

Insight Foundation Property Trust Limited



HBOS plc

NAV	119.6 pence (31 March 2006)	Ex dividend dates	2 August 2006
Total Shares Issued	353,560,000	Next financial year end	31 March 2007
Mid share price	125.25 pence (15 May 2006)	Current Debt	£152.5m
Gross Property Value	£556.38 million (31 March 2006)	Arranger	NM Rothschild
Number of properties	72 (31 March 2006)	Gearing	20.9% loan to value
Average lot size	£7.73 million (31 March 2006)	Currency	GBP
Average lease length	8 years (31 March 2006)	Registered Office	Guernsey

Investment objective

To provide investors with an attractive level of income together with potential for income and capital growth from investing in UK commercial property.

IFPT performance overview

As at 31 March 2006 and prior to the dividend payment, the Net Asset Value ('NAV') of the Company increased to 119.6 pence per share. This reflects an uplift of 5.59 pence per share, or 4.9% over the three months to March. Over the 12 months to March the NAV increased 14.3 pence per share or 13.6%. Combined with the dividend, shareholders have received a twelve month total NAV return of approximately 20.3%. The negative accounting impact of marking the Company's debt to market rates has reduced over the quarter from 1.77 pence per share to 0.92 pence per share. The Company paid a dividend of 1.6875 pence per share on 26 May 2006. Also reflected in the NAV is a performance fee provision of £5 million, that is likely to be payable to Insight.

The December valuation was £556.38 million, reflecting a £24 million (4.8%) like for like capital uplift over the quarter. The Company's London office properties are performing strongly, with the net asset value of MidCity Place increasing by £6.9 million over the quarter to £17.6 million. Minerva House and National Magazine House increased by 5% and 4.4% respectively over the quarter, now having a combined value of £97.1 million as compared to their combined acquisition prices of £87.18 million.

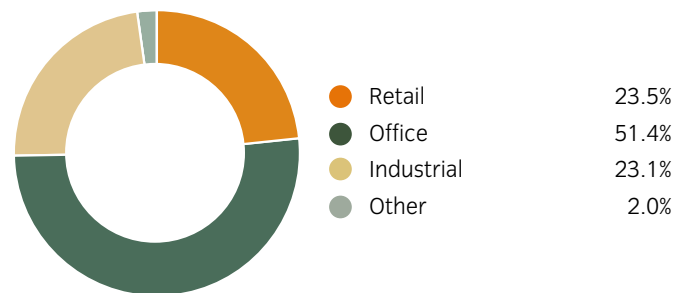
The performance of the property portfolio over the 12 months to March 2006 has been independently assessed by Investment Property Databank ('IPD'). The un-g geared total return of 22.22% relative to its peer group benchmark of 19.3% places the portfolio on the 13th percentile. This margin of outperformance continues to be derived despite higher acquisition costs due to higher levels of activity than the peer group.

Portfolio Activity

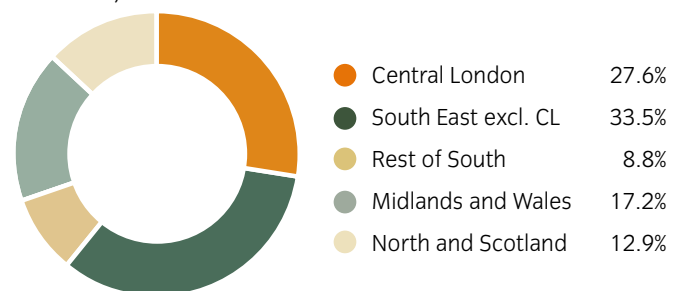
The Company has continued its strategy of acquiring high quality London offices and targeting mis-priced opportunities across all the main sectors. Significant asset management activity continues across the whole portfolio.

Portfolio Structure

The portfolio structure incorporates valuation data as at 31 March 2006.



The Trust has maintained a balanced and diversified profile with 72 assets spread across the country in the retail, office and industrial sectors.



Property market performance

The IPD Monthly Index for the first quarter of 2006 produced a total return of 4.4% for the property market. This contrasts with the total return from equities and gilts over the same period of 8.1% and -1.1% respectively. Offices are now the best performing property sector over three, six and twelve months. Total returns across the property market are expected to slow gradually over 2006, following the rise in interest rates, but returns between the sectors are likely to be more discriminate, with London offices outperforming. There continues to be substantial unsatisfied demand for UK commercial property from a range of institutional and private investors.

Asset management highlights

Acquisitions

On 28 March the Company completed the acquisition of a modern health and fitness club in Sefton, near Liverpool. The price of £10.75 million reflected an attractive yield of 6.2%. The property is let for a further 22 years and has a minimum fixed rental uplift in 2007 that will increase the yield on cost to 7%.

On 24 May the Company completed the acquisition of an office on Tokenhouse Yard, London EC2 for £20.825 million. The property comprises 28,079 sq ft of very high quality newly developed accommodation behind a period façade. The property is 40% vacant by area and is let off an average rent of £39 per sq ft. Immediately following the acquisition terms have been agreed to let all of the vacant space and the yield on completion of this letting will be approximately 5.25%.

On 12 May the Company acquired a 50% stake in Crendon Industrial Partnership Limited, a Joint Venture set up specifically to acquire a multi-let industrial estate and land in Oxfordshire for £20.5 million. The Company has invested £3 million alongside Joint Venture partners with the balance of the purchase price comprising non-recourse debt from Nationwide. There is a three year business plan to increase the quality of the estate and build new warehouse units on the 13.5 acres of development land.

Disposals

A small number of disposals are being considered having completed asset management initiatives.

Active Management

MidCity Place, London WC1

Completion of a major lease restructuring and a significant valuation uplift has led to a refinancing of the debt secured against this asset. The Company will receive back £7.8 million of the £9.8 million original equity invested, whilst still retaining its 19.7% ownership. This is very strong performance within nine months of acquiring the asset.

Abingdon Street, Northampton

This asset delivered an un-gearred total return of 30.3% for the 12 months to December 2005. Having realised this growth a new lease has been agreed for a new 15 year lease at a record rent. Income has increased from

£107,500 per annum to £121,000 per annum. The value increased further from £2.2 million at December 2005 to £2.45 million at March 2006 upon completion of the deal.

Coventry Road, Hinckley

The Company has accepted a lease surrender for a premium of £750,000 and has made a planning application for 150,000 sq ft of retail warehousing with ancillary distribution space.

Largest Ten Holdings	Value	%*
National Magazine House, 10/20, Carnaby Street, Soho, London, W1	£49,500,000	8.9%
Minerva House, 5&6, Montague Close, London, SE1	£47,600,000	8.6%
Plantation Place, London EC3	£20,600,000	3.7%
Victory House, Trafalgar Place, Brighton	£19,100,000	3.4%
Reynard Business Park, Brentford	£18,850,000	3.4%
20/22 Tudor Street, London WC2	£18,200,000	3.3%
Mid City Place, London WC2	£17,600,000	3.2%
Olympic Office Centre, Fulton Road, Wembley	£16,500,000	3.0%
Union Park, Fifers Lane, Norwich	£14,990,000	2.7%
The Albion Centre, Bath Street, Ilkeston	£14,950,000	2.7%
Total as at March 2006	£237,890,000	42.8%

*Percentage of Gross Asset Value

Largest Ten Tenants	Rent	%*
The National Magazine Company Limited	£2,270,000	7.24%
Australia & New Zealand Banking Group Ltd	£1,460,000	4.66%
Mott MacDonald Ltd	£1,307,148	4.17%
Reed Smith Services	£1,295,375	4.13%
Freshfields Services Company	£1,279,600	4.08%
The British Broadcasting Corporation	£830,750	2.65%
Grand Metropolitan Estates Ltd	£795,975	2.54%
Recticel SA	£713,538	2.28%
Jarvis Porter (Property Holdings) Ltd	£700,000	2.23%
Total Fitness UK Limited	£678,540	2.16%
Total rent per annum as at May 2006	£11,330,925	36.13%

*Percentage of portfolio rent

Contacts

Broker

JP Morgan Cazenove
20 Moorgate
London, EC2R 6DA
Tel: 020 7588 2828
Richard Cotton
(Managing Director, Corporate Finance)
Angus Gordon Lennox
(Managing Director, Corporate Finance)

Fund Administration

RBSI Fund Services (Guernsey) Limited
PO Box 482
Royal Bank Place
Gategny Esplanade
St Peter Port
Guernsey, GY1 6BH
Tel: 01481 743 000
Paul Smith
(Managing Director, RBSI Guernsey)

Investment Manager

Insight Investment Management (Global) Limited
33 Old Broad Street
London, EC2N 1HZ
Tel: 020 7930 5474
Duncan Owen
(Managing Director, Property)

The Company's website is www.ifpt.co.uk

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