Insight Foundation Property Trust Limited

Insight INVESTMENT

HBOS plc

NAV	105.3 pence (31 March 2005)	**Ex dividend dates**	27 July 2005
Total Shares Issued	260,000,000		27 October 2005
Mid share price	115.5 pence (31 March 2005)	**Next financial year end**	31 March 2006
Gross property Value	£379.450 million (31 March 2005)	**Current Debt**	£152.5m
Number of properties	74	**Gearing**	40.2% loan to value
Average lot size	£5.13m	**Currency**	GBP
Average lease length	8.4 years	**Registered Office**	Guernsey

Investment objective

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

Company Overview

As at 31 March 2005 the Company's share price was 115.5 pence per share, reflecting an 11.4% premium to net asset value ('NAV'). From inception to 31 March 2005, the Company's investors received an annualised total return of 26.9% as compared with the peer group of 25.5%. The Company has declared its third quarterly dividend of 1.6875 pence per share which will be paid on 19 May 2005. As at 31 March 2005 and before payment of the dividend, the NAV of the Company has increased to 105.3 pence per share, a 1.6% increase over December's NAV of 103.65 pence per share and an 8.1% uplift since inception in July 2004.

Key Investor Activity

Clerical Medical With Profits ('CMWP') placed 50 million shares in February 2005. This was 19% of the total share capital and is considered a positive development by the Company. It broadens the 'free float' and the diversity of investors as well as reducing CMWP's shareholding from 61% to 42%. The placement was significantly oversubscribed with many new investors from across Europe. Since the last Factsheet the Company has also joined the European Public Real Estate Association ('EPRA').

Financing

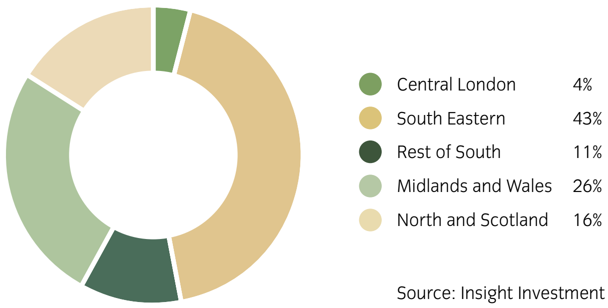
In March 2005 the Company successfully closed its £152.5 million securitisation, which refinanced its £98 million interim facility. This is a highly innovative financing structure and is a first of its type for the Property Investment Trust sector. Insight worked closely with the debt rating agencies resulting in over 90% of the debt being rated AAA with the balance AA. The total aggregate fixed interest rate is 5.6% compared to the prospectus assumption of 6.3%, providing an estimated additional value of 5 pence per share over the term of the loan.

Company Activity

There has been considerable property activity over the quarter, both in terms of transactions and asset management. The Company has acquired property totaling £21.83 million, that has subsequently been revalued to £22.40 million, and is under offer to acquire a further £10 million. The company has also either exchanged or completed on the disposal of three lower yielding retail properties for £11.735 million reflecting a premium to the aggregate price paid in July 2004 of £1.15 million, or 11%. The impact of these transactions increases the yield on book cost to approximately 7.1%.

Portfolio structure

In accordance with the Company's investment strategy, recent acquisitions have increased the proportion of the Company's assets held in the South East and in the office sector.



Source: Insight Investment

With 74 properties, the Company remains well diversified with a balanced spread of retail, office and industrial properties across the UK.

Source: Insight Investment

Property market performance

The IPD Monthly UK Commercial Property Index recorded an annual total return of 18% up to the 31 March 2005 (source: Investment Property Databank). The re-imposition of Stamp Duty Land Tax ('SDLT') across all areas of the commercial property market reduced the valuation on many properties in the first quarter of 2005. The negative impact on returns for the average IPD portfolio was close to 1%. The Company only suffered an impact on returns of about half this figure due to having less properties in the areas affected.

Asset management highlights

Disposals

The Company sold its retail unit in Chichester for £2.6 million, at a net initial yield of 3.6%. This price reflected a premium to the purchase price in July 2004 of £620,000 or 31%. The Company also sold its retail property in Hemel Hempstead for £4.55 million, £110,000 above the purchase price.

Acquisitions

The Company completed the acquisition of a single let office building, Victory House in Brighton. The property comprises 81,361 sq ft and is let to a good covenant for a further 4.5 years producing £1.3 million per annum. The purchase price of £16.325 million reflects a net initial yield of 7.78% and the property offers considerable scope to add value through asset management. Since the quarter end, the Company has acquired a cash and carry warehouse unit in Acton, West London for £5.5 million. The price reflects an initial yield of 6% with a reversion to 8.5% assuming the current rental value is realised in 2007.

Active management

At the Gate Centre, Brentford the Company now has a detailed planning consent for a change of use from industrial to car showroom. This initiative will increase the rent from the subject units by 50% and extends the average length of tenants leases from 4 to 11 years. This is a significant value enhancing initiative and the Company is making two further planning applications for change of use at two other properties.

At the Company's shopping centre in Ilkeston, we have focused on an increasingly proactive asset management approach. As a result, a new letting approaching 10% ahead of the previous valuation rental level has completed.

At Abington Street, Northampton, the Company has documented a rent review settlement at £107,500, 14% ahead of the independent valuation rental value at purchase last July.

Top Ten Properties	Value (£ m)	%
Reynard Business Park, Brentford	17.300	4.56
Victory House, Trafalgar Place, Brighton	16.500	4.35
20/22,Tudor Street,London,EC4	16.400	4.32
The Albion Centre, Ilkeston	13.600	3.58
Union Park, Fifers Lane, Norwich	12.510	3.30
Olympic Office Centre, Wembley	12.500	3.29
Rectical, Bluebell Close, Alfreton	10.150	2.67
Victoria Plaza,Bolton	9.710	2.56
The Gate Centre, Brentford	9.450	2.49
106 Oxford Road, Uxbridge	9.250	2.44
Total gross value	127.370	33.56

Top Ten Tenancies	Value (£)	%
Mott MacDonald Ltd	1,307,148	5.19
Freshfields Sevices Company	1,279,600	5.08
Grand Metropolitan Estates Ltd	795,975	3.16
The British Broadcasting Corporation	733,500	2.91
Recticel SA	713,538	2.83
Jarvis Porter (Property Holdings) Ltd	700,000	2.78
Concept Automotive Services Ltd	515,970	2.05
Tucker, Crossland Darke (Irwin Mitchell)	506,638	2.01
Parametric Technology (UK) Ltd	486,200	1.93
CRP Print & Packaging Ltd	481,406	1.91
Total income	7,519,975	29.85

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