

Insight Foundation Property Trust Limited



HBOS plc

NAV	127.8 pence (30 June 2006)	Ex dividend dates	2 November 2006
Total Shares Issued	353,560,000	Next financial year end	31 March 2007
Mid share price	133.5 pence (23 August 2006)	Current Debt	£190 million
Gross Property Value	£602.07 million (30 June 2006)	Arranger	NM Rothschild
Number of properties	75 (23 August 2006)	Gearing	30% loan to value (see below)
Average lot size	£8.13 million (23 August 2006)	Currency	GBP
Average lease length	8.4 years (23 August 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 30 June 2006 and prior to the dividend payment, the Company's Net Asset Value ('NAV') increased to 127.8 pence per share. This reflects an uplift of 8.2 pence per share, or 6.9% over the three months to June, reflecting the strongest quarterly uplift since the company's launch. Over the 12 months to June the NAV increased 21.4 pence per share or 20.1%. Combined with the dividend, shareholders received a twelve month total NAV return of approximately 27%.

As at 30 June 2006 the Company had property assets valued at £602.07 million, an uplift over the quarter of £29 million or 5%. The Company's London office properties continue to perform strongly. The Company's stake in Plantation Place, London EC3 increased in value to £31.6 million, an uplift of £11.1 million or 54%. MidCity Place, London WC1 generated an uplift of £3.3 million over the quarter, reflecting an uplift of 19%. Following the recent acquisition of Tokenhouse Yard in the City of London and letting of the vacant floors, the property value as at June 2006 was £23 million relative to the purchase price of £20.8 million. Since the quarter end the Company completed the acquisition of a stake in the West End office building, Portman Square House, London W1 resulting in total property assets, as at 23 August, of £631.2 million.

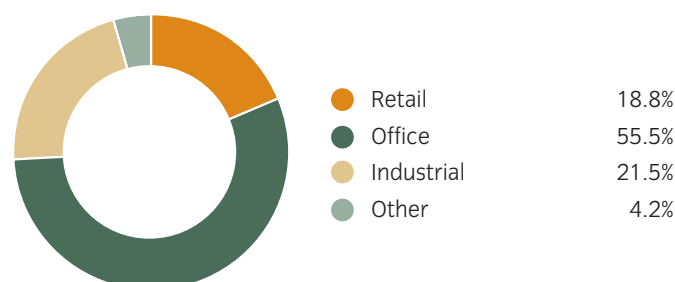
The UK IPD property index has independently assessed the un-g geared performance of the property portfolio. Over the 3 months to June 2006 the total return was 6.5% relative to the IPD peer group benchmark of 4.9%. Over the 12 months to June 2006 the total return was 24.5% relative to its benchmark of 19.9%.

Portfolio Activity

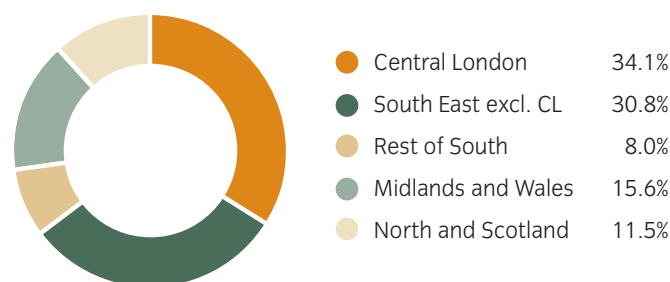
The equity raised in 2005 has now been successfully invested in the London office markets ahead of plan. Considerable asset management activity is in progress and a number of select acquisitions and disposals are being considered.

Portfolio Structure

The portfolio structure incorporates valuation data as at 30 June 2006, but also including the recent acquisition of Portman Square House.



The Trust has maintained a balanced and diversified profile with 75 assets spread across the country in the retail, office and industrial sectors.



Property market performance

The UK IPD Monthly Index produced a total return of 5.1% for the quarter to June. The difference in rental growth between the sectors over the six months to June continued to grow, ranging from West End offices at 5.3% to the industrial sector at 0.6%. The rest of the office sector lagged Central London in rental growth. This trend was also reflected in total returns over the same six month period with West End and City offices producing 15.6% and 11.5% respectively, relative to commercial property market as a whole of 9.6%.

Asset management highlights

Acquisitions

On 3 July the Company acquired a 21.6% stake in Portman Square House, London W1 for £27.55 million. This has subsequently been valued at £29.16 million, reflecting a yield of 4.5% assuming an average rental value of £60 per sq ft, offering significant rental growth prospects.

Further new investment of up to £50 million is planned in 2006. The strategy will focus on buying good fundamentals with asset management opportunities, and Special Situation investments such as the recent industrial estate acquisition in Crendon.

Disposals

Contracts have exchanged to sell the Company's retail and office property in Epsom. The price of £3.5 million reflects a net initial yield of 4.5% and follows rent review settlements ahead of plan. The price compares to the March valuation of £3.3 million and the acquisition price in July 2004 of £2 million. The Company is marketing its office on Tudor Street, London WC1 for disposal.

Financing

Portfolio

In addition to the securitised loan facility of £152.5 million, the Company now has £26.5 million drawn against a short term facility with N M Rothschild and a separate loan of £14.58 million secured against Portman Square House. This results in total on-balance sheet borrowings of £190 million or a loan to value of 30%, increasing to 46% if the off-balance sheet borrowings at Plantation Place, MidCity Place and Crendon are included.

Plantation Place, London EC3

The debt facility used to fund the acquisition of Plantation Place has been successfully re-financed through a securitisation. The Company owns 28% of the property and now benefits from a loan at a low total interest cost of 5.19%.

Active Management

Coventry Road, Hinckley

Detailed negotiations in relation to the planning application for 100,000 sq ft of retail warehouse space and 50,000 sq ft of warehouse space continue. A pre-letting of a retail warehouse unit of 40,000 sq ft is agreed. A planning decision is likely to be received before the end of October. The end value of the scheme is estimated at £30 million, relative to the current valuation of £9 million.

Largest Ten Holdings	Value	%*
National Magazine House, 10/20, Carnaby Street, Soho, London W1	£51,000,000	8.1%
Minerva House, 5&6, Montague Close, London SE1	£49,000,000	7.8%
Plantation Place, Fenchurch Street, London EC3	£31,623,420	5.0%
Portman Square House, London W1	£29,160,000	4.6%
6, 7, 8, Tokenhouse Yard, London EC2	£23,000,000	3.6%
Victory House, Trafalgar Place, Brighton	£19,500,000	3.1%
Reynard Business Park, Brentford	£19,000,000	3.0%
20/22 Tudor Street, London WC2	£18,750,000	3.0%
Olympic Office Centre, Fulton Road, Wembley	£16,800,000	2.7%
The Albion Centre, Bath Street, Ilkeston	£15,500,000	2.5%
Total as at June 2006**	£273,333,420	43.3%

*Percentage of Gross Asset Value ** includes Portman Square House acquired post June 2006

Largest Ten Tenants	Rent	%*
The National Magazine Company Limited	£2,270,000	7.05%
Australia & New Zealand Banking Group Ltd	£1,460,000	4.54%
Mott MacDonald Ltd	£1,307,148	4.06%
Reed Smith Services	£1,295,374	4.02%
Freshfields Services Company	£1,279,600	3.98%
The British Broadcasting Corporation	£830,750	2.58%
Grand Metropolitan Estates Ltd	£795,975	2.47%
Recticel SA	£713,538	2.22%
Total Fitness UK Limited	£678,540	2.11%
Cushman & Wakefield	£574,128	1.78%
Total rent per annum as at June 2006 **	£11,205,053	24.8%

*Percentage of portfolio rent ** includes Portman Square House acquired post June 2006

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