

Insight Foundation Property Trust Limited

Annual Report and Consolidated Financial Statements

For the year ended 31 March 2006

“The Insight Foundation Property Trust Limited aims to provide Shareholders with an attractive level of income together with the potential for income and capital growth from investing in UK commercial property.”

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Company Summary

Objective

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

Insight Foundation Property Trust Limited and its subsidiaries ('the Group') hold a diversified portfolio of UK commercial properties, which is invested in three commercial property sectors: office, retail and industrial. The Group will not invest in other listed Investment Companies. In pursuing the investment objective, the Investment Manager ('the Manager') concentrates on assets with good fundamental characteristics, a diverse spread of occupational tenants and with opportunities to enhance value through active management.

Investment Manager

Insight Investment Management (Global) Limited

Total assets less current liabilities (Group)

£575.48 million at 31 March 2006. £424.69 million at 31 March 2005.

Shareholders' funds

£422.77 million at 31 March 2006. £272.82 million as at 31 March 2005.

Capital structure

At 31 March 2005, the Group had a capital structure comprising approximately 66 per cent equity and 34 per cent loan finance. As at 31 March 2006 this was approximately 70 per cent equity and 30 per cent loan finance.

Ordinary shareholders are entitled to all dividends declared by Insight Foundation Property Trust Limited ('the Company') and to all the Group's assets after repayment of its borrowings. Borrowings consist of a £152.5 million loan with an effective interest cost of 5.6% per annum (including annualised costs and expenses in association with its arrangement) fixed by way of an interest rate swap covering the full amount and life of the loan agreement.

On 27 July 2005 100,000,000 C Shares were admitted to the London Stock Exchange and commenced dealing. On 5 August 2005 the Company carried out a Conversion of the C Shares. As at that date, the net asset value per C Share was 97.85p and the net asset value ('NAV') per ordinary share was 104.59p. On this basis, for the purpose of the Conversion, the Conversion Ratio was 0.9356 Ordinary Shares for every one C Share. 93,560,000 new Ordinary Shares were created on Conversion of the C Shares increasing the number of issued Ordinary Shares of the Company from 260,000,000 to 353,560,000.

ISA/PEP status

The Company's shares are eligible for Individual Savings Accounts (ISAs) and PEP transfers and can continue to be held in existing PEPs.

Website

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

Financial Highlights

- Net Asset Value per share rose by 14.01%
- Earnings per share of 23.5 pence
- The Group has declared and paid dividends per share amounting to 6.75 pence
- Net Asset Value total return of 22.3%
- Share price rose by 11.69%

	31 March 2006	31 March 2005	% Change
Net Asset Value ¹ (£'000)	£422,771	£272,822	54.96 ²
NAV per share published ¹ (pence)	119.6	105.3	13.58
NAV per share per accounts ¹ (pence)	119.6	104.9	14.01
Share price (pence)	129.0	115.5	11.69
Share price premium to NAV	7.9%	10.1%	(21.78)
NAV total return	22.3% ³	15.5% ⁴	43.9
FTSE All Share Index	3,047.96	2,457.73	24.02
FTSE Real Estate Index	4,743.97	3,256.74	45.67

Sources: Insight Investment, Datastream based on returns during the period 1 April 2005 to 31 March 2006

¹ Net asset value (NAV) is calculated using International Financial Reporting Standards. Reconciliation of NAV published to NAV per accounts is shown on page 4.

² Between 1 April 2005 and 31 March 2006 the C Shares were issued and converted to Ordinary Shares.

³ 22.3% is a quarterly capital weighted total return

⁴ Annualised return for the period 16 July 2004 to 31 March 2005

Note: All based on returns during the period from 1 April 2005 to 31 March 2006.

Performance Summary

Reconciliation of net asset value per accounts to published net asset value

	31 March 2006	31 March 2005
	Total £'000	Total £'000
Net asset value as published 27 April 2006	422,797	273,874
Hedge reserve on interest rate swap	–	(1,382)
Increased performance fee accrual*	(1,160)	–
Reduction in tax provision based on results of subsidiaries	602	–
Revaluation of associate	(100)	–
Reclassification of income / (expense)	632	330
	422,771	272,822

* Performance fee increased following the audit from the £5 million estimated in the NAV published on 27 April 2006

Property performance

Value of Property Assets	556,280	379,450
Current annualised rental income including rental guarantees	30,320	25,660
Estimated open market rental value	31,740	26,480
Underlying property performance*	22.20%*	7.54%**
IPD Balanced Monthly Index Funds*	19.30%*	7.38%**

* Source: Investment Property Databank ('IPD') 1 April 2005 to 31 March 2006

** Source: Investment Property Databank ('IPD') 16 July 2004 to 31 March 2005

Summary consolidated income statement

	01 April 2005 To 31 March 2006 £'000	27 May 2004 To 31 March 2005 £'000
Net rental and related income	27,172	16,718
Realised and unrealised gains on investment property	56,616	16,893
Expenses	(12,535)	(3,320)
Net finance costs	(4,956)	(3,180)
Share of profit of associates	8,582	–
Profit before tax	74,879	27,111
Taxation	(85)	(1,756)
Profit for the year / period	74,794	25,355

Earnings and dividends

Earnings per share	23.5p	9.7p
Dividends paid per share	6.75p	3.375p
Annualised dividend yield on 31 March 2006 share price	5.23%	5.84%

Performance Summary continued

	31 March 2006	31 March 2005
Borrowings at 31 March 2006		
Drawn down facility (£'000)	152,500	152,500
Borrowings as % of total assets less current liabilities	26.5%	35.9%
Borrowings as a % of asset value in Security Pool (see Note 16)	34.6%	39.6%
Net gearing (borrowings less cash as % of non current assets)	20.7%	25.6%
Gearing including off balance sheet borrowings as % of total assets less current liabilities	42.8%	35.9%

Estimated Annualised Total Expense Ratio

As % of total assets less current liabilities	1.11% ¹	1.11% ²
As % of equity	1.51% ¹	1.72% ²

¹ The estimated Total Expense Ratio (TER) for the year to March 2006 excludes the performance fee of £6.16m payable to the Manager. Including this expense in the TER calculation increases the % of total assets less current liabilities from 1.11% to 2.18% and the % of equity from 1.51% to 2.97%

² Annualised for shorter period.

Chairman's Statement

Results

This is the second full report and accounts for the Insight Foundation Property Trust Limited (the 'Company'), covering the period from 1 April 2005 to 31 March 2006. This has been a period of great strength in the UK commercial property market and I am pleased to report that the Company has performed well.

The Company's audited Net Asset Value ('NAV') as at 31 March 2006 is 119.6 pence per share, an increase of 14.7 pence per share or 14% over the year. Over the whole period four dividends totalling 6.75 pence per share were paid resulting in a quarterly capital weighted Net Asset Value Total Return to investors over the whole period of approximately 22.3%. These results include a provision for a performance fee payable to the Investment Manager ('the Manager'), in accordance with the Investment Management Agreement.

The Company's NAV growth is a reflection of the sustained strong performance of the UK commercial property market but also reflects our Manager's active approach to managing the portfolio held by the Company and its subsidiaries (the 'Group'). Following the C Share issue in July 2005, the Manager has deployed the increased capital in the London office market, and this is starting to have a positive impact.

The performance of the Group's property portfolio has been independently measured by Investment Property Databank ('IPD') relative to its peer group benchmark. For the year to March 2006 the portfolio produced a gross underlying ungeared total return of 22.2% relative to the peer group return of 19.3%. At the NAV level, the Group has performed less well than its peers over the period, largely due to lower levels of gearing following the C share issue. After recent transactions, the Group's gearing position is more in line with the objectives of the Board and the Manager.

The shares of the Company have continued to enjoy good support and were trading at 129 pence per share on 31 March 2006, reflecting a 7.9% premium to the March NAV. The Company now has a 100% free float following a share placing by Clerical Medical, formerly our largest shareholder.

C Share

Completion of the C Share issue in July 2005 increased the Company's shareholders funds from £273 million to £370 million. The rationale for the C share issue was to enable the Manager to increase exposure to the Central London and South East office markets, which are expected to enhance returns to shareholders over the coming years. The Manager anticipated investing £100 million before the end of 2005, and a further £70 million in the first quarter of 2006. I am pleased to confirm that, in an increasingly competitive Central London investment market, the Manager has invested the proceeds within the timescale, resulting in a significant weighting to Central London

This has increased the Group's gross assets to £599.95 million as at 31 March 2006, of which £556.28 comprised property assets. Since the year end, the Group has committed on four further acquisitions totalling a further £63.20 million, which on completion will increase the Group's total property assets to £619.48 million.

In the relatively short time since completing the C Share issue, the strategy is having a positive impact on the performance of the Group, with the new London acquisitions adding materially to the property portfolio total return since July 2005.

In adding to the Group's portfolio, the Manager, with the Board's approval, has concentrated on properties which offer the prospects of high long term returns through rental growth and consequent capital appreciation, rather than focusing on short term income yield.

Borrowings

As at 31 March 2006 the Group had total borrowings of £152.5 million representing 26.5% of total assets less current liabilities. These borrowings are a securitised facility that runs until the Company's continuation vote in 2014 and the loan is fully hedged against interest rate movements. The total interest rate including capitalised arrangement costs is 5.6% per annum.

In addition, as at 31 March 2006 the Group had off-balance sheet, non-recourse borrowings totalling £164.4 million secured against the individual investments in MidCity Place, London WC2 and Plantation Place, London EC3. The total on and off-balance sheet borrowings as at 31 March 2006 therefore total £316.9 million, representing 43% of total assets less current liabilities.

Since 31 March 2006 the Group has increased its on-balance sheet borrowings by approximately £23 million to fund acquisitions and a further £8.5 million off-balance sheet to fund a Joint Venture acquisition.

The Board has agreed with the Manager that total direct and indirect borrowings (including off-balance sheet, non-recourse debt) will not exceed 55% of total assets less current liabilities. On-balance sheet debt is not expected to exceed 40% of total assets less current liabilities.

Investment Manager Evaluation

The Board reviews the Manager's performance at its quarterly Board meetings. In addition, the Board spent a day at the Manager's office in order to review its capabilities in depth and receive presentations on the UK Commercial property market and the wider economic environment. The Board believes that the continuing appointment of the Manager, on the terms agreed, is in the best interests of shareholders.

Chairman's Statement

Prospects

The UK property market produced a total return of 19.1% for the year to December 2005, as measured by the IPD Annual Index, compared to the Annual Index return in 2004 of 18.3%. For the first quarter of 2006 IPD recorded a total return of 4.4% for the property market.

The Manager expects that the total return from the individual commercial property sectors will show wider divergence over the medium term, and believes there is already evidence of this. As a result, the Group has tactically increased its weighting to what the Manager believes to be the strong growth markets in Central London, selectively acquiring high quality, flexible, modern properties with longer leases, believing that, as a general comment, prime property offers better value than secondary. Further investment of approximately £50 million is likely to be made over 2006 in assets with these characteristics.

The UK Government has now confirmed that the introduction of Real Estate Investment Trusts ('REITs') will take place in January 2007. The proposals enshrined in the 2006 Finance Bill provide greater operational flexibility than was expected and following a favourable stock market reaction to the Government announcement, several of the larger UK listed property companies have stated their intention to convert.

While the REIT announcement is positive for the Company as an owner of commercial property, the proposed 2% conversion charge means that there is currently no commercial advantage to our shareholders in converting. We will of course monitor the development of the REIT sector.

Board of Directors

I am delighted to report that three new Directors have been appointed to the Board. Peter Atkinson, David Warr and Harry Dick-Cleland add considerable knowledge and experience that complements the skills of the other Directors. Between the members of the Board there is a broad range of experience covering the legal and accounting professions, property investment and management, fund administration, and general financial market expertise. I would like to thank our outgoing Directors, Graham Hall and Paul Smith, for their significant contribution since the launch of the Company in 2004.

Conclusion

The Group has had an active and successful year with strong performance from the underlying property portfolio. It is positioned to benefit from the expected growth in the office market and also from an environment where a more active approach will be required to drive returns.



Andrew Sykes, *Chairman*

Insight Foundation Property Trust Limited

20 June 2006

Investment Manager's Report

Introduction

As detailed in the Chairman's Statement, the Insight Foundation Property Trust Limited and its subsidiaries ('the Group') has continued to provide shareholders with an attractive level of income return coupled with strong capital growth during the year ended 31 March 2006. The property market has continued to deliver strong returns since the last report and the Group's property portfolio has performed well.

To maintain and build on the Net Asset Value total return, the Group has repositioned its portfolio over the last 12 months. Whilst still balanced across the UK's main property sectors, the Group has grown considerably and when all commitments have completed, will have a 33% weighting to London offices. This places the Group in a position to benefit from more divergence between the sectors and sub-sectors in the UK property market.

Strategy

Our investment philosophy for the Group remains to own a portfolio of assets with strong fundamentals capable of being actively managed to realise outperformance. Upon launch in 2004, the Group tactically held a low weighting in Central London of approximately 4%, and instead favoured the higher yield offered by industrial and offices outside Central London. This was the right strategy in 2004 and early 2005 as performance was realised through a high yield, moderate rental growth and capital value growth.

In early 2005 it became clear that the Central London office market was showing signs of a recovery and that the Group, if it was to maintain its strong performance and improve long term returns for shareholders, would need to increase its exposure to the sector. Our preference was to obtain this exposure without having to sell existing, fundamentally strong properties and incur transaction costs. Consistent with this strategy, therefore, in July 2005 the Company raised £100 million of new equity through the issue of a new class of C Shares. The intended proceeds of the C Share issue were planned for investment in office properties in Central London and the South East of England offering:

- Good fundamentals;
- Good specification offering occupational flexibility;
- Relatively low rents offering better potential for rental growth as the market improves.

The recovery in the Central London market occurred quicker than we expected during 2005 and into 2006, leading us to accelerate our acquisition programme in these markets. The wider South East markets have still not shown signs of a rental recovery due to a larger supply of vacant and unoccupied accommodation and for that reason, the C Share proceeds were allocated almost entirely to the London markets, with the Group attaining a diversified exposure across the main London office sub-markets.

The rapid rate of investment meant that the C Shares were merged quickly into the Ordinary shares. Further details of the properties acquired in the successful implementation of the strategy are set out below.

The Portfolio

10 Largest Properties

	Value	% of portfolio
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	£20,500,000	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 EC4	£18,200,000	3.3%
MidCity Place, London WC1	£17,600,000	3.2%
Olympic Office Centre, 8 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 value	£237,790,000	

10 Largest Tenancies

	Rent pa	%
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	£1,295,374	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%
MidCity Place	£680,000	2.17%
Total Rent	£11,332,385	

Investment Manager's Report

Due to the lot size of many high quality London office properties, the Group has acquired significant stakes in three high profile prime buildings that are arguably amongst the best buildings in their respective Central London sub-markets. In each case the Group has flexibility to sell its interest and is investing alongside either Insight Clients or parties with whom Insight has an established relationship. The table below sets out the key characteristics of the six key Central London office acquisitions since the C Share issue:

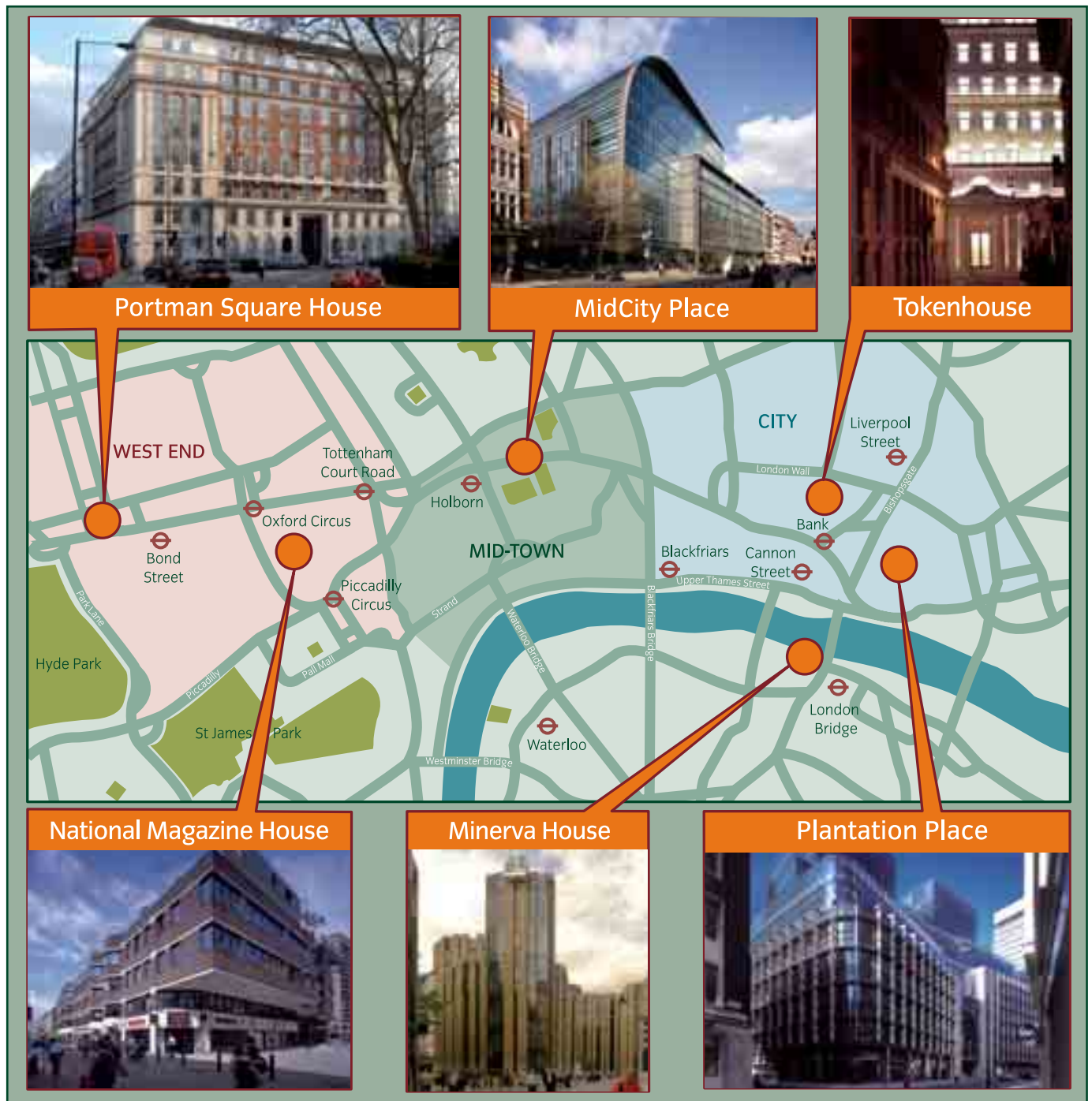
Property (% and type of interest)	Valuation 31 March 2006 (£'000) (NIY%)	Acquisition Price (£'000) (NIY%)	Rent £ per annum (average rate psf)	Rental value (average rate psf)	Average income length	Major tenants (% income)
<i>Directly held assets acquired prior to 31 March 2006</i>						
Minerva House (100% direct)	£47,600 (5.5%)	£42,130 (6.2%)	£2.76 m (£30.10 psf)	£2.54 m (£28.50 psf)	7.8 years	47% Reed Smith LLP 53% ANZ Bank
National Magazine House (100% direct)	£49,500 (4.8%)	£45,050 (5.67%)	£2.52 m (£41.50 psf)	£2.61m (£42.50 psf)	11.2 years	89% The National Magazine Company Ltd
<i>Indirect assets acquired prior to 31 March 2006 (Company NAV shown in bold; total value in italics)</i>						
MidCity Place (19.7% shares in Single Purpose Company)	£17,600 <i>£260,000</i> (4.50%)	£9,800 <i>£215,000</i> (5.0%)	£13.79 m (£41.34 psf)	£13.58 m (£40.70 psf)	15.2 years	25% Tower Perrins 14% EDF Trading Ltd 17% Mitsubishi Corporation UK Ltd
Plantation Place (28.08% units in Jersey Unit Trust)	£20,500 <i>£540,000</i> (4.9%)	£19,600 <i>£527,000</i> (5.1%)	£27.08 m (£50.30 psf)	£25.84 m (£50.00 psf)	19.9 years	72% Accenture UK Ltd (guarantee from ultimate Parent)
<i>Directly held assets acquired post 31 March 2006</i>						
Tokenhouse Yard (100% direct)	N/A	£20,830 (3.3%)	£0.665 m (£37.40 psf)	£1.27 m (£44.00 psf)	3 years	14% BH2 14% M3 Consulting 14% Novoco
<i>Indirect assets committed post 31 March 2006 (Company beneficial interest shown in bold; total value in italics)</i>						
Portman Square House (21.6% interest in Trust in Land)	N/A	£27,550 <i>£127,550</i> (3.6%)	£4.78 m (£42.20 psf)	£6.86 m (£62.50 psf)	7.6 years	55% CWHB 17% Aegis Group Plc
Total	£183,580*	£164,960	£51.59m (£40.70 psf)	£52.70 m (£45.42 psf)	16.2 years	

* For acquisitions and commitments post 31 March 2006, the purchase price is used

Investment Manager's Report

As at 31 March 2006, the Group owned a property portfolio of 72 assets valued at £556.28 million. In addition, since the year end, the Group has committed to acquire four further properties valued at £63.20 million, resulting in a total of 76 properties either owned or contractually committed totalling £619.50 million. This compares with a property portfolio value of £379.45 million and 74 assets in March 2005. The average lot size of the properties owned by the Group will increase from £5.13 million to £8.15 million on completion of these commitments. As at 31 March 2006 the portfolio had approximately 220 tenancies with an average unexpired lease term of approximately eight and a half years.

The Group has exchanged or completed on acquisitions totalling £191 million (calculated against price paid) following the C Share issue in July 2005, of which £165 million are located in London. The locations of the London acquisitions are set out below:



Investment Manager's Report

Recent city acquisitions



Plantation Place, London EC3

Acquired in March 2006
 Value of £560 million
 Company owns 28.08%
 1.9 acre site in core City location
 550,000 of office and retail
 Flexible floor plates from 13,600 to 55,000 sq ft
 19.9 years unexpired term
 Average rent of £51.30 per sq ft
 Well positioned for growth
 Proposed securitisation of the debt

Tokenhouse Yard, London EC2

Acquired in April 2006
 Price of £20.83 million
 100% owned
 Core location close to Bank of England
 Redevelopment behind 1920's façade
 40% vacant on acquisition – now fully let
 High quality small floors of c. 4,000 sq ft
 Multi-let at rents of c £40 per sq ft
 Well positioned for growth

Investment Manager's Report

This increased exposure to London has been achieved with a low average rental of £438 per sq m (£40.70 per sq ft). The properties all have key tenancy events such as rent reviews or lease renewals between 2006 and 2010 which should capture rental growth as the market improves.

The Group has also made further select acquisitions outside of London where value has been identified with the strategic objective of maintaining and where possible improving the portfolio average lease length. The Group has contracted on two new acquisitions totalling £23 million with an average lease length of 23 years.

The first transaction involved the funding of a retail warehouse in Basingstoke let to Wickes for 25 years with no tenant break options. The transaction is subject to planning and the purchase price of £11.9 million reflected an attractive net initial yield of 5.7%. The second transaction involved the acquisition of a health and fitness club in Sefton, Merseyside. The Group paid £10.75 million for the property that as at 31 March 2006 was valued at £11.05 million. The purchase price reflected a high net initial yield of 6.2% increasing to 7% in 2007 following a fixed rental uplift.

Finally in relation to acquisitions, since the year end the Group has invested £2.9 million for a 50% stake in a Joint Venture Company to acquire a multi-let industrial estate in Crendon, Oxfordshire. The co-investors are North Atlantic Smaller Companies Investment Trust PLC and three others. The property offers significant opportunity to add value through active management and development. The Group will consider investing further in what we term 'Special Situations'.

Since March 2005 the Group has also undertaken eight disposals where asset management strategies were successfully implemented and material profits crystallised. Seven of these disposals were of small retail properties acquired in July 2004 for £15.66 million, an average price of £2.23 million. The aggregate disposal proceeds totalled £18.77 million. The only non-retail disposal was of an industrial estate in Corby where the business plan was implemented ahead of expectations and concerns over high supply of land led to a sale in August 2005. The disposal price of £9.3 million reflected an increase of £1.1 million over the purchase price in July 2004.

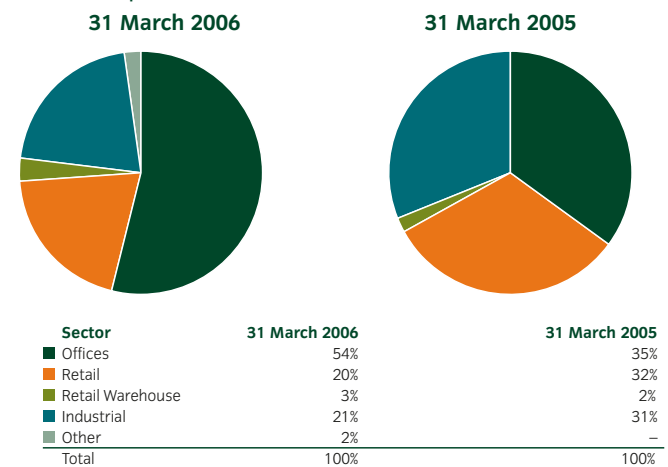
The Group expects to make further disposals where profits can be realised or where there are concerns over the total return prospects.

Taking account of the portfolio as at 31 March 2006, but including committed acquisitions pre and post that date the sector and regional spread is shown below relative to the weightings in March 2005.

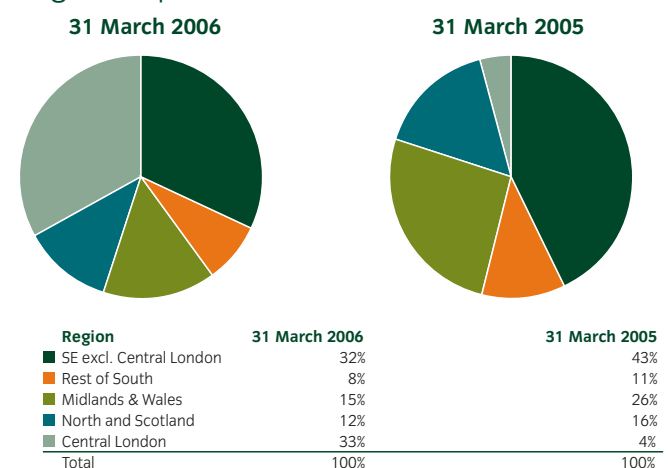
This repositioning is in line with our plans at the time of the C Share issue. While the performance of Central London offices over the last six months has been primarily yield driven, there is now clear evidence of rental growth that we expect to continue through to 2009. We are forecasting that the Central London office markets will produce significantly higher rental growth than the overall property market average.

It is also worth noting the Group's weighting to London has been further enhanced by jointly acquiring stakes in larger assets such as MidCity Place and Plantation Place. If their gross value is considered (i.e. total exposure through the Group's investment and pro-rata share of the non-recourse debt), this further increases the Group's exposure to London's performance.

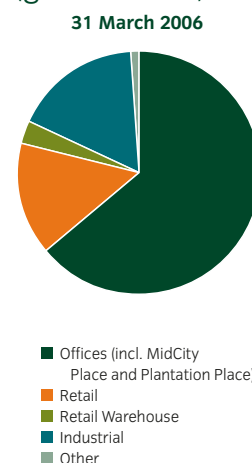
Sector spread



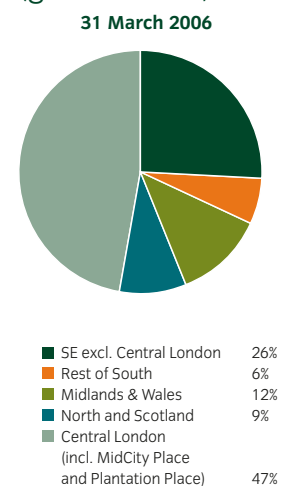
Regional spread



Sector spread (gross value*)



Regional spread (gross value*)



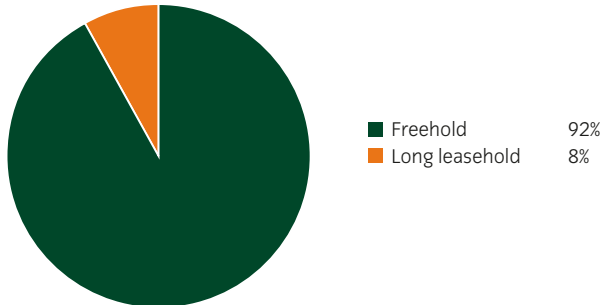
*Gross value includes pro-rata share of non-recourse debt.

Investment Manager's Report

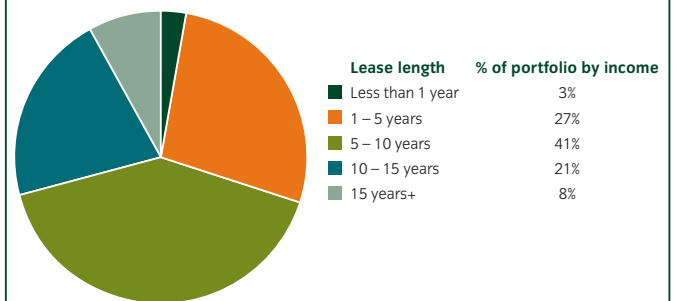
Property portfolio statistics

as at 31 March 2006

IFPT property tenure expressed as a percentage of value:



Unexpired occupational lease terms



Asset Management

The underlying performance of the portfolio continues to be driven not just by stock selection but also by active asset management. This approach is required to ensure that the Group captures rental growth as quickly as possible and consequently maximises all possible opportunities for capital value appreciation.

Any vacant units are actively managed. As at 31 March 2006 approximately 3% of the portfolio was vacant, down from 4% in March 2005. This compares to approximately 9% on an average portfolio as measured by the IPD Index. For rent reviews, it is our policy to try always to secure a rental increase irrespective of the potential quantum, and to use specialist advisors where required. This approach has been successful and over the year to 31 March 2006 the average rental uplift secured was 6% ahead of the rental level estimated by the independent valuer in March 2005.

Below we have detailed some recent, larger examples of asset management activity:

Industrial - The Quadrant, Bristol and The Gate Centre, Brentford

All of the Group's properties have detailed business plans. At Bristol, the vacant units at the estate have now been substantially let following a refurbishment programme. Re-launching the estate and incentivising agents secured new lettings quickly to good tenant covenants at a headline rent 20% ahead of the valuation on acquisition. The valuation has increased from £9.1 million in March 2005 to £10.7 million in March 2006, an increase of 17.6%.



At Brentford, (pictured above), following the grant of a new planning consent and a new letting to a car showroom operator last year, the increased rental tone and the strategy of re-positioning the estate as a car showroom and trade park is achieving strong valuation results. The valuation has increased from £9.45 million in March 2005 to £13.6 million in March 2006, an increase of 44%.

Investment Manager's Report

Offices - MidCity Place WC2



A significant restructuring of a major tenant's lease has increased the rent on the retained office space by approximately 20% relative to the rental value on acquisition in August 2005. This asset management combined with an improving Mid-Town office market increased the property valuation of MidCity Place from £225 million at December 2005 to £260 million in March. This in turn increased the Net Asset Value of the Group's investment from £10.72 million to £17.6 million respectively, an uplift of 64%. The strong valuation performance has led to a refinancing of the debt secured against this asset. Since the year end the Group has received back £7.8 million of the £9.8 million original equity invested, whilst still retaining a 19.7% ownership. This is very strong performance within nine months of acquiring the asset.



Retail - Victoria Plaza Bolton and Coventry Road Hinckley

Good progress is being made with the reconfiguration of the retail shops at Bolton. Following extensive negotiations and receipt of planning consent, a major UK Sports retailer has exchanged contracts to lease the vacant upper parts of the property in a deal that is potentially highly value enhancing. The agreement is conditional on restructuring other retailer leases in the ownership where negotiations are on going.

At an industrial estate in Hinckley, the Group has applied for planning consent for a mixed-use scheme comprising 105,000 sq ft of retail warehouse and 45,000 sq ft of warehouse space. In tandem with this the Group has accepted a lease surrender of the current tenants lease for receipt of a substantial premium. A decision on the planning application is expected over the next two to three months.

Our approach is contributing positively to the performance of the underlying property portfolio, which continues to have an above average income yield relative to its IPD peer group benchmark.

Financing

The Group's securitised loan facility of £152.5 million runs until 2014 and is fully hedged against future interest rate movements using an interest rate swap. The total aggregate interest rate including capitalised arrangement and servicing costs is 5.6%. The Group will seek to take advantage of opportunities to raise efficient finance as it expands its portfolio.

Outlook and Future Strategy

The UK property market produced a total return of 19.1% in 2005, ahead of expectations. This was driven primarily by capital growth caused by low finance costs, the weight of money being invested into the sector and the higher than average yield still offered by property relative to the other main asset classes. We anticipate total returns to the UK commercial property market of approximately 12% to 14% for 2006.

Since the year end there has been an increase in both bond yields and more significantly for the property market, lending swap rates. The gap between the market initial yield and the five year swap rate has reduced materially and in May 2006 became a negative yield gap. This factor in isolation does not equate to poor future capital growth performance, particularly where rents are growing, but the reduced number of debt-driven investors being able to operate in this environment will have an impact. Positively, the significant volumes

Investment Manager's Report

of institutional investment, driven partly by asset allocation and partly by the creation of a commercially viable UK REIT structure, may counter-balance the impact of reduced demand from debt-driven investors.

For the last twelve months we have been repositioning the portfolio to respond to a movement from an interest rate-led cycle to a cycle driven by rental growth and traditional property fundamentals such as location and building quality. A core long term projected total return across the market of 7% to 8% supplemented by additional performance through asset management should still offer an attractive return from the commercial property market and this is in line with the long run average.

The most important observation to make is that we believe total return performance over the next few years will diverge much more across the main property sectors, following a period when it has been difficult to distinguish between each sector.

As evidenced in the recent shift towards Central London, we will react quickly to these divergences between the sectors and sub-sectors, and also future changes in the market. In addition, to supplement the main portfolio return we will look to invest in more Special Situations such as the multi-let industrial estate in Crendon, Oxfordshire. These will typically be asset management intensive and structured as joint ventures. This will also potentially allow the Group to access non-core and interesting sectors such as healthcare or residential.

In summary we are positive about the Company's prospects for 2006 and beyond and look forward to another year of significant activity to add to long term Shareholder value.



Duncan Owen, *Managing Director, Property*
Insight Investment Management (Global) Limited
20 June 2006

Board of Directors

Andrew Sykes, *Chairman*

Aged 48, was a director of Schroders plc from 1998 to 2004, having joined Schroders in 1978. He was responsible for the group's private banking and alternative investments businesses, including property, private equity, structured products and hedge funds. He is Chairman of Absolute Return Trust Limited and a non-executive director of Schroder Exempt Property Unit Trust, JP Morgan Fleming Asian Investment Trust plc and Smith & Williamson Holdings Limited.

John Frederiksen

Aged 58, is chairman of the Danish Property Federation and of several major Danish property companies. He established and was Managing Director of Bastionen A/S, one of the largest Danish property investment companies from 1986 to 2001, and was Chairman of ASC, the largest property management company in Denmark, from 1990 to 1998.

Keith Goulborn

Aged 61, was head of Unilever's UK Property Department for 17 years, in which capacity he was responsible for the property investment activities of the Unilever Pension Fund in the UK and for operational property advice to the UK group and its implementation. Prior to that he was a partner in Debenham, Nightingale Chancellors. He is a fellow of the Royal Institution of Chartered Surveyors and a member of the Investment Property Forum.

Harry Dick-Cleland

Aged 49, is Managing Director of Cleland & Co Limited, Chartered Accountants which he founded in 2003. He was previously a partner at Ernst & Young from 1998 – 2003, having joined their Guernsey office in 1987. He is a fellow of the Institute of Chartered Accountants in England & Wales. He joined the Board of Directors on 13 March 2006.

David Warr

Aged 52, is an Executive Director of Fortis Reads International Management Limited, a Guernsey based fiduciary services business wholly owned by Fortis plc. He is a fellow of the Institute of Chartered Accountants in England & Wales and specialises in Trust and Corporate work. He is also a non-executive director of Marwyn Value Investors Limited, Hemisphere Defensive HF (USD) Limited and UK Select Trust Limited. He joined the Board of Directors on 13 March 2006.

Peter Atkinson

Aged 51, was the Senior Partner of Collas Day Advocates for 14 years where he specialised in corporate and fiduciary work. He joined Collas Day in 1980 and became Senior Partner in 1992. He is now retained as a consultant to the firm and as a non-executive director of the firm's trust company. He is an Advocate of the Royal Court of Guernsey and a Solicitor of the Supreme Court of England and Wales. He is a former Chairman of the Guernsey Bar. He joined the Board of Directors on 30 March 2006.

Report of the Directors

The Directors of Insight Foundation Property Trust Limited (“the Company”) and its subsidiaries (together “the Group”) are pleased to submit their report and the Audited Financial Statements of the Company and of the Group for the year ended 31 March 2006.

Principal Activity and Status

The Company carries on the business of a property investment company and is a Guernsey registered company.

A review of the business during the year is contained in the Chairman’s Statement and the Manager’s Report.

Investment Policy

The investment objective of the Group is to provide Shareholders with an attractive level of income together with the potential for income and capital growth from investing in UK commercial property. The Group invests in three commercial property sectors: office, retail and industrial. The Group will not invest in other listed investment companies.

Listing

During the year under review the Company complied with the conditions applicable to property investment companies set out in paragraphs 21.27(e) to 21.27(i) of the Listing Rules of the London Stock Exchange.

Share issue

At 31 March 2005, there were 260,000,000 Ordinary Shares in issue. On 5 August 2005, 93,560,000 new Ordinary Shares were created on the conversion of C Shares, providing a total of 353,560,000 Ordinary shares in issue at 31 March 2006.

Results

The results for the year are shown in the Consolidated Income Statement on page 24.

Dividend

During the period the Company has declared and paid the following interim dividends to its ordinary shareholders:

Dividend For Quarter	Date Declared	Rate
31 March 2005	21 April 2005	1.6875 pence per share
30 June 2005	19 July 2005	1.6875 pence per share
30 September 2005	24 October 2005	1.6875 pence per share
31 December 2005	24 January 2006	1.6875 pence per share

All dividends are declared and paid as interim dividends. The Directors do not therefore recommend a final dividend. A dividend for the quarter ended 31 March 2006 of 1.6875 pence was declared on 27 April 2006 and paid on 26 May 2006.

Directors’ Interests

The Directors of the Company are as stated on page 15. Paul Smith resigned on 13 March 2006. Harry Dick-Cleland and David Warr were appointed on 13 March 2006. Graham Hall resigned on 30 March 2006. Peter Atkinson was appointed on 30 March 2006. Biographical details of each of the Directors are shown on page 15.

The following Directors including persons connected with them held the following number of shares at 31 March 2006 (all of which were beneficial):

Director	Number of Ordinary Shares	Percentage (%)
A Sykes	35,292	Less than 0.1
K Goulborn	9,564	Less than 0.1

There have been no changes in the above interests between 31 March 2006 and the date of this report.

The remuneration of the Directors during the year was as follows:

	£’000
A Sykes (Chairman)	27
J Frederiksen	18
K Goulborn	18
G Hall	18
P Smith	17
H Dick-Cleland (appointed 13 March 2006)	–
D Warr (appointed 13 March 2006)	–
P Atkinson (appointed 30 March 2006)	–
	98

None of the Directors had a service contract with the Company during the period.

Report of the Directors

Substantial Shareholdings

At 30 April 2006 the Directors were aware that the following shareholders owned 3% or more of the issued Ordinary Shares of the Company.

	Number of Ordinary Shares	Percentage (%)
Greenwood Nominees Limited	26,856,910	7.60
Nortrust Nominees Limited	23,002,000	6.51
Ferlim Nominees Limited	15,658,438	4.43
James Capel (Nominees) Limited	12,599,367	3.56
Waterhouse Nominees Limited	12,342,609	3.49

Corporate Governance

Principles Statement

The Directors are committed to high standards of corporate governance and have made it Company policy to comply with best practice in this area, insofar as the Directors believe it is relevant and appropriate to the Company, and notwithstanding the fact that the Company is not obliged to comply with the 'Combined Code' (i.e. the Code of Best Practice published by the Committee on the Financial Aspects of Corporate Governance) as it is a Guernsey registered company.

It is the Board's intention to comply with the Association of Investment Trust Companies ('AITC') code for Corporate Governance best practice.

Role of the Board

The Board has determined that its role is to consider and determine the following principal matters which it considers are of strategic importance to the Company:

- i) review the overall objectives for the Company as described under Investment Policy above and set the Company's strategy for fulfilling those objectives within an appropriate risk framework;
- ii) consider any shifts in strategy that it considers may be appropriate in light of market conditions;
- iii) review the capital structure of the company including consideration of an appropriate use of gearing both for the Company and in any joint ventures in which the Company may invest from time to time;
- iv) appoint the Investment Manager, Administrator and other appropriately skilled service providers and monitor their effectiveness through regular reports and meetings
- v) review key elements of the Company's performance including NAV and the payment of dividends.

Board Decisions

At its Board meetings, the Board ensures that all the strategic matters listed under 'Role of the Board' are considered and resolved by the Board. While issues associated with implementing the Company's strategy are generally considered by the Board to be non strategic in nature and are delegated either to the Manager or the Administrator, the Board considers there are implementation matters that are significant enough to be of strategic importance to the Company and should be reserved to the Board (e.g. large property decisions affecting either 10% or more of the Company's assets or 5% or more of the Company's rental income and decisions affecting the Company's financial gearing).

Board performance evaluation (Training & Appraisal)

In 2005 the Board commissioned a review of its performance, combined with a 'skills audit' with the assistance of an independent third party. This review concluded that the Board was operating effectively, but noted that it would benefit from the addition of a Director with an accounting background. Following recent Board changes, this has been addressed.

Non-Executive Directors, Rotation of Directors and Directors Tenure

The present membership of the Board is shown on page 15.

The Combined Code recommends that Directors should be appointed for a specified period. The Board has resolved in this instance that Director appointments need not comply with this requirement as all Directors are non-executive and their respective appointments can be terminated at any time without penalty. The Board has approved a policy that Directors will stand for re-election every three years. It has been agreed this will be implemented by two of the three original directors from May 2004 presenting themselves for re-election at the AGM in 2007. Andrew Sykes will stand for re-election during the year commencing 1 April 2006.

The Board has determined that none of its Directors is related to the Investment Manager.

Keith Goulborn has agreed to be the Senior Independent Director.

Board Meetings

The Board meets quarterly and as required from time to time to consider specific issues reserved to the Board.

Report of the Directors

At the Board's quarterly meetings it considers papers circulated seven days in advance including reports provided by the Manager and the Administrator. The Manager's report comments on:

- The UK commercial property market including recommendations for any changes in strategy that the Manager considers may be appropriate;
- Performance of the Group's portfolio and key asset management initiatives;
- Transactional activity undertaken over the previous quarter and being contemplated for the future;
- The Group's financial position including its relationship with its bankers and lenders.

The Administrator provides a compliance report.

These reports enable the Board to assess the success with which the Group's property strategy and other associated matters are being implemented and also to consider any relevant risks and how they should be properly managed.

The Board also considers reports provided from time to time by its various service providers reviewing their internal controls.

The below table shows the attendance at Quarterly Board or Audit Committee meetings during the year to 31 March 2006:

	Board	Audit Committee	Nomination Committee
A Sykes (Chairman)	4	2	1
J Frederiksen	4	1	–
K Goulborn	4	2	1
G Hall	4	2	1
P Smith	4	N/A	1
D Warr	–	–	–
P Atkinson	–	–	–
H Dick-Cleland	–	–	–
No. of meetings during the year	4	2	1

In between its regular quarterly meetings, the Board has also met on a number of occasions during the period to approve specific transactions. It has not always been possible for all Directors to attend these meetings.

(Note - The Company maintains liability insurance for its Directors and Officers although the Company has no employees and none of its Directors are Executive).

Committees of the Board

The Audit Committee

Chaired during the financial year by Mr Goulborn with Mr Sykes, Mr Frederiksen and Mr Hall as members. Since the end of the financial year and following the new appointments to the Board, the composition of the Audit Committee has changed with the chairmanship passing to Mr Dick-Cleland and with Mr Sykes, Mr Goulborn, Mr Frederiksen, Mr Warr and Mr Atkinson as members.

The Company considers that Mr Dick-Cleland's experience makes him suitably qualified to chair the Audit Committee.

The Committee meets not less than twice a year and if required meetings can also be attended by the Investment Manager, the Administrator and the Independent Auditors.

The Committee is responsible for reviewing the half-year and annual financial statements before their submission to the Board. In addition the Committee is specifically charged under its terms of reference to advise the Board on the terms and scope of the appointment of the auditors (including their remuneration), the independence and objectivity of the auditors, and reviewing with the auditors the results and effectiveness of the audit.

During the year the Company's auditors were not involved in any non audit work for the company.

Members of the Committee may also meet with the Company's valuer to discuss the scope and conclusions of their work.

Nomination Committee

Chaired by Mr Sykes and with all other Board Directors as members.

During the year, the Committee sought to identify a new Director with an accounting background, following the result of the Board skills audit and effectiveness review. It also sought two further Directors when Mr Smith and Mr Hall indicated their intention to step down for personal reasons. Following a review of a number of potential candidates, the Committee recommended, and the Board approved the appointment of Mr Dick-Cleland, Mr Warr and Mr Atkinson. In reaching their decision, the Committee noted the experience and skills of the new Directors, which complemented that of the other three Directors.

Report of the Directors

As noted on Page 21 of the 2005 Annual Report, during the financial period ended 31 March 2005, the Nomination Committee instructed Trust Associates to review the role of individual Directors and to recommend an appropriate level of remuneration having regard to their perspective of an appropriate 'market rate' for the Company's Directors. Based on that advice a resolution was passed at the AGM on 26th July 2005 to increase the maximum total annual remuneration of the Directors to £135,000.

Investment Management Agreement

The Company has entered into an agreement with the Manager. This sets out the Manager's key responsibilities which include proposing a property strategy to the Board and, within certain authority limits, selecting investments for acquisition and disposal and arranging appropriate lending facilities. The Manager is also responsible for all issues pertaining to asset management. Further details of the Manager's appointment are disclosed in note 2 to the financial statements.

Going Concern

The Directors have examined significant areas of possible financial risk and have satisfied themselves that no material exposures exist. The Directors therefore consider that the Group has adequate resources to continue in operational existence for the foreseeable future and after due consideration believe it is appropriate to adopt the going concern basis in preparing the financial statements.

Shareholder Relations

Shareholder communications are a high priority for the Board. The Manager produces a quarterly fact sheet which is distributed to shareholders and released to the London and Channel Islands Stock Exchanges. Members of the Manager's Investment Committee make themselves available at all reasonable times to meet with principal shareholders and key sector analysts. Feedback from these sessions is provided by the Manager to quarterly Board meetings. During the year the Company launched its website, www.ifpt.co.uk.

In addition, the Board is also kept fully apprised of all market commentary on the Company by the Manager and other professional advisers including the Company's brokers

Through this process the Board seeks to monitor the views of shareholders and to ensure that the Company's communication programme is effective.

The Chairman and the Manager are available at the Annual General Meeting to answer any questions that attending shareholders may have.

Details of the resolutions to be proposed at the Annual General Meeting on 25 July 2006 can be found in the Notice of the Meeting.

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' Report, Annual Report and Financial Statements for each financial period which give a true and fair view of the state of affairs of the Group as at the end of the financial period and of the profit or loss of the Group for that period in accordance with International Financial Reporting Standards and in accordance with applicable laws.

In preparing those financial statements the Directors are required to:-

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 1994. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for:

- Ensuring that the Report of the Directors and other information included in the Annual Report is prepared in accordance with applicable company law;
- Ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority;
- The Group's system of internal controls, which is designed to meet the Group's particular needs and the risks to which it is exposed.

Report of the Directors

Business Strategy and Risk Management

Business Strategy

The Group's investment objective is to provide Shareholders with an attractive level of income together with the potential for income and capital growth from investing in UK Commercial property. The Board has determined that this will be achieved by holding a diversified portfolio of UK office, retail and industrial properties. The Group will not invest in other listed investment companies.

In addition to investments and borrowings in the normal course of business, the Board has acknowledged that from time to time it may be appropriate for the Group to invest as a minority investor in certain property owning entities in which other investors may participate. This is to enable a particular property strategy to be executed more effectively (e.g. large Central London office buildings). In those circumstances, and where the entity has non-recourse borrowings, the Board will ensure the total borrowings of the Group including those held off-balance sheet will not exceed 55% of total assets less current liabilities (at the time of drawdown) and that on balance sheet borrowings will not exceed 40% of total assets less current liabilities (at the time of drawdown).

Given the Group's objective the current strategy accepted by the Board and being executed by the Manager has the following key principles:

- No single asset to comprise more than 15% by value of the whole portfolio and no single tenant to account for more than 20% of the total rental receipts;
- A focus on prime quality assets;
- Assets which generate above average rental yields (in comparison to an IPD based industry average) and where the average tenant quality is in line with industry averages;
- An unexpired lease term across the portfolio in line with or better than industry averages;
- Enhancing property returns through active management; and
- Maximisation of total Net Asset Value returns through financing (including where appropriate using joint venture structures) but always within an overall borrowing strategy with an upper limit of 55% of the Group's total assets less current liabilities.

The Board encourages the Manager to be flexible in identifying and recommending trends in the market where stronger relative property performance is anticipated.

The Board has resolved to assess the Manager's performance by reference to:

1. The total investment return of the property portfolio by comparison to a peer group index as measured by Investment Property Databank ('IPD'), and;
2. The total NAV return to investors (comprising the aggregate of NAV growth and dividends paid).

The performance results for the property portfolio and the Group for this financial period are commented on by the Manager in his report.

The Board has identified certain risks inherent in the Group's business which together with the Group's relevant control measure is described below. A more detailed commentary on the property portfolio is described in the Manager's report.

RISK MANAGEMENT

Property investment risk

Investment in commercial property has the potential to create sustainable income and capital growth over the long term. However market circumstances can introduce volatility into investment returns arising in particular from:

- An excess supply of accommodation relative to occupier demand;
- Individual business sectors being affected in different ways by economic circumstances (both national and international) which can influence the capability of tenants to pay their rents in a timely manner;
- Changes in planning legislation affecting individual properties and/or surrounding neighbourhoods;
- Alternative asset classes being considered to be more or less expensive relative to property which can affect the capital flows towards property;
- The relative level of economic growth, interest rates and inflation;
- Construction cost inflation which can alter the viability of refurbishment schemes and affect the capability to bring new supply to market;
- Other relevant legislative changes.

For these and other reasons the Board considers that the right approach for achieving the Group's objective is to mandate the Manager to build a broadly based, well diversified portfolio of commercial property investments.

Report of the Directors

To enable the Board to ensure that the portfolio does not become overly concentrated or reliant on individual assets, sectors or tenants, the Manager reports quarterly on asset concentration, sector and regional diversification and the number of tenants including an independent analysis of average tenant quality. The primary control is that no single asset should comprise more than 15% by value of the whole portfolio and no single tenant account for more than 20% of the total rental receipts.

Income at risk

Income can be at risk for two specific reasons:

- Complete tenant failure or a tenant default in paying rent on time;
- A tenant not renewing their lease on expiry and vacating the property.

As noted above, the Manager reports quarterly with an independent analysis of average tenant quality. Manager reports also provide a calculation of the average unexpired lease duration in the portfolio by comparison to an IPD based industry average.

The Manager takes a proactive approach to property management and ensures that each asset held in the portfolio has a clear written asset plan, updated annually, which sets out targets to be achieved in all tenant discussions. The aim of this rigorous process is to ensure that so far as possible every opportunity is grasped to continually improve net income receivable from the portfolio, overall tenant quality and wherever possible that leases can be renewed before properties become vacant on lease expiry. The Board monitors this risk by receiving from the Manager a summary for each property noting key activities on each property in the portfolio.

Property development risk

It is unlikely that the Manager will consider a wholesale re-development project given the Group's objective to provide an attractive level of income to shareholders. Occasionally however it can be economically attractive for the Group to commit to a refurbishment or redevelopment scheme of an existing property in the portfolio. However any such scheme would not be commenced in the absence of tenants having entered into contractual agreements to lease 66% or more of the accommodation to be built. The Board monitors this risk through the quarterly reports provided by the Manager.

Interest Rate Management

The Group's policy is to avoid significant exposure to unforeseen upward interest rate movements. During the year, the Group's principal borrowings comprised a £152.5million securitised loan facility. The interest rate on this loan has been swapped into a fixed rate of 5.31% until July 2014.

Additional short term facilities may be drawn on a floating interest rate but the Board will only sanction this where there is a clear intention within a 6-12 month period to lock into a longer term fixed rate.

The Investment Manager

a) Resources and Processes

The Board arranges to meet the Manager at least annually at the Manager's office in London. This allows the Board to inspect the office arrangements and to meet other members of the Manager's team. Typically the Board would expect to interrogate the Manager's process in more detail than is possible at Board meetings and to gain a perspective on the level of resource that is applied by the Manager to the Company's business.

b) Business Contingency Management

The Board regularly reviews the Manager's Business Contingency Management and is able to discuss this and other matters with the Manager's Chief Risk Officer.

The Administrator

a) Resources and Processes

The Board meets regularly at the offices of the Administrator for its formal quarterly Board meetings and for ad-hoc Board meetings. The Board is therefore familiar with the environment in which the Administrator is operating and has the opportunity to meet the staff responsible for providing administrative services to the Group. This enables the Board to view at first hand the level of resources made available to the Group by the Administrator.

b) Business Continuity

The Administrator, as a subsidiary of the Royal Bank of Scotland International Limited, is party to the overarching Business Continuity Plan for the Royal Bank of Scotland International Limited which covers all of the Bank's operations offshore. The Board is able to discuss the Business Continuity Plan and any other compliance or risk related matters with the Administrator's Compliance Manager at any time.

Internal Control

The Combined Code requires the Directors at least annually to review the effectiveness of the Group system of internal controls and to report to shareholders that they have done so.

The system's key controls reviewed by the Directors are as shown below. The Board considers risk management and internal control on a regular basis during the year although such a system can only provide reasonable assurance and not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure.

Report of the Directors

Investment management services and Administration services are provided to the Group respectively by Insight Investment Management (Global) Limited ('Insight') and Royal Bank of Scotland International Fund Services (Guernsey) Limited ('RBSI'). The Group's system of internal control therefore is substantially reliant on Insight's and RBSI's own internal controls and their internal audit.

During the year, the Board has reviewed a report prepared by Insight's internal audit team on Insight's property division and has been satisfied that their approach is appropriate for the Group.

The key elements designed to provide effective control are as follows:

a) Financial reporting

A regular review of relevant financial data including management accounts and performance projections

b) Management and Administration Agreements

Contractual documentation with appropriately regulated entities which clearly describes responsibilities for the two principal service providers.

c) Management Systems

The Manager's system of internal controls is based on clear written processes, a formal investment committee and clear lines of responsibility and reporting all of which are monitored by Insight's internal risk team. Insight is regulated by the FSA.

d) Investment Strategy

The Group's strategy is authorised and monitored on a regular basis by the Board.

The Board carries out a review of significant business risks and formally considers the scope and effectiveness of the Group's system of internal control annually. This review covers all controls, including financial, operational and risk management.

The Board has received a high level internal controls review of the Administrator.

Corporate Responsibility – Benefits, Risks and Controls

The Board has reviewed the Socially Responsible Policy which has been developed by the Manager and considers this to be an appropriate policy for the Company to adhere to via the appointment of the Manager through the Investment Management agreement. The Manager's policy is as follows:

"Insight recognises that how buildings are designed, built, managed and occupied significantly influences their impact on the environment and affected communities.

Insight is committed to delivering strong financial returns to our clients while at the same time delivering positive environmental, social and economic benefits. We believe it is important to effectively manage sustainability-related risks, associated with, for example, climate change (more severe and regular floods, increasing storm damage costs and energy costs), site contamination and remediation, use of hazardous materials, waste management (rising landfill and disposal costs), employee and contractor health and safety, and local community relations.

Insight's standard business processes ensure that it obtains an environment report as part of the due diligence process for property acquisitions. In addition, Insight ensures that its Fund Managers and appointed Managing Agents comply with all relevant laws and regulation relating to its clients business. Insight also aims to operate according to established best practice within the industry on all relevant environmental and social aspects of property management and development.

Insight is committed to working with its clients, business partners, suppliers, local communities, tenants, government agencies, and planning and regulatory bodies constructively to achieve greater sustainability in property development and management."

The Board has noted that the Manager is in the process of implementing systems which will report the evidence of compliance with this policy.

The Manager has recently appointed specialist consultants Upstream to develop comprehensive systems to enable it to implement and monitor its sustainability policy. Working with Upstream, during the coming year the Manager expects to:

- Identify the most significant environmental impacts of the Group's investments, both at the portfolio and asset level;
- Establish a set of objectives, targets and Key Performance Indicators relating to the environmental impacts of the Group's properties;
- Develop appropriate governance, control and management procedures, to be adopted both by Insight and managing agents;
- Develop appropriate training and awareness raising processes for Insight's staff.

Report of the Directors

Authority to buy back shares

The Company did not purchase any shares for cancellation during the year.

The Directors have authority to buy back up to 14.99 per cent. of the Company's Ordinary Shares and will seek annual renewal of this authority from Shareholders. Any buyback of Ordinary Shares will be made subject to Guernsey law and within any guidelines established from time to time by the Board and the making and timing of any buybacks will be at the absolute discretion of the Board. Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value of the Ordinary Shares (as last calculated) where the Directors believe such purchases will enhance shareholder value. Such purchases will also only be made in accordance with the rules of the UK Listing Authority which provide that the price to be paid must not be more than 5 per cent above the average of the middle market quotations for the Ordinary Shares for the five business days before the shares are purchased. Any shares purchased under this authority will be cancelled.

Status for Taxation

The Income Tax Administrator in Guernsey has granted the Company exemption from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and the income of the Company may be distributed or accumulated without deduction of Guernsey Income Tax. Exemption under the above mentioned Ordinance entails the payment by the Company of an annual fee of £600.

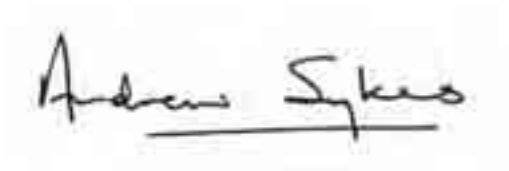
During the year, the Group's properties have been held in various subsidiaries and associates, the majority of which are subject to UK Income Tax. In each instance any tax due is computed after deduction of debt financing costs and other allowances as appropriate.

Creditor Payment Policy

It is the Group's policy to ensure settlement of supplier invoices in accordance with stated terms.

Auditors

KPMG Channel Islands Limited have indicated their willingness to continue in office as auditors and a resolution proposing their re-appointment will be proposed at the Annual General Meeting.



A Sykes, Director, *Chairman*
20 June 2006



Keith Goulborn, *Director*
20 June 2006

Consolidated Income Statements

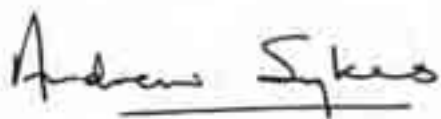
	Notes	01/04/2005 To 31/03/2006 £'000	27/05/2004 To 31/03/2005 £'000
Rental income		28,119	16,693
Other income	3	225	318
Property operating expenses	4	(1,172)	(293)
Net rental and related income		27,172	16,718
Profit on disposal of investment property		2,594	390
Valuation gains on investment property		54,022	18,425
Valuation losses on investment property		–	(1,922)
Net valuation gains on investment property	10	54,022	16,503
Expenses			
Investment management fee	2 & 22	(5,062)	(2,418)
Performance fee	2 & 22	(6,160)	–
Valuers' and other professional fees		(416)	(473)
Administrators fee	2	(227)	(120)
Audit fee		(47)	(50)
Directors' fees		(98)	(72)
Other expenses	5	(525)	(187)
Total expenses		(12,535)	(3,320)
Net operating profit before net finance costs		71,253	30,291
Interest receivable		3,908	430
Interest payable		(8,191)	(3,477)
Finance expenses		(673)	(133)
Net finance costs		(4,956)	(3,180)
Share of profits of associates		8,582	–
Profit before tax		74,879	27,111
Taxation	7	(85)	(1,756)
Profit for the year / period attributable to the equity holders of the parent company		74,794	25,355
Basic and diluted earnings per share	8	23.5p	9.7p

The accompanying notes on pages 32 to 42 form an integral part of the financial statements.

Consolidated Balance Sheet

	Notes	31/03/2006 £'000	31/03/2005 £'000
Investment property	10	518,180	379,450
Investment in associates	11	28,313	-
Loan to associate	11	9,787	-
Non-current assets		556,280	379,450
Trade and other receivables	14	5,832	4,694
Taxation paid in advance	7	231	-
Cash and cash equivalents		37,608	55,222
Current assets		43,671	59,916
Total assets		599,951	439,366
Issued capital and reserves	15	422,771	272,822
Equity		422,771	272,822
Interest-bearing loans and borrowings	16	148,833	148,482
Interest rate swap		3,875	1,382
Provisions	17	-	2,000
Non-current liabilities		152,708	151,864
Trade and other payables	18	21,222	12,875
Provisions	17	3,250	-
Taxation payable	7	-	1,805
Current liabilities		24,472	14,680
Total liabilities		177,180	166,544
Total equity and liabilities		599,951	439,366
Net Asset Value per Ordinary Share	19	119.6p	104.9p

The financial statements on pages 24 to 42 were approved at a meeting of the Board of Directors held on 20 June 2006 and signed on its behalf by:



A Sykes, *Chairman*



Keith Goulborn, *Director*

The accompanying notes on pages 32 to 42 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

	Notes	Share premium £'000	Hedge reserve £'000	Revenue reserve £'000	Total £'000
Balance as at 27 May 2004		–	–	–	–
Issued in the period		260,000	–	–	260,000
Issue costs		(2,376)	–	–	(2,376)
Transfer to distributable reserves		(257,624)	–	257,624	–
Loss on derivative instruments		–	(1,382)	–	(1,382)
Profit for the period		–	–	25,355	25,355
Dividends paid		–	–	(8,775)	(8,775)
Balance as at 31 March 2005		–	(1,382)	274,204	272,822
Issued in the period	15	100,000	–	–	100,000
Issue costs	15	(1,644)	–	–	(1,644)
Loss on derivative instruments		–	(2,493)	–	(2,493)
Profit for the year		–	–	74,794	74,794
Dividends paid	9	–	–	(20,708)	(20,708)
Balance as at 31 March 2006		98,356	(3,875)	328,290	422,771

The accompanying notes on pages 32 to 42 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

	Notes	01/04/2005 To 31/03/2006 £'000	27/05/2004 To 31/03/2005 £'000
Operating activities			
Profit for the year/period		74,794	25,355
Adjustments for:			
Profit on disposal of investment property		(2,594)	(390)
Net valuation gains on investment property		(54,022)	(16,503)
Share of profits of associates		(8,582)	–
Net finance cost		4,956	3,180
Taxation		85	1,756
Operating profit before changes in working capital and provisions		14,637	13,398
Increase in trade and other receivables		(1,135)	(4,682)
Increase in trade and other payables		10,614	10,860
Cash generated from operations		24,116	19,576
Interest paid		(6,805)	(3,279)
Interest received		3,901	417
Tax paid		(2,035)	–
Cash flows from operating activities		19,177	16,714
Investing Activities			
Proceeds from sale of investment property		26,868	3,550
Acquisition of investment property		(107,691)	(364,107)
Acquisition of associates		(19,731)	–
Cash flows from investing activities		(100,554)	(360,557)
Financing Activities			
Proceeds on issue of shares		100,000	260,000
Loan to associate		(9,787)	–
Issue costs paid on issuance of Ordinary Shares		(1,644)	(2,376)
Draw down of short term bank loan		–	98,100
Repayment of short term bank loan		–	(98,100)
Draw down of long term loan		–	152,500
Finance costs paid on arrangement of long term loan		(4,098)	(2,284)
Dividends paid	9	(20,708)	(8,775)
Cash flows from financing activities		63,763	399,065
Net (decrease)/increase in cash and cash equivalents for the year/period		(17,614)	55,222
Opening cash and cash equivalents		55,222	–
Closing cash and cash equivalents		37,608	55,222

The accompanying notes on pages 32 to 42 form an integral part of the financial statements.

Company Income Statement


	Notes	01/04/2005 To 31/03/2006 £'000	27/05/2004 To 31/03/2005 £'000 Restated
Other income	3	18	567
Net income		18	567
Profit on disposal of subsidiary company		–	16,904
Expenses			
Investment management fee		(2,537)	(1,210)
Performance fee	22	(6,160)	–
Valuers' and other professional fees		(125)	(170)
Administrators fee		(206)	(120)
Audit fee		(40)	(50)
Directors' fees		(98)	(72)
Other expenses	5	(124)	(165)
Total expenses		(9,290)	(1,787)
Net operating (loss) / profit before net finance costs		(9,272)	15,684
Interest receivable		5,024	14,306
Interest payable		–	(3,276)
Finance expenses		(987)	(36)
Net finance costs		4,037	10,994
Income from subsidiary	6	6,501	8,664
Profit for the year/ period		1,266	35,342
Basic and diluted earnings per share	8	0.4p	13.6p

The accompanying notes on pages 32 to 42 form an integral part of the financial statements.

Company Balance Sheet

		31/03/2006	31/03/2005
	Notes	£'000	Restated £'000
Investment in subsidiary companies	12	366,595	347,464
Loans to subsidiary companies	13	67,988	16,486
Non-current assets		434,583	363,950
Trade and other receivables	14	31,709	6,981
Cash and cash equivalents		6,677	9,352
Current assets		38,386	16,333
Total assets		472,969	380,283
Issued capital and reserves	15	363,105	284,191
Equity		363,105	284,191
Non interest-bearing loans and borrowings	16	102,674	95,330
Non-current liabilities		102,674	95,330
Trade and other payables	18	7,190	762
Current liabilities		7,190	762
Total liabilities		109,864	96,092
Total equity and liabilities		472,969	380,283

The financial statements on pages 24 to 42 were approved at a meeting of the Board of Directors held on 20 June 2006 and signed on its behalf by:



A Sykes, *Chairman*



Keith Goulborn, *Director*

The accompanying notes on pages 32 to 42 form an integral part of the financial statements.

Company Statement of Changes in Equity

	Notes	Share premium £'000	Revenue reserve Restated £'000	Total £'000
Balance as at 27 May 2004		–	–	–
Issued in the period		260,000	–	260,000
Issue costs		(2,376)	–	(2,376)
Transfer to distributable reserves		(257,624)	257,624	–
Profit for the period		–	35,342	35,342
Dividends paid		–	(8,775)	(8,775)
Balance as at 31 March 2005 - Restated		–	284,191	284,191
Balance as at 31 March 2005 – previously reported		–	275,527	275,527
Prior year adjustment	6	–	8,664	8,664
Balance as at 31 March 2006 – as restated			284,191	284,191
Issued in the period	15	100,000	–	100,000
Issue costs	15	(1,644)	–	(1,644)
Profit for the year		–	1,266	1,266
Dividends paid	9	–	(20,708)	(20,708)
Balance as at 31 March 2006		98,356	264,749	363,105

Company Statement of Cash Flows

		01/04/2005 To 31/03/2006	27/05/2004 To 31/03/2005 Restated £'000
Operating activities	Notes	£'000	
Profit for the year / period		1,266	35,342
Adjustments for:			
Profit on disposal of subsidiary company		–	(16,904)
Net finance cost		(10,538)	(19,658)
Operating profit before changes in working capital and provisions		(9,272)	(1,220)
Increase in trade and other receivables		(24,729)	(6,981)
Increase in trade and other payables		6,460	762
Cash generated from operations		(27,541)	(7,439)
Interest paid		–	(3,276)
Interest received		5,024	14,306
Tax paid		(32)	–
Cash flows from operating activities		(22,548)	3,591
Investing Activities			
Proceeds from sale of subsidiary company		–	103,427
Acquisition of subsidiary companies		(19,131)	(433,987)
Cash flows from investing activities		(19,131)	(330,560)
Financing Activities			
Proceeds on issue of Shares		100,000	260,000
Issue costs paid on issuance of Shares		(1,644)	(2,376)
Intra group loan received		12,906	103,994
Intra group loan provided - subsidiaries		(51,501)	(16,486)
Finance costs paid		(48)	(36)
Dividends paid	9	(20,708)	(8,775)
Cash flows from financing activities		39,005	336,321
Net (decrease)/increase in cash and cash equivalents at 31 March 2006		(2,675)	9,352
Opening cash and cash equivalents		9,352	–
Closing cash and cash equivalents		6,677	9,352

The accompanying notes on pages 32 to 42 form an integral part of the financial statements.

Notes to the Financial Statements

1. Significant accounting policies

The Insight Foundation Property Trust Limited ('the Company') is a closed-ended investment company incorporated in Guernsey. The consolidated financial statements of the Company for the year ended 31 March 2006 comprise the Company and its subsidiaries and its interests in associates (together referred to as the 'Group').

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by, or adopted by, the International Accounting Standards Board (the 'IASB'), interpretations issued by the International Financial Reporting Standards Committee, applicable legal and regulatory requirements of Guernsey Law and the Listing Rules of the UK Listing Authority.

Basis of preparation

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared on the historical cost basis except that investment property and derivative financial instruments are stated at their fair value.

The accounting policies have, with the exception of the change in accounting policy disclosed in Note 6, been consistently applied to the results, assets, liabilities and cash flows of the entities included in the consolidated financial statements and are consistent with those of the previous period.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the accounts of the Company and all of its subsidiaries drawn up to 31 March each year. Subsidiaries are those entities, including special purpose entities, controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences to the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. Loans to associates are stated at their amortised cost less impairment losses.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Investment property

Investment property is land and buildings held to earn rental income together with the potential for capital growth.

Investment properties are initially recognised at cost, being the fair value of the consideration given, including transaction costs associated with the investment property.

After initial recognition, investment properties are measured at fair value, with unrealised gains and losses recognised in the Consolidated Income Statement. Realised gains and losses on the disposal of properties are recognised in the Consolidated Income Statement. Fair value is based on the open market valuations of the properties as provided by Knight Frank LLP a firm of independent chartered surveyors, at the balance sheet date. Market valuations are carried out on a quarterly basis.

As disclosed in note 21, the Group leases out all properties held on operating leases.

Cash and cash equivalents

Cash at banks and short-term deposits that are held to maturity are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash in hand and short-term deposits at banks.

Notes to the Financial Statements

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate fluctuations. It is not the Group's policy to trade in derivative financial instruments.

Derivative financial instruments are recognised initially at fair value and are subsequently re-measured and stated at fair value. Fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date. The gain or loss on re-measurement to fair value of cash flow hedges in the form of derivative financial instruments are taken directly to the Statement of Changes in Equity. Such gains and losses are taken to a reserve created specifically for that purpose, described as the Hedge reserve.

On maturity or early redemption the realised gains or losses arising from cash flow hedges in the form of derivative instruments are taken to the Income Statement, with an associated transfer from the Statement of Changes in Equity in respect of unrealised gains or losses arising in the fair value of the same arrangement.

The Group considers the terms of its interest rate swap qualify for hedge accounting.

Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the equity transaction and costs associated with the establishment of the Company that would otherwise have been avoided are written off against the share premium account. Dividends are recognised in the period in which they are paid.

Provisions

A provision is recognised in the Balance Sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Income

Rental income from investment properties is accounted for on a straight-line basis over the term of ongoing leases and is shown gross of any UK income tax. Any material premiums or rent-free periods are spread evenly over the lease term.

Interest receivable derives from cash monies held in current and deposit accounts throughout the period and is accounted for on an accruals basis.

Expenses

All expenses are accounted for on an accruals basis. The Group's investment management and administration fees, finance costs (including interest on the long term borrowings) and all other expenses are charged through the Consolidated Income Statement. Attributable transaction costs incurred in establishing the Group's credit facilities are deducted from the fair value of borrowings on initial recognition and are amortised over the lifetime of the facilities through the Consolidated Income Statement.

Taxation

The Company and its subsidiaries are subject to United Kingdom income tax on any income arising on investment properties, after deduction of debt financing costs and other allowable expenses.

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred income tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment business and in one geographical area, the United Kingdom.

Loans and borrowings

Borrowings are recognised initially at fair value of the consideration received, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

2. Material agreements

(i) Under the terms of an appointment made by the Board on 24 June 2004, Insight Investment Management (Global) Limited was appointed as Manager to the Company. The Manager is entitled to a base fee and a performance fee together with reasonable expenses incurred by it in the performance of its duties. The base fee is equal to one quarter of 95 basis points of the gross assets of the Group per quarter.

Notes to the Financial Statements

In addition, and subject to the conditions below, the Manager is entitled to an annual performance fee where the total return per Ordinary Share during the relevant financial period exceeds an annual rate of 10 per cent (the “performance hurdle”). Where the performance hurdle is met, a performance fee will be payable in an amount equal to 15 per cent of any aggregate total return over and above the performance hurdle. A performance fee will only be payable where: (i) in respect of the relevant financial period, the total return of the underlying assets meets or exceeds the Investment Property Databank (“IPD”) Monthly Index balanced funds benchmark on a like for like basis; and (ii) the annualised total return over the period from admission of the Company’s Ordinary Shares to the end of the relevant financial period is equal to or greater than 10 per cent per annum.

The Investment Management Agreement may not be terminated by either the Company or the Manager prior to the second anniversary of the agreement but, thereafter, any party may terminate the agreement on not less than twelve months notice in writing.

(ii) Under the terms of an Administration, Registrar, Custodian and Secretarial Agreement dated 24 June 2004, the Company appointed RBSI Fund Services (Guernsey) Limited to act as administrator, registrar, custodian and corporate secretary of the Company. The Administrator is entitled to a fee of £35,000 per annum together with an additional fee of 3.25 basis points of the gross assets of the Company, subject to an overall minimum of £150,000 per annum and an aggregate maximum fee payable by the Company, and its subsidiaries, to the Administrator, its affiliates and the CREST Service Provider of £250,000 per annum.

The Administration, Registrar, Custodian and Secretarial Agreement may be terminated by either party by six month’s notice in writing.

3. Other income

Group	01/04/2005 to 31/03/2006 £'000	27/05/2004 to 31/03/2005 £'000
Insurance commissions	(6)	268
Miscellaneous income	231	50
	225	318
Company		
Miscellaneous income	18	567
	18	567

The Group is obliged to arrange insurance on the majority of its property assets for which it receives a commission and is stated net of any fees payable to insurance brokers.

4. Property operating expenses

	01/04/2005 to 31/03/2006 £'000	27/05/2004 to 31/03/2005 £'000
Surveyor fees	670	122
Dilapidations	(327)	–
Agents’ fees	100	72
Repairs and maintenance	245	51
Advertising	21	29
Rates – Vacant	90	13
Other expenses	373	6
	1,172	293

Notes to the Financial Statements

5. Other expenses

Group	01/04/2005 to 31/03/2006 £'000	27/05/2004 to 31/03/2005 £'000
Directors' and officers' insurance premium	58	60
Printing costs	6	36
Regulatory costs	25	23
Marketing	161	-
Other expenses	275	68
	<hr/> 525	<hr/> 187
Company		
Directors' and officers' insurance premium	53	60
Regulatory costs	12	10
Marketing	14	6
Other expenses	45	89
	<hr/> 124	<hr/> 165

6. Income from Subsidiary

Company

On 30 March 2005 the Company received an interest free loan of £16,392,000 from a subsidiary which is repayable on 30 March 2015. The fair value of this loan on initial recognition was £7,728,000 and the difference of £8,664,000 has been treated as a distribution received from the subsidiary. The discount will be amortised over the period of the loan and charged to the income statement of the Company as a finance expense.

In the financial statements, this loan was recognised at face value. Accordingly, the current year financial statements include a prior year adjustment to restate the loan in accordance with the accounting treatment shown above. The effect of the prior year adjustment is to reduce the carrying value of the loan at 31 March 2005 by £8,664,000 and increase the income for the period ended 31 March by £8,664,000.

On 14 July 2005 the Company received a further interest free loan from a subsidiary which is repayable on 30 March 2015. The fair value of this loan on recognition was £5,999,000 and the difference of £6,501,000 has been treated as a distribution received from the subsidiary.

Notes to the Financial Statements

7. Taxation

	01/04/2005 to 31/03/2006 £'000	27/05/2004 to 31/03/2005 £'000
Reconciliation of effective tax rate		
Profit before tax	74,879	27,111
Effect of:		
Income tax using UK income tax rate of 22%	16,473	5,964
Capital gains on revaluation not taxable	(13,773)	(3,631)
Capital gains on revaluation taxable	–	1,121
Profit on disposal not taxable	(571)	(86)
Other net income not taxable	(2,044)	(1,612)
Tax expense incurred during the year	85	1,756
Less : underprovision for year of charge 2004 / 2005	(54)	–
Tax expense for year of charge 2005/2006	31	1,756
Payment on account for year of charge 2005/2006	(262)	–
Subsidiary companies' pre-acquisition liabilities	–	49
Taxation (paid in advance) / payable	(231)	1,805

The Company and its Guernsey registered subsidiaries have obtained exempt company status in Guernsey under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 so that they are exempt from Guernsey taxation on income arising outside Guernsey and on bank interest receivable in Guernsey. Each company is, therefore, only liable to a fixed fee of £600 per annum. The Directors intend to conduct the Group's affairs such that they continue to remain eligible for exemption.

8. Basic and diluted earnings per share

The basic and diluted earnings per share for the Group is based on the net profit for the year of £74,794,000 and the weighted average number of Ordinary Shares in issue during the year of 318,755,945.

The basic and diluted earnings per share for the Company is based on the net profit for the year of £1,266,000 and the weighted average number of Ordinary Shares in issue during the year of 318,755,945.

9. Dividends paid

In respect of	No. of Ordinary Shares	Rate (pence)	01/04/2005 to 31/03/2006 £'000
Quarter 31 March 2005 dividend paid 19 May 2005	260 million	1.6875	4,388
Quarter 30 June 2005 dividend paid 12 August 2005	260 million	1.6875	4,388
Quarter 30 September 2005 dividend paid 02 December 2005	353.56 million	1.6875	5,966
Quarter 31 December 2005 dividend paid 16 February 2006	353.56 million	1.6875	5,966
		6.7500	20,708

Notes to the Financial Statements

10. Investment property

	31/03/2006		
	£'000		
	Leasehold	Freehold	Total
At cost – 31 March 2005	48,307	314,640	362,947
Acquisitions	–	107,691	107,691
Provision for further purchase consideration (note 17)	–	1,250	1,250
Disposals	–	(24,233)	(24,233)
At cost – 31 March 2006	48,307	399,348	447,655
Net valuations gains on investment property - 31 March 2005	1,888	14,615	16,503
Net valuations gains on investment property per Consolidated Income Statement	5,725	48,297	54,022
	7,613	62,912	70,525
At Valuation - 31 March 2006	55,920	462,260	518,180

	31/03/2005		
	£'000		
	Leasehold	Freehold	Total
At cost - 27 May 2004			
Acquisitions	48,307	315,800	364,107
Provision for further purchase consideration (note 17)	–	2,000	2,000
Disposals	–	(3,160)	(3,160)
At cost – 31 March 2005	48,307	314,640	362,947
Net valuations gains on investment property for period ended 31 March 2005	1,888	14,615	16,503
At Valuation - 31 March 2005	50,195	329,255	379,450

The carrying amount of investment property is the fair value of the property as determined by Knight Frank LLP, a firm of independent chartered surveyors, who are a registered independent appraiser. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment property.

11. Investment in Associates

In August 2005, the Group, through Insight Foundation (Mid City) Limited, invested equity and subordinated debt of £9,917,000 for a 19.725% shareholding in DV3 Mid City Limited, a company incorporated in the United Kingdom and which owns the Mid City Place property in London.

This investment is classified as an investment in an associate due to the company having the ability to exert significant influence through its shareholding and representation on the board of directors. The subordinated debt was advanced on similar terms as the other shareholders of DV3 Mid City Limited in proportion to their shareholdings.

The company invested £130,000 equity in DV3 Mid City Limited, which at 31 March 2006 was valued at £7,813,000.

The subordinated debt invested in DV3 Mid City Limited of £9,787,000 is split into two separate loans. The first loan is for £3,900,000, has no fixed repayment date and attracts interest at a rate of 12% per annum. The second loan is for £5,887,000, has no fixed repayment date and attracts interest at a rate of 20% per annum.

Notes to the Financial Statements

As at 31 March 2006 the value of the Group's investment in DV3 Mid City Limited has been valued at £17,600,000. As at 31 March 2006 DV3 Mid City Limited had total assets of £269,000,000, total liabilities of £225,000,000, revenues for the period ended 31 March 2006 were £13,300,000 and a loss was incurred for the same period of £6,600,000.

On 21 March 2006 the Group invested £19,600,000 to acquire 28.08% of the units in a Jersey incorporated property unit trust, One Plantation Place Unit Trust. The Unit Trust owns the City office building, Plantation Place, London EC3. There are four unit holders who collectively invested £69,800,000 with the balance of the purchase consideration funded by senior and junior debt totalling £463,510,000. The senior loan is a 364 term loan at a margin of 0.8% and the intention is to re-finance both the senior and junior debt through a securitisation issue in July 2006. In expectation of a 5 to 7 year securitised loan term, the Unit Trust has benefit of a 7 year interest rate swap at an all-in rate of 4.74% that was put in place at completion. The interest rate swap can be novated to another lender should the securitisation not proceed. Adopting the independent bank valuation as at completion of £540,000,000 the estimated Net Asset Value of the Group's investment is £20,500,000.

12. Investment in subsidiary companies

	31/03/2006 £'000	31/03/2005 £'000
Opening balance	347,464	–
Additions in the year/period	19,131	347,464
Closing balance	366,595	347,464

The Group's investment properties are held by its subsidiary companies. All of the Company's subsidiaries are wholly owned.

The principal subsidiaries which hold investment property are as follows:

Subsidiary	Domicile	Ownership interest 2006	Ownership interest 2005
Insight Foundation Property Limited	Guernsey	100%	100%
Insight Foundation Property (No.2) Limited	Guernsey	100%	100%
LP (Brentford) Limited	Guernsey	100%	100%
LP (Tudor Street) Limited	Guernsey	100%	100%
Insight Foundation Property Bootle Limited	Isle of Man	100%	–

The principal subsidiaries which have entered into borrowing facilities on behalf of the Company and its property holding subsidiaries are:

Insight Foundation Holding Company Limited	Guernsey	100%	100%
Real Estate Capital (Foundation) Limited	Guernsey	See below	See below

Real Estate Capital (Foundation) Limited is not a wholly owned subsidiary but the accounts of this special purpose vehicle have been included within these consolidated financial statements on the basis that the Company has the power, directly or indirectly, to govern the financial and operating policies of that entity so as to obtain benefits from its activities.

13. Loans to subsidiary companies

At 31 March 2006 the Company had outstanding loans of £67,988,000 to its subsidiary companies. An initial loan of £15,901,000 has no fixed repayment date and interest is charged on 60% of the outstanding balance at an annual rate of 3 per cent above the UK base rate. A second loan of £42,300,000 has no fixed repayment date and interest is charged on the full loan amount at an annual rate of 3 per cent above the UK base rate. The third loan is for £3,900,000, has no fixed repayment date and attracts interest at a rate of 12% per annum. The final loan is for £5,887,000, has no fixed repayment date and attracts interest at a rate of 20% per annum.

Notes to the Financial Statements

14. Trade and other receivables

	31/03/2006	31/03/2005
	£'000	£'000
Group		
Rent receivable	3,022	2,834
Receivable on portfolio acquisition	-	921
Other debtors	2,810	939
	5,832	4,694
Company		
Amounts due from subsidiary companies	30,775	6,047
Receivable on portfolio acquisition	921	921
Other debtors	13	13
	31,709	6,981

15. Issued capital and reserves

Authorised share capital

The authorised share capital of the Company is represented by an unlimited number of Ordinary Shares of no par value.

Issued share capital

On 27 July 2005 100,000,000 C Shares were admitted to the London Stock Exchange and commenced dealing. The amount paid for these shares totalled £100 million. Deducted from these proceeds were costs directly attributable to the issue of £1,644,000.

On 5 August 2005 Insight Foundation Property Trust Limited carried out a Conversion of the C Shares of the Company. As at that date, the net asset value per C Share was 97.85 pence and the net asset value per ordinary share was 104.59 pence. On this basis, for the purpose of the Conversion, the Conversion Ratio was 0.9356 Ordinary Shares for every one C Share. 93,560,000 new Ordinary Shares were created on Conversion of the C Shares increasing the number of issued Ordinary Shares of the Company from 260,000,000 to 353,560,000.

Dividends

On 27 April 2006 the Directors declared a dividend of 1.6875 pence per share, giving a total dividend payable of £5,966,325. The dividend has not been included as a liability.

16. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see note 20.

Group	31/03/2006		31/03/2005	
Non-current liabilities	£'000		£'000	
Class A Secured Floating Rate Notes	139,000		139,000	
Class B Secured Floating Rate Notes	13,500		13,500	
		152,500		152,500
Less: Finance costs incurred	(4,077)		(4,077)	
Add: Amortised finance costs	410	(3,667)	59	(4,018)
		148,833		148,482
Company				
Non-current liabilities				
Loans from subsidiaries		102,674		95,330
		102,674		95,330

Notes to the Financial Statements

The Company (via its principal subsidiary, Insight Foundation Holding Company Limited) has entered into a long term £152,500,000 loan (repayable as a whole in July 2014) with Real Estate Capital (Foundation) Limited, a single purpose lender, which issued Secured Floating Rate Notes that have been admitted to the Official List of the Irish Stock Exchange. Full details of the Issue were published in an Offering Circular on 18 March 2005. Proceeds of the issue were used to re-finance previous short term borrowings (approximately £98,000,000), and the balance to acquire further investment properties.

The Notes were issued at a blended margin of 20.8 basis points ("bps") over LIBOR and simultaneously the Company entered into an equivalent maturity swap agreement at 5.1%. In aggregate therefore the Company's long term debt facilities have an effective interest rate of 5.31%. The Company has capitalised costs of £4m which it incurred in arranging this facility. These are being amortised over the life of the loan which has the effect of adding an additional 28bps per annum to the cost of the loan.

The facility has first charge security over all the property assets which at 31 March 2006 had a value of £438,000,000 together with £2,200,000 cash (the "Security Pool"). Assets can be sold and bought within this Security Pool without any need to revert to the Issuer or the Rating Agents up to an annual turnover rate of 20%. Various covenants apply during the term of the loan although the Facility has been designed to provide significant operational flexibility. The principal covenants however are that the loan should not comprise more than 60% of the value of the assets in the Security Pool (34.6% at 31 March 2006) nor should estimated rental and other income arising from assets in the Security Pool for the next 12 month period comprise less than 150% of the interest payments anticipated to be due over that same period (interest cover at 31 March 2006 – 315%).

17. Provisions

Group	31/3/2006	31/3/2005
	£'000	£'000
Opening balance as at 31 March 2005	2,000	–
Provision made in the year / period	1,250	2,000
Closing balance at 31 March 2006	3,250	2,000

At launch the Group acquired two properties from Clerical Medical Investment Group Limited (Wembley and Hinckley) where certain specific asset management initiatives that had been started had not reached a conclusion. The Company therefore agreed to pay further purchase consideration to Clerical Medical dependent on the success of these initiatives and calculated as a percentage of the potential uplift after certain minimum growth thresholds have been met. These obligations both reach a conclusion by July 2006 (or earlier if the assets are sold) but the Directors consider that based on the current valuations of these two assets, it is prudent to increase the provision to £3,250,000.

18. Trade and other payables

Group	31/03/2006	31/03/2005
	£'000	£'000
Rent received in advance	6,698	5,880
Rental deposits	2,595	2,658
VAT payable	729	995
Other trade payables and accruals	11,200	3,342
	21,222	12,875
Company		
Trading account with subsidiary company	100	100
Trade payables and accruals	7,090	662
	7,190	762

Notes to the Financial Statements

19. Net asset value per Ordinary Share

The net asset value per Ordinary Share is based on the net assets of £422,771,000 and 353,560,000 Ordinary Shares in issue at the balance sheet date.

20. Financial instruments and properties

The Group and the Company hold cash and liquid resources as well as having debtors and creditors that arise directly from its operations. The Group has entered into an interest rate swap contract which is used to limit exposure to interest rate risks but does not have any other derivative instruments.

The main risks arising from the Group's financial instruments and properties are market price risk, credit risk, liquidity risk and interest rate risk. The main risks arising from the Company's financial instruments are market price risk, credit risk and liquidity risk. The Board regularly reviews and agree policies for managing each of these risks and these are summarised below.

Market price risk

Rental income and the market value for properties are generally affected by overall conditions in the local economy, such as changes in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels, which in turn may impact the demand for premises. Furthermore, movements in interest rates may also affect the cost of financing for real estate companies.

Both rental income and property values may also be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of bankruptcy or the insolvency of tenants or otherwise, the periodic need to renovate, repair and release space and the costs thereof, the costs of maintenance and insurance, and increased operating costs.

The Directors monitor the market value of investment properties by having independent valuations carried out quarterly by Knight Frank LLP.

Credit risk

Credit risk is the risk that an issuer or counter party will be unable or unwilling to meet a commitment that it has entered into with the Group. In the event of default by an occupational tenant, the Group will suffer a rental income shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. The Manager reviews reports prepared by Experion, or other sources to be assess the credit quality of the Group's tenants and aims to ensure there are no excessive concentration of risk and that the impact of any default by a tenant is minimised.

In respect of credit risk arising from other financial assets of the Group, which comprise of cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. In order to mitigate such risks the Group's cash is maintained with major international financial institutions. During the period and at the balance sheet date the Group maintained relationships with branches and subsidiaries of HSBC Bank plc, The Royal Bank of Scotland plc and ING Barings.

Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments.

The Group's investments comprise UK commercial property. Property and property related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Investments in property are relatively illiquid, however the Group has tried to mitigate this risk by investing in desirable properties in prime locations.

In certain circumstances, the terms of the Group's debt facilities entitle the lender to require early repayment and in such circumstances the Group's ability to maintain dividend levels and the net asset value attributable to the Ordinary Shares could be adversely affected.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations.

As described in note 15 the Group has entered into an interest rate swap contract whereby the rate of the Group's long term debt facilities have an effective fixed interest rate of 5.31% per annum until maturity of the debt.

Notes to the Financial Statements

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they re-price.

	Effective Interest Rate	Total £'000	6 months or less £'000	More than 5 years £'000
Cash and cash equivalents	4.5%	37,608	37,608	-
Interest-bearing loans and borrowings	5.3%	(148,833)	-	(148,833)
		(111,225)	37,608	(148,833)

Fair Values

The fair values of financial assets and liabilities are not materially different from their carrying value in the financial statements.

21. Operating leases

The group leases out its investment property under operating leases. At 31 March 2006 the future minimum annual lease receipts under non-cancellable leases are as follows:

	31/03/2006 £'000	31/03/2005 £'000
Less than one year	1,214	981
Between one and five years	8,739	7,427
More than five years	21,411	16,464
	31,364	24,872

The total above comprises the total contracted rent receivable as at 31 March 2006 and does not equate to the rent receivable shown in the Consolidated Income Statement.

22. Related parties

(i) Insight Investment Management (Global) Limited is entitled to fees for its services as Manager. The total charge to the Income Statement during the period was £5,062,000 (2005: £2,418,000). As conditions laid out in the management agreement regarding the Managers qualification for receipt of a performance fee were met during the year, a charge of £6,160,000 (2005: Nil) was made to the income statement in favour of the Manager. Further details of the terms of the Investment Management Agreement, including the basis for the calculation of the performance fee, are disclosed in note 2.

(ii) As disclosed in last years accounts Clerical Medical Investment Group Limited were a substantial shareholder. During the course of the year they have sold down their holding and as at 31 March 2006 were no longer considered to be a related party.

23. Capital commitments

At 31 March 2006 Insight Foundation Property (No 2) Limited had, pursuant to a contract dated 17 March 2006, exchanged contracts to invest £27.55 million to acquire a 21.6% stake in Portman Square House, 43 – 45 Portman Square London. The Company acquired a beneficial interest in a Trust for Land alongside four other investors. Completion of the acquisition occurred on 3 July 2006.

Independent auditors' report to the members of Insight Foundation Property Trust Limited

We have audited the group and parent company financial statements (the 'financial statements') of Insight Foundation Property Trust Limited for the year ended 31 March 2006 which comprise Consolidated and Company Income Statements, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity and the Consolidated and Company Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 64 of The Companies (Guernsey) Law, 1994. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Guernsey law and International Financial Reporting Standards (IFRS) as set out in the Statement of Directors' Responsibilities on page 22.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 1994. We also report to you if, in our opinion, the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Group's and the parent company's affairs as at 31 March 2006 and of the Group's and Company's profit for the year then ended; and
- have been properly prepared in accordance with The Companies (Guernsey) Law, 1994.

KPMG Channel Islands Limited
Chartered Accountants
20 June 2006

Glossary

Earnings per share (EPS) is the profit after taxation divided by the weighted average number of shares in issue during the period. Diluted and Adjusted EPS per share are derived as set out under NAV.

Estimated rental value (ERV) is the Group's external valuers' reasonable opinion as to the open market rent, which on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

Gearing is the Group's net debt as a percentage of adjusted net assets.

Group is Insight Foundation Property Trust Limited and its subsidiaries.

Initial yield is the annualized net rents generated by the portfolio expressed as a percentage of the portfolio valuation.

Interest cover is the number of times Group net interest payable is covered by Group net rental income.

IPD is the Investment Property Databank Ltd, a Company that produces an independent benchmark of property returns.

Net assets per share (NAV) are shareholders' funds, plus the surplus of the open market value over the book value of both development and trading properties, divided by the number of shares in issue at the period end.

Net rental income is the rental income receivable in the period after payment of ground rents and net property outgoings.

Reversionary yield is the anticipated yield, which the initial yield will rise to once the rent reaches the estimated rental value.

Notice of Annual General Meeting

Notice is hereby given that the Second Annual General Meeting of Insight Foundation Property Trust Limited will be held at Royal Bank Place, 1 Glatigny Esplanade, St Peter Port, Guernsey on 25 July 2006 at 10.15 am for the following purposes.

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. That the accounts and the reports of the Directors and of the Auditors for the year ended 31 March 2006 be received and approved.
2. That KPMG Channel Islands Limited, be re-appointed as Auditors and the Directors be authorised to determine their remuneration.
3. That Mr Harry Dick-Cleland who has retired in accordance with Article 74, be re-elected as a Director
4. That Mr David Warr who has retired in accordance with Article 74, be re-elected as a Director
5. That Mr Peter Atkinson who has retired in accordance with Article 74, be re-elected as a Director
6. That Mr Andrew Sykes, who has retired in accordance with Article 74, be re-elected as a Director

To consider and, if thought fit, pass the following as Special Resolutions:

7. That the Company be authorised, in accordance with section 5 of The Companies (Purchase of Own Shares) Ordinance 1998 (the "Ordinance"), to make market purchases (within the meaning of section 18 of the Ordinance) of ordinary shares of 1p each ("Ordinary Shares"), provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 14.99 per cent of the issued Ordinary Shares on the date on which this resolution is passed;

(b) the minimum price which may be paid for an Ordinary Share shall be 1p;

(c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be 105 per cent of the average of the middle market quotations (as derived from the Daily Official List) for the Ordinary Shares for the five business days immediately preceding the date of purchase; and

(d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 25 July 2006 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2006, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

By order of the Board
RBSI Fund Services (Guernsey) Limited
Secretary
Royal Bank Place
1 Glatigny Esplanade
St Peter Port
Guernsey GY1 2HS
20 June 2006

Notes:

1. A member who is entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company.
2. A form of proxy is enclosed for use at the Meeting. The form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach Computershare Investor Services (CI) Limited, Ordinance House, 31 Pier Road, St Helier, Jersey JE4 8PW not later than 10.15am on 23 July 2006.
3. Completing and returning a form of proxy will not prevent a member from attending in person at the Meeting and voting should he or she so wish.
4. To have the right to attend and vote at the Meeting (and also for the purposes of calculating how many votes a member may cast on a poll) a member must first have his or her name entered on the register of members not later than 10.15 am on 23 July. Changes to entries in the register after that time shall be disregarded in determining the rights of any member to attend and vote at such Meeting.

Proxy

Insight Foundation Property Trust Limited

I/We (name in full)

(BLOCK LETTERS PLEASE)

of (address in full)

being (a) member(s) of Insight Foundation Property Trust Limited, hereby appoint the Chairman or the Secretary of the meeting, or* as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held on 25 July 2006, on the following Resolutions to be submitted to the meeting and at any adjournment thereof.

Please indicate with an 'X' in the appropriate spaces how you wish your votes to be cast. Unless otherwise instructed, the proxy will vote as he thinks fit or abstain.

Ordinary Resolutions	For	Against
1. To receive the Report and Accounts for the year to 31 March 2006.		
2. To re-appoint KPMG Channel Islands Limited as Auditors, and to authorise the Directors to determine their remuneration.		
3. To re-elect Mr Harry Dick-Cleland as a Director.		
4. To re-elect Mr David Warr as a Director		
5. To re-elect Mr Peter Atkinson as a Director.		
6. To re-elect Mr Andrew Sykes as a Director.		
Special Resolutions		
7. To authorise the Directors to make market purchases of Ordinary Shares.		

Signature _____

Dated this day of _____ 2006

Notes

*You may, if you wish, in the space provided, after deleting the words "the Chairman or the Secretary of the meeting, or**", insert the name(s) of the person(s) of your choice to attend and vote at the meeting on your behalf. A proxy need not be a member of the Company but must attend the meeting to represent you. In the case of a corporation, the proxy must be either under its common seal or under the hand of an officer. In order to have effect, the proxy must be deposited at Computershare Investor Services (CI) Limited, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW at least 48 hours before the time of the meeting.

In the case of a joint holding, a proxy need only be signed by one joint holder. If more than one such joint holder lodges a proxy only that of the holder first on the Register will be counted.

Any alterations made in this proxy should be initialled.

THIRD FOLD AND TUCK IN

BUSINESS REPLY SERVICE
License No. JE 147



Computershare Investor Services (CI) Limited
PO Box 83
Ordnance House
31 Pier Road
St Helier
Jersey JE4 8PW

SECOND FOLD

FIRST FOLD

Corporate Information

Registered Address

Royal Bank Place
1 Gategny Esplanade
St Peter Port
Guernsey
GY1 2HS

Directors

Andrew Sykes (Chairman)
John Frederiksen
Keith Goulborn
Harry Dick-Cleland
David Warr
Peter Atkinson
(all Non-Executive Directors)

Investment Manager

Insight Investment Management
(Global) Limited
33 Old Broad Street
London EC2N 1HZ

Investment Committee

Duncan Owen (Chairman)
Philip Gadsden
Nick Montgomery
Mark Long

Fund Administrator

RBSI Fund Services
(Guernsey) Limited
Royal Bank Place
Gategny Esplanade
St. Peter Port
Guernsey GY1 2HS

Solicitors to the Company

as to English Law:
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Primrose Street
London EC2A 2HS

as to Guernsey Law:
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St. Peter Port
Guernsey GY1 4HP

Auditors

KPMG Channel Islands Limited
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St Peter Port
Guernsey GY1 4AN

Property Valuers

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20 Hanover Square
London W1S 1HZ

Channel Islands Sponsor

Ozannes Securities Limited
1 Le Marchant Street
St. Peter Port
Guernsey GY1 4HP

UK Sponsor and Broker

JPMorgan Cazenove Limited
20 Moorgate
London EC2R 6DA

Tax Advisers

Deloitte & Touche LLP
180 Strand
London WC2R 1BL

Receiving Agent and UK Transfer/Paying Agent

Computershare Investor
Services PLC
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HBOS plc

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