F&C Commercial Property Trust Limited

Interim Report

For the six months ended

30 June 2008

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 launched in 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, a wholly owned subsidiary of F&C Asset Management plc.

Total Assets Less Current Liabilities

£1,026 million at 30 June 2008

Shareholders' Funds

£797 million at 30 June 2008

Capital Structure

The Company's capital structure consists of Ordinary Shares.

Ordinary shareholders are entitled to all dividends declared by the Company and to all the Company's assets after repayment of its borrowings and ordinary creditors. 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 Status

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

Website

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

Financial Highlights and Performance Summary

- Net asset value total return of –10.9 per cent
- Dividend yield of 7.6 per cent

Total Return

	Six months to 30 June 2008
Published net asset value per share*	**(10.9)%**
Ordinary Share price	**(9.3)%**
Investment Property Databank UK Monthly Index	**(6.0)%**
FTSE All-Share Index	**(11.2)%**

Capital Values

	30 June 2008	31 December 2007	% Change
Total assets less current liabilities (£'000)*	**1,026,257**	1,175,822	(12.7)%
Published net asset value per share*	**112.2p**	129.2p	(13.2)%
Ordinary Share price	**79.25p**	90.50p	(12.4)%
Investment Property Databank UK Monthly Index	**182.89**	200.09	(8.6)%
FTSE All-Share Index	**2,855.69**	3,286.67	(13.1)%
Discount to published net asset value per share*	**(29.4)%**	(30.0)%	–
Gearing*†	**22.3%**	19.5%	–
Net Gearing*‡	**15.6%**	11.7%	–

* Calculated under International Financial Reporting Standards apart from the valuation of the indirect property funds at 31 December 2007 to which a discount of 10 per cent was applied to their respective net asset values. As explained in the Chairman's Statement, the Board has appointed an independent valuer to value the indirect property funds and the NAV at 30 June 2008 incorporates the indirect property funds at the Directors' valuation, which reflects these independently produced values.

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

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

‡ Net Gearing: (Secured Bonds – cash) ÷ total assets (less current liabilities and cash).

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

Chairman's Statement

The first six months of 2008 has been a difficult period for the UK commercial property market with capital values continuing to fall from their mid-2007 peak. Investor sentiment remains negative and transaction activity has remained subdued, affected both by a lack of liquidity and concerns about the credit markets and, moreover, the general health of the economy.

Against this backdrop, your Company's net asset value ('NAV') total return for the period was –10.9 per cent. This compares with a market total return of –6.0 per cent, as measured by the Investment Property Databank ('IPD') UK Monthly Index.

The poor sentiment towards property also led to a continuing high level of discount during the period, not only for your Company but also for the wider quoted property sector. The discount as at 30 June 2008 was 29.4 per cent, compared with 30.0 per cent as at 31 December 2007.

Net Asset Value

The Board, in its announcement of the Company's results for the year ended 31 December 2007 and the NAV as at 31 March 2008, signalled a departure from calculating the NAV in accordance with International Financial Reporting Standards ('IFRS'), when it did not use the externally provided NAVs of its unitised investments in two indirectly held property funds, the Industrial Property Investment Fund and The Mall Fund (the 'Indirect Holdings'), in arriving at the published NAV per share. The Board did not consider these to be appropriate valuations in the prevailing market conditions at that time. Accordingly the Board discounted the NAVs of the Indirect Holdings by 10 per cent to reflect its view of their likely realisable value should the Company wish to dispose of them in an orderly fashion over time.

However, solely to meet the technical requirements of IFRS and following extensive consultation with the Company's auditors, the Balance Sheet as at 31 December 2007 included the values of the Indirect Holdings at their full, externally provided, NAVs. This resulted in a higher NAV per share (the 'IFRS NAV per share') compared with the published NAV per share. To overcome this anomaly for the future the Board has appointed an independent valuer to value the Indirect Holdings and the Company's NAV of 112.2p per share as at 30 June 2008 incorporates the Indirect Holdings at the Directors' valuation, which reflects these independently produced values. The Company's auditors are satisfied that this treatment meets the requirements of IFRS. Accordingly, there is now no divergence between the Board's valuation of the Company's Indirect Holdings and the valuations required by IFRS in the accounts for the period to 30 June 2008 and the Board therefore believes that these accounts reflect the fair value of the Company's Indirect Holdings at that date.

The basis of valuation of the Indirect Holdings will continue to be reviewed regularly by the Board, with independent advice as appropriate, and amended, as required, to reflect changes in market conditions and practice.

The following table provides an analysis of the movement in the NAV per share for the period (including the effect of gearing):

	Pence
Published NAV per share as at 31 December 2007	129.2
Unrealised decrease in valuation of direct property portfolio	(12.9)
Unrealised decrease in valuation of Indirect Holdings	(3.7)
Realised loss on sale of Indirect Holdings	(0.5)
Share buy backs	0.6
Movement in revenue reserve	(0.5)
NAV per share as at 30 June 2008	112.2
NAV per share as at 30 June 2008 (adjusted for dividends for which the share price had gone ex-dividend*)	110.7

*first interim dividend of 1.5p per share, paid on 25 July 2008 with an ex-dividend date of 25 June 2008.

Dividends

A first interim dividend of 1.5p per share was paid on 25 July 2008. The Board has declared a second interim dividend of 1.5p per share which will be paid on 24 October 2008 to shareholders on the register on 26 September 2008.

The current annual rate of dividend of 6.0p per share represented a yield of 7.6 per cent based on the share price as at 30 June 2008.

Discount and Share Buy Backs

Shareholders will be aware of the Board's stated policy to use the share buy back authority to purchase shares (subject to income and cash flow requirements) if the share price is more than five per cent below the published NAV per share for a continuous period of 20 dealing days or more.

In line with this statement, the Company bought back 22.5 million shares during the period, equivalent to 3.1 per cent of the issued share capital as at 31 December 2007. The shares were bought back at an average discount of 26.6 per cent to the published NAV per share (adjusted for any quarterly dividends for which the share price had gone ex-dividend) and provided an enhancement of 0.6p per share to the NAV per share. The shares were bought back to be held in treasury, for subsequent re-issue at a premium to the published NAV per share. 12.4 million of these shares were acquired in two on-market transactions from the Company's majority shareholder, Friends Provident Group, at a weighted average price of 92.5p per share. In carrying out these share buy backs the Board gave careful consideration to income and cashflow requirements and bond covenant constraints, as well as amounts committed to future development opportunities.

It is the Board's intention that it will continue to consider share buy backs while the discount to the published NAV per share is in excess of five per cent (adjusted for any quarterly dividends for which the share price has gone ex-dividend). In addition to taking into account income and cash flow requirements, the Directors will seek to ensure that any share buy backs are undertaken at prices which are in the best interests of all shareholders.

It was stated in the launch prospectus in 2005 that, in the event of the discount to the published NAV per share being more than five per cent for 90 dealing days or more, the

Chairman's Statement (continued)

Directors would convene an Extraordinary General Meeting ('EGM') to consider an ordinary resolution for the continuation of the Company. The first such EGM was held on 28 September 2007 and, as stated in the EGM circular, the Directors intend to convene another EGM to consider the Company's continuation if the shares trade at a discount of over five per cent to the published NAV per share for 90 dealing days or more following the first anniversary of the EGM.

Borrowings

The level of gearing, net of cash, as at 30 June 2008 was 15.6 per cent, which the Board considers to be prudent in current market conditions. The level of gearing before deducting cash balances was 22.3 per cent, which is significantly below the loan to value covenant of 40 per cent. Following the completion in July 2008 of the sale of Lion Walk Shopping Centre, Colchester, which is explained in the Managers' Review, gearing, net of cash, has fallen to 9.1 per cent based on the NAV as at 30 June 2008.

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

Investment Management Agreement

During the period the Board announced that it had agreed terms with the Managers, F&C Investment Business Limited ('FCIB'), for a reduction in the base management fee payable and the introduction of a performance fee. Since the end of the period, a supplemental investment management agreement to reflect these amended terms has been documented.

The Board believes that the amendments better align the interests of FCIB with the interests of shareholders through a challenging relative performance based fee. The Board has ensured that the total fees payable to FCIB will be capped at a reasonable level.

The previous management fees payable by the Company were 0.75 per cent per annum of its gross assets. Under the new arrangements, the Company will pay a base management fee of 0.60 per cent per annum on its invested assets (including indirect property holdings) and 0.25 per cent per annum on net current assets. The revised base fee took retrospective effect from 19 March 2008. The inflation linked administration fee which is currently £106,000 per annum remains unchanged.

The Company has also agreed to pay FCIB a performance fee equal to 20 per cent of the amount by which the total return (whether positive or negative) on the directly held properties exceeds 110 per cent of the total return (90 per cent if the total return is negative) on the benchmark and multiplied by the Company's average total assets (excluding any indirect property holdings). The benchmark for measuring the comparative performance of directly held properties is the IPD total return on direct UK commercial property held by all quarterly and monthly measured funds in the IPD universe. The performance fee therefore excludes the performance of any indirect property holdings and the impact of gearing.

The performance fee payable in each financial year is capped at an amount which, when taken with the aggregate base management fee payable in each financial year, equals

1.0 per cent of the gross assets of the Company. Performance fees in excess of this capped return can be carried forward for up to two subsequent financial years subject to the annual 1.0 per cent cap.

The performance fee is measured over a rolling three year period and the performance fee payable in respect of any one financial year is equal to the total performance fee earned over that three year period less any performance fees already paid in the previous two years. In the event that the amount already paid in the previous two years is in excess of the amount earned over the rolling three year period, such excess shall be repaid to the Company by FCIB.

The first performance fee will be calculated for the period from 31 March 2008 to 31 December 2008. For the period from 31 March 2008 to 30 June 2008, the total return from the directly held properties exceeded the adjusted total return from the benchmark by 0.3 per cent. Accordingly, while the accounts contain a provision for a performance fee in relation to that quarterly period, the payment of a performance fee in respect of the year ended 31 December 2008 will be dependent upon the relative performance of the directly held properties for the remainder of the year.

Management Arrangements

Since the end of the period F&C Asset Management plc ('F&C') has announced proposed changes to the structure of its property management team and the combination of that business with REIT Asset Management, a limited partnership, to form F&C REIT Asset Management LLP (the 'Proposal'). The Board, together with its advisers, is carefully considering the terms of the Proposal and, while welcoming the continuity described in the Proposal in terms of investment process and client servicing, will discuss its detail with F&C as soon as it has consulted with its larger shareholders on the Proposal. A further announcement will then be made.

Outlook

The property market is expected to remain challenging for the remainder of 2008 and well into 2009 due principally to deteriorating economic fundamentals and the deepening credit crisis. Occupier markets are also likely to be detrimentally affected by the weakening economy.

In the short term, outperformance will be determined to a considerable extent by the characteristics of each individual property and not just its sector. Income protection and strength of cashflows will be key to delivering superior returns. Prime property that is well-let in terms of tenant covenant, lease length and building quality as well as location is expected to be more resilient in a difficult and challenging market as investors adopt a more cautious approach. The Board believes that the Company's portfolio has these attributes and, going forward, will be well placed to deliver added shareholder value.

Peter Niven

Chairman

6 August 2008

Managers' Review

Following a correction which began in the second half of 2007, the values of UK commercial properties continued to fall during the first six months of 2008. Indeed, the decline in capital values accelerated during the last two months of the period. There was also a moderation in rental growth. The market return for the period, as measured by the Investment Property Databank ('IPD') UK Monthly Index was –6.0 per cent.

Property Portfolio – Direct Properties

During the period, the valuation of the direct property portfolio fell from £978 million to £885 million, representing an ungeared fall of 9.7 per cent. This compares with a capital fall of 8.6 per cent in the IPD UK Monthly Index during the same period.

The portfolio suffered as valuers moved away from equivalent yields to initial yields, being the lead capitalisation rate, and from the large average lot-size which is illiquid given the current issues surrounding the credit markets.

The total return from the portfolio during the period was –7.2 per cent which compares with the total return of –6.0 per cent from the IPD UK Monthly Index referred to above.

Retail

The total return from the Company's retail properties during the period was –4.5 per cent which compares with the IPD UK Monthly Index total return of –6.4 per cent during the same period.

The town centre retail market has not been immune from the re-pricing of property but it has been relatively resilient over the period. Concerns are growing over a consumer spending slowdown and the effects this may have on the occupational markets. In contrast, retail warehousing has been more severely affected, hit by the weaker housing market and a reluctance to make large purchases as credit conditions tighten.

The Company continues to upgrade space at St Christopher's Place Estate, London W1, and is close to completing the refurbishment of four floors at 69 Wigmore Street (totalling 1,950 sq ft). The second to fourth floors have been let to Health Squared at a rent of £70,552 pa (a range from £47.50 – £55.00 psf) and a letting of the first floor is in solicitors' hands. At 11-12 Gees Court, the Company re-geared the lease with the tenant, Mulberry. The works to reconfigure the retail unit have been completed and Mulberry have opened their refurbished store. As part of this transaction the upper floors were released and works to convert them from ancillary space to offices are scheduled to be completed in September 2008.

Offices

The total return from the Company's office properties during the period was –10.3 per cent which compares with the IPD UK Monthly Index total return of –5.8 per cent during the same period.

Concerns about the economy and the financial and business services sector have affected office market performance, especially in Central London. Rental growth in both the City and West End turned negative towards the end of the period. However, the West End should be more resilient as it has a low vacancy rate and is not faced with supply-side issues. Capital values have continued to fall in all parts of the office market.

In December 2007 the Company completed the refurbishment of four floors at Charles House, 5-11 Regent Street, London SW1. These floors were well received by the market and, in testing market conditions, two lettings have contracted. The sixth floor, comprising approximately 4,600 sq ft, has been let to PCE Investors at a rent of £387,940 pa (£85.00 psf) and the first floor (4,600 sq ft) has been let to Langholm Capital at £402,587 pa (£87.50 psf). These two lettings were for lease terms of 10 years and the rent achieved was ahead of the £72.50 psf on which the project was appraised. The ground and lower ground floors, comprising in all 3,465 sq ft, are both under offer and it is hoped lettings will contract shortly.

The refurbishment of three floors at 7 Birchin Lane, London EC3, the Company's sole City of London holding, also achieved some success in letting space. The fourth floor was let to Execuzen at £126,945 pa (£45.00 psf) and the eighth floor was let to SNL Financial at £59,442 pa (£47.50 psf). The third floor letting is in solicitors' hands. At 6-8 James Street, London W1 (part of St Christopher's Place Estate), the refurbished third floor has been let to Pensus Fund Management at £115,000 pa (£61.06 psf).

Therefore, over the period the Company has contracted £1,091,914 pa in leasing refurbished space with a further £321,000 pa under offer and in solicitors' hands, vindicating the activity to upgrade accommodation held within the portfolio.

The Company is close to agreeing terms to refurbish floors in 17A Curzon Street, London W1 and to re-gear the leases on enhanced terms.

The Company is committed to the development of 24/27 Great Pulteney Street, London W1 where resolution to grant consent was given in July last year. The negotiations on neighbourly matters continue and the tendering of the building contract progresses. The development will provide approximately 33,000 sq ft of Grade A accommodation in a leading edge design. The target completion date is Summer 2010.

Industrials

The total return from the Company's industrial properties during the period was –6.1 per cent which compares with the IPD UK Monthly Index total return of –5.4 per cent during the same period.

The industrial market benefits from a relatively high income return but investors are concerned about the imposition of the empty rates liability and the amount of new supply. Yields have moved out, especially for secondary stock.

The Company continues to work up the master plan for the redevelopment of The Cowdray Centre, Colchester which includes a variety of residential, retail, office and leisure uses. It is hoped the local authority will support the plan.

Property Management

Elsewhere in the portfolio we are working through all lease events and nine rent reviews have been successfully documented resulting in an uplift of £60,303 pa (3.0 per cent) over the previous rent passing. We are also focused on retaining a low void rate in an environment where income and the strength of cash flow are vital. At 30 June 2008 the void rate of the portfolio was 1.9 per cent, down from 2.5 per cent at 31 March 2008, and compared with 1.2 per cent at 31 December 2007. The Company's provision for bad debts (90 days overdue) stands at 0.37 per cent of gross annualised rent.

Purchases and Sales

There were no purchases during the period.

In June the Company exchanged contracts to sell Lion Walk Shopping Centre, Colchester, the Company's only directly held shopping centre. This sale was one of only seven shopping centre transactions agreed in the UK market during the second quarter. The sale, which was completed after the end of the period, is in accordance with the Board's strategy to reduce the Company's exposure to the retail sector and reduces the Company's exposure to non-recoverable expenditure, voids and potential future voids at this property. The sale price was £69.0 million, gross of twelve months' rental guarantees on vacant units with a maximum exposure to the Company of £865,000. The sale price compares

Managers' Review (continued)

with an external valuation of £68.7 million as at 31 March 2008.

Property Portfolio – Indirect Holdings

The Indirect Holdings (in the Industrial Property Investment Fund and The Mall Fund) represented 7.4 per cent of the property portfolio as at 30 June 2008. The Industrial Property Investment Fund invests in over 100 industrial properties and The Mall Fund invests in over 20 shopping centres.

In May The Mall Fund announced that it was close to breaching its loan to value covenant of 60 per cent under its debt facilities. In order to remedy this possibility it issued a circular to unit holders proposing an open offer to raise £286 million of new equity at 101p, representing a discount of 45 per cent to the April net asset value ('NAV') per unit. The offer was approved and became unconditional on 19 June 2008. The subscription for units in The Mall Fund was underwritten by Norwich Union Life & Pensions and CGNU Life Assurance. The Mall Fund has stated that the proceeds of the subscription were principally used to repay borrowings to avoid a breach of the loan to value covenant.

The Company announced that it would vote in favour of the open offer but, following advice, the Board decided not to subscribe for any further units in The Mall Fund under the open offer.

The Company's advisers were able to negotiate a number of changes to the terms of The Mall Fund, which include a proposal to introduce a new corporate governance structure, including independent directors at the general partner level, and a continuation vote in 2011 on the extension of The Mall Fund beyond 2012.

During the period, the Company sold 4,834,775 units in The Mall Fund at an average price of 104p per unit, which includes up to £160,000 of deferred consideration based on additional income expected to be distributed by The Mall Fund during the remainder of 2008. Following the sale the Company holds 15,870,456 units in The Mall Fund.

As explained in the Chairman's Statement, following the Company's announcement of the NAV as at 31 March 2008, which discounted the values of the Indirect Holdings by 10 per cent, the Board appointed an independent valuer to value these holdings. The NAV as at 30 June 2008 incorporates the Indirect Holdings at the Directors' valuation, which reflects these independently produced values.

Outlook

The outlook for commercial property for both 2008 and 2009 has deteriorated further over the past three months reflecting concerns over the economy and the financial markets. Investor sentiment has worsened and confidence levels have reduced and, with signs of a weakening economy and no signs of an improvement in liquidity in the market, it is now highly likely that a double dip in capital value falls will be experienced. The occupational markets had held up relatively well in the earlier part of the cycle, but there are now signs of tenants under pressure and becoming more cautious. Leasing activity is occurring but generally fewer companies are competing for space, negotiations are taking longer and incentives increasing. Rental values are coming under pressure across all sectors.

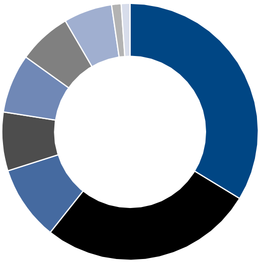
In this difficult environment, and with little sign of any transactional activity, our focus will be on active asset management within the portfolio, with cashflow management, income protection and enhancement a priority.

In the medium-term, as the economic outlook improves and liquidity returns to the market, we expect property to move into a recovery phase.

Richard Kirby
Investment Manager
F&C Investment Business Limited
6 August 2008

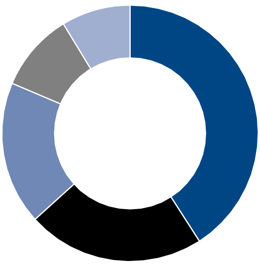
Portfolio Statistics

Geographical Analysis as at 30 June 2008



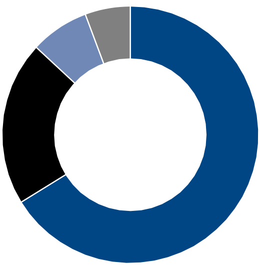
West End	**33.7%**
South East	**27.0%**
Eastern	**9.4%**
Indirect	**7.4%**
North West	**7.4%**
West Midlands	**6.7%**
Scotland	**6.1%**
Yorkshire and Humberside	**1.2%**
Rest of London	**1.1%**

Sector Analysis as at 30 June 2008



Offices	**40.9%**
Retail	**22.4%**
Retail Warehouse	**18.1%**
Industrial	**9.9%**
Shopping Centre	**8.7%**

Tenure Analysis as at 30 June 2008

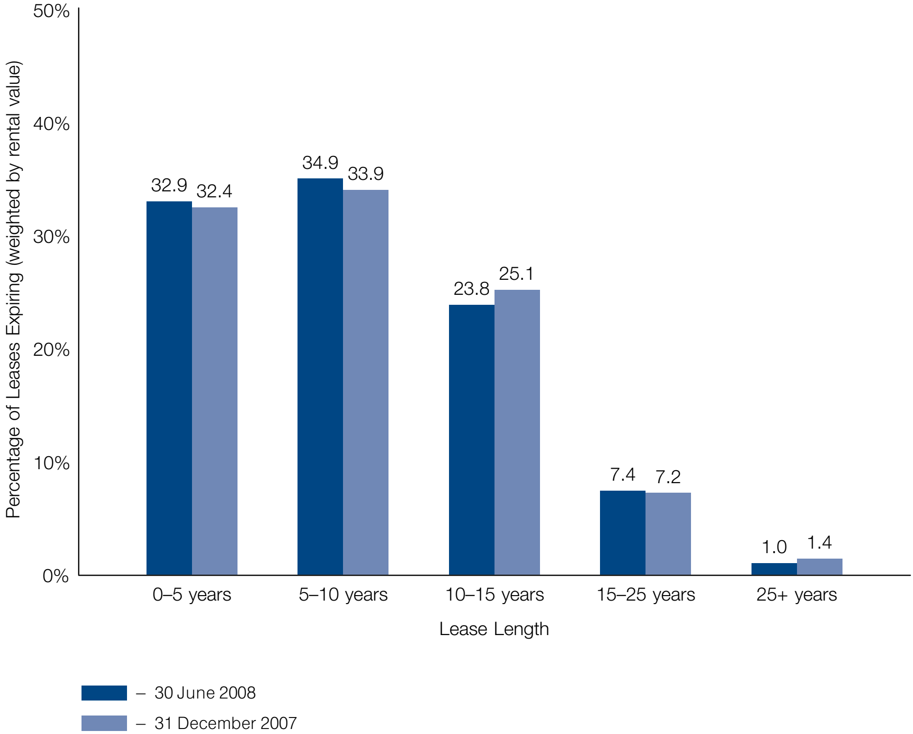


Freehold	**66.2%**
Mixed Freehold/Leasehold	**20.7%**
Indirect	**7.4%**
Leasehold	**5.7%**

Portfolio Statistics (continued)

Lease Expiry Profile

At 30 June 2008 the weighted average lease length for the portfolio, assuming all break options are exercised, was 8.4 years (31 December 2007: 8.8 years).



Property Portfolio

as at 30 June 2008

	Market Value £'000	% of Total Assets (less current liabilities)
London W1, St Christopher's Place Estate	119,525	11.7
Newbury, Newbury Retail Park	72,875	7.1
Colchester, Lion Walk Shopping Centre*	67,590	6.6
London SW1, Cassini House, St James's Street	65,025	6.3
Solihull, Sears Retail Park	63,875	6.2
Industrial Property Investment Fund	55,312	5.4
London SW19, Wimbledon Broadway	52,680	5.1
London SW1, 84 Eccleston Square	48,800	4.8
Uxbridge, 3 The Square, Stockley Park	39,825	3.9
Rochdale, Dane Street	36,200	3.5
Ten largest property holdings	**621,707**	**60.6**
London SW1, Charles House, 5-11 Regent Street	35,800	3.5
Manchester, 82 King Street	35,150	3.4
Camberley, Watchmoor Park	32,150	3.1
Glasgow, Alhambra House, Wellington Street	30,700	3.0
Reading,Thames Valley One, Thames Valley Park	25,900	2.5
Reading,Thames Valley Two, Thames Valley Park	17,550	1.7
Colchester, The Cowdray Centre, Cowdray Avenue	15,950	1.6
The Mall Fund	15,870	1.5
London W1, 385/389 Oxford Street	15,350	1.5
Edinburgh, 124/125 Princes Street	14,925	1.5
Twenty largest property holdings	**861,052**	**83.9**
London SW1, 2/4 King Street	14,200	1.4
Edinburgh, Nevis/Ness Houses,11/12 Lochside Place	13,030	1.3
London EC3, 7 Birchin Lane	10,275	1.0
Southampton, Upper Northam Road, Hedge End	10,200	1.0
London W1, 24/27 Great Pulteney Street	10,186	1.0
Leeds, 27/28 Commercial Street	10,075	1.0
London W1, 17A Curzon Street	9,420	0.9
Camberley, Affinity Point, Glebeland Road	6,925	0.7
Colchester, Ozalid Works, Cowdray Avenue	5,900	0.6
London W1, 16 Conduit Street	3,750	0.3
Thirty largest property holdings	**955,013**	**93.1**
Leeds, 40/42 Albion Street	1,500	0.1
Total property portfolio	**956,513**	**93.2**
Net current assets	**69,744**	**6.8**
Total assets (less current liabilities)	**1,026,257**	**100.0**

*The sale of Colchester, Lion Walk Shopping Centre completed on 18 July 2008 with contracts having been exchanged on 20 June 2008. Accordingly this property was categorised as an asset held for sale at 30 June 2008 and valued at fair value less costs to sell.

Condensed Consolidated Income Statement

(unaudited) for the six months to 30 June 2008

	Notes	Six months to 30 June 2008 £'000	Six months to 30 June 2007 £'000	Year to 31 December 2007* £'000
Revenue				
Rental income		**26,376**	27,672	55,182
Income from indirect property funds		**1,900**	3,421	6,917
(Losses)/gains on investments				
Unrealised (losses)/gains on investment properties		**(94,576)**	40,815	(71,955)
Unrealised (losses)/gains on indirect property funds		**(37,489)**	3,464	(14,626)
Gains on sale of investment properties realised		**–**	–	31
(Losses)/gains on sale of indirect property funds realised		**(5,161)**	–	1,588
Total income		**(108,950)**	75,372	(22,863)
Expenditure				
Investment management fee		**(4,015)**	(4,824)	(9,430)
Direct operating expenses of let rental property		**(1,483)**	(1,004)	(2,488)
Provision for bad debts		**(81)**	(74)	17
Valuation and other professional fees		**(477)**	(244)	(567)
Directors' fees		**(72)**	(49)	(119)
Administration fee		**(54)**	(51)	(103)
Other expenses		**(122)**	(155)	(340)
Total expenditure		**(6,304)**	(6,401)	(13,030)
Operating (loss)/profit before finance costs		**(115,254)**	68,971	(35,893)
Net finance costs				
Interest receivable		**2,362**	1,513	4,376
Finance costs		**(6,066)**	(6,063)	(12,128)
		(3,704)	(4,550)	(7,752)
(Loss)/profit before taxation		**(118,958)**	64,421	(43,645)
Taxation on (loss)/profit		**(27)**	(313)	(687)
(Loss)/profit for the period		**(118,985)**	64,108	(44,332)
Basic and diluted (loss)/earnings per share	2	**(16.5)p**	8.7p	(6.0)p

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 2007.

All items in the above statement derive from continuing operations.

*these figures are audited

Condensed Consolidated Balance Sheet

(unaudited) as at 30 June 2008

	Notes	30 June 2008 £'000	30 June 2007 £'000	31 December 2007* £'000
Non-current assets				
Investment properties		**817,741**	1,087,550	978,425
Properties held for sale	9	**67,590**	–	–
Investments in indirect property funds held at fair value		**71,182**	135,153	118,651
		956,513	1,222,703	1,097,076
Current assets				
Trade and other receivables		**5,400**	34,909	5,676
Cash and cash equivalents		**82,138**	63,687	103,891
		87,538	98,596	109,567
Total assets		**1,044,051**	1,321,299	1,206,643
Current liabilities				
Trade and other payables		**(17,794)**	(19,029)	(18,956)
Non-current liabilities				
Interest bearing bonds		**(229,145)**	(229,043)	(229,093)
Deferred taxation		**(535)**	(434)	(507)
		(229,680)	(229,477)	(229,600)
Total liabilities		**(247,474)**	(248,506)	(248,556)
Net assets		**796,577**	1,072,793	958,087
Represented by:				
Share capital	8	**7,636**	661,500	687,224
Share premium account	8	**–**	–	14,390
Special reserve	8	**702,901**	58,434	34,043
Capital reserve – realised		**(3,367)**	9,172	325
Capital reserve – unrealised		**79,914**	342,687	213,448
Revenue reserve		**9,493**	1,000	8,657
Equity shareholders' funds		**796,577**	1,072,793	958,087
Net asset value per share		**112.2p**	147.4p	130.8p

*these figures are audited

Condensed Consolidated Statement of Changes in Equity

(unaudited) for the six months to 30 June 2008

	Notes	Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Reserve – Realised £'000	Capital Reserve – Unrealised £'000	Revenue Reserve £'000	Total £'000
At 1 January 2008		**687,224**	**14,390**	**34,043**	**325**	**213,448**	**8,657**	**958,087**
Court reduction of share capital	8	(679,588)	(14,390)	693,978	–	–	–	–
Loss for the period		–	–	–	–	–	(118,985)	(118,985)
Dividends paid	4	–	–	–	–	–	(21,561)	(21,561)
Transfer from special reserve		–	–	(4,156)	–	–	4,156	–
Transfer in respect of unrealised losses on investment properties		–	–	–	–	(94,576)	94,576	–
Transfer in respect of unrealised losses on indirect property funds		–	–	–	–	(37,489)	37,489	–
Losses on sale of indirect property funds realised		–	–	–	(5,161)	–	5,161	–
Transfer of prior years' revaluation to realised reserve		–	–	–	1,469	(1,469)	–	–
Shares bought back	5	–	–	(20,964)	–	–	–	(20,964)
At 30 June 2008		**7,636**	**–**	**702,901**	**(3,367)**	**79,914**	**9,493**	**796,577**

For the six months to 30 June 2007

	Notes	Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Reserve – Realised £'000	Capital Reserve – Unrealised £'000	Revenue Reserve £'000	Total £'000
At 1 January 2007		661,500	–	58,434	4,202	312,412	3,221	1,039,769
Profit for the period		–	–	–	–	–	64,108	64,108
Dividends paid	4	–	–	–	–	–	(22,050)	(22,050)
Transfer in respect of unrealised gains on investment properties		–	–	–	–	40,782	(40,782)	–
Transfer in respect of unrealised gains on indirect property funds		–	–	–	–	1,876	(1,876)	–
Gains on sale of investment properties realised		–	–	–	1,588	–	(1,588)	–
Gains on sale of indirect property funds realised		–	–	–	33	–	(33)	–
Transfer of prior years' revaluation to realised reserve		–	–	–	12,383	(12,383)	–	–
Shares bought back		–	–	–	(9,034)	–	–	(9,034)
At 30 June 2007		**661,500**	**–**	**58,434**	**9,172**	**342,687**	**1,000**	**1,072,793**

For the year to 31 December 2007*

	Notes	Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Reserve – Realised £'000	Capital Reserve – Unrealised £'000	Revenue Reserve £'000	Total £'000
At 1 January 2007		661,500	–	58,434	4,202	312,412	3,221	1,039,769
Issue of ordinary share capital		25,724	14,390	–	–	–	–	40,114
Loss for the year		–	–	–	–	–	(44,332)	(44,332)
Dividends paid	4	–	–	–	–	–	(43,845)	(43,845)
Transfer from special reserve		–	–	(8,651)	–	–	8,651	–
Transfer in respect of unrealised losses on investment properties		–	–	–	–	(71,955)	71,955	–
Transfer in respect of unrealised losses on indirect property funds		–	–	–	–	(14,626)	14,626	–
Gains on sale of investment properties realised		–	–	–	31	–	(31)	–
Gains on sale of indirect property funds realised		–	–	–	1,588	–	(1,588)	–
Transfer of prior years' revaluation to realised reserve		–	–	–	12,383	(12,383)	–	–
Shares bought back		–	–	(15,740)	(17,879)	–	–	(33,619)
At 31 December 2007		**687,224**	**14,390**	**34,043**	**325**	**213,448**	**8,657**	**958,087**

*these figures are audited

Condensed Consolidated Cash Flow Statement

(unaudited) for the six months to 30 June 2008

	Notes	**Six months to 30 June 2008 £'000**	Six months to 30 June 2007 £'000	Year to 31 December 2007* £'000
Cash flows from operating activities				
Net operating (loss)/profit for the period before finance costs		**(115,254)**	68,971	(35,893)
Adjustments for:				
Unrealised losses/(gains) on investment properties		**94,576**	(40,815)	71,955
Unrealised losses/(gains) on indirect property funds		**37,489**	(3,464)	14,626
Gains on sale of investment properties realised		**–**	–	(31)
Losses/(gains) on sale of indirect property funds realised		**5,161**	–	(1,588)
Decrease in operating trade and other receivables		**276**	1,608	541
(Decrease) in operating trade and other payables		**(811)**	(134)	(382)
		21,437	26,166	49,228
Interest received		**2,362**	1,513	4,376
Interest paid		**(6,014)**	(6,015)	(12,028)
Taxation paid		**(350)**	(317)	(445)
		(4,002)	(4,819)	(8,097)
Net cash inflow from operating activities		**17,435**	21,347	41,131
Cash flows from investing activities				
Sale of indirect property funds		**4,819**	–	50,188
Sale of investment properties		**–**	20,921	31
Capital expenditure		**(1,482)**	(788)	(3,400)
Net cash inflow from investing activities		**3,337**	20,133	46,819
Cash flows from financing activities				
Proceeds from issue of ordinary share capital		**–**	–	40,114
Share buy-backs	5	**(20,964)**	(9,034)	(33,619)
Dividends paid	4	**(21,561)**	(22,050)	(43,845)
Net cash outflow from financing activities		**(42,525)**	(31,084)	(37,350)
Net (decrease)/increase in cash and cash equivalents		**(21,753)**	10,396	50,600
Opening cash and cash equivalents		**103,891**	53,291	53,291
Closing cash and cash equivalents		**82,138**	63,687	103,891

*these figures are audited

Notes to the Interim Report

1. The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard ('IFRS') IAS 34 'Interim Financial Reporting' and the accounting policies set out in the statutory accounts of the Group for the year ended 31 December 2007. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2007, which were prepared under full IFRS requirements.

2. Earnings per Ordinary Share are based on 719,613,371 shares, being the weighted average number of shares in issue during the period (period to 30 June 2007 – 733,683,000; year to 31 December 2007 – 732,816,052).

3. Earnings for the six months to 30 June 2008 should not be taken as a guide to the results for the year to 31 December 2008.

4. Dividends

	Six months to 30 June 2008		Six months to 30 June 2007		Year ended 31 December 2007	
	Total £'000	**Rate (pence)**	Total £'000	Rate (pence)	Total £'000	Rate (pence)
In respect of the previous period:						
Third interim dividend	**10,875**	**1.50**	11,025	1.50	11,025	1.50
Fourth interim dividend	**10,686**	**1.50**	11,025	1.50	11,025	1.50
In respect of the period under review:						
First interim dividend	**n/a**	**n/a**	n/a	n/a	10,920	1.50
Second interim dividend	**n/a**	**n/a**	n/a	n/a	10,875	1.50
	21,561	**3.00**	22,050	3.00	43,845	6.00

A first interim dividend for the year to 31 December 2008, of 1.5p per share, was paid on 25 July 2008 to shareholders on the register at close of business on 27 June 2008.

A second interim dividend of 1.5p per share will be paid on 24 October 2008 to shareholders on the register at close of business on 26 September 2008. The ex-dividend date will be 24 September 2008.

Although these payments relate to the period ended 30 June 2008, under IFRS they will be accounted for in the six months ending 31 December 2008, being the period during which they are paid.

5. During the period the Company purchased 22,497,000 Ordinary Shares to be held in treasury at a cost of £20,964,000 (period to 30 June 2007 – 7,000,000; year to 31 December 2007 – 31,048,013). There were 710,037,003 Ordinary Shares in issue at 30 June 2008 (30 June 2007 – 728,000,000; 31 December 2007 – 732,534,003).

The Company did not issue any Ordinary Shares during the period (period to 30 June 2007 – nil; year to 31 December 2007 – 28,582,016).

The Company held 53,545,013 shares in treasury at 30 June 2008 (30 June 2007 – 7,000,000; 31 December 2007 – 31,048,013).

6. As disclosed in the Chairman's Statement, the Board has appointed an independent valuer to value the indirect holdings in the Industrial Property Investment Fund and The Mall Fund (the 'Indirect Holdings'). The financial statements at 30 June 2008 incorporate the Indirect Holdings at the Directors' valuation, which reflects these independently produced values. At 31 December 2007 and 30 June 2007, the Indirect Holdings were included at their full, externally provided, net asset values.

7. The Company's ultimate parent company is Friends Provident plc which, through a number of subsidiaries, held a majority shareholding in the Company as at 30 June 2008. Friends Provident plc is also the ultimate parent company of the Company's investment managers, F&C Investment Business Limited.

During the period, the Company repurchased 12,397,000 of its own Ordinary Shares through two on-market transactions from FP Life Assurance Limited, a wholly owned subsidiary of Friends Provident plc, at a weighted average price of 92.5p per share.

During the period, as disclosed in the Chairman's Statement, the Board announced that it had agreed terms with F&C Investment Business Limited for a reduction in the base management fee payable and the introduction of a performance fee. Since the end of the period, a supplemental investment management agreement has been entered into by the Company and F&C Investment Business Limited to reflect these amended terms. The accounts as at 30 June 2008 contain a provision of £594,000 for a performance fee in respect of the quarter ended on that date.

8. At an Extraordinary General Meeting on 22 February 2008, shareholders approved proposals to reduce the nominal value of the Ordinary Shares from 90p to 1p and to cancel the share premium account. In both cases it was intended that the amounts so arising would be transferred to the special reserve to be available for all purposes permitted under Guernsey law including the buying back of shares and the payment of dividends. Approval of the Court in Guernsey was received on 14 March 2008 resulting in an amount of £679.6 million being transferred from share capital to the special reserve, in regards to the reduction of the nominal value of the ordinary share capital currently listed, and £14.4 million being transferred from the share premium account to the special reserve, in regards to the cancellation of the share premium account.

9. Subsequent to the period end, the Company sold Lion Walk Shopping Centre, Colchester. The sale completed on 18 July 2008 with contracts having been exchanged on 20 June 2008. The property was sold for £69.0 million, gross of rental guarantees which are not expected to exceed £865,000.

10. 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 condensed set of consolidated financial statements for the six months ended 30 June 2008 which comprises the Unaudited Condensed Consolidated Income Statement, the Unaudited Condensed Consolidated Balance Sheet, the Unaudited Condensed Consolidated Statement of Changes in Equity, the Unaudited Condensed Consolidated Cash Flow Statement and the related notes. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the 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.

As discussed in Note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards ('IFRS'). The condensed set of consolidated financial statements included in this Interim Report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements for the six months ended 30 June 2008 based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the Interim Report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 and the DTR of the UK FSA.

KPMG Channel Islands Limited
Guernsey

6 August 2008

Statement of Principal Risks and Uncertainties

The Company's assets consist mainly of UK commercial property investments and its principal risks are therefore related to the commercial property market. Other risks faced by the Company include economic, investment and strategic, regulatory, management and control, operational, and financial risks. These risks, and the way in which they are managed, are described in more detail under the heading Principal Risks and Uncertainties within the Report of the Directors in the Company's Annual Report for the year ended 31 December 2007. 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 remaining six months 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 have been prepared in accordance with IAS 34 'Interim Financial Reporting';
- the Chairman's Statement and Managers' Review (together constituting the Interim Management Report) together with the Statement of Principal Risks and Uncertainties include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements; and
- the Chairman's Statement together with the condensed set of consolidated financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

Peter Niven
Director
6 August 2008

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

Corporate Information

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

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