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INVESTMENT MANAGEMENT

Invista Foundation Property Trust Limited

Interim Report for six months ended 30 September 2010 www.ifpt.co.uk

Company Summary

Invista 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.

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

Financial Summary

- Net asset value ("NAV") per share decreased by 7% (4.9% on a like for like basis[2]).
- Earnings per share of 1.0p.
- The Company has declared and paid dividends amounting to 1.76p per share.
- Capital raise of £12.3 million from the issue of 32.3 million new shares.

	30 Sep 10	31 Mar 10	% change
NAV[1]	£172.9m	£169.5m[2]	2.0
NAV per ordinary share[1] (pence)	48.6	52.4	(7.0)
NAV per ordinary share[1] (pence): Like-for-like adjusted for capital raise	48.6	51.1[2]	(4.9)
Share price (pence)	42.0	42.0	0
Share price (discount) to NAV	(13.58%)	(19.85%)	–
NAV total return[3]	(1.5%)	29.3%	–
FTSE All Share Index	2,867.6	2,910.2	(1.5)
FTSE Real Estate Index	1,068.9	1,107.7	(3.5)
Total Group assets less current liabilities	£387.8m	£377.8m	2.6
Borrowings as % of total assets less current liabilities	44.5%	45.8%	(1.3)[4]
Loan-to-value ratio, net of all cash[5]	36.0%	36.4%	(0.4)[4]

Sources: Invista Real Estate Investment Management and Datastream based on returns during the period from 1 April 2010 to 30 September 2010.

1 NAV is calculated using International Financial Reporting Standards.

2 NAV adjusted for £12.3 million capital raise from the issuance of 32.3 million new shares, equates to £181.8 million.

3 NAV total return calculated by Invista Real Estate Investment Management Limited.

4 Percentage point change.

5 Loan-to-value ratio is total borrowings less total cash as a percentage of investment property.

Chairman's Statement

Andrew Sykes
Chairman
Invista Foundation Property Trust Limited

Market overview and results

The six months to 30 September 2010 saw a continued recovery in the UK commercial property market, with an increase of 2.4% in the IPD Monthly Index over the period. However, the pace of the recovery has been decelerating in recent months and capital values now appear to have reached a plateau, with some risk of modest declines in the near term.

The recovery has been notable for the continuing disconnection between falling rental levels and rising capital values, regional differences between London and the rest of the UK, and a wide divergence between prime and secondary property. Prime property has benefited from limited supply and the substantial injections of liquidity into the financial system that reduced long-term interest rates and increased asset prices across global capital markets. Demand from institutional and retail investors may now be weakening, although the relatively high yield premium, compared to other asset classes, offers some support for prime values.

The secondary market is more challenging, with negative rental growth and macro-economic concerns principally arising from the impact of the UK Government's Comprehensive Spending Review ("CSR"). The CSR's full impact on commercial property is still to be determined, but the regional retail and office markets are likely to be most affected by an expected reduction in household incomes and substantially reduced public sector demand for commercial space. These factors, combined with an increasing supply of available properties for sale as some banks seek to dispose of assets, are likely to lead to falling values in the secondary property market.

The value of Invista Foundation Property Trust Limited (the "Company"/"Group")'s property portfolio has increased by 0.6% over the period on a like-for-like basis. The Company's net asset value ("NAV") was, however, adversely affected by a -£6.2 million or -1.74 pence per share ("pps") movement in the negative mark-to-market value of the Group's interest rate swaps, as well as by the portion of the dividend which is not fully covered. The unaudited NAV of the Company as at 30 September 2010 was £172.9 million or 48.6 pps, which compares to £169.5 million or 52.4 pps as at 31 March 2010. After adjusting for the impact of the issue of £12.3 million of new capital in August 2010, the Company's NAV declined over the period by 2.5 pps or 4.9% on a like-for-like basis.

Over the period, shareholders received total dividends of 1.76 pps resulting in a NAV total return of -1.5%. From the launch of the Company to 30 September 2010, its NAV total return has been -5.3% per annum.

Strategy and placing of ordinary shares

During 2008 and 2009, the Board and the Investment Manager focused on reducing risk, stabilising the Group's balance sheet and reducing expenses. Having addressed these objectives and following further selective disposals, the Company's net loan-to-value ("LTV"), ratio is now 36%, compared with 40% at the start of the period, and a loan-to-value covenant of 60%. As the market has recovered, the primary focus of the Board and the Investment Manager has shifted to growing income and dividend cover over the medium to long term.

Good progress has been made in recent months, with selective acquisitions and initiatives such as the letting to BUPA in Brighton, demonstrating the Company's ability to secure assets with good income streams at attractive yields, and to identify opportunities for investing capital in the existing portfolio in order to increase income and enhance the quality of the portfolio.

Over the period, it became clear that the Company would require additional capital to implement specifically identified income enhancing asset management initiatives and to have the financial headroom necessary to pursue other accretive acquisitions. The asset management initiatives offer potential for a high income return on the capital invested, as well as significant capital value growth. Critically, the capital raising would enable the Company to commit to fund the longer-term income enhancing initiatives, whilst also supporting the current dividend.

The Board and the Investment Manager concluded that the Company should raise new equity through a tap issue of new ordinary shares representing 9.99% of the shares in issue. The tap issue was successfully completed in August 2010, raising £12.3 million at a share price of 38 pps. This represented a discount of 5% to the market price immediately prior to the announcement of the placing on 13 July 2010, of 40 pps. Following the issue of the 32,327,062 new ordinary shares, the Company has 355,921,281 ordinary shares in issue.

The Investment Manager is making good progress with the implementation of the asset management projects and acquisitions which have been identified, with the clear objective of enhancing dividend cover and asset values. The Board is regularly reviewing the Investment Manager's progress in delivering these initiatives and their likely impact on dividend cover and NAV.

The portfolio

The portfolio continues to be well diversified, containing 56 properties and over 150 tenants with a bias towards the South East of England. As at 30 September 2010, the directly owned portfolio is independently valued at £320.6 million and generates rental income of £21.6 million per annum. This reflects a net initial yield of 6.37%, increasing to approximately 6.44% by the end of 2010, following the expiry of contracted rent-free periods. The independent valuer has estimated that the current market rental value of the portfolio is £26 million, reflecting a reversionary yield of 7.77%. In addition to the rent free periods over 2010, the Company has £2 million per annum of additional contracted rent receivable by the end of 2012, which should materially add to income and dividend cover.

New investments and asset management initiatives completed over the period have enhanced the portfolio's defensive qualities. For example, over the period Norwich Union and BUPA have become the Company's second and third largest tenants respectively, paying a combined rent of £2 million per annum. These lettings have also made a positive contribution to the portfolio's unexpired lease term that has been maintained at 8.7 years over the period. In addition, the Company has committed to acquire an office building in West Bromwich, currently under development and due to complete in August 2011, which will be let to BT plc ("BT"), on a new 15-year lease at a rent of £1.2 million per annum. As well as providing secure, long-term income, the lease to BT will have guaranteed minimum fixed uplifts of 3% per annum. The Company has committed to acquire the property on completion for £14.9 million which reflects an attractive net initial yield of 7.6%.

As well as focusing on income enhancing initiatives, the whole portfolio is being actively managed to reduce voids, void costs and other expenses. The current void rate is 10.9% of rental value compared with 9.8% in March 2010. The current void rate would reduce to approximately 8.5% if lease agreements currently under offer proceed to completion. This compares to the IPD Benchmark void rate at the same rate of 9.9%.

The property market recovery and the Investment Manager's implementation of asset management initiatives have also contributed to a further modest improvement in the NAV of two of the Company's three non-recourse joint venture investments. Over the period, the Company's holdings in the Merchant Property Unit Trust and Crendon Industrial Partnership increased in value by a combined £0.64 million to a total value of £3.44 million. The third joint venture investment, Plantation Place in the City of London, continues to be held at nil.

The Company's underlying property portfolio has underperformed the IPD peer group Benchmark (the "Benchmark") over the period, producing a total return of 3.7% compared with the Benchmark of 5.4%. This is principally due to delays in implementing certain asset management initiatives. Over the longer term of both three and five years the Company's portfolio continues to generate relative performance, both in terms of total and rental value growth.

Investment Manager

On 12 October 2010, the Investment Manager's parent company, Invista Real Estate Investment Management Holdings plc ("Invista plc"), announced that material fund management contracts run for Lloyds Banking Group plc (the "HBOS Contracts") had been terminated on 12 months notice. These contracts represented £2.4 billion of Invista's total assets under management ("AUM") of £5.4 billion and approximately £5.3 million of total revenue of £13.7 million for the six months to 30 June 2010.

Invista plc also announced that, without the revenue generated from the HBOS Contracts, the interests of both clients and shareholders of Invista plc would be best served through an orderly realisation of value from Invista plc's assets, including the Investment Manager's asset management business, with the proceeds of such realisations returned to shareholders in due course.

Further to this, the Company issued a statement on 12 October 2010, noting the announcement from Invista plc and stating that the Company is in contact with the Investment Manager to discuss options for the future of the relationship in order to ensure that the Company's property portfolio continues to be managed actively and to support the continuity and stability of the current team.

Outlook

The Company's property portfolio has benefited from the recovery in the UK commercial property market, which has further strengthened the Company's balance sheet. The rate of capital growth has, however, slowed recently as the market considers the potentially damaging effects of significantly reduced public sector and increased bank led disposals.

Against this background of uncertainty, the Company has a clear strategy for increasing income through selective acquisitions and asset management initiatives, and the equity raised over the period provides it with important additional operational flexibility.

A stable manager is of fundamental importance to the successful implementation of its investment strategy and the Board will continue to review the situation closely with the Company's corporate and legal advisors.

Andrew Sykes

Andrew Sykes
Chairman
Invista Foundation Property Trust Limited

26 November 2010

Investment Manager's Report

Duncan Owen
Chief Executive
Invista Real Estate Investment Management

Performance and strategy

The main strategic objective over the period has been to increase income and provide a platform for long-term capital growth. Selling assets during 2008 and 2009, to reduce borrowings, stabilised the Company's balance sheet but also reduced income. A direct portfolio capital value uplift of 1% over the period further strengthened the balance sheet but the dividend shortfall, combined with the adverse movement in the Group's mark-to-market valuation of the interest rate swap hedges, served to dilute the total Net Asset Value ("NAV") return. On a like-for-like basis NAV total return adjusting for the £12.3 million capital raising in August, declined by -2.5 pence per share ("pps") or -4.9% over the period.

The Company has identified a number of investment and asset management initiatives that should improve shareholder returns and long-term income growth. Raising new equity via a tap issuance, representing 9.99% of the shares in issue, provides a relatively cost efficient method of accessing capital quickly to enable progress with these identified initiatives. This rationale was also driven by the Company having committed or allocated much of its existing cash.

The market

According to Investment Property Databank ("IPD"), average capital values in the UK commercial property market increased by 15.8% between July 2009 and September 2010, and by 2.4% between 31 March 2010 and 30 September 2010. As predicted, the pace of growth decelerated over the period. The IPD Monthly Index for October 2010 recorded a nominal capital value increase of 0.1%, although, as noted in the Chairman's Statement, averages are misleading with significant divergence across the market. The recovery is notable for the disconnect between rising capital vales and ongoing falling rental values. At the end of October average rental values are 12.3% below the peak in April 2008, albeit the pace of rental decline has slowed over 2010 and there are significant divergences across occupier markets.

The Central London and South East property markets have recovered more sharply than the rest of the UK and this pattern may be accentuated by the UK Government's Comprehensive Spending Review ("CSR"). Government efficiency targets, incorporating property savings and public sector job losses, are likely to negatively affect regional property markets. Retailers in markets with a high dependency on public sector employment, or where there is a high dependency on state benefits, are likely to suffer alongside office markets where public sector jobs are disproportionally greater. These factors, combined with tight lending markets, fragile consumer confidence and bank property disposals, means that the Investment Manager is cautious about the medium-term prospects for parts of the market. This could also lead to attractive opportunities through limited competition from other property investors.

There are also macroeconomic factors affecting all markets which could restrict growth, but interest rates remaining low over the short to medium term should provide some support for property as investors should find the relatively high income yields from a "real" asset class attractive.

In summary, average values in the UK commercial property market may decline over the short term, but with increasing polarisation between the sectors and regions. This presents the opportunity to spot value and outperform by acquiring undervalued assets and actively managing them for income growth. Rising yields, particularly in regional markets where secondary property can offer double digit initial income returns, may present the Company with an opportunity. The challenge will be to acquire assets very selectively in those markets, where relative outperformance can be derived from maintaining income returns through proactive asset management.

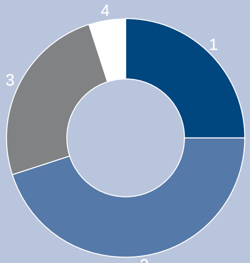
Property portfolio

As at 30 September 2010, the Company's direct property portfolio comprised 56 properties, independently valued at £320.55 million, excluding accounting adjustment for lease incentives. The direct property portfolio produces a rent of £21.6 million per annum which, based on the independent valuation, reflects a net initial yield of 6.37%. This is due to increase to 6.44% by December 2010 following expiry of contracted rent free periods totalling £0.2 million per annum. The reversionary yield of the portfolio based on the independent valuation is 7.77%.

In addition to the rent free periods expiring over the 2010 calendar year, the Company has £2 million per annum of additional rent receivable by the end of 2012 which principally relates to the end of ongoing rent free periods, which will materially add to income.

The portfolio continues to have an above-average weighting to the office sector and a below-average weighting to retail, both to the sector as a whole and also to retail warehousing and shopping centres. Geographically, the portfolio continues to be skewed to the South East of England, albeit now with a below-average weighting to the Central London office markets. New investment into London will be considered but yields are currently below the level required by the Company.

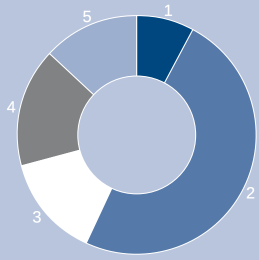
Sector weightings*



1	25%	Retail
2	45%	Offices
3	25%	Industrial
4	5%	Other

*Percentage of aggregate asset value

Regional weightings*



1	8%	Central London
2	49%	South East excl. Central London
3	14%	Rest of South
4	16%	Midlands and Wales
5	13%	North and Scotland

Top 10 properties by value

Property location		30 September 2010 Value (£)	%
1	Minerva House, Montague Close, London SE1 (50% share)	27,000,000	8.4
2	Victory House, Trafalgar Place, Brighton	23,500,000	7.3
3	Retail Park, Churchill Way West, Salisbury, Wiltshire	15,100,000	4.7
4	The Galaxy, Luton	14,250,000	4.4
5	106 Oxford Road, Uxbridge	14,150,000	4.4
6	Olympic Office Centre, Fulton Road, Wembley	12,250,000	3.8
7	Reynard Business Park, Brentford	11,850,000	3.7
8	Churchill Way, Basingstoke	10,900,000	3.4
9	The Gate Centre, Syon Gate Way, Brentford	10,500,000	3.3
10	The Portergate, Sheffield	10,200,000	3.2
Total		149,700,000	46.6

Top 10 tenants by rent per annum

The following table sets out the top ten tenants. Over the period, the Company completed the letting to BUPA Insurance Services Limited. The table does not include the acquisition of West Bromwich which will only be acquired by the Group on successful completion of the development, scheduled for August 2011. On completion, the property will be let to BT plc who will become the Group's largest tenant, paying £1.2 million per annum on a 15 year lease. The lease has annual uplifts of 3% which will add to income and dividend cover. The agreed price of £14.9 million reflects an attractive net initial yield of 7.6%.

Top 10 tenants by rent per annum

Tenant	30 September 2010 Rent per annum (£)	% of total rent
1 Wickes Building Supplies Limited	1,092,250	4.8
2 Norwich Union Life and Pensions Ltd	1,039,191	4.5
3 BUPA Insurance Services Limited[1]	965,000	4.2
4 Synovate Limited[2]	950,000	4.1
5 The Buckinghamshire New University[3]	900,000	3.9
6 Mott MacDonald Ltd[4]	790,000	3.4
7 Recticel SA	713,538	3.1
8 The British Broadcasting Corporation	701,750	3.0
9 Winkworth Sherwood LLP[5]	663,095	2.9
10 Partners of Irwin Mitchell LLP	555,000	2.4
Total	**8,369,824**	**36.3**

1 The lease to BUPA Insurance Services Limited has now completed with the tenant benefiting from a 19 month rent free period.

2 Aegis Group plc is guarantor. Figures based on 50% ownership of Minerva House.

3 The Buckinghamshire New University is currently benefiting from a half rent period equating to £450,000 per annum from March 2009 which will increase to £900,000 per annum in June 2012.

4 Mott MacDonald Group Limited are Guarantor.

5 On assignment from Reed Smith Ramboud Charot LLP. Figures based on 50% ownership of Minerva House.

The asset management activity across the portfolio has maintained an average unexpired lease term, assuming all tenants break, of 8.7 years, compared with the IPD Benchmark average of 9.1 years as at 30 September 2010.

This activity has also reduced the vacancy rate, which stands at 10.9% compared with 11.8% when the annual report and accounts were issued in July 2010. The vacancy rate could fall further to 8.4% assuming all leases under offer complete.

Property portfolio performance

Investment Property Databank (‘IPD’) has analysed the performance of the Group’s underlying direct property portfolio relative to its peer group Benchmark for the period up to 30 September 2010.

IPD Sector	IFPT total return pa (%)			IPD total return pa (%)			Relative pa (%)		
Period	One year	Three years	Five years	One year	Three years	Five years	One year	Three years	Five years
All Retail (inc Leisure)	+22.7	-3.4	+1.9	+23.4	-6.5	-0.2	-0.6	+3.4	+2.1
All Offices	+18.6	-5.9	+2.4	+18.7	-8.7	+0.7	-0.1	+3.1	+1.7
All Industrials	+15.7	-6.4	+1.2	+16.2	-6.6	+0.5	-0.4	+0.2	+0.7
All Sectors	+19.1	-5.3	+2.0	+20.4	-7.1	+0.4	-1.1	+1.9	+1.7

IPD Sector	IFPT rental value growth pa (%)			IPD rental value growth pa (%)			Relative pa (%)		
Period	One year	Three years	Five years	One year	Three years	Five years	One year	Three years	Five years
All Retail (inc Leisure)	-2.3	-2.0	+0.4	-3.0	-2.9	-0.8	+0.7	+0.9	+1.2
All Offices	-0.4	-3.1	+1.2	-1.7	-5.1	-0.8	+1.3	+2.0	+2.0
All Industrials	-3.3	-0.7	+0.4	-2.3	-2.2	-0.9	-1.1	+1.5	+1.3
All Sectors	-1.8	-2.2	+0.8	-2.3	-3.4	-0.8	+0.5	+1.3	+1.6

The IPD analysis shows that the Company’s direct property portfolio has underperformed slightly over the year to 30 September 2010. More positively, the longer term performance record remains strong, both in terms of total return and rental value growth. The total return to 30 September 2010 including the Company’s joint venture investments at NAV increases the total return to 20.2%.

Asset management and transactions

Progress is being made with the key asset management initiatives that were explicitly highlighted at the time of completing the tap issuance. Due to the broader prevailing economic environment some of the key initiatives have had a long lead-in but are still progressing as planned.

As noted overleaf, a significant number of new lettings are being progressed across the portfolio that should generate additional rent and also reduce property expenses such as empty business rates and service charge shortfalls. Where possible and financially viable, a number of lease extensions are being progressed that maintain income and the portfolios defensive qualities.

For example, at the Company's 150,000 sq ft manufacturing and distribution facility in Alfreton, Derbyshire, the lease to the tenant, Recticel, has been increased from seven years to 20 years, without tenant breaks. This was achieved with a small rental uplift increase from £713,000 to £731,000 per annum, and in return the tenant receives 41 months at half rent. The bespoke nature of the property with the risk of capital value decline as the lease shortened justified the quantum of tenant incentive. The new lease completed since the period end and an improvement from the last valuation of £7.2 million, reflecting a net initial yield of 9.4%, is expected.

Progress is also being made on longer term initiatives to mitigate lease expiry risk and enhance value, with an example being Reynards Business Park in Brentford. This property comprises a 173,000 sq ft secondary industrial estate on a six acre site. The property currently produces £0.86 million per annum reflecting a yield of 7.1%, with 82% of the income to the BBC whose leases expire in 2011. In tandem with reviewing options for refurbishment of the existing buildings following lease expiry, there is a strategy to pursue change of use to residential. As part of this strategy a pre-planning submission has been made ahead to the Local Planning Authority ahead of a full planning application during early 2011. The proposed development will comprise 240,000 sq ft of residential in 215 flats and houses. Securing planning consent should enhance the value of the site compared to its existing use.

Since the acquisition of The Portergate office building in Sheffield, previously announced in the last year-end report, a large number of new potential acquisitions have been considered. A cautious approach has been taken so that the Company does not take undue capital risk whilst acquiring investments with good fundamentals and attractive levels of income. There is now an increasing supply of higher yielding property available and being sold by distressed owners or banks. A number of recent offers have been made and the Company hopes to make further announcements in due course as the appropriate investments are concluded.

Finance

As at 30 September 2010 the Company had a loan-to-value ("LTV") ratio in the securitised debt facility of 43% compared with a LTV covenant of 60%. In addition to the assets in the security debt facility the Company has uncharged cash of £22.1 million. The Company's LTV ratio, net of all cash, is 36%. This compares with 40% when the annual report and accounts were issued in July 2010 and 23% in September 2009. The other key banking covenant is the interest cover ratio ("ICR"), expressed as a percentage of total annual rent over total annual interest. As at 30 September 2010 the Company had an ICR of 197% compared with an ICR covenant of 150%.

The table below sets out the breakdown of the Group's annual interest costs including details of the interest rate swaps that fully hedge its interest payments for the duration of the loan term that matures in July 2014.

	Amount (£m)	Swap rate fixed (%)	Margin (%)	Total interest rate (%)	Swap maturity	M2M 31 Sep 10 (£m)	M2M* 31 Mar 10 (£m)
Loan	62.5	5.099	0.20	5.299	15 Jul 14	(8.8)	(7.5)
Loan	111.0	5.713	0.20	5.913	15 Jul 16	(23.7)	(18.85)
Loan total	173.5	5.420	0.20	5.692	N/A	(32.5)	(26.35)
Liquidity facility**	11.2	0.74***	0.662	1.39*	N/A	N/A	N/A

* M2M or marked-to-market.

** Securitised debt facility has a Liquidity Facility of £11.2 million provided by Lloyds Banking Group ("Lloyds"). Liquidity Facility Agreement requires the provider to have a minimum Standard & Poor's ("S&P") credit rating of A-1+, which Lloyds breached in March 2009 when they were downgraded by S&P to A-1. Breach requires the Liquidity Facility to be drawn down in full and placed in a blocked deposit account or alternatively a new provider put in place. Accordingly, on the 23 September 2009 the Liquidity Facility was drawn down.

*** Libor as at 15 October 2010.

The Group's accounts show the marked-to-market value of its interest rate swaps in the balance sheet. The negative impact on the NAV as at 30 September 2010 was -£32.5 million representing 9.1 pps or 18.8% of the total NAV of the Company. This compares to -£26.35 million at the start of the period. The marked-to-market value will continue to change with movements in swap rates but the positive or negative value is only realised if debt is repaid in part or in full before maturity otherwise they are "wasting" assets, in that the value will always be zero at maturity.

Joint ventures

Good progress continues to be made with two of the Company's joint ventures which all have separate, non-recourse, off-balance sheet debt:

Merchant Property Unit Trust – 19.5% share

Over the period the NAV of the Group's 19.5% interest in Merchant Property Unit Trust ("MPUT") increased by £0.2 million, or 9%, to £2.48 million. The portfolio comprises 34 properties let to Travis Perkins and one to Wickes, which combined produce £2.46 million with an average lease term of over 20 years without tenant break options. The portfolio has minimum fixed uplifts that increase the rent annually to £2.85 million in 2013. The independent valuation of the underlying portfolio increased by £1.35 million or 3.5% over the period to £39.8 million reflecting a net initial yield of 5.87% increasing to a guaranteed 6.81% by 2013.

MPUT has a loan of £25.6 million as at 30 September 2010 that matures in September 2013. The loan-to-value ratio is now 62.9% compared to a covenant of 100% which tapers down to 75% at maturity. Rental surpluses are used for debt amortisation and the Company's share of the total NAV in MPUT is diluted by -£0.5 million due to the negative marked to market value of the interest rate swap.

Crendon Industrial Partnership Limited – 50% share

Over the period the NAV of the Group's 50% interest in Crendon Industrial Partnership Limited ("CIPL") increased by £0.43 million, or 81%, to £0.96 million. CIPL owns a 368,000 sq ft industrial estate and development land near Thame in Oxfordshire. The estate requires a highly active approach to asset management, and the improvement to NAV over the period was due to a combination of new lettings and the disposal of recently completed industrial units to owner occupiers at a significant premium to the apportioned valuation. Following recent disposals, the industrial estate produces a rent of £2.01 million per annum and as at 30 September 2010 was valued at £24.6 million. This reflects a net initial yield of 8% and a reversionary yield, based on the independent valuation, of 9%.

Due to the secondary and multi-let nature of the estate, it requires continuous focus on maintaining income from a blend of occupiers. Planning application drawings are being prepared in respect of the remaining vacant site that has outline consent for 125,000 sq ft of industrial space. A detailed consent is being pursued in order to offer Design and Build opportunities. Neither the Company nor the co-investors in CIPL will invest further capital for development but site sales on receipt of planning will be considered.

CIPL has a loan of £26 million that matures in 2013. There is no loan-to-value covenant during the loan term, albeit the net loan-to-value did fall over the period, from 96% to 92%. There is an interest cover covenant of 135%, with the actual ratio standing at 180%, a small deterioration from March 2010 at 194%.

Plantation Place, London EC3 – 28.2%

The NAV of the Company’s 28.2% share in Plantation Place continues to be held at nil due to liabilities exceeding assets. The valuation of the underlying property went up by £31 million or 7.3% to £456 million over the period, reflecting the continued strength of the City of London office market recovery. The total securitised net debt secured on Plantation Place is £432.1 million which together with the negative marked-to-market value of the interest rate swap of -£46.4 million results in liabilities of £478.5 million. The property is well let and continues to cover interest. The Company is pursuing a strategy to recover value from the Plantation Place investment and will provide an update in due course.

Conclusion

The market recovery since July 2009 has now slowed, with limited prospects for rental growth across many parts of the UK commercial property market. Although a material deterioration in capital values is not expected due to the attractive income return offered by the property sector, the Company’s balance sheet is positioned relatively defensively from this perspective.

The Company’s strategic objectives are now focused on increasing income via investing in strong fundamentals with attractive income yields or the potential for strong rental growth. This strategy has been supported by the recently completed tap issue and progress is being made and will be reported as management initiatives are concluded.

Duncan Owen
Chief Executive
Invista Real Estate Investment Management

26 November 2010

Statement of Directors' Responsibilities

in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and
- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Harry Dick-Cleland
Director

26 November 2010

Condensed Statement of Comprehensive Income

for the period from 1 April 2010 to 30 September 2010

	Notes	Six months to 30 Sep 10 £000 (unaudited)	Six months to 30 Sep 09 £000 (unaudited)	Year to 31 Mar 10 £000 (audited)
Rental income		11,108	12,678	25,431
Other income		289	657	1,444
Property operating expenses		(1,258)	(893)	(1,862)
Net rental and related income		10,139	12,442	25,013
Profit on disposal of investment property		43	398	5,789
Net valuation gain/(loss) on investment property		1,840	(3,755)	24,995
Expenses				
Investment management fee		(1,658)	(1,773)	(3,061)
Valuers' and other professional fees		(566)	(533)	(1,288)
Administrators and accounting fee		(185)	(185)	(370)
Auditors' remuneration		(75)	(65)	(126)
Directors' fees		(85)	(85)	(170)
Other expenses		(453)	(311)	(545)
Total expenses		(3,022)	(2,952)	(5,560)
Net operating profit before net finance costs		9,000	6,133	50,237
Interest receivable		–	47	26
Finance costs payable		(5,528)	(7,229)	(17,062)
Net finance costs		(5,528)	(7,182)	(17,036)
Share of profit in associates and joint ventures		643	–	2,802
Profit/(loss) before tax		4,115	(1,049)	36,003
Taxation		(710)	(334)	(1,305)
Profit/(loss) for the period/year attributable to the equity holders of the parent		3,405	(1,383)	34,698
Other comprehensive income: Movement on swaps		(6,199)	4,340	4,483
Total comprehensive (loss)/profit for the period/year attributable to the equity holders of the parent		(2,794)	2,957	39,181
Basic and diluted profit/(loss) per share	3	1.0p	(0.4p)	10.7p

All items in the above statement are derived from continuing operations.

The accompanying notes 1 to 9 form an integral part of the interim report.

Condensed Balance Sheet
as at 30 September 2010

	Notes	30 Sep 10 £000 (unaudited)	30 Sep 09 £000 (unaudited)	31 Mar 10 £000 (audited)
Investment in associates and joint ventures	6	2,484	–	2,276
Loans to associates and joint ventures	6	961	–	526
Total investment and loans in associates and joint ventures		3,445	–	2,802
Investment property	5	315,414	293,693	299,975
Non-current assets		318,859	293,693	302,777
Trade and other receivables		9,624	13,869	15,321
Cash and cash equivalents		69,755	89,891	69,454
Current assets		79,379	103,760	84,775
Total assets		398,238	397,453	387,552
Issued capital and reserves		172,913	138,925	169,453
Equity		172,913	138,925	169,453
Interest-bearing loans and borrowings	7	182,331	221,712	182,021
Interest rate swap		32,546	26,490	26,347
Non-current liabilities		214,877	248,202	208,368
Trade and other payables		8,469	9,871	8,424
Taxation payable		1,979	455	1,307
Current liabilities		10,448	10,326	9,731
Total liabilities		225,325	258,528	218,099
Total equity and liabilities		398,238	397,453	387,552
Net asset value per ordinary share	8	48.6p	42.9p	52.4p

The financial statements were approved at a meeting of the Board of Directors held on 26 November 2010 and signed on its behalf by:

David Warr
Director

Harry Dick-Cleland
Director

The accompanying notes 1 to 9 form an integral part of the interim report.

Condensed Statement of Changes in Equity

for the period from 1 April 2010 to 30 September 2010

For the period from 1 April 2009 to 30 September 2009 (unaudited)	Notes	Share premium £000	Hedge reserve £000	Revenue reserve £000	Total £000
Balance as at 31 March 2009		98,356	(30,830)	74,137	141,663
Gain on cash flow hedge		–	4,340	–	4,340
Loss for the period		–	–	(1,383)	(1,383)
Dividends paid	4	–	–	(5,695)	(5,695)
Balance as at 30 September 2009		98,356	(26,490)	67,059	138,925

For the year ended 31 March 2010 (audited) and for the period from 1 April 2010 to 30 September 2010 (unaudited)

	Notes	Share premium £000	Hedge reserve £000	Revenue reserve £000	Total £000
Balance as at 31 March 2009		98,356	(30,830)	74,137	141,663
Gain on cash flow hedge		–	533	–	533
Swap break costs transfer		–	3,950	–	3,950
Profit for the year		–	–	34,698	34,698
Dividends paid	4	–	–	(11,391)	(11,391)
Balance as at 31 March 2010		98,356	(26,347)	97,444	169,453
New equity issuance	9	11,949	–	–	11,949
Loss on cash flow hedge		–	(6,199)	–	(6,199)
Profit for the period		–	–	3,405	3,405
Dividends paid	4	–	–	(5,695)	(5,695)
Balance as at 30 September 2010		110,305	(32,546)	95,154	172,913

The accompanying notes 1 to 9 form an integral part of the interim report.

Condensed Statement of Cash Flows

for the period from 1 April 2010 to 30 September 2010

	Notes	Six months to 30 Sep 10 £000 (unaudited)	Six months to 30 Sep 09 £000 (unaudited)	Year to 31 Mar 10 £000 (audited)
Operating activities				
Profit/(loss) for the period/year		3,405	(1,383)	34,698
Adjustments for:				
(Profit) on disposal of investment property		(43)	(398)	(5,789)
Net valuation (gain)/loss on investment property		(1,840)	3,755	(24,995)
Share of loss in associates and joint ventures		(643)	–	(2,802)
Net finance cost		5,531	7,182	17,036
Tax paid		710	334	1,305
Operating profit before changes in working capital and provisions		7,120	9,490	19,453
Decrease/(increase) in trade and other receivables		5,697	(156)	(738)
Increase/(decrease) in trade and other payables		19	(1,714)	(2,798)
Cash generated from operations		12,836	7,620	15,917
Finance costs paid		(5,189)	(6,372)	(17,032)
Interest received		11	47	26
Tax paid		(38)	(9)	(126)
Cash flows from operating activities		7,620	1,286	(1,215)
Investing activities				
Proceeds from sale of investment property		–	35,593	65,286
Addition to investment property		(13,573)	(2,811)	(4,744)
Cash flows from investing activities		(13,573)	32,782	60,542
Financing activities				
New shares issued		11,949	–	–
Drawdown/(repayment) of existing loans		–	11,200	(28,800)
Dividends paid	4	(5,695)	(5,695)	(11,391)
Cash flows from financing activities		6,254	5,505	(40,191)
Net increase in cash and cash equivalents for the period/year		301	39,573	19,136
Opening cash and cash equivalents		69,454	50,318	50,318
Closing cash and cash equivalents		69,755	89,891	69,454

The accompanying notes 1 to 9 form an integral part of the interim report.

Notes to the Interim Report
as at 30 September 2010

1. Significant accounting policies

Invista Foundation Property Trust Limited the (the “Company”) is a closed-ended investment company incorporated in Guernsey. The condensed financial statements of the Company for the period ended 30 September 2010 comprise the Company, its subsidiaries and its interests in associates and joint ventures (together referred to as the “Group”).

Statement of compliance

The condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Services Authority and International Financial Reporting Standards (“IFRS”) IAS 34 Interim Financial Reporting. They do not include all of the information required for the full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2010. The financial statements have been prepared on the basis of the accounting policies set out in the Group’s annual financial statements for the year ended 31 March 2010. The Group’s annual financial statements refer to new Standards and Interpretations none of which had a material impact on the financial statements.

2. Material agreements

Invista Real Estate Investment Management Limited (“Invista”) has been appointed as Investment Manager to the Company.

The Investment 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 payable monthly in arrears and will be equal to one twelfth of:

- 2% of NAV up to £150 million; plus
- 1.75% of NAV between £150 million and £200 million; plus
- 1.5% of NAV over £200 million.

This NAV based fee will be subject to a floor of £229,000 per month. In the event that this floor is breached, the fee will then revert to being calculated on the previous basis of 0.95% per annum of GAV, until NAV recovers to a point where the monthly NAV based fee would once again exceed £229,000. The combined new base fee and any performance fee based on the current arrangement cannot exceed 5% of the Company’s total NAV during any financial year ending 31 March.

In addition, and subject to the conditions below, the Investment Manager is entitled to an annual performance fee where the NAV total return per ordinary share during the relevant financial period exceeds an annual rate of 10% (the “performance hurdle”). Where the performance hurdle is met, a performance fee will be payable in an amount equal to 15% 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 Database (“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 annum.

The Investment Management Agreement may be terminated by either the Company or the Investment Manager on not less than 12 months notice in writing.

The Board appointed Invista Real Estate Investment Management Limited as the Accounting Agent to the Company from 1 April 2007. The Accounting Agent is entitled to a fee equal to 5 basis points of NAV subject to a minimum annual fee of £250,000.

The Board appointed Northern Trust International Fund Administration Services (Guernsey) Limited as the Administrator to the Company with effect from 25 July 2007. The Administrator is entitled to an annual fee equal to £120,000.

3. Basic and diluted loss per share

The basic and diluted profit/(loss) per share for the Group is based on the net profit for the period of £3,405,000, (March 2010: £34,698,000) (September 2009: (£1,383,000)) and the weighted average number of ordinary shares in issue during the period of 332,603,400 (March 2010: 323,594,219) (September 2009: 323,594,219).

4. Dividends paid

In respect of	Number of ordinary shares	Rate (pence)	01 Apr 10 to 30 Sep 10 £000
Quarter 31 March 2010 dividend paid 19 May 2010	323.59 million	0.8800	2,847
Quarter 30 June 2010 dividend paid 20 August 2010	323.59 million	0.8800	2,848
		1.7600	5,695

In respect of	Number of ordinary shares	Rate (pence)	01 Apr 09 to 30 Sep 09 £000
Quarter 31 March 2009 dividend paid 20 May 2009	323.59 million	0.8800	2,847
Quarter 30 June 2009 dividend paid 7 August 2009	323.59 million	0.8800	2,848
		1.7600	5,695

In respect of	Number of ordinary shares	Rate (pence)	01 Apr 09 to 31 Mar 10 £000
Quarter 31 March 2009 dividend paid 20 May 2009	323.59 million	0.8800	2,847
Quarter 30 June 2009 dividend paid 7 August 2009	323.59 million	0.8800	2,848
Quarter 30 September 2009 dividend paid 20 November 2009	323.59 million	0.8800	2,848
Quarter 31 December 2009 dividend paid 19 February 2010	323.59 million	0.8800	2,848
		3.5200	11,391

A dividend for the quarter ended 30 September 2010 of 0.88p (£3,132,107) was declared on 19 October 2010 and paid on 19 November 2010.

5. Investment property

For the period 1 April 2009 to 30 September 2009 (unaudited)

	Leasehold £000	Freehold £000	Total £000
Amounts recognised as investment property at 31 March 2009	61,870	242,709	304,579
Additions	116	2,684	2,800
Disposals	(1,908)	(8,421)	(10,329)
Net valuation gains/(losses) on investment property	362	(3,719)	(3,357)
Amounts recognised as investment property at 30 September 2009	60,440	233,253	293,693

For the year 1 April 2009 to 31 March 2010 (audited)

	Leasehold £000	Freehold £000	Total £000
Amounts recognised as investment property at 31 March 2009	61,870	242,709	304,579
Additions	94	4,767	4,861
Disposals	(21,941)	(12,519)	(34,460)
Net valuation gains on investment property	7,051	17,944	24,995
Amounts recognised as investment property at 31 March 2010	47,074	252,901	299,975

For the period 1 April 2010 to 30 September 2010 (unaudited)

	Leasehold £000	Freehold £000	Total £000
Amounts recognised as investment property at 31 March 2010	47,074	252,901	299,975
Additions	(14)	13,612	13,598
Net valuation gain on investment property	786	1,055	1,841
Amounts recognised as investment property at 30 September 2010	47,846	267,568	315,414

Fair value of investment property as determined by the valuers excluding lease incentives totals £320,555,000 (March 2010: £304,725,000).

6. Investment in associates and joint ventures

For the period 1 April 2009 to 31 March 2010 (audited)

	£000
Opening balance as at 1 April 2009	–
Share of profits in associates and joint ventures	2,276
Loans to associates and joint ventures	526
Amounts recognised as associates and joint ventures at 31 March 2010	2,802

For the period 1 April 2010 to 30 September 2010 (unaudited)

	£000
Opening balance as at 1 April 2010	2,802
Share of profits in associates and joint ventures	208
Loans to associates and joint ventures*	435
Amounts recognised as associates and joint ventures at 30 September 2010	**3,445**

* Total loans to associates and joint ventures as at 30 September 2010 was £961,000 (31 March 2010: £526,000).

7. Interest-bearing loans and borrowings

In March 2005 the Group entered into a £152.5 million loan repayable in July 2014 with a securitisation vehicle, along with a facility of £150 million of reserve notes. The Group has as at 30 September 2010 £173.5 million drawn under these two facilities.

At the same time as entering into these two facilities, the Group entered into a liquidity facility with Lloyds TSB Bank plc ("Lloyds") as the Liquidity Facility Provider for £11.2 million, the intention of the facility was to provide funding for liquidity shortfalls. One of the criteria of the liquidity facility was that the Liquidity Facility Provider should have a credit rating of at least AA- (long term) by Fitch or A-1 (short term) by S&P. Recently Lloyds has been downgraded to A-1 (short term) by S&P. A consequence of this downgrade is the Group being required to drawdown the £11.2 million and place it in a block bank account. The drawdown can be repaid when Lloyds rating returns to at least the level set out in the agreement or the terms of the liquidity facility agreement are altered. The level of the drawdown reduces pro rata once the loan is less than £204 million.

8. NAV per ordinary share

The NAV per ordinary share is based on the net assets of £172,913,000 (March 2010: £169,453,000) (September 2009: £138,925,000) and 355,921,281 (March 2010: 323,594,219) (September 2009: 323,594,219 ordinary shares in issue at the balance sheet date.

9. Equity issuance

The Company raised new equity through a tap issue of new ordinary shares representing 9.99% of the shares in issue. The tap issue was successfully completed in August 2010, raising £12.3 million (£11.95 million net after costs) at a share price of 38 pps.

Independent Auditors' Review Report

to Invista Foundation Property Trust Limited (the "Company")

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 which comprises Condensed Statement of Comprehensive Income, Condensed Balance Sheet, Condensed Statement of Changes in Equity, Condensed Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules (the "DTR") of the United Kingdom's Financial Services Authority (the "UK FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 is not prepared, in all material respects, in accordance with IAS 34 and the DTR of the UK FSA.

Ewan McGill for and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Registered Auditors, Guernsey

26 November 2010

Corporate Information

Registered address
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

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

Investment Manager and Accounting Agent
Invista Real Estate Investment Management Limited
Exchequer Court
33 St Mary Axe
London
EC3A 8AA

The Investment Manager's Investment Committee
Duncan Owen (Chairman)
Chris Ludlam
Nick Montgomery
Andrew MacDonald
Melinda Knatchbull

Secretary and Administrator
Northern Trust International Fund Administration Services (Guernsey) Limited
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

Solicitors to the Company
as to English Law:
Herbert Smith
Exchange House
Primrose Street
London EC2A 2HS

as to Guernsey Law:
Ozannes
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP

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.

Auditor
KPMG Channel Islands Limited
20 New Street
St Peter Port
Guernsey GY1 4AN

Property Valuers
Knight Frank LLP
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
The Pavilions
Bridgewater Road
Bristol BS99 1XZ

Notes

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It was produced to ISO 14001 Environmental Management System standards and 95% of the waste created during the process was recycled. The materials used included vegetable oil based inks, elemental chlorine free pulp and fibre from FSC managed forests.

The FSC (Forest Steward Council) managed forests have been independently inspected and comply with internationally agreed environmental, social and economic standards.

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