity moderate. Investment in January-June 2016 totalled £25.6 billion compared with £38.8 billion† in the equivalent period of 2015. Overseas investors were the main drivers of the market. UK institutions were net sellers of property predominantly in the latter part of the review period. Retail investors were also making net withdrawals from property funds ahead of the Brexit vote. Most segments recorded reduced levels of investment activity with regional offices and retail warehousing the most resilient but non-traditional assets moving out of favour.

The banks continued to work through their problem loans and appeared willing to consider new lending on well-secured standing investments. However, margins were increasing in the latter part of the period.

†Source: Property Data Ltd

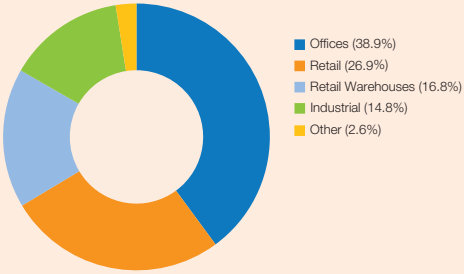
Managers' Review (continued)

Geographical Analysis
as at 30 June 2016, % of total property portfolio



Source: BMO REP Asset Management plc

Sector Analysis
as at 30 June 2016, % of total property portfolio



Source: BMO REP Asset Management plc

Although property remained attractively priced against the risk free rate, this was in part due to the fall in gilt yields and investors were becoming increasingly concerned about pricing especially in London. IPD data shows initial yields holding steady at 4.8 per cent during the review period following a prolonged period of compression. At the segment level, yield shift was modest, moving in a 0-10 basis point range. Yields levels varied from 3.3 per cent for offices in the West End to 6.0 per cent for regional industrials.

IPD data for standing investments shows rental growth of 1.2 per cent over the review period. This represents a deceleration from the pace seen in the like period of 2015. Central London offices remains a major driver behind rental growth, although at a slower pace than last year. There are still segments of the market such as standard regional retail and supermarkets where rental growth has been negative. Net income grew by 1.0 per cent, representing a slight improvement on the same period in 2015.

At the segment level, industrials delivered a relatively strong benchmark performance, with an aggregate total return of 3.6 per cent. Central London retail continued to perform strongly. Offices in the West End and the South East also out-performed. The retail market outside London remains subdued, especially in town centres.

The market lost momentum in the January-June 2016 period. The approach of the EU referendum was a factor but other elements were also affecting sentiment and performance. Total returns are now being driven by the income component. However, in an era of low interest rates and market uncertainty, the ability to obtain an higher income return secured on assets often let on long leases may act to support property.

Property Portfolio

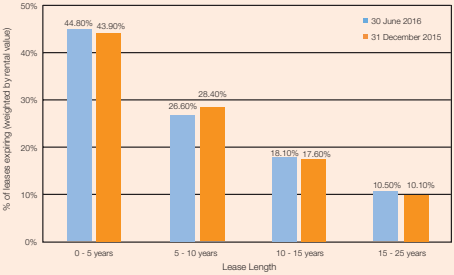
The Company invests in a diversified UK commercial real estate portfolio of 36 properties.

The property portfolio was externally valued at £1,355.75 million as at 30 June 2016.

The total return from the portfolio over the period was 2.0 per cent (75th percentile) underperforming the 2.6 per cent return recorded by the benchmark. The portfolio continues to deliver strong performance over three, five and ten years.

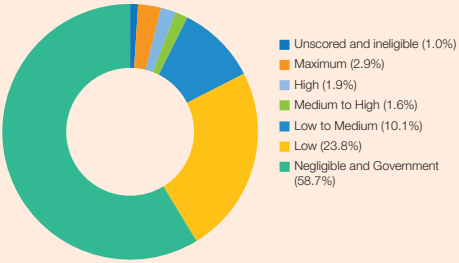
Following the referendum result, the valuer CBRE has explicitly stated that we are now in a period of uncertainty in relation to many factors that impact the property investment and letting markets. Since the referendum date it has not been possible to gauge the effect of this decision by reference to transactions in the market place and the probability of the valuation exactly coinciding with prices received where the properties to be sold has reduced.

Lease Expiry Profile
At 30 June 2016 the weighted average lease length for the portolio, assuming all break options are exercised, was 7.0 years



Source: BMO REP Asset Management plc

Covenant Strength
as at 30 June 2016, % of income by risk band



Source: IRIS Report, MSCI Inc

Headline Returns by Sector

(Six months to 30 June 2016)

	Total Return	
	Portfolio (%)	**Benchmark (%)**
All Retails	2.5	1.7
All Offices	-0.6	3.1
All Industrials	7.1	3.6
Other Commercial	6.0	3.2
All Sectors	**2.0**	**2.6**

Headline Returns by Segment

(Six months to 30 June 2016)

	Total Return	
	Portfolio (%)	**Benchmark (%)**
St Retails - South East*	2.9	3.1
St Retails - Rest of UK#	-3.2	1.2
Retail Warehouses	2.8	1.7
Offices - City	4.6	2.8
Offices - West End	-1.1	3.6
Offices - South East	-1.0	3.0
Offices - Rest of UK	-0.1	2.4
Industrials - South East	14.6	3.7
Industrials - Rest of UK	5.0	3.5
Other Commercial	6.0	3.2
All Sectors	**2.0**	**2.6**

* Includes West End Retail
# Asda Supermarket, Rochdale
Source: MSCI Investment Property Databank

Retail

The overall total return from the Company's retail properties during the period was 2.5 per cent compared with the benchmark return of 1.7 per cent.

St. Christopher's Place Estate, London W1 continues to perform strongly, with a 1.6 per cent increase in its capital value over the period. This was driven mainly by increasing rental values across the Estate.

The redevelopment of 71-77 Wigmore Street commenced in January 2015 and construction works are progressing on programme and budget. The marketing of the retail and restaurant units is prompting a good level of interest and it is hoped the retail unit will shortly go under offer. Elsewhere on the Estate there are a number of asset management initiatives which are being progressed to enhance the tenant mix and the attractiveness of the food and beverage offer.

At 16 Conduit Street the surrender of the lease held by Christian Dior and the re-letting of the unit to luxury retailer MCM completed in the period. This resulted in a new rent of £470,000 per annum which is an increase of £161,500 per annum over the previous rent passing.

Offices

The Company's office portfolio produced a total return of -0.6 per cent compared with the benchmark return of 3.1 per cent.

The Company's office properties located in the West End and South East underperformed the benchmark,

Managers' Review (continued)

the performance of the latter being held back by voids at Thames Valley Park One, Reading and Watchmoor Park, Camberley. With regard to the West End offices, the valuers have adopted longer leasing voids and rent free periods in those properties which are subject to shorter leases. The Rest of the UK Offices were affected by the valuation of the Aberdeen properties which fell by c. 3.7 per cent due to capitalisation rates moving out by approximately 30 bps.

Given the post Brexit concerns and sentiment towards Central London Offices and the City of London in particular, it is important to note that Company's exposure to the City of London is only one property. 7 Birchin Lane, London EC2 is valued at less than £20 million and is less than 1.4 per cent of the value of the entire portfolio. The Company's West End Office exposure, excluding St. Christopher's Place which has an office element, equates to four properties (13.8 per cent) of the portfolio, the largest asset is Cassini House, St James's Street. This is a prime asset, albeit let on shorter leases, but with significant asset management upside.

7 Birchin Lane has recently been subject to a refurbishment of a number of the floors and an upgrading of the common areas. New lettings of the seventh and eighth floors have completed at £70 and £75 per square foot respectively, a significant uplift from the previous rent passing of £35 per square foot. The first, second and third floors are available to let, these are small floors of under 3,000 square feet each. Current occupational demand seems to be resilient for this type of space. In the West End the fourth floor of 25 Great Pulteney Street has let at a new headline rent in the building at £96.50 per square foot.

During the period Fujitsu, the tenant of Thames Valley Park One, Reading, served notice not to renew the lease of the property in September 2016. An early exit was negotiated in settlement for all rent due and a dilapidations payment. This building comprises 74,000 square feet and refurbishment proposals for the scheme are being worked up. This lease event is attributable to the overall void level in the Group increasing over the period.

Elsewhere in the portfolio we have let the second floor of Building A, Watchmoor Park, Camberley, and the 10th floor at 82 King Street, Manchester, both of which have been long standing voids.

Industrial and Logistics

The Company's industrial and logistics portfolio delivered a total return of 7.1 per cent compared with a benchmark return of 3.6 per cent.

The Company's South East properties performed strongly over the period with the most notable contribution coming from the Cowdray Centre, Colchester, where last year an outline planning application was submitted to develop the site for 154 residential units. During the period the outline planning application was determined by the local planning authority, which approved a resolution to grant consent, subject to completing a Section 106 Agreement. The Section 106 Agreement has subsequently been agreed and is close to completing. Securing the consent will enable marketing of the site to volume housebuilders.

Good progress has been made in securing longer leases on the logistics portfolio. At Unit 8, Hams Hall, Birmingham, the removal of a tenant's only break in 2020 has been negotiated, securing the income until 2025. At Unit 10a a lease renewal has been agreed from 20 June 2016 for a 15 year term with a break option at year 10 and at a rent of £1,354,000 per annum. This reflects an uplift of £223,000 per annum over the previous rent passing; a four and a half month rent free period was granted. A number of other material deals are in negotiation with tenants.

The Alternative Property Sector

The student accommodation block, let in its entirety to the University of Winchester on a long lease, remains the Company's only exposure to this sector.

Purchases and Disposals

There were no sales or acquisitions over the period.

Property Management

The management of income remains a key activity. The void rate increased over the period from 4.5 per cent to 7.0 per cent because of the availability of three floors at Birchin Lane and Thames Valley Park office property as described above.

The provision for overdue debt (90 days) is 0.4 per cent of gross annualised rents, the majority of which is represented by service charges queried by tenants.

Outlook

The outlook for property will be strongly influenced by the Brexit negotiations and we are now in a very uncertain phase as the implications of the vote are evaluated. We would expect investors to remain cautious and risk averse and for this to favour prime property in established locations.

Low interest rates may further support the prime end of the market while a lower sterling rate could potentially attract overseas buyers. The economic outlook is for lower but positive growth over the medium-term and for some increase in inflation. Monetary policy was eased in August 2016 and the Autumn Statement may provide greater clarity of the fiscal side.

Whilst not affecting the Company's portfolio directly, which is positioned quite strongly, there are concerns about the prospects for secondary stock and for development in a lower growth environment. The City and Docklands markets may see some fall from favour until finance firms' location plans are determined. We expect to see a more subdued performance from property and some uncertainty in the occupational markets but also opportunity as the initial shock dissipates and the path forward for the UK economy becomes clearer.

Richard Kirby

Fund Manager

BMO REP Asset Management plc

23 August 2016

Property Portfolio

as at 30 June 2016

	Sector
Properties valued in excess of £200 million	
London W1, St. Christopher's Place Estate (notes 2 and 3)	Retail*
Properties valued between £70 million and £100 million	
Newbury, Newbury Retail Park	Retail Warehouse
London SW1, Cassini House, St James's Street	Office
Solihull, Sears Retail Park	Retail Warehouse
Properties valued between £50 million and £70 million	
London SW19, Wimbledon Broadway	Retail
London W1, 25 Great Pulteney Street	Office
Properties valued between £40 million and £50 million	
Uxbridge, 3 The Square, Stockley Park	Office
Crawley, The Leonardo Building, Manor Royal	Office
Properties valued between £30 million and £40 million	
Aberdeen, Unit 2 Prime Four Business Park, Kingswells	Office
Aberdeen, Unit 1 Prime Four Business Park, Kingswells	Office
Aberdeen, Units 3 & 4 Prime Four Business Park, Kingswells	Office
Rochdale, Dane Street	Retail Warehouse
Glasgow, Alhambra House, Wellington Street	Office
Winchester, Burma Road	Other
Chorley, Units 6 & 8 Revolution Park	Industrial
Manchester, 82 King Street	Office
Properties valued between £20 million and £30 million	
Daventry, Site E4, Daventry International Rail Freight Terminal	Industrial
Birmingham, Unit 8 Hams Hall Distribution Park	Industrial
Liverpool, Unit 1, G. Park, Portal Way	Industrial
East Kilbride, Mavor Avenue	Retail Warehouse
London W1, 17a Curzon Street	Office
London SW1, 2/4 King Street	Office
Properties valued between £10 million and £20 million	
Reading, Thames Valley One, Thames Valley Park	Office
London W1, 16 Conduit Street (note 1)	Retail
Birmingham, Unit 10a Hams Hall Distribution Park	Industrial
Camberley, Watchmoor Park	Office
Reading, Thames Valley Two, Thames Valley Park	Office
Colchester, The Cowdray Centre, Cowdray Avenue	Industrial
London EC3, 7 Birchin Lane	Office
Liverpool, Unit 1 The Hive, Estuary Business Park (note 1)	Industrial
Birmingham, Unit 6a Hams Hall Distribution Park	Industrial
Southampton, Upper Northam Road, Hedge End	Industrial
Colchester, Ozalid Works, Cowdray Avenue	Industrial
Properties valued under £10 million	
Camberley, Affinity Point, Glebeland Road	Industrial
Edinburgh, Nevis/Ness Houses, 11/12 Lochside Place	Office

Notes:

1 Leasehold property.

2 Mixed freehold/leasehold property.

3 For the purpose of the Company's investment policy on page 10 of the Company's Annual Report for the year ended 31 December 2015, St. Christopher's Place Estate is treated as more than one property.

* Mixed use property of retail, office and residential space.

Statement of Principal Risks and Uncertainties

The Company's assets comprise mainly direct investments in UK commercial property. Its principal risks are therefore related to the commercial property market in general. Other risks faced by the Company include investment and strategic, regulatory, 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 2015. The result of the Referendum on 23 June was that the UK should leave the EU. While the full impact of this result is uncertain, the Directors are considering the implications for the Company. 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

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 a description of the principal risks and uncertainties for the remaining six months of the financial year; 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

C Russell
Director

23 August 2016

Independent Review Report

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

Introduction

We have been engaged by F&C Commercial Property Trust Limited ("the Company") to review the condensed unaudited set of financial statements in the half-yearly financial report for the six months ended 30 June 2016, which comprises the unaudited condensed consolidated statement of comprehensive income, the unaudited condensed consolidated balance sheet, the unaudited condensed consolidated statement of changes in equity, the unaudited condensed consolidated statement of cash flows, and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in producing this report, 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 enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands

23 August 2016

Condensed Consolidated Statement of Comprehensive Income

(unaudited) for six months ended 30 June 2016

Notes		Six months to 30 June 2016 £'000	Six months to 30 June 2015 £'000	Year to 31 December 2015* £'000
	Revenue			
	Rental Income	**32,242**	30,770	62,613
	Total revenue	**32,242**	30,770	62,613
	(Losses)/gains on investment properties			
5	Unrealised (losses)/gains on revaluation of investment properties	**(4,324)**	57,446	110,314
5	Gains on sale of investment properties realised	**–**	2,577	2,530
	Total income	**27,918**	90,793	175,457
	Expenditure			
	Investment management fee	**(2,594)**	(3,967)	(8,100)
3	Other expenses	**(2,499)**	(2,352)	(4,204)
	Total expenditure	**(5,093)**	(6,319)	(12,304)
	Operating profit before finance costs and taxation	**22,825**	84,474	163,153
	Net finance costs			
	Interest receivable	**63**	108	194
	Finance costs	**(5,801)**	(5,755)	(11,708)
6	Loss on redemption of interest rate swap	**(1,283)**	–	–
		(7,021)	(5,647)	(11,514)
	Profit before taxation	**15,804**	78,827	151,639
	Taxation	**(129)**	(83)	(142)
	Profit for the period	**15,675**	78,744	151,497
	Other comprehensive income			
	Items that are or may be reclassified subsequently to profit or loss			
	Net change in fair value of swap reclassified to profit and loss	**1,546**	–	–
	Movement in fair value of effective interest rate swaps	**(1,374)**	543	909
	Total comprehensive income for the period	**15,847**	79,287	152,406
4	**Basic and diluted earnings per share**	**2.0p**	9.9p	19.0p

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 20 to 24 are an integral part of the above statement.

Condensed Consolidated Balance Sheet

(unaudited) as at 30 June 2016

Notes		30 June 2016 £'000	30 June 2015 £'000	31 December 2015* £'000
	Non-current assets			
5	Investment properties	**1,339,691**	1,241,844	1,340,061
		1,339,691	1,241,844	1,340,061
	Current assets			
	Trade and other receivables	**20,506**	19,637	19,575
	Cash and cash equivalents	**43,506**	99,208	55,755
		64,012	118,845	75,330
	Total assets	**1,403,703**	1,360,689	1,415,391
	Current liabilities			
	Trade and other payables	**(22,878)**	(20,209)	(26,002)
	Non-current liabilities			
6	Interest-bearing loans	**(307,161)**	(307,282)	(307,419)
6	Interest rate swaps	**(1,374)**	(1,912)	(1,546)
		(308,535)	(309,194)	(308,965)
	Total liabilities	**(331,413)**	(329,403)	(334,967)
	Net assets	**1,072,290**	1,031,286	1,080,424
	Represented by:			
7	Share capital	**7,994**	7,994	7,994
	Share premium	**127,612**	127,612	127,612
	Other reserves	**469,323**	500,847	475,360
	Capital reserves	**348,608**	300,111	352,932
	Hedging reserve	**(1,374)**	(1,912)	(1,546)
	Revenue reserve	**120,127**	96,634	118,072
	Equity shareholders' funds	**1,072,290**	1,031,286	1,080,424
8	**Net asset value per share**	**134.1p**	129.0p	135.2p

* these figures are audited.

The accompanying notes on pages 20 to 24 are an integral part of the above statement.

Condensed Consolidated Statement of Changes in Equity

(unaudited) for six months ended 30 June 2016

Notes		Share Capital £'000	Share Premium £'000	Other Reserves £'000	Capital Reserves £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
	At 1 January 2016	7,994	127,612	475,360	352,932	(1,546)	118,072	1,080,424
	Total comprehensive income for the period							
	Profit for the period	–	–	–	–	–	15,675	15,675
	Movement in fair value of interest rate swap	–	–	–	–	172	–	172
5	Transfer in respect of unrealised losses on investment properties	–	–	–	(4,324)	–	4,324	–
	Transfer from other reserve	–	–	(6,037)	–	–	6,037	–
	Total comprehensive income for the period	**–**	**–**	**(6,037)**	**(4,324)**	**172**	**26,036**	**15,847**
	Transactions with owners of the Company recognised directly in equity							
2	Dividends paid	–	–	–	–	–	(23,981)	(23,981)
	At 30 June 2016	**7,994**	**127,612**	**469,323**	**348,608**	**(1,374)**	**120,127**	**1,072,290**

(unaudited) for six months ended 30 June 2015

		Share Capital £'000	Share Premium £'000	Other Reserves £'000	Capital Reserves £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
	At 1 January 2015	7,994	127,612	512,764	240,088	(2,455)	89,977	975,980
	Total comprehensive income for the period							
	Profit for the period	–	–	–	–	–	78,744	78,744
	Movement in fair value of interest rate swap	–	–	–	–	543	–	543
5	Transfer in respect of unrealised gains on investment properties	–	–	–	57,446	–	(57,446)	–
5	Gains on sale of investment properties realised	–	–	–	2,577	–	(2,577)	–
	Transfer from other reserve	–	–	(11,917)	–	–	11,917	–
	Total comprehensive income for the period	**–**	**–**	**(11,917)**	**60,023**	**543**	**30,638**	**79,287**
	Transactions with owners of the Company recognised directly in equity							
	Dividends paid	–	–	–	–	–	(23,981)	(23,981)
2	**At 30 June 2015**	**7,994**	**127,612**	**500,847**	**300,111**	**(1,912)**	**96,634**	**1,031,286**

The accompanying notes on pages 20 to 24 are an integral part of the above statement.

Condensed Consolidated Statement of Changes in Equity

(audited) for the year to 31 December 2015

Notes		Share Capital £'000	Share Premium £'000	Other Reserves £'000	Capital Reserves £'000	Hedging Reserve £'000	Revenue Reserve £'000	Total £'000
	At 1 January 2015	7,994	127,612	512,764	240,088	(2,455)	89,977	975,980
	Total comprehensive income for the year							
	Profit for the year	–	–	–	–	–	151,497	151,497
	Movement in fair value of interest rate swap	–	–	–	–	909	–	909
5	Transfer in respect of unrealised gains on investment properties	–	–	–	110,314	–	(110,314)	–
5	Gains on sale of investment properties realised	–	–	–	2,530	–	(2,530)	–
	Transfer from other reserve	–	–	(37,404)	–	–	37,404	–
	Total comprehensive income for the year	**–**	**–**	**(37,404)**	**112,844**	**909**	**76,057**	**152,406**
	Transactions with owners of the Company recognised directly in equity							
2	Dividends paid	–	–	–	–	–	(47,962)	(47,962)
	At 31 December 2015	**7,944**	**127,612**	**475,360**	**352,932**	**(1,546)**	**118,072**	**1,080,424**

The accompanying notes on pages 20 to 24 are an integral part of the above statement.

Condensed Consolidated Statement of Cash Flows

(unaudited) for six months ended 30 June 2016

Notes		Six months to 30 June 2016 £'000	Six months to 30 June 2015 £'000	Year to 31 December 2015* £'000
	Cash flows from operating activities			
	Profit for the period before taxation	**15,804**	78,827	151,639
	Adjustments for:			
	Finance costs	**5,801**	5,755	11,708
	Interest receivable	**(63)**	(108)	(194)
5	Unrealised losses/(gains) on revaluation of investment properties	**4,324**	(57,446)	(110,314)
	Gains on sale of investment properties realised	**–**	(2,577)	(2,530)
6	Loss on redemption of interest rate swap	**1,283**	–	–
	(Increase)/decrease in operating trade and other receivables	**(445)**	1,944	2,006
	(Decrease)/increase in operating trade and other payables	**(3,146)**	(1,377)	3,877
		23,558	25,018	56,192
	Interest received	**63**	108	194
	Interest and bank fees paid	**(5,549)**	(5,798)	(11,395)
	Tax paid	**(130)**	(46)	(147)
		(5,616)	(5,736)	(11,348)
	Net cash inflow from operating activities	**17,942**	19,282	44,844
	Cash flows from investing activities			
5	Purchase/development of investment properties	**(1,527)**	(3,001)	(44,914)
5	Sale of investment properties	**–**	17,736	18,007
5	Capital expenditure	**(2,427)**	(963)	(4,717)
	Net cash (outflow)/inflow from investing activities	**(3,954)**	13,772	(31,624)
	Cash flows from financing activities			
2	Dividends paid	**(23,981)**	(23,981)	(47,962)
6	Draw down of Bank Loan, net of costs	**49,513**	–	–
6	Revolving credit facility arrangement costs	**(486)**	–	–
6	Repayment of Bank Loan	**(50,000)**	–	–
6	Draw down of L&G Loan, net of costs	**–**	(362)	–
6	Swap breakage costs	**(1,283)**	–	–
	Net cash outflow from financing activities	**(26,237)**	(24,343)	(47,962)
	Net (decrease)/increase in cash and cash equivalents	**(12,249)**	8,711	(34,742)
	Opening cash and cash equivalents	**55,755**	90,497	90,497
	Closing cash and cash equivalents	**43,506**	99,208	55,755

* these figures are audited.

The accompanying notes on pages 20 to 24 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 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 2015, which were prepared under full IFRS 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 2015. 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 foreseeable future. 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. As such 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 financial statements.

These condensed interim financial statements were approved for issue on 23 August 2016.

2. Dividends

	Six months to 30 June 2016 £'000	Six months to 30 June 2015 £'000	Year to 31 December 2015 £'000
In respect of the previous period:			
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
In respect of the period under review:			
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
	23,981	23,981	47,962

A third interim dividend for the year to 31 December 2016, of 0.5 pence per share totalling £3,997,000, was paid on 29 July 2016. A fourth interim dividend of 0.5 pence per share will be paid on 31 August 2016 to shareholders on the register on 11 August 2016. Although these payments relate to the period ended 30 June 2016, under IFRS they will be accounted for in the period during which they are paid.

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

3. Other expenses

	Six months to 30 June 2016 £'000	Six months to 30 June 2015 £'000	Year to 31 December 2015 £'000
Direct operating expenses of UK rental property	**1,798**	1,554	2,826
Valuation and other professional fees	**193**	339	351
Directors' fees	**147**	135	286
Administration fee	**75**	72	145
Depositary fee	**80**	67	143
Other	**206**	185	453
	2,499	2,352	4,204

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 2015.

4. Earnings per share

The Group's basic and diluted earnings per Ordinary Share are based on the profit for the period of £15,675,000 (period to 30 June 2015: £78,744,000; 31 December 2015: £151,497,000) and on 799,366,108 (period to 30 June 2015: 799,366,108; 31 December 2015: 799,366,108) Ordinary Shares, being the weighted average number of shares in issue during the period. Earnings for the six months to 30 June 2016 should not be taken as guide to the results for the year to 31 December 2016.

5. Investment properties

	Six months to 30 June 2016 £'000	Six months to 30 June 2015 £'000	Year to 31 December 2015 £'000
Freehold and leasehold properties			
Opening book cost	**965,721**	936,649	936,649
Opening unrealised appreciation	**374,340**	258,944	258,944
Opening fair value	**1,340,061**	1,195,593	1,195,593
Purchases/development	**1,527**	3,001	3,344
Acquisition through subsidiary other than through business combination	**–**	–	41,570
Sales – proceeds	**–**	(17,736)	(18,007)
– gain on sale	**–**	(2,505)	(2,552)
Capital expenditure	**2,427**	963	4,717
Unrealised losses realised during the period	**–**	5,082	5,082
Unrealised gains on investment properties	**17,573**	61,468	114,689
Unrealised losses on investment properties	**(21,897)**	(4,022)	(4,375)
	1,339,691	1,241,844	1,340,061
Closing book cost	**969,675**	920,372	965,721
Closing unrealised appreciation	**370,016**	321,472	374,340
Closing fair value	**1,339,691**	1,241,844	1,340,061

There were no properties held for sale at 30 June 2016 (2015: none).

All the Group's investment properties were valued as at 30 June 2016 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').

Unaudited Notes on the Condensed Accounts (continued)

5. Investment properties (continued)

CBRE completed the valuation of the Group's investment properties at 30 June 2016 on a fair value basis and in accordance with The RICS Valuation – Professional Standards (December 2014). The fair value of these investment properties per the Valuation Report amounted to £1,355,750,000 (30 June 2015: £1,257,505,000; 31 December 2015: £1,355,915,000). The difference between the Valuation Report and the closing fair value of investment properties disclosed above of £1,339,691,000 (30 June 2015: £1,241,844,000; 31 December 2015: £1,340,061,000) consists of capital incentives paid to tenants totalling £4,172,000 and accrued income relating to the pre-payment for rent free periods recognised over the life of the lease totalling £11,887,000, which are both separately recorded in the accounts as current assets within 'trade and other receivables'.

There were no significant changes to the valuation process, assumptions and techniques used during the period, further details on which were included in note 9 of the consolidated financial statements of the Group for the year ended 31 December 2015.

Following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. CBRE has explicitly stated that we are now in a period of uncertainty in relation to many factors that impact the property investment and letting markets. Since the Referendum date it has not been possible to gauge the effect of this decision by reference to transactions in the market place and the probability of the valuations exactly coinciding with prices received were the properties to be sold has reduced.

As at 30 June 2016, all of the Group's properties are Level 3 in the fair value hierarchy as it involves the use of significant 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).

The Group's borrowings (note 6) are secured by a fixed charge over the majority of investment properties held.

6. Interest-bearing loans and interest rate swap liabilities

	Six months to 30 June 2016 £'000	Six months to 30 June 2015 £'000	Year to 31 December 2015 £'000
L&G Loan			
Principal amount outstanding	**260,000**	260,000	260,000
Set-up costs	**(2,683)**	(2,683)	(2,683)
Amortisation of set-up costs	**348**	134	229
	257,665	257,451	257,546
Barclays Loan			
Principal amount outstanding	**50,000**	50,000	50,000
Set-up costs	**(508)**	(727)	(727)
Amortisation of set-up costs	**4**	558	600
	49,496	49,831	49,873
	307,161	307,282	307,419

£260 million L&G Loan 2024

On 31 December 2014, the Group entered into a £260 million ten year term loan facility agreement with Legal & General Pensions Limited ("L&G"). The transaction was conducted by L&G's lending arm, LGIM Commercial Lending Limited. The loan has a maturity date of 31 December 2024.

Interest is payable on this loan, quarterly in arrears, at a fixed rate of 3.32 per cent per annum for the duration of the loan. The loan is secured by means of a fixed and floating charge over the whole of the assets of the Secured Group (which, at 30 June 2016, comprised FCPT Holdings Limited, F&C Commercial Property Holdings Limited and Winchester Burma Limited).

The Secured Group has complied with all the applicable L&G loan covenants during the period.

6. Interest-bearing loans and interest rate swap liabilities (continued)

£100 million Barclays Loan 2021

On 21 June 2016, the Group amended the financing arrangements with Barclays Bank PLC ('Barclays') to the existing £50 million term loan facility which was repayable 28 June 2017. The amended arrangements extend the repayment date of the £50 million term loan facility to 21 June 2021 and changed the maximum loan to value percentage to 50 per cent which was previously 60 per cent. The Group has agreed an additional revolving credit facility of £50 million with Barclays over the same period, which has not been drawn down as at 30 June 2016. The loan arrangement costs for both the term and revolving loan facility was £1,017,000.

Interest accrues on the new bank loan at a variable rate, based on 3 month LIBOR plus margin and is payable quarterly. The margin is 1.50 per cent per annum for the duration of the loan. The revolving credit facility pays an undrawn commitment fee of 0.60 per cent per annum.

The bank loan is secured by the way of a fixed and floating charge over the whole of the assets of SCP Estate Holdings Limited and SCP Estate Limited ('the SCP Group'), whose assets consist mainly of the properties held at St. Christopher's Place Estate, London W1.

The SCP Group has complied with all the applicable Barclays loan covenants during the period.

On 21 June 2016, the Group terminated its existing interest rate hedging arrangements with Barclays at a cost of £1,283,000. On the same day, the Group entered into a new £50 million interest rate swap in connection with the extended Barclays term facility. The hedge has been achieved by matching the notional amount of the swap with the loan principal and matching the swap term to the loan term.

Interest on the swap is receivable at a variable rate calculated on the same LIBOR basis as for the bank loan (as detailed above but excluding the margin) and payable quarterly at a fixed rate of 1.022 per cent per annum. The interest rate swap is due to expire on 21 June 2021.

The fair value of the liability in respect of the new interest rate swap contract at 30 June 2016 was £1,374,000, which is based on the marked to market value. The interest rate swap is classified as Level 2 under the hierarchy of fair value measurements.

7. Share capital

	£'000
Allotted, called-up and fully paid	
799,366,108 Ordinary Shares of 1p each in issue at 30 June 2016	**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 (2015: nil) raising net proceeds of £nil (2015: £nil).

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

8. Net asset value per share

The Group's net asset value per Ordinary Share of 134.1p (30 June 2015: 129.0p; 31 December 2015: 135.2p) is based on equity shareholders' funds of £1,072,290,000 (30 June 2015: £1,031,286,000; 31 Decermber 2015: £1,080,924,000) and on 799,366,108 (30 June 2015: 799,366,108; 31 December 2015: 799,366,108) Ordinary Shares, being the number of shares in issue at the period end.

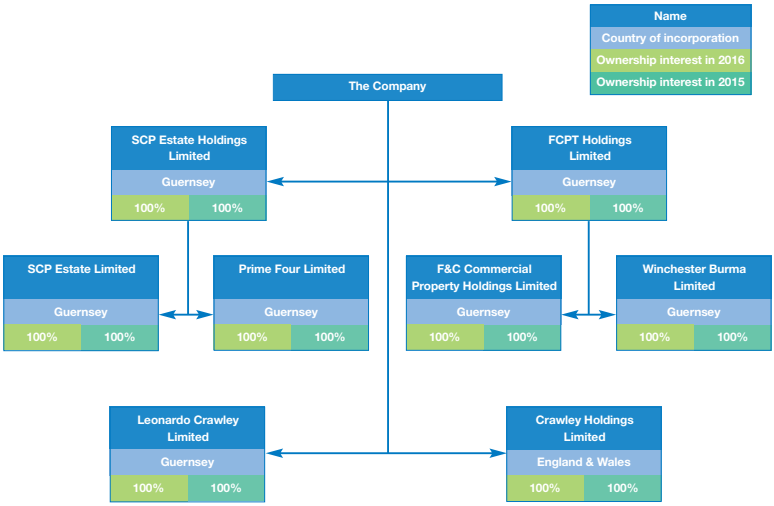
9. Capital commitments

The Group had capital commitments totalling £6,857,000 as at 30 June 2016 (30 June 2015: £11,596,000; 31 December 2015: £8,852,000). These commitments related mainly to contracted development works at the Group's properties at St. Christopher's Place Estate, London W1.

Unaudited Notes on the Condensed Accounts (continued)

10. List of Subsidiaries

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



11. Operating segments

The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Group is engaged in a single segment of business, being property investment, and in one geographical area, the United Kingdom, and that therefore the Group has only a single operating segment. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance is the total return on the Group's net asset value. As the total return on the Group's net asset value is calculated based on the net asset value per share calculated under IFRS as shown at the foot of the Balance Sheet, assuming dividends are re-invested, the key performance measure is that prepared under IFRS. Therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the financial statements.

12. Subsequent events

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

13. 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

Dividends

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

Share Price

The Company's Ordinary Shares are listed on the 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 Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES under the signature of the registered holder.

Website

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: www.fccpt.co.uk

Financial Calendar 2016/2017	
October 2016	Q3 Net Asset Value announcement
January 2017	Q4 Net Asset Value announcement
April 2017	Announcement of annual results
	Posting of Annual Report
31 May 2017	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 **www.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 Management Limited ('F&C').

F&C Investment Trust ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £15,240 for the 2016/17 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. It's also easy to transfer any existing ISAs to us whilst maintaining all the tax benefits, and you can get more information on how to do this under 'Savings Plans' at www.fandc.co.uk

F&C Junior ISA (JISA)

You can invest up to £4,080 for the tax year 2016/17 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. You can get more information on how to do this under 'Savings Plans' at www.fandc.co.uk

F&C Child Trust Fund (CTF)

If you already have a CTF you can invest up to £4,080 for the 2016/17 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. It's also easy to transfer a CTF from another provider to an F&C CTF - you can get more information on how to do this under 'Savings Plans' at www.fandc.co.uk[1]

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.

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

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. For full details of charges, please read the Key Features and Terms and Conditions of the plan before investing - you can get more details on any of our Savings Plans by going to www.fandc.co.uk. F&C cannot give advice on the suitability of investing in our investment trusts or savings plans. If you have any doubt as to the suitability of an investment, please contact a financial adviser.

How to Invest

If you're opening a new plan it's easy to apply online by going to www.fandc.com/apply[2]

New Customers

Contact our Team:

Call: **0800 136 420***
Email: **info@fandc.com**

Existing Plan Holders

Contact our Team:

Call: **0345 600 3030****
Email: **investor.enquiries@fandc.com**
By post: F&C Plan Administration Centre
PO Box 11114
Chelmsford
CM99 2DG

[1] Please note that this account is only available for investors who already hold a CTF, and no new accounts can be opened. [2] Please note that applying online 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. *8:30am -5:30pm, weekdays. **9:00am-5:00pm, weekdays. All calls may be recorded or monitored for training and quality purposes.

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F&C Management Limited

Corporate Information

Directors
Chris Russell (Chairman) *
Trudi Clark #
Martin Moore ‡
Peter Niven †
Peter Cornell
David Preston
Brian Sweetland (retired 2 June 2016)

Secretary
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Les Banques
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Edinburgh EH2 3BU

Property Managers
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Property Valuers
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London EC4M 7HP

* Chairman of the Nomination Committee
† Chairman of the Management Engagement Committee
# Chairman of the Audit Committee
‡ Senior Independent Director

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Depositary
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F&C Commercial Property Trust Limited

INTERIM REPORT 2016

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Registrars

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FCCPT/InRpt/16

F&C Investments