



Invista Foundation Property Trust Limited

Annual Report and Accounts 2011

For the year ended 31 March 2011

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.

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Financial Summary

Net asset value per share¹

50.9p

Earnings per share

2.5p

Dividend per share

3.52p

- Net asset value ("NAV") per share increased by 6.83%
- Earnings per share of 2.5 pence
- The Company has declared and paid dividends amounting to 3.52 pence per share ("pps")
- Total NAV return of 4.2%

	31 Mar 2011	31 Mar 2010	% Change
NAV ¹	£181.0m	£169.5m	6.83
NAV per ordinary share ¹ (pence): Like-for-like adjusted for capital raise	50.9	51.1 ²	(0.37)
Share price (pence)	38.10	42.0	(9.29)
Share price discount to NAV	(25.1%)	(19.8%)	
NAV total return ³	4.2%	29.3%	
FTSE All Share Index	3,067.7	2,910.2	5.41
FTSE EPRA/NAREIT UK Real Estate Index	1,195.9	1,107.7	7.96
Total Group assets less current liabilities	£386.9m	£379.1m	2.39
Borrowings as % of total assets less current liabilities	44.8%	45.8%	(1.0) ⁴
Loan-to-value ratio net of all cash	38.8%	36.4%	2.4 ⁴

Sources: Invista Real Estate Investment Management and Datastream based on returns during the period from 1 April 2010 to 31 March 2011.

¹ Net asset value is calculated using International Financial Reporting Standards.

² Net asset value adjusted for £12.3 million capital raised from the issuance of 32.3 million new shares, equates to £181.8 million.

³ Net asset value total return calculated by Invista Real Estate Investment Management Limited.

⁴ Percentage point change in borrowings.

Company Summary

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.

Performance summary

Reconciliation of NAV per accounts to published NAV

	31 Mar 11 £000	31 Mar 10 £000
NAV as published on 28 April 2011	181,080	169,453
Adjustment of expense	(55)	–
NAV per financial statements	181,025	169,453

Property performance

Value of property assets	331,415	304,725
Current annualised rental income	22,866	21,965
Estimated open market rental value	27,014	25,606
Underlying property performance (year ending)**†	7.5%	18.8%
IPD Quarterly Version of Balanced Monthly Index Funds (year ending 31 March 2011)*	9.7%	14.7%

* Source: Investment Property Databank ("IPD").

† Direct underlying property portfolio.

Summary Consolidated Statement of Comprehensive Income

	1 Apr 10 to 31 Mar 11 £000	1 Apr 09 to 31 Mar 10 £000
Net rental and related income	22,801	25,013
Realised and unrealised gains on investment property	2,559	30,784
Expenses	(6,042)	(5,560)
Net finance costs	(11,112)	(17,036)
Share of profit of associates and joint ventures	1,013	2,802
Profit before tax	9,219	36,003
Taxation	(795)	(1,305)
Profit for the year	8,424	34,698
Other comprehensive income: Effective portion of changes in fair value of swaps	3,158	4,483
Total comprehensive income/(loss) for the year attributable to the equity holders of the parent	11,582	39,181
Earnings and dividends		
Earnings per share (pence)	2.5	10.7
Dividends paid per share (pence)	3.52	3.52
Annualised dividend yield on 31 March share price	9.2%	8.4%
Bank borrowings		
	31 Mar 11	31 Mar 10
On-balance sheet borrowings (£000s) (excluding Liquidity Facility)	173,500	173,500
On-balance sheet borrowings (excluding Liquidity Facility) as % of total assets less current liabilities	44.8%	45.8%
Loan-to-value ratio, net of all cash and following post year-end sales	38.8%	36.4%
Estimated annualised total expense ratio		
As % of total assets less current liabilities	1.56%	1.47%
As % of equity	3.34%	3.28%

Chairman's Statement



Andrew Sykes
Chairman
Invista Foundation Property Trust Limited

Results

The Company's audited NAV as at 31 March 2011 was £181.0 million, or 50.9 pence per share ("pps"), which compares to £169.5 million as at 31 March 2010. In August 2010 the Company issued £12.3 million of new capital, meaning that on a like-for-like basis the NAV declined slightly by -0.2 pps or -0.4% over the whole period. Over the second half of the period the NAV increased by 2.3 pps or 4.7%.

Over the period, shareholders received total dividends of 3.52 pps, resulting in a total NAV return, adjusting for the new capital, of 4.2% over the period. From the launch of the Company to 31 March 2011, its total NAV return has been -3.4% per annum.

The Investment Manager

In 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 had been terminated. Invista plc also announced that without the revenue generated by the Lloyds Banking Group contracts, the interests of both clients and shareholders would be best served through an orderly realisation of value from Invista plc's assets, including the Investment Manager's asset management business.

Following this announcement the Board considered the options for the future of the relationship with the Investment Manager in order to ensure that the Company's assets continued to be managed actively and so that the Company's strategic objectives could be met. On 20 January 2011, the Company announced that it was in exclusive negotiations, jointly with Invista European Real Estate Trust SICAF and the Investment Management team, to acquire the Investment Manager's

asset management business from Invista plc. Unfortunately, following extensive negotiations these discussions were terminated by Invista plc in March 2011.

Subsequent to the termination of these discussions the Company gave notice to the Investment Manager of the termination of its investment management agreement, to take effect on 21 March 2012.

Following the Company's announcement that it had given notice of termination the Board received a number of approaches from a range of organisations offering their services to the Company. The Board considered all these approaches carefully, and selected a short list of organisations who were invited to submit proposals to the Company. The Board reviewed these submissions in detail before inviting a selected number of organisations to make presentations to the Board in person. Following these meetings, the Board is now seeking to finalise the terms of the proposal which, in the view of the Board, offers the best prospects of enhancing the value of the Company and its investment portfolio, and with due regard to potential returns, costs and risks. The Board hopes to make an announcement in the near future.

Market overview

The recovery experienced by the UK commercial property market from its nadir in July 2009 has slowed down over the last year. The Investment Property Databank ("IPD") Monthly Index recorded capital growth of 2.6% over the 12 months to 31 March 2011, of which 1% came over the six months to March 2011. There remains a wide divergence in total returns between sectors, geographies and, most notably, between prime and secondary property. Despite the recovery in prime values being driven by falling yields, prime property continues to benefit from a relatively high yield premium compared with other asset classes.

“ *Over the past year the most important objectives for the Board and Investment Manager have been to grow income and dividend cover.* ”

There are however limited prospects for further capital growth without a sustainable rental recovery, which is currently limited to parts of the Central London office market.

The secondary property market remains challenging, but some opportunities do exist to acquire higher yielding assets with good long-term occupier fundamentals offering attractive risk-adjusted total returns.

Strategy

Over the past year the most important objectives for the Board and Investment Manager have been to grow income and dividend cover over the medium term, whilst also ensuring that the Company can withstand further short-term market volatility.

In the summer of 2010, the Board determined that the Company required additional capital in order to achieve these strategic objectives. As a result, in August 2010, the Company completed a tap issuance of new ordinary shares representing 9.99% of the shares in issue, raising £12.3 million of new equity 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 of 40 pps.

The new capital raised was to be deployed into income enhancing asset management initiatives and accretive acquisitions. This included identified longer term refurbishment and development projects. Progress has been made with implementing this strategy with some improvement in dividend cover.

Despite this progress, a fragile occupier market has led to some delays with longer term projects such as the proposed Hinckley redevelopment. The Investment Manager still expects to bring this and other projects on stream in due course, including the realisation of its plans for Reynards Business Park in Brentford, currently the Company's largest void following the expiry of the BBC leases, which is described in more detail in the Investment Manager's Report.

The Investment Manager has also focused on acquiring assets with good fundamentals, a low risk of tenant default and an above average income return. The recent acquisitions in Edinburgh at a 14% initial income yield, and the well-secured development pre-let to British Telecom plc (BT plc) in West Bromwich at a 7.6% initial yield, fulfil the criteria set out at the time of the tap issue as well as the Company's longer term objectives. Further acquisitions are currently being considered alongside potential disposals of lower yielding assets where business plans have been completed, as evidenced recently by the sale of a shop in York at a yield of 5%.

The Company's gearing is well controlled, with a net loan-to-value ratio of 39%, after netting total cash of £45 million against debt. Approximately £15 million is contractually committed to the acquisition of West Bromwich and other initiatives, leaving a net balance of approximately £30 million to be deployed in accordance with strategy, while retaining an appropriate reserve for operational flexibility.

The portfolio

The Group's portfolio continues to be well diversified with an above average weighting to the South East and the office sector. The average net initial yield across the portfolio based on the independent valuation dated 31 March 2011 (and net of purchaser's costs) is 6.52%, compared with 6.6% in March 2010. The potential reversionary income yield is 7.8%. The void rate as at 31 March 2011 was 10.7% as a percentage of rental value, which has subsequently increased to approximately 13% following the BBC lease expiry at Reynards Trading Estate in Brentford. As noted above, the Manager's initiatives at Reynards and elsewhere are designed to reduce the void rate and associated void expenses over the coming year.

Activity over the period has preserved the average unexpired lease term, assuming all tenants vacate at the earliest opportunity at 8.3 years, increasing to 8.8 years on completion of the West Bromwich office acquisition in late 2011. Activity over the period has focused on improving

Chairman's Statement

tenant quality, with IPD reporting that the portfolio is on the 9th percentile in terms of tenant quality, an improvement from March 2010 when it was on the 54th percentile. The Board supplements this headline IPD analysis with a more detailed review of tenants at quarterly Board meetings.

Recent asset management activity means that the Company will benefit from additional cash income due to rent free periods expiring and fixed rental uplifts. On an annualised basis, this additional income is expected to amount to £1.8 million gross during 2011 (including the acquisition of West Bromwich, where BT plc will become the Company's largest tenant paying £1.2 million per annum). After the impact of the lease expiry in Brentford, and other smaller expiries, additional cash rental income from asset management activity is expected to be in the region of £3 million net over the next three years.

Over the year to 31st March 2011, the Group's portfolio generated a total return of 7.5%, comparing to an IPD benchmark return of 9.7%. This relative underperformance is attributable in large part to our relatively low weighting in prime assets in Central London. Over three years, the portfolio has nonetheless delivered modest outperformance relative to its Benchmark.

Financing

The Group's principal on-balance sheet borrowings were unchanged over the period with a securitised loan facility of £173.5 million. The facility is fully hedged against interest rate movements at a total cost of 5.69% per annum.

The two key covenants relating to the Company's securitised loan facility are monitored regularly by the Board. The facility has a loan-to-value ("LTV") ratio covenant of 60%, and on the basis of the 31 March 2011 valuation, the ratio stood at 39% after all cash held by the Group is netted off debt. The second key covenant is the interest cover ratio ("ICR") requiring net rental income to exceed 150% of interest payable, which again compares well to current interest cover of 209%. The additional income from rent free periods and fixed rental uplifts, mentioned above, should enhance interest cover further.

The negative marked-to-market value of the two interest rate swaps relating to the securitised loan has led to volatility in the Company's NAV over the period, peaking at -£32.5 million in September 2010. As at 31 March 2011, the marked-to-market value of the interest rate swaps was -£23.2 million or 6.5 pps.

The Group has three joint venture investments and associates which each have separate, off balance sheet non-recourse debt. Two of these investments, Merchant Property Unit Trust and Crendon Industrial Partnership, increased in value by £1.1 million in aggregate. The third investment comprising a 29% stake in One Plantation Place Unit Trust, the owner of the prime City of London office building Plantation Place, continues to be held at nil due to the continuing breach of the LTV ratio covenant.

Board

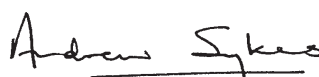
The Board conducted its annual review of its own performance and skills through a formal process, in which individual Directors recorded their assessments in writing of the Board's performance against a range of criteria, followed by regular private Board discussions, and this review has enabled the Board to add improvements to its processes. Overall, the review concluded that the Board was functioning satisfactorily and that, between them, the Directors had a broad range of appropriate technical and market knowledge and experience.

The Board's workload has increased significantly over the last year, and this has continued in the current period. The Board received additional remuneration aggregating £30,000 in 2011 in recognition of this fact. A resolution will be put to shareholders at the AGM to allow for a higher ceiling on Directors' remuneration to allow greater flexibility in this area in future should the need arise.

I am very grateful to my Board colleagues for the considerable energy and attention which they have devoted to the Company's affairs over the last year, and in the current period.

Outlook

The Company has gone through a period of disruption and uncertainty as a result of changes at the Investment Manager. This, coupled with the Company's low dividend cover, has contributed to our shares standing at a material discount to Net Asset Value. With a resolution of the uncertainty surrounding the Manager in the near future and the benefits of improving dividend cover as asset management initiatives and acquisitions come to fruition, the Board looks forward to an improvement in the Company's market rating over the coming year.



Andrew Sykes
Chairman
Invista Foundation Property Trust Limited

8 July 2011

Investment Manager's Report



Duncan Owen
Chief Executive Officer
Invista Real Estate Investment Management Limited

Strategy

Following the progress made in the last two years to stabilise and strengthen the Company's balance sheet, the principal focus of our strategy is now to grow rental income and thus increase dividend cover, whilst also seeking long-term capital growth.

Following a period of considerable market volatility the Company is now in a stronger position, benefiting from:

- good long-term direct property performance;
- a loan-to-value ratio that lies well within banking covenants; and
- near-term upside through active management, accretive investment opportunities and possible disposals at premiums to current values.

Despite these attributes the Company still faces some important challenges, as follows:

- managing income growth in a weak economy in order to raise dividend cover to an acceptable level;
- reducing the current share price discount to NAV; and
- preparing to re-finance the securitised debt facility that matures in July 2014, and consider reducing gearing if appropriate.

Progress has been made with income enhancing initiatives and selective new acquisitions. The equity raised in August 2010, via a tap issuance, was used to fund these initiatives whilst also preserving cash for operational flexibility. This strategy has started to improve dividend cover over the past year, with further improvement expected in the future.

Highlights over the period that have contributed positively to dividend cover, either historically or prospectively, were:

- the acquisition of Keith House in Edinburgh for £8.05 million in December at an initial yield of 14%;
- progress with the £15 million office development in West Bromwich, pre-let to British Telecom plc, which upon completion, will become the largest rent payer across the portfolio;
- asset management initiatives which made a positive contribution via new rental income (detailed later in the property portfolio section of this report);
- additional contracted uplifts agreed in leases to be received over the medium term, underpinning the portfolio rental profile; and
- reduced fund costs, fees and property expenses.

There have, however, been delays in implementing some asset management initiatives as a result of weakness in the UK economy and the resultant impact on business expansion and investment. Income growth has also been delayed by tenants requiring rental incentives linked to lease renewals or extensions. These have been agreed in situations where granting a longer lease improves capital values and therefore total returns.

An example of this is at the Company's industrial warehouse in Alfreton, where the tenant's lease was extended from seven to 20 years at a higher rent. In return, the tenant received a rent free period which equated to approximately 50% of the resultant capital value uplift. The cash held by the group, supplemented by the capital raised through the tap issue, has enabled it to progress initiatives such as Alfreton whilst also making new investments to generate income.

Investment Manager's Report

Strategy continued

The most important objectives for the Company are now as follows:

- making further selective acquisitions with good fundamentals at above average yields;
- selling lower yielding assets where business plans have been completed, with proceeds reinvested into higher yielding investments;
- delivering on key income producing asset management projects such as the development in Hinckley, where a revised retail warehousing planning consent was recently achieved, and Reynards Business Park in Brentford, where a planning application for change of use to residential was made in May 2011;
- investing in existing assets to generate an attractive return on new capital invested and enhance capital values;
- considering disposals of joint ventures and associates with proceeds efficiently re-invested into attractive income producing investments; and
- marketing vacant space energetically to reduce the costs associated with holding empty property.

Successful implementation of these objectives should increase dividend cover to a more sustainable level, which should in turn assist the Company's share price rating.

According to the Investment Property Databank ("IPD") Monthly Index, the UK commercial property market generated a total return for the 12 months to 31 March 2011 of 10.7%, compared with the total return for the 12 months to 31 March 2010 of 16.3%. Capital values are now 17% above the low point in July 2009, although the pace of growth has continued to slow. Total capital value growth for the quarter to 31 March 2011 was 0.6%. The capital growth over the period was due to rising values as yields fell by an average of 0.43%, resulting in an average initial yield of 6.33% as at 31 March 2011.

There remains a wide divergence in total returns between sectors, geographies and between prime and secondary segments of the market. The differential between prime and secondary can be illustrated by IPD Quarterly Index yields, with a spread of 4.71% between average prime (25th percentile of IPD) and average secondary (75th percentile) at the end of March 2011. This compares to a spread of 2.13% at the peak of the market in July 2007. As a consequence, prime, lower yielding properties have outperformed higher yielding properties. Prime properties generated a total return of 10.8% over the period, compared with secondary properties of 8.8%. This is the key reason why the Company's portfolio underperformed over the 12 month period compared with its relative out-performance of its IPD Benchmark for the previous six years.

Although average rental values have now stabilised across the UK, there are also significant variations by region and property type. Only Central London has generated materially positive rental growth of 7.8% over the period, compared with the market average of 0.1%. Future rental growth, even in the supply constrained Central London market, will require sustained occupier demand which is largely dependent on growth in the wider economy. This is a particular challenge in those locations which have a high dependency on the public sector where contracting Government occupation is creating a structural void leading to declines in rental values. Without rental growth, the fall in prime yields experienced during the recent recovery may lead to relative underperformance compared with parts of the higher yielding, secondary property market. The opportunity for the Company is therefore to acquire higher yielding assets offering good fundamentals where the capital value can be enhanced through asset management. Examples such as the recent acquisition in Edinburgh are still relatively scarce, albeit with an increasing supply of interesting investment opportunities from banks and other forced sellers.

Property portfolio

The Group's portfolio of 57 direct properties was valued by Knight Frank at £331.42 million as at 31 March 2011, an average property value of £5.81 million. The portfolio continues to be well diversified by tenant, sector and geography. The Group also has investments in three joint ventures, the details of which are set out in pages 18 to 19. Details of the direct portfolio are set out below:

Sector weightings

Sector	Year end – 31 Mar 11 weighting %	Year end – 31 Mar 10 weighting %
Retail	24.3	25.7
Offices	46.4	44.8
Industrial	25.0	25.1
Other	4.3	4.4

Regional weightings

Region	Year end – 31 Mar 11 weighting %	Year end – 31 Mar 10 weighting %
Central London	8.4	8.1
South East excl. Central London	47.9	48.3
Rest of South	13.5	14.2
Midlands and Wales	15.8	16.4
North and Scotland	14.4	13.0

Top ten properties by value

	31 Mar 11 value (£m)	%
1 London SE1, Minerva House (50% ownership)	27.75	8.4
2 Brighton, Victory House	23.80	7.2
3 Salisbury, Churchill Way West	15.20	4.6
4 Uxbridge, 106 Oxford Road	14.40	4.3
5 Luton, The Galaxy	14.25	4.3
6 Wembley, Olympic Office Centre	12.25	3.7
7 Brentford, Reynards Business Park	12.00	3.6
8 Brentford, The Gate Centre	10.85	3.3
9 Basingstoke, Churchill Way	10.65	3.2
10 Sheffield, The Portergate	9.90	3.0
Total as at 31 March 2011	151.05	45.6

Investment Manager's Report

Top ten tenants by rent per annum

	Rent per annum (£m)	%
1 Wickes Building Supplies Limited	1.09	4.4
2 Norwich Union Life and Pensions Limited	1.04	4.2
3 BUPA Insurance Services Limited ¹	0.96	3.9
4 Synovate Limited ²	0.95	3.8
5 Buckinghamshire New University ³	0.90	3.6
6 Mott MacDonald Limited ⁴	0.79	3.2
7 Recticel SA ⁵	0.73	3.0
8 The British Broadcasting Corporation ⁶	0.70	2.8
9 Winkworth Sherwood LLP ⁷	0.66	2.7
10 Partners of Irwin Mitchell LLP	0.56	2.2
Total as at 31 March 2011 (post transactions)	8.38	33.8

1 Currently subject to rent free that expires April 2012.

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. The lease benefits from a further fixed uplift to £1.02 million per annum in May 2014, and £1.15 million in May 2019.

4 Mott MacDonald Group Limited are guarantor.

5 Currently subject to a half rent fee of £365,519 per annum increasing to £731,038 per annum in January 2014.

6 Leases expired on 4 April 2011.

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

As at 31 March 2011, the Company's direct property portfolio produced a rent of £22.87 million per annum which, based on the independent valuation at the same date, reflected a net initial yield of 6.52%. Adjusting for the BBC lease expiry, the recent disposal in York and other rental changes since the year end, the portfolio now produces a rent of £21.98 million per annum. According to the Company's valuers, Knight Frank, as at 31 March 2011, the valuation rental value is £27.01 million representing a reversionary yield of 7.8%. As set out below, there is additional rental income through rent frees expiring and fixed uplifts of approximately £2 million by May 2014. This excludes the committed office development pre-let to British Telecom ("BT") plc in West Bromwich which is expected to be completed by October 2011, also described in further detail below.

Asset management activity over the period has maintained the average unexpired lease term, assuming all tenants leave at the earlier of lease expiry and tenant break, at approximately 8.3 years. This will increase to approximately 8.8 years on completion of the letting to BT plc in West Bromwich. The table below shows the maturity profile of both current and contracted income in five year increments assuming all tenants leave at the earlier of lease expiry and tenant break. This is prior to the acquisition of West Bromwich and ignores the potential for rental uplifts at future open market rent reviews.

Income expiry profile

Years to expiry	% of rent passing	
	Company earliest termination/ IPD Benchmark	Company assuming no breaks/ IPD Benchmark
Up to 5	41.39/40.11	35.05/28.95
5 to 10	20.95/26.51	21.34/31.92
10 to 15	26.77/19.42	27.08/23.11
15 to 20	6.95/8.00	10.79/8.82
Over 20	3.92/5.96	5.74/7.19

As at 31 March 2011, the Company's direct portfolio had a void rate of 10.72%, compared with 9.8% when the last full year report and accounts were issued in July 2010. This compares with the IPD Benchmark as at 31 March 2011 of 8.9%. Following expiry of the lease to the BBC at Reynards Business Park in Brentford, and other activity since the year end, the void rate has increased to approximately 13%, of which approximately 3% is under offer. Set out below is a detailed review of Reynards Business Park which contributes 2.5% to the overall portfolio void, where following lease expiry a planning application has been made for change of use to residential. Should this prove successful it could lead to significant additional value for the Company.

The Company receives quarterly reports from the IPD Rental Information Service ("IRIS"), which compares the overall quality of the tenants and portfolio's income with its IPD Benchmark funds within the peer group. This results in a weighted risk score that takes into account tenant credit ratings, lease length, tenant concentration, reversionary potential and vacancy. As at 31 March 2011, the Company's weighted risk score puts it in the top decile of its peer group funds. The table below shows the percentage of rental income generated by the portfolio graded by risk band, using credit ratings provided by Experian. Over the period the portfolio's overall risk profile has improved, and should improve further when the West Bromwich acquisition completes later this year.

Tenant risk band	Maximum (%)	High (%)	Medium-high (%)	Low-medium (%)	Low (%)	Negligible (%)	Unscored (%)	Ineligible (%)
Company's portfolio	2.90	3.49	1.54	5.47	25.56	59.54	1.51	0.00
IPD Benchmark	8.98	5.46	2.42	8.22	19.57	50.24	4.98	0.13

The IRIS analysis assists in illustrating headline trends but the credit rating scores provide limited detail. Consequently, we supplement the IRIS analysis with a detailed analysis of individual tenants.

Property portfolio performance

IPD has analysed the performance of the Group's underlying direct property portfolio relative to its peer group IPD Benchmark as at 31 March 2011. The table below shows the performance over 12 months, three years and since inception of the Company in July 2004 relative to the IPD Benchmark.

IPD sector	IFPT total return (%)			IPD total return (%)			Relative (%)		
	One year	Three years	Since inception	One year	Three years	Since inception	One year	Three years	Since inception
Retail and leisure	7.3	0.6	5.4	9.8	-1.1	3.7	-2.3	1.7	1.7
Offices	6.3	-2.1	5.0	9.9	-3.2	3.8	-3.3	1.2	1.2
Industrials	10.2	-3.3	3.9	8.6	-1.7	3.8	1.5	-1.6	0.2
All sectors	7.5	-1.6	4.9	9.7	-1.8	3.8	-2.0	0.1	1.0

IPD sector	IFPT rental value growth (%)			IPD rental value growth (%)			Relative (%)		
	One year	Three years	Since inception	One year	Three years	Since inception	One year	Three years	Since inception
Retail and leisure	-1.6	-2.6	0.7	-1.7	-3.3	-0.2	0.1	0.7	0.9
Offices	-1.8	-4.1	1.3	0.5	-5.6	-0.3	-2.3	1.6	1.7
Industrials	-1.3	-1.5	0.4	-1.3	-2.6	-0.5	0.0	1.1	0.9
All sectors	-1.6	-3.0	1.0	-0.8	-3.8	-0.3	-0.8	0.8	1.3

Including the performance of the Company's joint ventures increases the total return for the year to 31 March 2011 from 7.5% to 8.0%.

The relative underperformance of the Company's property portfolio over 12 months is principally due to a relatively low weighting to prime assets generally, Central London and parts of the retail warehouse market. The Company's weightings reflect the strategy to focus on higher yielding assets, which have over the last 12 months experienced less capital growth than lower yielding, prime assets.

Investment Manager's Report

Transactions

As noted above, we have been pursuing a disciplined and selective approach to new investment, actively analysing and bidding on a number of properties during the year. Acquisitions have focused on higher yielding investments with strong fundamentals, with the three most recent examples shown below.



Edinburgh, Keith House

In November 2010, the Company acquired Keith House in Edinburgh for £8.05 million, reflecting a yield of 14% and a low capital value of £95 per sq ft with strong property fundamentals. Keith House was constructed in 1990 and is located on Edinburgh West Office Park, which forms part of South Gyle, close to Edinburgh airport on the western outskirts of the City. Local amenities include the Gyle Shopping Centre and a new tram link scheduled to open by 2012. The offices are constructed to a good specification with a very favourable car parking ratio compared with competing buildings in the area.

Keith House is let to four office tenants including the Scottish Ministers, Bank of Scotland, Computacenter and Zurich Assurance producing rental income of £1.19 million per annum, and average rent of £17 per sq ft. The weighted average unexpired lease term is just below five years and, on acquisition, 20% of the building was vacant by area. Since acquisition the business plan has been to re-position the building in the market through a re-branding and a refurbishment of part. This refurbishment is now taking place and new lease discussions are ongoing with existing and potential occupiers.



West Bromwich, BT plc

Progress is being made with the development of the 75,000 sq ft, high quality office building in West Bromwich which will be acquired by the Company on completion, which is now scheduled for October 2011. Once completed, the property will be let to BT plc who will then become the Group's largest tenant, paying £1.2 million per annum on a 15 year lease with fixed annual rental uplifts of 3%. The agreed price of £14.9 million reflects a net initial yield of 7.6%, which is attractive when compared to the current market for comparable properties. The building is being constructed to a high quality environmental specification and will be capable of flexible future occupation.

We will continue to pursue further new acquisitions offering a blend of secure income with the potential to add value through asset management. As noted above, where asset business plans have been completed disposals will be considered, particularly where lower yielding assets can be sold and the proceeds reinvested to increase net income. An example of this is set out below.



York, Market Street

Since the year end the Company has sold a retail property on Market Street in York for £5.48 million, reflecting a net initial yield of 5%. The property was widely marketed and sold following completion of the business plan, where the lease to Superdrug was extended by five years, expiring in 2027. The property produced rent of £0.29 million per annum with limited growth prospects. The price achieved was £0.29 million or 5% below the year end valuation of £5.77 million. The proceeds from this disposal will be redeployed into higher yielding investments.

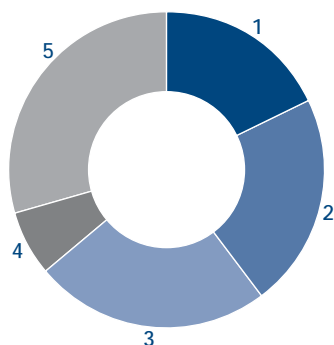
Asset management

As mentioned earlier, recent value enhancing asset management activity has often required a rent-free incentive to secure longer leases. This means that there is approximately £2 million of additional annual rent payable by May 2014, with no additional capital commitment required by the Company. In most instances this is secured against high quality tenants, the most significant of which are set out below:

Date	Property	Tenant	Additional rent per annum (£m)	Comment
02/12	Brighton, Victory House	BUPA Insurance Services Limited	0.96	Rent free period expiring. Lease expires 09/25 with a break in 09/20.
05/12	Uxbridge, 106 Oxford Road	New Buckinghamshire University	0.45	Half rent period expiring. Lease expires 03/29 with a break in 03/24.
03/14	Uxbridge, 106 Oxford Road	New Buckinghamshire University	0.11	Fixed rental uplift of 2.5% per annum compound. Further fixed uplift in 2019. Lease terms above.
04/14	Alfreton, Cotes Lane	Recticel Limited (Recticel S.A. guarantee)	0.37	Half rent period expiring. Lease expires 11/30 with no breaks.

Office Sector (prior to the acquisition of West Bromwich)

Regional weightings of the office portfolio



Geography

1 Central London	18.05%
2 Greater London	21.70%
3 South East	24.30%
4 Rest of South	6.64%
5 Rest of UK	29.31%



South Bank, London

Key facts

- 22 direct assets totalling £153.72 million
(31 March 2010: £141.25 million)
- 68 direct tenants generating £10.83 million per annum
(31 March 2010: £8.58 million)
- 7.21 years weighted lease length
(31 March 2010: 10.78 years)
- 7.88% void
(31 March 2010: 6.71%)

Minerva House (50% interest)

Minerva House, a 95,350 sq ft office building on the South Bank was the best performing office asset over the period, increasing in value by £2.25 million, or 9% to £27.75 million. This resulted in a total return of 15.4% over the period. The property is let to two tenants, Synovate Limited, guaranteed by Aegis plc, and Winckworth Sherwood LLP. The average rent in the building is £37 per sq ft, providing scope for future rental increases.

Retail and Leisure Sector (prior to the disposal of York)



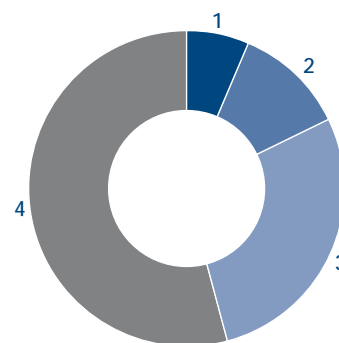
Hinckley

Coventry Road

The site at Coventry Road, Hinckley comprises 9.1 acres and as at 31 March 2011 was valued at £2.5 million. In 2007, the Company secured outline planning consent for 101,000 sq ft of retail warehousing and 19,240 sq ft of industrial warehousing. During the course of the year, negotiations have taken place with a number of potential retailers which require changes to the planning consent. In addition, and due to the change in market conditions since 2007, a new consent could be used to try and reduce the "planning gain" payments to the Local Authority that will now impact commercial viability, together with other onerous conditions such as the requirement to build the industrial space once half the retail consent was implemented. In May 2011, a revised planning consent was successfully obtained for 83,988 sq ft of retail and 37,935 sq ft of industrial warehousing, with the planning gain payment reduced from £0.53 million to £0.14 million. There is now no obligation to build the industrial space.

Terms have been agreed in principle with two national retailers to take pre-lets of the scheme and discussions are taking place with a number of other retailers in an attempt to secure further pre-lets before the Company commences development.

Regional weightings of the retail and leisure portfolio



Geography

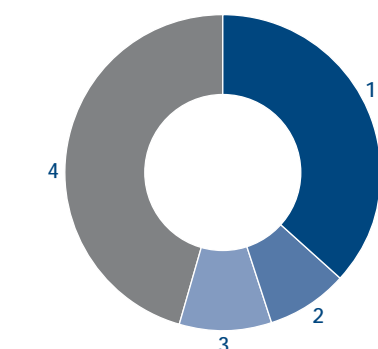
1 London	6.64%
2 South East	11.23%
3 Rest of South	28.24%
4 Rest of UK	53.89%

Key facts

- 21 direct assets totalling £94.95 million
(31 March 2010: £99.1 million)
- 60 direct tenants generating £6.93 million per annum
(31 March 2010: £7.36 million)
- 10.37 years weighted lease length
(31 March 2010: 10.57 years)
- 4.28% void
(31 March 2010: 1.41%)

Industrial Sector (post BBC lease expiry at Reynards Business Park in Brentford)

Regional weightings of the industrial portfolio



Geography

1 London	36.86%
2 South East	8.21%
3 Rest of South	9.55%
4 Rest of UK	45.38%

Key facts

- 15 direct assets totalling £82.75 million
(31 March 2010: £79.17 million)
- 63 direct tenants generating £4.38 million per annum
(31 March 2010: £5.87 million)
- 9.22 years weighted lease length
(31 March 2010: 6.05 years)
- 20.5% void
(31 March 2010: 15.98%)



Brentford

Reynard Business Park

Reynards Business Park comprises a 173,000 sq ft secondary industrial estate on a six acre site, valued at £12 million as at 31 March 2011. The lease to the BBC, who were paying a rent of £700,000 per annum, expired following the year end, creating the largest void in the portfolio representing 2.5% of the total void by rental value. The Company expected the BBC to vacate and had over the period been negotiating an early dilapidations settlement. This was agreed at £1.1 million prior to the year end and therefore accrued in the accounts. The payment was received following the year end.

The strategy for the asset has been to review the potential for higher value alternative uses at the site, which is in a predominantly residential location. Following the recent conclusion of this review, a planning application was submitted for residential use with 315 dwellings, totalling approximately 250,000 sq ft. The proposed scheme has been prepared in accordance with pre-application discussions with the London Borough of Hounslow and the Greater London Authority. Although the site is not identified for residential development, the

Company's planning consultants believe that the redevelopment for residential use is supported by planning policy. A decision on the planning application is expected by the end 2011, and if positive, the Company would expect to sell the site with the benefit of the consent.

Alfreton

Recticel

As noted above, 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. At the same time a guarantee to the lease was secured from the tenant's parent company, Recticel S.A. This was achieved with a small rental increase from £713,000 to £731,000 per annum, and in return the tenant received 41 months at half rent from completion in November 2010. The bespoke nature of the property with the risk of capital value decline as the lease shortened, justified the quantum of tenant incentive. Furthermore, this increased the property value over the period by £1.3 million or 18% to £8.4 million, contributing to a total return over the period of 27%.

Finance

On-balance sheet finance

The Group's securitised borrowings remained unchanged during the year at £173.5 million. As at 31 March 2011, the loan-to-value ("LTV") ratio for this loan facility, including cash in the security pool of £28.6 million, was 43.95% compared to a covenant level of 60%.

The table below sets out details of the securitised loan and associated annual interest costs, including details of the interest rate swaps that fully hedge its interest payments over the loan term. The securitised loan comprises a single tranche of notes that are rated "AAA" and "Aaa" by Standard and Poor's and Fitch Ratings respectively.

	Amount (£m)	Swap rate (%)	Margin (%)	Total interest rate (%)	Swap maturity	M2M* 31 Mar 11 (£m)
Loan	62.5	5.099 Fixed	0.20	5.299	15/07/2014	(6.26)
Loan	111.0	5.713 Fixed	0.20	5.913	15/07/2016	(16.93)
Loan total	173.5	5.420 Fixed	0.20	5.692	N/A	(23.18)
Liquidity Facility**	11.2	0.82 Libor***	0.662	1.202*		N/A

* 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 31 March 2011.

The Group's NAV includes the negative marked-to-market value of the interest rate swaps. As at 31 March 2011 the negative impact was -£23.18m or -6.5 pps, representing 12.8% of the total NAV of the Company. The marked-to-market value of the swap is impacted by changes in interest rate expectations and the period to maturity. Due to changing market interest rate expectations during the year, movements in the marked-to-market of the Group's interest rate swaps have been volatile. They peaked at -£32.5m in September 2010. The negative marked-to-market value of the swaps is ignored for the purposes of testing the LTV ratio covenant.

As at 31 March 2011, the Group had further unencumbered cash of £16.3 million outside the securitised debt pool, resulting in total cash, ignoring the Liquidity Facility, of £44.9 million. This resulted in a LTV ratio, net of all cash in the Group, of 39%. As further capital is deployed in line with the strategy the net LTV may increase from the current level. We will be assessing this with the Board taking into account the additional income and resultant impact on dividend cover arising from such activity.

The other key banking covenant is the interest cover ratio ("ICR") covenant of 150%, calculated as a percentage of total annual net rent over total annual interest. Net rent is defined as the amount to be received during the 12 months following the test date. This analysis assumes that all tenants vacate at the earliest opportunity. Deducted from this rent is the annualised rent for any tenancies where the tenant has rental arrears greater than 60 days and also any interest earned on cash in the security pool. Calculating the covenant in this way results in an ICR of 209% compared with the covenant of 150%.

Investment Manager's Report

Joint venture and associates

Progress is being made with the strategy to realise value from the Company's joint ventures, where over the period the combined NAV increased to £3.9 million, an uplift of £1.1 million or 40%. All three have separate, non-recourse off-balance sheet borrowings and a brief overview of each is set out below:

Merchant Property Unit Trust ("MPUT") – 19.5% share

Over the year the Company's stake in MPUT increased in value by £0.4 million, or 18%, to £2.7 million. MPUT owns 32 properties let to Travis Perkins on 20 year leases, without breaks. The leases benefit from 3% per annum compound minimum fixed uplifts every five years. These defensive characteristics have led to strong property performance, with the underlying portfolio now valued at £40.4 million, reflecting a net initial yield of 6%. The non-recourse loan secured against the portfolio totalling £24.65 million expires in 2013, over which period there are fixed rental uplifts of 10%, supporting the value prior to a possible refinancing. The loan-to-value ratio is now 61% compared to a covenant of 100% which tapers down to 85% in January 2012 and 75% in January 2013. In term of the interest cover ratio, as at 31 March 2011 this is 138% compared with a covenant of 125%. Based on the scheduled amortisation the projected interest cover is approximately 180% by 2013 versus a covenant of 150%. The Company's NAV in MPUT is currently diluted by -£0.33 million due to a negative marked-to-market value of the interest rate swap.

Options for disposing of all or part of the portfolio are being considered, having regard to both the swap break costs associated with repaying the loan and the refinance risk in 2013.

Crendon Industrial Partnership Limited ("CIPL") – 50% share

Over the period the Company's stake in CIPL increased in value by £0.7 million, or 125%, to £1.2 million. CIPL owns a 453,000 sq ft industrial estate near Thame in Oxfordshire, which as at 31 March 2011 was valued at £24.75 million, reflecting a net initial yield of 8.2%. A number of new lettings and lease renewals have been completed over the period, with income increasing from £1.9 million to £2.14 million per annum.

The non-recourse sheet loan secured against the property totalled £26.05 million as at 31 March 2011. This reflected a net LTV, after taking account of £2.6 million of free cash in the structure, of 95%. Following the successful loan restructuring in 2007, which extended the loan term to 2013, there is no LTV covenant. There are three ICR covenants, varying in terms of definition of rental income, with covenant levels set between 125% and 135%. CIPL remains in full compliance with actual ICR levels varying between 163% and 188%.

The business plan for the asset is to grow income through asset management. With limited capital value growth expected, bank approval is being sought to use surplus cash to progress a planning application for 60,000 sq ft of new distribution warehousing accommodation. CIPL will not build speculatively and will instead seek pre-lets or land sales.

One Plantation Place Unit Trust ("OPPUT") – 29% share

OPPUT owns the prime City of London office building, Plantation Place EC3. The property, which comprises 547,000 sq ft, is fully let for an average of 16 years assuming tenant breaks are exercised with Accenture accounting for 72% of the income on a lease expiring in 2029. The valuation of the underlying Plantation Place property as at 31 March 2011 was £478 million, an increase of £53 million or 12.5% compared with 31 March 2010. The current valuation reflects a net initial yield of 5.7%. The uplift over the period reflected continued positive sentiment in the Central London office market, with some recent asset management activity successes involving ground floor retail rent reviews being settled ahead of the independent valuation assumptions.

The debt secured against the property totals £431.34 million and is securitised. Despite the positive valuation increase over the period, the net loan-to-value of 90% exceeds the net loan-to-value ratio covenant of 82.14%. In addition, the interest rate swaps that hedge against interest movements over the loan term had a negative marked-to-market value of -£32.68 million as at 31 March 2011. Despite total assets now exceeding total liability as at 31 March 2011, the continuing LTV breach and resultant uncertainty means that the Company's investment will continue to be held at nil.

In an attempt to remove this uncertainty, in December 2010 the investors in OPPUT made a restructuring proposal involving a waiver of the loan-to-value ratio covenant for a period of up to 22 months, during which time a consensual and orderly sales process would be undertaken which could result in the sale of the property or the equity interest in OPPUT, subject to certain conditions being met. The proposal received strong support from noteholders but was blocked by a single noteholder representing just 2.41% of the total notes outstanding. The property continues to be in compliance with the interest cover ratio covenants.

In light of the above the Company and the other equity investors in OPPUT will continue to seek a consensual solution to maximise value for all stakeholders through a sale of the property or the equity interest in the property.

Conclusion

Despite a challenging economic background, the Company's net income and dividend cover is set to improve over the coming year, thanks to the transactions and asset management activities described above. With occupational markets continuing to remain challenging, we remain committed to a disciplined and pro-active approach to asset management across the whole portfolio in order to increase the capital value of the Company's assets over the longer term.



Duncan Owen

Chief Executive Officer

Invista Real Estate Investment Management Limited

8 July 2011

Board of Directors



Andrew Sykes Chairman

Aged 53, was a Director of Schroders plc from 1998 to 2004, and 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, Deputy Chairman of Smith & Williamson Holdings Limited and a Non-Executive Director of JP Morgan Asian Investment Trust plc, Record plc and SVG Capital plc. He is also a Director of the Schroder Exempt Property Unit Trust and a Trustee of the Schroder pension Scheme, but will resign from these roles shortly.



John Frederiksen

Aged 63, is Chairman of the Danish Property Federation and several major Danish property and other companies as well as President of the European Property Federation. He established and was Managing Director of Bastionen A/S, one of the largest Danish property investment companies from 1986 to 2001. He was also Chairman of ASC, the largest property management company in Denmark, from 1990 to 1998.



Keith Goulborn

Aged 66, was Head of Unilever's UK Property Department for 17 years. In this capacity he was responsible for the property investment activities of the Unilever Pension Fund in the UK and 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.



Harry Dick-Cleland

Aged 54, is Managing Director of Cleland & Co Limited, Chartered Accountants which he founded in 2003. He was previously a Partner at Ernst & Young from 1998 to 2003, having joined their Guernsey office in 1987. He is a fellow of the Institute of Chartered Accountants in England & Wales.



David Warr

Aged 57, is a fellow of the Institute of Chartered Accountants in England & Wales with particular expertise in trust and corporate work. He is also a Non-Executive Director of UK Select Trust Limited, FRM Diversified Alpha Limited, Breedon Aggregates Limited, Unigestion (Guernsey) Limited and Mid Europa Fund Management Limited.



Peter Atkinson

Aged 56, 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 a Non-executive Director of a number of listed and unquoted companies. 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.

Report of the Directors

The Directors of Invista Foundation Property Trust Limited (the "Company") and its subsidiaries (together the "Group") present their report and the audited financial statements of the Group for the year ended 31 March 2011. The Company is registered in Guernsey, Channel Islands under the Companies (Guernsey) Law 2008.

Section A

Business review

Business of the Company

The Company is a limited liability, closed-ended, Guernsey investment company managed by Invista Real Estate Investment Management Limited (the "Investment Manager"). A review of the business during the past year is contained in the Chairman's Statement and the Investment Manager's Report.

Investment policy and strategy

Investment objective

The investment objective of the Company is to provide shareholders with an attractive level of income together with the potential for income and capital growth through investing in UK commercial property. The Group invests principally in the three main commercial property sectors – office, retail and industrial and may invest in other sectors from time-to-time.

Diversification

The Board believes that in order to maximise the stability of the Group's income, the optimal strategy for the Group is to invest in a portfolio of assets which (a) is diversified by location, sector, asset size and tenant exposure and (b) has low vacancy rates and creditworthy tenants. There is a predefined limit on the value of any individual asset at the date of its acquisition, set at 15% of gross assets, and a limit of 10% on the proportion of rental income deriving from a single tenant. From time-to-time the Board may also impose limits on sector, location and tenant types. At present, the Board has not set a limit on the proportion of the portfolio that can be invested in development property.

The Company's portfolio will be invested and managed, as is currently required by the Listing Rules of the Financial Services Authority ("FSA" and "Listing Rules" respectively), in a way which is consistent with its objectives of spreading investment risk, in accordance with the Rules of the Channel Islands Stock Exchange ("CISX") and taking into account the Company's investment objectives, policies and restrictions.

Asset allocation

The Group currently owns, and intends to continue to own, a diversified portfolio of UK commercial property. Its sector focus will be office, retail and industrial. The Group may acquire other types of real estate including, for example residential or leisure. At present, the Board has instructed the Investment Manager to seek to maintain the Group's exposure to the office sector at below 60% of the total value of the Group's assets. This instruction will be kept under review by the Board. Asset allocation will also be determined taking into account current Listing Rule requirements (please refer to the paragraph below headed "Investment Restrictions"), the Rules of the CISX and the Company's investment objective, policy and restrictions.

Borrowings

As at 31 March 2011, the Group had £173.5 million of on balance sheet debt (excluding the liquidity facility). The Board has established a gearing guideline for the Manager, which limits on balance sheet debt, net of cash, to 40% of on balance sheet assets. It should be noted that the Company's Articles of Incorporation limit its borrowings to 65% of the Group's gross assets, calculated as at the time of borrowing. The Board keeps this guideline under review, and if it is exceeded at any time the Directors may require the Investment Manager to manage the Group's assets with the objective of bringing borrowings within the appropriate limit while taking due account of the interests of shareholders. Accordingly, corrective measures may not have to be taken immediately if this would be detrimental to shareholder interests.

Report of the Directors

Interest rate exposure

It is the Board's policy to hedge interest rate risk, either by ensuring that borrowings are on a fixed rate basis, or through the use of interest rate derivatives. Interest rate derivatives may only be employed for hedging purposes.

Investment strategy

In pursuing the investment objective, the Investment Manager intends to target assets with good fundamental characteristics, a diverse spread of occupational tenants and with opportunities to enhance value through active management.

The Investment Manager will adjust sector and regional weightings to access higher growth markets to maximise the potential for income and capital growth, subject to restrictions imposed by the Board from time-to-time.

Investment restrictions

As the Company is a closed-ended investment fund for the purposes of the Listing Rules, the Group will adhere to the Listing Rules applicable from time-to-time to closed-ended investment funds. The Company and, where relevant, its subsidiaries will observe the following restrictions applicable to closed-ended investment funds in compliance with the current Listing Rules:

- neither the Company nor any subsidiary will conduct a trading activity which is significant in the context of the Group as a whole and the Group will not invest in other listed investment companies; and
- where amendments are made to the Listing Rules, the restrictions applying to the Company will be amended so as to reflect the new Listing Rules.

Key Performance Indicators ("KPIs")

The Board uses two principal financial KPIs to monitor and assess the performance of the Company being (1) the absolute net asset value ("NAV") total return of the Company and (2) the performance of the Company's underlying property portfolio relative to a peer group Benchmark Index (defined below):

1. NAV total return

For the year to 31 March 2011, the Company produced a NAV total return of 4.2% (29.3% for the year to 31 March 2010). From inception in May 2004, the Company has produced an annualised NAV total return of -3.4% per annum.

2. Underlying property portfolio performance relative to peer group Benchmark

The performance of the Company's property portfolio is measured against a specific benchmark defined as the Investment Property Databank Quarterly Version of Balanced Monthly Index Funds (the "Benchmark Index"). As at 31 March 2011, the Benchmark Index comprised 62 member funds. For the 12 months to 31 March 2011 the Company's underlying property portfolio produced a total return of 7.5% (18.8% for the year to 31 March 2010) compared to the Benchmark Index average of 9.7% (2010: 14.7%). Over the three years to 31 March 2011 the Company's underlying direct property portfolio produced a total return of -1.6% per annum (2010: -5.8% per annum) compared to the Benchmark Index total return of -1.7% per annum (2010: -8.3% per annum). It should be noted that all these return calculations are undertaken on a "like-for-like" basis and take account of all direct property related transaction costs. Including the Group's joint venture investments at their net asset value improves the Company's performance over the 12 months to 8.2% (2010: 19.6%).

The Board also monitors the level of the share price compared to the NAV. Where appropriate on investment grounds, the Company may from time-to-time repurchase its own shares, but the Board recognises that movements in the share price premium or discount are driven by numerous factors, including investment performance, gearing and market sentiment. Accordingly it focuses its efforts principally on addressing sources of risk and return as the most effective way of producing long-term value for shareholders.

Dividend

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

Dividend for quarter	Date paid	Rate
31 March 2010	19 May 2010	0.8800 pence per share
30 June 2010	20 August 2010	0.8800 pence per share
30 September 2010	19 November 2010	0.8800 pence per share
31 December 2010	19 February 2011	0.8800 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 2011 of 0.88 pence was declared on 27 April 2011 and paid on 27 May 2011.

Accounting, legal and regulatory

The Company has robust processes in place to ensure that accurate accounting records are maintained and that evidence to support the accounts is available to the auditors upon request. The Investment Manager operates established property accounting systems and has procedures in place to ensure that the quarterly NAV and Gross Asset Value are calculated properly.

In addition, the Company's property assets are valued quarterly by specialist property valuation firms who are provided with regular updates on portfolio activity by the Investment Manager.

The Administrator monitors legal requirements to ensure that adequate procedures and reminders are in place to meet the Company's legal requirements and obligations. The Investment Manager undertakes full legal due diligence with advisors when transacting and managing the Company's assets. All contracts entered into by the Company are reviewed by the Company's legal and other advisors.

Processes are in place to ensure that the Company complies with the conditions applicable to property investment companies set out in the Listing Rules and the Rules of the CISX. The Administrator attends all Board meetings to be aware of all announcements that need to be made and the Company's advisors are aware of their obligations to advise the Administrator and where relevant, the Board of any notifiable events. Finally, the Board is satisfied that the Investment Manager and Administrator have adequate procedures in place to ensure continued compliance with the regulatory requirements of the FSA, the CISX and the Guernsey Financial Services Commission.

Management

The Company has retained the services of Invista Real Estate Investment Management Limited as its Investment Manager. The Investment Manager is the largest listed real estate fund manager in the United Kingdom with Lloyds Banking Group plc holding a 55% stake. The team dealing with the Company is led by Duncan Owen, CEO of the Investment Manager who chairs their bi-monthly investment committees. The other members of that committee are Nick Montgomery, Andrew Macdonald and Chris Ludlam. The Board continues to be satisfied that the Investment Manager has sufficient resources available to deliver the investment objective.

On 21 March 2011, the Company gave notice to the Investment Manager of the termination of its investment management agreement to take effect in a years' time, on 21 March 2012, as a result of developments at the Investment Manager's parent company. The Board is working actively towards the appointment in the near future of a new investment manager.

Report of the Directors

Management and performance fees

The Investment Manager is entitled to a Base Fee and a Performance Fee together with reasonable expenses incurred in the performance of its duties. With effect from 1 July 2009, the basis for calculating the Base Fee has been changed. The Base Fee is payable monthly in arrears and shall be an amount equal to one twelfth of the aggregate of 2% of the NAV of the Company where the NAV is less than £150 million, 1.75% where the NAV is between £150 million and £200 million and 1.5% where the NAV is more than £200 million subject to a minimum threshold of £229,000 per month. If the base fee is less than the minimum threshold it will be re-calculated to be an amount equal to 0.95% of the gross assets of the Company.

The Investment Manager is also entitled to an annual Performance Fee where the total NAV 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 (the "Performance Fee"). The Performance Fee will only be payable where (1) in respect of the relevant financial period, the total return of the underlying assets must meet or exceed the Benchmark Index on a like-for-like basis and (2) the annualised total return over the period from admission of the Company's ordinary shares to the end of the relevant financial period must be equal to or greater than 10% per annum.

The Base Fee and the Performance Fee are subject to a maximum cap of 5% of the NAV of the Company calculated at the Company's financial year end. To the extent that the aggregate amount of the Base Fee and the Performance Fee in any financial year exceeds 5% of the NAV of the Company (the "Maximum Payment"), the Performance Fee will be scaled back so that the Maximum Payment is not exceeded in any financial year. For the avoidance of doubt, any Performance Fee which is not paid by the Company to the Investment Manager as a result of the scaling back described above cannot be reclaimed by the Investment Manager in a subsequent financial period.

The Investment Management Agreement can be terminated by either party on not less than 12 months notice in writing. As noted in the Chairman's Statement, the Company gave notice to the Investment Manager of the termination of its Investment Management Agreement, to take effect on 21 March 2012.

Administration

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

Accounting services

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

As a consequence of the Company serving notice to the Investment Manager of the termination of its investment management agreement, the Company also gave notice to Invista Real Estate Investment Management Limited as Accounting Agent, to take effect on 30 April 2012.

Going concern

The Directors have examined significant areas of possible financial risk including cash and cash requirements and the debt covenants, in particular the loan-to-value covenant and interest cover ratio. They have not identified any material uncertainties which would cast significant doubt on the Group's ability to continue as a going concern for a period of not less than 12 months from the date of the approval of the financial statements. The Directors have satisfied themselves that the Group has adequate resources to continue in operational existence for the foreseeable future. After due consideration the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

Creditor payment policy

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

Directors

The Directors of the Company together with their beneficial interest in the Company's ordinary share capital as at the date of this report are given below:

Director	Number of ordinary shares	Percentage (%)
Andrew Sykes	60,292	Less than 0.1
Keith Goulborn	34,880	Less than 0.1
Harry Dick-Cleland	–	–
David Warr	150,000	Less than 0.1
Peter Atkinson	10,000	Less than 0.1
John Frederiksen	50,000	Less than 0.1

The annual remuneration of the Directors during the last year is set out in the table below. Additional fees were paid in the year ended 31 March 2011, in relation to significant additional work caused by changes at the Investment Manager, Invista Real Estate Investment Management Limited, as described above, and it is anticipated that the same level of additional fees will also be paid in the year ending 31 March 2012.

	Annual fee	Additional 2011 fees	Total
Andrew Sykes (Chairman)	37,500	15,000	52,500
Keith Goulborn	22,500	5,000	27,500
Harry Dick-Cleland*#	32,500	2,500	35,000
David Warr*	27,500	2,500	30,000
Peter Atkinson*	27,500	2,500	30,000
John Frederiksen	22,500	2,500	25,000
	170,000	30,000	200,000

* Member of the Transaction Committee (see page 28).

Chairman of the Audit Committee.

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

Directors receive a base fee of £22,500 per annum, and the Chairman receives £37,500 per annum. The Chairman of the Audit Committee receives an additional fee of £5,000 and members of the Transaction Committee each receive an additional fee of £5,000 reflecting their additional responsibilities and workload.

Substantial shareholdings

At 31 March 2011 the Directors were aware that the following shareholders each owned 3% or more of the issued ordinary shares of the Company.

	Number of ordinary shares	Percentage (%)
Schroder Investment Management Limited	42,331,812	11.89
Investec Asset Management	35,206,648	9.89
Cazenove Capital Management	24,960,520	7.01
JO Hambro Capital Management	20,118,592	5.65
Clerical Medical	19,265,000	5.41
Legal & General Investment Management Limited	17,884,623	5.02
Witan Investment Co Plc	15,750,000	4.43
Kleinwort Benson Ltd	10,696,492	3.01

Report of the Directors

Disclosure of information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

KPMG Channel Islands Limited have expressed their willingness to continue as auditors to the Company (the "Auditors") and resolutions proposing their reappointment and authorising the Directors to determine their remuneration for the coming year will be put to shareholders at the annual general meeting ("AGM") of the Company.

Corporate governance

Principles statement

The Directors are committed to maintaining high standards of corporate governance. Insofar as the Directors believe it to be appropriate and relevant to the Company, it is their intention that the Company should comply with best practice standards for the business carried on by the Company.

It is the Board's intention to continue to comply with the Association of Investment Companies Code of Corporate Governance.

Corporate Governance Codes

The Board notes the consultation on the proposed Guernsey Code of Corporate Governance.

In accordance with the Listing Rules, the Company is required to comply with the UK Corporate Governance Code (the "Code"), which is now applicable to all Premium-listed issuers. It is the intention of the Board that the Company will comply with those provisions throughout the year to 31 March 2012.

The Directors believe that the Group has complied with the provisions of the Code where appropriate, and that it has complied throughout the year with the provisions where the requirements are of a continuing nature.

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:

- the overall objectives of the Company as described under the paragraph above headed "Investment policy and strategy" and the strategy for fulfilling those objectives within an appropriate risk framework in light of market conditions prevailing from time-to-time;
- the capital structure of the Company including consideration of an appropriate policy for the use of borrowings both for the Company and in any joint ventures in which the Company may invest from time-to-time;
- the appointment of the Investment Manager, Administrator and other appropriately skilled service providers and to monitor their effectiveness through regular reports and meetings; and
- the key elements of the Company's performance including NAV growth and the payment of dividends.

Board decisions

The Board makes decisions, among other things on the principal matters set out under the paragraph above headed "Role of the Board". 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 Investment Manager or the Administrator, unless the Board considers there will be implementation matters significant enough to be of strategic importance to the Company and should be reserved to the Board. Generally these are defined as:

- large property decisions affecting 10% or more of the Company's assets;
- large property decisions affecting 5% or more of the Company's rental income; and
- decisions affecting the Company's financial borrowings.

Board performance evaluation

As in prior years, the Board has undertaken a review of its performance. This review concluded that the Board was operating effectively and that the Directors had the breadth of skills required to fulfil their role.

Non-Executive Directors, rotation of Directors and Directors' tenure

The Code recommends that Directors should be appointed for a specified period. The Board has resolved in this instance that Directors' 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. In accordance with the Code, the Board has also approved a policy that Directors will stand for re-election every three years. Andrew Sykes and David Warr will stand for re-election during the year commencing 1 April 2011.

The Board has determined that all the Directors are independent of the Investment Manager except John Frederiksen. It is noted that John Frederiksen is a Non-Executive Director of Invista European Real Estate Trust which is also managed by the Investment Manager. He is therefore also considered to be a non-independent Director under the Listing Rules.

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 for the Board.

At the Board's quarterly meetings it considers papers circulated in advance including reports provided by the Investment Manager and the Administrator. The Investment Manager's report comments on the United Kingdom commercial property market, performance, strategy, transactional and asset management activities and the Group's financial position including relationships 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 objectives and other associated matters are being implemented and also to consider any relevant risks and how they can be properly managed. The Board also considers reports provided from time-to-time by its various service providers reviewing their internal controls.

The table below shows the attendance at quarterly Board and Audit Committee meetings during the year to 31 March 2011:

	Board	Audit Committee
Andrew Sykes (Chairman)	4	2
Keith Goulborn	4	2
Harry Dick-Cleland	4	2
David Warr	4	2
Peter Atkinson	4	1
John Frederiksen	4	1
No. of meetings during the year	4	2

Report of the Directors

In addition to its regular quarterly meetings, the Board met on 13 other occasions during the period although it was not possible for all Directors to attend these meetings. The Company maintains liability insurance for its Directors and Officers.

Committees of the Board

The Audit Committee

The Audit Committee is chaired by Harry Dick-Cleland with Andrew Sykes, Keith Goulborn, John Frederiksen, David Warr and Peter Atkinson as members. The Board considers that Harry Dick-Cleland's experience makes him suitably qualified to chair the Audit Committee. The Audit Committee meets no less than twice a year and if required meetings can also be attended by the Investment Manager, the Administrator and the Auditors.

The Audit Committee is responsible for reviewing the half-year and annual financial statements before their submission to the Board. In addition the Audit 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 independence and objectivity and reviewing with the Auditors the results and effectiveness of the audit.

During the year the Auditors were involved in reviewing the interim financial statements. A nominated representative of the Committee met with the Company's valuer to discuss the scope and conclusions of their work.

Nomination Committee

The Nomination Committee is chaired by Andrew Sykes with all other Directors as members. The Nomination Committee did not meet in the course of the year.

As all the Directors are non-executive the Board has resolved that it is not appropriate to have a Remuneration Committee.

Transactions Committee

The members of the Transactions Committee are Peter Atkinson, Harry Dick-Cleland and David Warr, with the Chairman elected at each meeting. The Transactions Committee reviews transactions between regular scheduled Board meetings where a Board approval is required. All transaction proposals are circulated to all Directors in advance of meetings of the Transactions Committee, together with a recommendation and explanatory note from the Investment Manager. All Board members may comment in advance of the Transactions Committee meeting, but only those attending will consider the proposal. Transactions are noted subsequently at regular quarterly Board meetings. The members of the Transactions Committee are each paid a fee of £5,000 per annum, in addition to their fees as Directors.

Shareholder relations

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

In addition, the Board is kept fully apprised by the Investment Manager and other professional advisers including the Company's brokers of all market commentary on the Company. Through this process the Board seeks to monitor the views of shareholders and to ensure an effective communication programme. The Chairman and Directors also hold meetings with shareholders in response to invitations to do so.

Details of the resolutions to be proposed at the Annual General Meeting on 6 September 2011 can be found in the Notice of the Meeting.

Internal control

The Code requires the Directors annually to review the effectiveness of the Group's system of internal controls and to report to shareholders on their findings. Although such a system can only provide reasonable assurance and not absolute assurance against material misstatement or loss, it is designed to manage rather than eliminate the risk of failure.

The Board considers risk management and internal controls on a regular basis during the year. The key reviews conducted by the Directors are described as follows:

- The Board arranges to meet the Investment Manager annually. This allows the Board to meet other members of the Investment Manager's team. On those occasions the Board examines the Investment Manager's processes in more detail than is possible at Board meetings and is able to gain a better understanding on the level of resource that is applied by the Investment Manager to the Company's business.
- The Board regularly reviews the Investment Manager's Business Contingency Management and is able to discuss this and other matters with the Investment Manager's Chief Risk Officer. The Board has also reviewed a risk report prepared by the Investment Manager's risk team in relation to the Company and is satisfied that their approach is appropriate for the Group.
- 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 Company. This enables the Board to view at first hand the level of resources made available to the Company by the Administrator.

The Group's system of internal controls therefore is substantially reliant on the Investment Manager's and the Administrator's own internal controls and internal audit processes.

The key elements designed to provide effective internal controls are as follows:

- regular review of relevant financial data including management accounts and performance projections;
- contractual documentation with appropriately regulated entities which clearly describes responsibilities for the principal service providers concerned;
- the Investment Manager's system of internal controls which is based on clear written processes, a formal Investment Committee, clear lines of responsibility and reporting all of which are monitored by the Investment Manager's internal risk team. The Investment Manager is authorised and regulated by the FSA; and
- the Company's strategy as authorised by the Board including regular monitoring by the Board of the Investment Manager's effectiveness in its implementation.

Corporate Social Responsibility – benefits, risks and controls

The Board agrees with the Investment Manager that corporate social responsibility remains key to long-term future business success.

The Investment Manager states:

"Invista's principal objective is to deliver financial outperformance for its clients. Invista is committed to achieving this objective in a manner which is consistent with the FSA's Treating Customers Fairly ("TCF") initiative. Invista also recognises its broader responsibilities as a manager of assets that impact the built environment and seeks through constructive dialogue with relevant stakeholders, and through a programme of continuous improvement, to ensure that assets managed by Invista have a positive and sustainable impact on the environment and on key social and economic factors.

Report of the Directors

Responsible business practice means having in place appropriate policies and procedures approved by Invista's Board to ensure a consistent, fair and transparent standard that governs the manner in which we treat our customers, employees and shareholders. This same approach is applied to our service providers and suppliers as we seek to ensure we only work with companies who have closely aligned values and policies.

Corporate and Social Responsibility ("CSR") is a strategic asset and a key differentiator and as such, is embedded as part of a continuing process for Invista to add long-term value to the business, our people and to our shareholders.

Invista recognises the importance of CSR, and is aware that engaging in sustainable initiatives can result in significant benefits, as occupiers and investors over time increase their demand for sustainable and energy efficient buildings.

We consider that responsible and informed investment decisions should only be made with a firm understanding of sustainability issues. For this reason, Invista's Sustainability Committee has formulated the Company's Sustainability Property Investment Policy and Strategy to ensure that sustainable property management activities and investment decisions are properly integrated.

In addition we recognise this as an area of the real estate industry that is continuously evolving. We are committed to working constructively with our clients, business partners, suppliers, occupiers and local communities, as well as planning and regulatory bodies in order to achieve greater sustainability standards in property development and management. We also engage with relevant external consultants to ensure we continuously improve and update our policies and practices in this area."

As noted above, sustainability related issues are a major factor affecting the management of real assets, and Invista has developed and enhanced its sustainability related processes over the period. This is summarised below.

The specialist consultancy, Upstream, a part of Jones Lang Lasalle, produces a quarterly health check report on Carbon Reduction Commitment ("CRC") data relating to the Company's direct portfolio. The report provides an overview on progress with regards to the collection of utilities data, presented in terms of carbon emissions and the large emitters are focused upon to give an idea of where the main costs will lie. The health check report presents the estimated costs of CRC compliance, calculated according to the energy usage data collected. This is valuable information for planning future energy and CRC expenditure, as well as developing building energy efficiency improvement strategies. Scenario modelling is also used to highlight how energy efficiency improvements on assets emitting significant amounts of the portfolios' total emission can affect the portfolio's overall performance. In parallel with this data analysis, Invista believe an asset-led approach will also add value as the prominence of sustainability increases through legislative pressures.

Multi-let office assets are the most common participant of CRC reporting and one of the biggest contributors to carbon emissions in the Company's portfolio. Energy Performance Certificates ("EPCs") are in place which ascertains the current energy efficiency of each asset as well as outlining recommendations for increasing efficiency. Examples of practical initiatives being implemented at Minerva House in London, a multi-let office building, are summarised below:

Energy usage and management

Full energy monitoring and targeting service implemented with the objective that any data captured is suitable and useable for CRC compliance purposes, and the results provide some clear planning strategies in terms of cost and carbon reduction.

Utility contracts have been tendered with a policy that any green energy priced within 5% of brown energy is procured and any vacant units moved to a more cost effective green supply.

Occupier engagement

Property managers have a team dedicated to sustainability that engages with occupiers to improve building performance and ultimately reduce the Company's CRC liability through "future-proofing". This approach is expected to enhance its long-term value.

Positive tenant dialogue led to the formation of a "Green Forum" comprising representatives from property managers, Invista and the tenants. This forum reviews data relating to building performance, utility usage and other sustainable initiatives and then agrees a strategy for implementing improvements. It is hoped that over time this forum will consider introducing green leases or other measures to increase building performance. This has been extremely well received by the tenants.

Refuse

Refuse is collected by the City of London with each tenant having their own arrangements. Through the Green Forum we have engaged with tenants to ascertain whether this arrangement can be changed, introducing tenants to a progressive sustainability provider, with the ultimate objective of zero waste for landfill. As a result, Minerva House is now a "zero to landfill" building. The office tenants have fully subscribed to green objectives and 70% of all the office waste is recycled with the remaining 30% of waste being harnessed through "waste-to-energy" technology.

Other initiatives

Understanding Mechanical and Electrical ("M&E") systems is a key part of due diligence before an acquisition, and of ongoing maintenance. In particular, this focuses on refrigerant gases used in landlord-maintained air conditioning systems to establish whether these are run on "F" gases (these are gases that contain fluorine as part of their chemical make-up, and are subject to regulation imposed by the European Parliament and Council) and whether this should be considered in future service charge budgets. At Minerva House, the pre-acquisition due diligence highlighted the use of R22, an "F" gas. This resulted in a Planned Programme of Maintenance ("PPM") to remove this refrigerant and the entire Chiller based air conditioning was replaced with a Variable Refrigerant Volume (VRV) system that uses 407 and 410 refrigerants, the latest in EU approved, and sustainable refrigerant gases. This work was financed entirely through the building's sinking fund, at no cost the Company.

Low Carbon Workplace Consultants have been engaged at Minerva House to work on the M&E to ascertain whether any changes being made to plant or equipment in the building are the best possible solution in terms of minimising CO₂ output. This is being supported by a sustainability partner, The Green House, who has a supplier listing of approximately 200 contractors specialising in sustainable solutions.

Status for taxation

The Income Tax Director 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 Company'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.

Section B

THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this section of the document or the action you should take, you are recommended to seek immediately your own personal financial advice from an appropriately qualified independent adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in the Company please send this document (including the Notice of AGM) and the accompanying documents at once to the purchaser, transferee, or to the stockbroker, bank or other person through whom the sale or transfer was affected for onward transmission to the purchaser or transferee. However, such documents should not be distributed, forwarded or transmitted in or into the United States, Canada, Australia or Japan or into any other jurisdiction if to do so would constitute a violation of applicable laws and regulations in such other jurisdiction.

Report of the Directors

Ordinary resolution 6: Authority to repurchase shares

The Company did not buy back any shares during the year. The Directors currently have authority to repurchase up to 14.99% of the Company's ordinary shares and will seek annual renewal of this authority from shareholders. Any repurchase 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 repurchases 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 NAV 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 Listing Rules and Rules of the CISX which provide that the price to be paid must not be more than 5% above the average market value for the ordinary shares for the five business days before the ordinary shares are purchased. Any ordinary shares purchased under this authority will be cancelled.

The Board considers that the renewal of the repurchase authority is in the best interests of shareholders as a whole and unanimously recommends that shareholders vote in favour of the ordinary resolution to renew the authority to repurchase the ordinary shares of the Company, which is to be proposed at the AGM.

Ordinary resolution 7: Director's remuneration

In support of the continued, and significant, additional workloads caused by the changes at the Investment Manager, it is anticipated that additional fees will also be paid to Directors in the year ending 2012. To provide additional flexibility, and to reflect the increased workload and responsibility assumed by the Directors, the Board is seeking the approval of shareholders to increase the cap on Directors remuneration, as detailed in the Company's Memorandum and Articles of Incorporation, from £200,000 to £250,000; shareholders last approved an increase in the cap on Directors fees in December 2006.

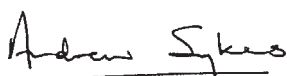
The Board considers the increase in the cap on Directors' remuneration is in the best interests of shareholders as a whole and unanimously recommends that shareholders vote in favour of the ordinary resolution in relating to Directors' fees which is to be proposed at the AGM.

Special resolution 1: Authority to disapply pre-exemption rights

The Directors require specific authority from shareholders before allotting new ordinary shares for cash (or selling shares out of treasury for cash) without first offering them to existing shareholders in proportion to their holdings. Special resolution 1 empowers the Directors to allot new ordinary shares for cash or to sell ordinary shares held by the Company in treasury for cash, otherwise than to existing shareholders on a pro-rata basis, up to an amount of 35,592,128 ordinary shares, or such other number of ordinary shares being equal to 10% of the ordinary shares in issue on 6 September 2011.

This authority will expire on the earlier of the conclusion of the AGM of the Company in 2012 or on the expiry of 15 months from the passing of special resolution 1.

The Board considers that the proposal is in the best interests of shareholders as a whole and unanimously recommends that shareholders vote in favour of the special resolution relating to disapplying pre-exemption rights which is to be proposed at the AGM.



Andrew Sykes, Chairman
8 July 2011



Harry Dick-Cleland, Director
8 July 2011

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

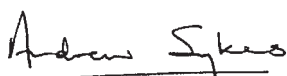
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Responsibility Statement of the Directors' in respect of the Consolidated Annual Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties it faces.



Andrew Sykes, Chairman
8 July 2011



Harry Dick-Cleland, Director
8 July 2011

Consolidated Statement of Comprehensive Income

	Notes	31 Mar 11 £000	31 Mar 10 £000
Rental income		23,752	25,431
Other income	4	1,384	1,444
Property operating expenses	5	(2,335)	(1,862)
Net rental and related income		22,801	25,013
Profit on disposal of investment property		43	5,789
Net valuation gain on investment property	12	2,516	24,995
Expenses			
Investment management fee	3	(3,430)	(3,061)
Valuers' and other professional fees		(1,068)	(1,288)
Administrators and accounting fee	3	(370)	(370)
Auditor's remuneration	6	(149)	(126)
Directors' fees	7	(200)	(170)
Other expenses	7	(825)	(545)
Total expenses		(6,042)	(5,560)
Net operating profit before net finance costs		19,318	50,237
Interest receivable		32	26
Finance costs payable	8	(11,144)	(17,062)
Net finance costs		(11,112)	(17,036)
Share of profit of associates and joint ventures	13	1,013	2,802
Profit before tax		9,219	36,003
Taxation	9	(795)	(1,305)
Profit for the year attributable to the equity holders of the parent		8,424	34,698
Other comprehensive income: Effective portion of changes in fair value of swaps		3,158	4,483
Total comprehensive income for the year attributable to the equity holders of the parent		11,582	39,181
Basic and diluted earnings per share	10	2.5p	10.7p

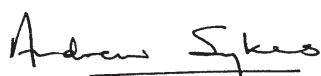
All items in the above statement are derived from continuing operations.

The accompanying notes 1 to 23 form an integral part of the financial statements.

Consolidated Balance Sheet

	Notes	31 Mar 11 £000	31 Mar 10 £000
Investment in associates and joint ventures	13	2,711	2,276
Loans to associates and joint ventures	13	1,191	526
Total investment and loans in associates and joint ventures		3,902	2,802
Investment property	12	325,295	299,975
Non-current assets		329,197	302,777
Trade and other receivables	14	10,941	15,321
Cash and cash equivalents	15	56,724	69,454
Current assets		67,665	84,775
Total assets		396,862	387,552
Issued capital and reserves	16	181,025	169,453
Equity		181,025	169,453
Interest-bearing loans and borrowings	17	182,639	182,021
Interest rate swap	17	23,189	26,347
Non-current liabilities		205,828	208,368
Trade and other payables	18	9,636	8,424
Taxation payable		373	1,307
Current liabilities		10,009	9,731
Total liabilities		215,836	218,099
Total equity and liabilities		396,862	387,552
Net asset value per ordinary share	19	50.9p	52.4p

The financial statements on pages 34 to 51 were approved at a meeting of the Board of Directors held on 8 July 2011 and signed on its behalf by:



Andrew Sykes, Chairman



Harry Dick-Cleland, Director

The accompanying notes 1 to 23 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 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	11	–	–	(11,391)	(11,391)
Balance as at 31 March 2010		98,356	(26,347)	97,444	169,453
New equity issue		11,949	–	–	11,949
Gain on cash flow hedge		–	3,158	–	3,158
Profit for the year		–	–	8,424	8,424
Dividends paid	11	–	–	(11,959)	(11,959)
Balance as at 31 March 2011		110,305	(23,189)	93,909	181,025

Share capital was issued at nil par value, see note 16 for movements in the year.

Total comprehensive income for the year was £11,582,000 (2010: £39,181,000).

The accompanying notes 1 to 23 form an integral part of the financial statements.

Consolidated Cash Flow Statement

	Notes	31 Mar 11 £000	31 Mar 10 £000
Operating activities			
Profit for the year		8,424	34,698
Adjustments for:			
Profit on disposal of investment property		(43)	(5,789)
Net valuation gain on investment property		(2,516)	(24,995)
Share profit of associates and joint ventures		(1,013)	(2,802)
Net finance cost		11,112	17,036
Taxation		795	1,305
Operating profit before changes in working capital		16,759	19,453
Decrease/(increase) in trade and other receivables		4,381	(738)
Increase/(decrease) in trade and other payables		1,036	(2,798)
Cash generated from operations		22,176	15,917
Finance costs paid		(10,421)	(17,032)
Interest received		32	26
Tax paid		(1,729)	(126)
Cash flows from operating activities		10,058	(1,215)
Investing activities			
Proceeds from sale of investment property		–	65,286
Acquisition of investment property		(18,250)	(4,744)
Additions to investment property		(4,528)	–
Cash flows from investing activities		(22,778)	60,542
Financing activities			
New equity issue		11,949	–
Draw down of loan facility	17	–	11,200
Repayment of existing loans	17	–	(40,000)
Dividends paid	11	(11,959)	(11,391)
Cash flows from financing activities		(10)	(40,191)
Net (decrease)/increase in cash and cash equivalents for the year		(12,730)	19,136
Opening cash and cash equivalents		69,454	50,318
Closing cash and cash equivalents		56,724	69,454

The accompanying notes 1 to 23 form an integral part of the financial statements.

Notes to the Financial Statements

1. Significant accounting policies

Invista Foundation Property Trust Limited (the "Company") is a closed-ended investment company registered in Guernsey. The consolidated financial statements of the Company for the year ended 31 March 2011 comprise the Company, its subsidiaries and its interests in associates and joint ventures (together referred to as the "Group").

Statement of compliance

The 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"), and interpretations issued by the International Financial Reporting Interpretations Committee.

The financial statements give a true and fair view and are in compliance with the Companies (Guernsey) Law, 2008, applicable legal and regulatory requirements 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, investment property under development and derivative financial instruments are stated at their fair value.

The accounting policies have 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 year.

Going concern

The Directors have examined significant areas of possible financial risk including cash and cash requirements and the debt covenants, in particular the loan-to-value covenant and interest cover ratio along with the loan repayment date of July 2014. They have not identified any material uncertainties which would cast significant doubt on the Group's ability to continue as a going concern for a period of not less than 12 months from the date of the approval of the financial statements. The Directors have satisfied themselves that the Group has adequate resources to continue in operational existence for the foreseeable future. After due consideration the Board believes it is appropriate to adopt the going concern basis in preparing the financial statements.

Use of estimates and judgements

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. These 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 estimates are revised and in any future periods affected.

The most significant judgements made in preparing these accounts relate to the carrying value of investment properties and investment properties under development which are stated at market value. The Group uses external professional valuers to determine the relevant amounts. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in note 20.

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. Where properties are acquired by the Group through corporate acquisitions but the acquisition does not meet the definition of a business combination, the acquisition has been treated as an asset acquisition.

Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of these entities 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 entity, 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 is making payments on behalf of an entity.

1. Significant accounting policies continued

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of recognised gains and losses of jointly controlled entities on an equity accounted basis. When the Group's share of losses exceeds its interest in an entity, 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 is making payments on behalf of an entity.

Transactions eliminated on consolidation

Intra-group balances and any gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Losses are eliminated in the same way as 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.

Acquisitions and disposals of investment properties are recognised on unconditional exchange of contracts. Acquisitions 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 profit and loss. Realised gains and losses on the disposal of properties are recognised in profit and loss. Fair value is based on the market valuations of the properties as provided by 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 owned properties on operating leases. A property held under an operating lease is classified and accounted for as an investment property where the Group holds it to earn rentals, capital appreciation, or both. Any such property leased under an operating lease is classified as an investment property and carried at fair value.

Disposals of investment properties are recognised on unconditional exchange of contracts.

Investment property under development

Property that is being constructed or developed for future use as investment property is classified as investment property and is initially stated at cost. After initial recognition investment property under development is measured at fair value. Any unrealised gains are recognised directly in profit and loss. Fair value is based on the market valuations of the property under development as provided by Knight Frank LLP at various stages during the development process.

Financial instruments

Non-derivative financial instruments

Assets

Non-derivative financial instruments comprise trade and other receivables and cash and cash equivalents. These are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method less any impairment losses.

Cash and cash equivalents

Cash at bank 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 Cash Flow Statement, cash and cash equivalents consist of cash in hand and short-term deposits at banks with a term of no more than three months.

Liabilities

Non-derivative financial instruments comprise loans and borrowings and trade and other payables.

Loans and borrowings

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

Notes to the Financial Statements

1. Significant accounting policies continued

Trade and other payables

Trade and other payables are stated at cost.

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.

Cash flow hedges

Cash flow hedges are used to hedge the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction.

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. Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity via the Statement of Comprehensive Income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit and loss.

On maturity or early redemption of the hedged item the realised gains or losses arising are taken to profit and loss, with an associated transfer from the amounts recognised in other comprehensive income in respect of unrealised gains or losses arising in the fair value of the same arrangement.

Share capital

Ordinary shares are classified as equity.

Dividends

Dividends are recognised in the period in which they are declared.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the Statement of Comprehensive Income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the profit and loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

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.

1. Significant accounting policies continued

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of ongoing leases and is shown gross of any UK income tax. Lease incentives are spread evenly over the lease term.

Finance income and expenses

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in the profit and loss. Interest income is recognised on an accruals basis.

Finance expenses comprise interest expense on borrowings, and losses on hedging instruments that are recognised in profit and loss. 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 profit and loss. Finance expenses are accounted for on an effective interest basis.

Expenses

All expenses are accounted for on an accruals basis. The investment management and administration fees and all other expenses are charged through profit and loss.

Taxation

The Company and its subsidiaries are subject to UK 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.

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.

2. New standards and interpretations

A number of other new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 April 2010. The Board regularly considers these and have concluded that none are currently relevant to the Group nor expected to have a material impact in the future.

Additionally, no new standards, amendments and interpretations which are effective for subsequent accounting periods have been adopted early by the Group.

During the year, the IASB and IFRIC have issued the following standards and interpretations with an effective date after the issue of these financial statements. The Group has elected not to adopt any of these early.

- IFRS 9, *Financial Instruments* – effective from 1 January 2013. This standard establishes the principles for the financial reporting of financial assets that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of the entity's future cash flows;
- IAS 24 (revised), *Related Party Disclosures* – effective from 1 January 2011;
- IFRIC 14 (amended), *Prepayments of a Minimum Funding requirement* – effective from 1 January 2011;
- IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments* – effective from 1 July 2010; and
- Improvements to International Financial Reporting Standards 2010.

The Directors are reviewing the effect of these standards and interpretations but do not anticipate their adoption will have a material impact on the Group's financial statements in the period of initial application.

Notes to the Financial Statements

3. Material agreements

Invista Real Estate Investment Management Limited ("Invista") is the 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. With effect from 1 July 2009 the basis for calculating the Base Fee was changed. The Base Fee is payable monthly in arrears and shall be an amount equal to one twelfth of the aggregate of 2% of the NAV of the Company where the NAV is less than £150 million, 1.75% where the NAV is between £150 million and £200 million and 1.5% where the NAV is more than £200 million subject to a minimum threshold of £229,000 per month. If the Base Fee is less than the minimum threshold it will be re-calculated to be an amount equal to 0.95% of the gross assets of the Company.

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: (1) 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 (2) 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 total charge to profit and loss during the period was £3,430,000 (2010: £3,061,000) for the Base Management Fee. As the conditions for receipt of a Performance Fee were not met during the year, there was no charge to profit and loss for the year (2010: Enil).

The Investment Management Agreement may be terminated by either the Company or the Investment Manager on not less than 12 months notice in writing. On 21 March 2011, the Company gave notice to the Investment Manager of the termination of its Investment Management Agreement, to take effect on 21 March 2012.

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 net asset value subject to a minimum annual fee of £250,000. The charge to profit and loss for the year was £250,000 (2010: £250,000). On 8 April 2011, the Company gave notice to the Accounting Agent of the termination of its accounting agreement, to take effect on 30 April 2012.

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. The charge to profit and loss for the year was £120,000 (2010: £120,000).

4. Other income

	31 Mar 11 £000	31 Mar 10 £000
Insurance commissions	237	238
Dilapidations	1,094	350
Surrender premia	15	502
Miscellaneous income	38	354
	1,384	1,444

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

5. Property operating expenses

	31 Mar 11 £000	31 Mar 10 £000
Agents' fees	112	140
Repairs and maintenance	175	382
Surrender premia	25	20
Advertising	10	9
Rates – vacant	627	559
Security	65	40
Insurance	221	74
Non-recoverable expenses	891	638
Bad debt provision	209	–
	2,335	1,862

6. Auditor's remuneration

The total expected audit fees for the year are £136,510 (2010: £126,000). The auditors also received £12,600 (2010: £12,000) for the half year review of the financial statements.

7. Other expenses

	31 Mar 11 £000	31 Mar 10 £000
Directors' and officers' insurance premium	36	40
Regulatory costs	45	43
Marketing	36	25
Professional tax fees and related costs	297	181
Other expenses	411	256
	825	545

Directors are the only officers of the Company and its subsidiaries and there are no other key personnel.

The Directors' annual remuneration for services to the Group was £170,000 (2010: £170,000), with an additional £30,000 (2010: nil) for additional services this year, as described in the Director's report.

8. Finance costs payable

Interest payable by the Group was £10,060,000 (2010: £11,475,000). Also included in finance costs are other debt fees £1,084,000 (2010: £1,637,000) and swap break cost of nil (2010: £3,950,000).

Notes to the Financial Statements

9. Taxation

	31 Mar 11 £000	31 Mar 10 £000
Tax expense in year	(795)	(1,305)
Reconciliation of effective tax rate		
Profit before tax	9,219	36,003
Effect of:		
Income tax using UK income tax rate of 20%	1,844	7,201
Revaluation gain not taxable	(542)	(4,999)
Share of profit of associates and joint ventures not taxable	(203)	(560)
Profit on disposal of investment property not taxable	(9)	(1,158)
Other losses not taxable	–	1,653
Utilisation of brought forward losses where no deferred tax was recognised	(295)	(1,012)
Losses for the year where no deferred tax is recognised	–	180
Current tax expense in the year	795	1,305

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 for 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. However the Board is aware that corporate tax rates in Guernsey may be altered and will review the Group's potential liability to Guernsey tax with reference to any possible changes.

Cumulative tax losses of £19 million (2010: £18 million) have been carried forward and are available for use against future taxable profits. This amount has not been recognised as deferred taxation in the accounts as it is not probable that it will be utilised in the foreseeable future.

The tax treatment of one past transaction has been challenged by HM Revenue & Customs. This challenge remains in progress and is being robustly defended by the Group. No provisions have been recognised.

10. 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 £8,424,000 (2010: £34,698,000) and the weighted average number of ordinary shares in issue during the year of 344,230,398 (2010: 323,594,219).

11. Dividends paid

In respect of	No. of ordinary shares	Rate (pence)	31 Mar 11 £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
Quarter 30 September 2010 dividend paid 19 November 2010	355.92 million	0.8800	3,132
Quarter 31 December 2010 dividend paid 19 February 2011	355.92 million	0.8800	3,132
		3.5200	11,959

In respect of	No. of ordinary shares	Rate (pence)	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 31 March 2011 of 0.88 pence (£3,132,000) was declared on 27 April 2011 and paid on 27 May 2011 (31 March 2010: 0.88 pence).

12. Investment property

	Leasehold £000	Freehold £000	Total £000
At valuation as 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 gain on investment property	7,051	17,944	24,995
At valuation as at 31 March 2010	47,074	252,901	299,975
Additions	17	22,787	22,804
Net valuation gain on investment property	889	1,627	2,516
Amounts recognised as investment property as at 31 March 2011	47,980	277,315	325,295

Fair value of investment properties as determined by the valuers totals £331,415,000 (2010: £304,725,000).

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

The Group owned two non income generating sites during the year (2010: two). Direct operating expenses relating to these sites was £22,650 (2010: £8,000 credit).

13. Investment in associates and joint ventures

The Group has interests in three associates and joint ventures one of which is still carried at nil value following decline in the value of the underlying property.

Plantation Place – the Group has a 28.92% interest in One Plantation Place Unit Trust which is classified as an investment in an associate. This associate is currently in breach of its LTV covenant. During the year, the Group injected a further £87,000 into Plantation Place to cover advisors costs for loan restructuring. As at 31 March 2011, the Group's investment in Plantation Place was held at £nil.

Crendon – the Group has a 50% interest in Crendon Industrial Partnership which is classified as a joint venture due to the Company sharing the control with another investor. The Group originally provided a loan of £2,150,000 to the Partnership which was written down following the fall in property values. £665,000 of this loan has been written back this year (2010: £526,000) following an increase in the NAV.

Merchant – the Group has a 19.49% interest in Merchant Property Unit Trust which is classified as an investment in an associate due to the Company having the ability to exert significant influence through its unit-holding and the associated agreements.

The table below shows the changes in equity in joint ventures and associates.

	£000
Opening balance as at 1 April 2009	–
Share of profits in year	2,802
Closing balance as at 31 March 2010	2,802
Additions	87
Share of profits in year	1,013
Closing balance as at 31 March 2011	3,902

Notes to the Financial Statements

13. Investment in associates and joint ventures continued

As at 31 March 2011	Plantation Place £000	Other joint ventures and associates £000	Total £000
Summarised financial information not adjusted for the Group's share			
Total assets	504,755	69,462	574,217
Total liabilities	494,489	59,048	553,537
Revenues for year	32,566	4,580	37,146
Profit for year	64,824	3,274	68,098
Net asset value attributable to Group	–	2,711	2,711
Loans due to Group	–	1,191	1,191
Total asset value attributable to Group	–	3,902	3,902
Total profit attributable to the Group	–	3,902	3,902

In respect of Plantation Place, the Group's share of the net asset value is £3 million. However, this is held at Enil as the Directors believe that the investment is currently not a going concern due to the LTV breach and resultant uncertainty.

As at 31 March 2010	Plantation Place £000	Other joint ventures and associates £000	Total £000
Summarised financial information not adjusted for the Group's share			
Total assets	452,058	68,082	520,140
Total liabilities	509,735	55,355	565,090
Revenues for year	32,683	4,201	36,884
Profit for year	62,234	12,513	74,747
Net asset value attributable to Group	–	2,276	2,276
Loans due to Group	–	526	526
Total asset value attributable to Group	–	2,802	2,802
Profit attributable to the Group	–	2,802	2,802

The numbers included in the above tables are based on accounts prepared on a going concern basis. If for any reason any of these joint ventures and associates were not classified as a going concern their assets could be valued at significantly lower amounts.

14. Trade and other receivables

	31 Mar 11 £000	31 Mar 10 £000
Rent receivable	2,729	2,977
Other debtors and prepayments	8,212	12,344
	10,941	15,321

Other debtors and prepayments includes £6,120,000 (2010: £4,787,000) in respect of lease incentives, and £1,100,000 in respect of a dilapidation income on Reynards, Brentford.

15. Cash and cash equivalents

Included in the £56.7m (2010: £69.4m) is £11.2m (2010: £11.2m) of restricted cash held under the liquidity facility with Lloyds Banking Group. This is held in trust and under the terms of the loan agreement and can only be drawn down by the Trustee in the event of a liquidity shortfall within the Group for the sole purpose of paying the principle loan interest. This facility is described further in Note 17.

16. 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

The number of issued ordinary shares of the Company at the start of the year was 323,594,219.

In August 2010, 32,327,062 additional shares were issued for 38 pence per share, raising net proceeds of £12 million. Following this, the number of issued ordinary shares of the Company at the end of the year was 355,921,281.

17. 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.

	31 Mar 11		31 Mar 10	
	£000	£000	£000	£000
Non-current liabilities				
Class A Secured Floating Rate Notes		62,500		62,500
Reserve Notes		111,000		111,000
Total		173,500		173,500
Less: Finance costs incurred	(5,367)		(5,367)	
Add: Amortised finance costs	3,306	(2,061)	2,688	(2,679)
		171,439		170,821
Liquidity facility		11,200		11,200
		182,639		182,021

In March 2005, the Group entered into a £152.5 million loan repayable in July 2014 with Real Estate Capital (Foundation) Limited, a securitisation vehicle (the "facility") which was admitted to the Official List of the Irish Stock Exchange. Securitised notes were issued at a blended margin of 20.8 basis points over LIBOR and simultaneously the Company entered into an equivalent maturity swap agreement at 5.1%.

At the time of the original securitisation, an additional facility of £150 million of "reserve notes" was arranged, £111 million of which were sold in June 2007 (leaving £39 million undrawn). These were issued at a margin of 25 basis points over LIBOR and simultaneously the Company entered into an equivalent maturity swap agreement at 5.71%.

In October 2008, the Group repaid £50 million of the original debt being £36.5 million of Class A secured floating rate notes and all the £13.5 million Class B secured floating rate notes. In January 2010, the Group repaid £40 million of the original debt of the Class A secured floating rate notes. Simultaneously, as required by the Credit Agreement, an equal amount of one of the interest rate swaps was broken. The cost of breaking the swap was £3,950,000.

These interest rate swaps are classified as cash flow hedges and are stated at fair value. The counterparty is liable to pay interest at LIBOR on the loans. As at 31 March 2011 the combined fair value of the swaps was a liability of £23,189,000 (2010: liability of £26,347,000). The surplus in the year of £3,158,000 (2010: £4,483,000) is taken to the hedge reserve in equity via the Statement of Comprehensive Income.

Both facilities have first charge security over all the property assets in the ring fenced Security Pool (the "Security Pool") which at 15 April 2011 contained properties valued at £331 million (2010: £305 million) together with £29.0 million cash, pre disposals in the Property account (2010: £38 million). 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 restraints apply during the term of the loan although the facilities have 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 nor should estimated rental and other income arising from assets in the Security Pool comprise less than 150% of the interest payments. The interest cover calculated in accordance with the ICR covenant was at 209% as at 31 March 2011 (31 March 2010 – 174%).

Notes to the Financial Statements

17. Interest-bearing loans and borrowings continued

At the same time as entering into these two facilities, the Group entered into a liquidity facility with Lloyds Banking Group 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. Lloyds has been downgraded to A-1 (short term) by S&P. A consequence of this downgrade is the Group drawdown the £11.2 million and place it in a blocked 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.

18. Trade and other payables

	31 Mar 11 £000	31 Mar 10 £000
Rent received in advance	5,074	4,837
Rental deposits	200	213
Other trade payables and accruals	4,362	3,374
	9,636	8,424

19. NAV per ordinary share

The NAV per ordinary share is based on the net assets of £181,025,000 (2010: £169,453,000) and 355,921,281 (2010: 323,594,219) ordinary shares in issue at the balance sheet date.

20. Financial instruments, properties and associated risks

Financial risk factors

The Group holds cash and liquid resources as well as having debtors and creditors that arise directly from its operations. The Group has entered into interest rate swap contracts which are 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 Board regularly reviews and agrees 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 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, 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 a firm of independent chartered surveyors.

Included in market price risk is interest rate risk which is discussed further below.

Credit risk

Credit risk is the risk that an issuer or counterparty 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 Investment Manager reviews reports prepared by Experian, or other sources to assess the credit quality of the Group's tenants and aims to ensure there is no excessive concentration of risk and that the impact of any default by a tenant is minimised.

20. Financial instruments, properties and associated risks continued

In respect of credit risk arising from other financial assets, which comprise cash and cash equivalents, 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, cash is maintained with major international financial institutions. During the year and at the balance sheet date the Group maintained relationships with branches and subsidiaries of HSBC and The Royal Bank of Scotland.

The maximum exposure to credit risk for rent receivables at the reporting date by type of sector was:

	31 Mar 11 Carrying amount £000	31 Mar 10 Carrying amount £000
Office	1,308	1,053
Industrial	1,053	1,182
Retail	368	742
	2,729	2,977

Rent receivables which are past their due date, but which were not impaired at the reporting date were:

	31 Mar 11 Carrying amount £000	31 Mar 10 Carrying amount £000
0-30 days	2,597	2,289
31-60 days	68	9
61-90 days	6	156
91 days plus	58	523
	2,729	2,977

This includes an amount for bad debt provisions of £358,100 (2010: £149,000).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with its financial obligations.

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 properties that it considers to be good quality.

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. The Investment Manager prepares cash flows on a rolling basis to ensure the Group can meet future liabilities as and when they fall due.

The following table indicates the maturity analysis of the financial liabilities.

	Carrying amount £000	Expected cash flows £000	6 months or less £000	6 months- 2 years £000	2-5 years £000	More than 5 years £000
As at 31 March 2011						
Financial liabilities						
Interest-bearing loans and borrowings and interest	175,600	217,529	4,528	14,813	198,188	–
Trade and other payables	2,439	2,439	2,439	–	–	–
Total financial liabilities	178,039	219,968	6,977	14,813	198,188	–
As at 31 March 2010						
Financial liabilities						
Interest-bearing loans and borrowings and interest	175,505	216,900	4,440	14,610	197,850	–
Trade and other payables	1,582	1,582	1,582	–	–	–
Total financial liabilities	177,087	218,482	6,022	14,610	197,850	–

Notes to the Financial Statements

20. Financial instruments, properties and associated risks continued

Interest rate risk

Exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations and to interest earned on cash balances.

A 1% increase or decrease in short-term interest rates would increase or decrease the annual income by £567,000 based on the cash balance as at 31 March 2011.

A change of 1% in the swap rates would have an impact on the marked-to-market value of £8 million.

As described in note 17 the Group has entered into an interest rate swap contract whereby the rate of the Group's long-term debt facilities have a blended effective fixed interest rate including loan margin of 5.69% per annum until maturity of the debt.

The following table indicates the periods in which the cash flows associated with the swap are expected to occur.

As at 31 March 2011	Carrying amount £000	Expected cash flows to maturity £000	6 months or less £000	6-12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Interest rate swap	(23,189)	(23,336)	(3,947)	(3,343)	(5,780)	(9,559)	(707)

As at 31 March 2010	Carrying amount £000	Expected cash flows to maturity £000	6 months or less £000	6-12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Interest rate swap	(26,347)	(26,898)	(4,174)	(3,903)	(6,190)	(10,542)	(2,089)

Fair values

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

The following summarises the main methods and assumptions used in estimating the fair values of financial instruments and investment property.

Investment property

Fair value is based on valuations provided by an independent firm of chartered surveyors and registered appraisers. These values were determined after having taken into consideration recent market transactions for similar properties in similar locations to the investment properties held by the Group.

Derivatives

Fair value for the interest rate swap uses a broker quote. This is then tested using pricing models or discounted cash flow techniques.

The fair value hierarchy of the interest rate swap is level 2.

The fair value hierarchy levels are as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Interest bearing loans and borrowings

Fair values are based on the amounts which are to be repaid, less any costs incurred in obtaining the borrowings. These costs are then amortised over the period of the borrowings.

20. Financial instruments, properties and associated risks continued

Trade and other receivables/payables

All receivables and payables are deemed to be due within one year and as such the notional amount is considered to reflect the fair value.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year.

21. Operating leases

The Group leases out its investment property under operating leases. At 31 March 2011, the future minimum lease receipts under non-cancellable leases are as follows:

	31 Mar 2011 £000	31 Mar 2010 £000
Less than one year	21,094	22,000
Between one and five years	66,101	68,464
More than five years	91,607	107,049
	178,803	197,513

The total above comprises the total contracted rent receivable as at 31 March.

22. Related party transactions

Material agreements are disclosed in note 3. Transactions with Directors are disclosed in note 7. Transactions with joint ventures and associates are disclosed in note 13.

23. Capital commitments

At 31 March 2011, the Group had a capital commitment to acquire an office building in West Bromwich on completion of its development for £14.9 million, scheduled for October 2011. The Group has already paid a deposit of £0.75 million resulting in a total outstanding commitment of £14.15 million. In addition the Group will pay associated acquisition costs of approximately £0.8 million.

Independent Auditor's Report

to the Members of Invista Foundation Property Trust Limited

We have audited the group financial statements (the "financial statements") of Invista Foundation Property Trust Limited (the "Company") for the year ended 31 March 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as issued by the IASB.

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. 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

As explained more fully in the Statement of Directors' Responsibilities set out on page 33, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of its profit for the year then ended;
- are in accordance with International Financial Reporting Standards as issued by the IASB; and
- comply with the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

E. McGill on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
8 July 2011

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 Invista Foundation Property Trust Limited and its subsidiaries.

Initial yield is the annualised 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 asset value (NAV) are shareholders' funds divided by the number of shares in issue at the period end.

NAV total return is calculated on a daily basis taking into account the timing of dividends and share buy backs and issuance.

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 Seventh Annual General Meeting of the Company will be held at Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL, Channel Islands on 6 September 2011 at 10.00am.

Resolution on Form of Proxy

Agenda

1. To elect a Chairman of the Meeting.

To consider and if thought fit, pass the following ordinary resolutions:

- | | | |
|-----------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ordinary resolution 1 | 2. | To consider and approve the Consolidated Annual Report of the Company for the year ended 31 March 2011. |
| Ordinary resolution 2 | 3. | To re-appoint KPMG Channel Islands Limited as Auditor of the Company until the conclusion of the next Annual General Meeting. |
| Ordinary resolution 3 | 4. | To authorise the Board of Directors to determine the Auditor's remuneration. |
| Ordinary resolution 4 | 5. | To re-elect Mr Andrew Sykes as a Director of the Company in accordance with Article 22.2 of the Articles of Incorporation of the Company and Section B.7.1 of the UK Corporate Governance Code. |
| Ordinary resolution 5 | 6. | To re-elect Mr David Warr as a Director of the Company in accordance with Article 22.2 of the Articles of Incorporation of the Company and Section B.7.1 of the UK Corporate Governance Code. |
| Ordinary resolution 6 | 7. | <p>That the Company be authorised, in accordance with section 315 of the Companies (Guernsey) Law 2008 as amended (the "Companies Law"), to make market acquisitions (within the meaning of section 316 of the Companies Law) of ordinary shares of the Company ("ordinary shares"), provided that:</p> <ul style="list-style-type: none"> a) the maximum number of ordinary shares hereby authorised to be purchased shall be 14.99% 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 0.01p; c) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be 105% of the average of the middle market quotations on the relevant market where the repurchase is carried out for the ordinary shares for the five business days immediately preceding the date of a purchase; d) such authority shall expire at the Annual General Meeting of the Company in 2012 unless such authority is varied, revoked or renewed prior to such date by ordinary resolution of the Company in general meeting; and e) the Company may make a contract to purchase ordinary shares under such authority prior to its expiry which will or may be executed wholly or partly after its expiration and the Company may make a purchase of ordinary shares pursuant to any such contract. |
| Ordinary resolution 7 | 8. | To authorise an increase in the cap of the remuneration of the Directors' from £200,000 to £250,000 in accordance with Articles 18.1 and 23.1 Articles of Incorporation of the Company. |

To consider and if thought fit, pass the following special resolution:

- Special resolution 1:
- 9.** That, pursuant to Article 13.7 of the Company's Articles of Incorporation the Directors of the Company be and are hereby empowered to allot equity securities (as defined in the Company's Articles of Incorporation) of the Company for cash and to sell equity securities which are held by the Company in treasury for cash as if the pre-emption provisions contained under Article 13.2 of the Articles of Incorporation did not apply to any such allotments and sales provided that this power shall be limited to the allotment and sales of equity securities:
- a) up to an amount of 35,592,128 ordinary shares, or such other number of ordinary shares being equal to 10% of the ordinary shares in issue on 6 September 2011;
 - b) at a price of not less than the net asset value per share as close as practicable to the allotment or sale; and
 - c) such power shall expire on the earlier of the Annual General Meeting of the Company in 2012 or on the expiry of 15 months from the passing of this Special Resolution, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and notwithstanding such expiry the Directors may allot or sell equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.
- 10.** Any other business.

By order of the Board

For and on behalf of
**Northern Trust International Fund Administration
 Services (Guernsey) Limited**
 Secretary

Notes:

1. An ordinary resolution requires a simple majority of the votes cast by those shareholders voting in person or by proxy at the AGM (excluding any votes which are withheld) to be voted in favour of the resolution.
2. A special resolution requires a majority of at least 75% of the votes cast by those shareholders voting in person or by proxy at the AGM (excluding any votes which are withheld) to be voted in favour of the resolution.
3. A member who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to exercise all or any of their rights to attend, and on a poll, speak or vote instead of him or her. A proxy need not be a member of the Company. More than one proxy may be appointed provided that each proxy is appointed to exercise the rights attached to the different shares.
4. 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 the Company's Registrars at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY at least 48 hours before the time of the AGM.
5. 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.
6. To have the right to attend and vote at the meeting (and also for the purpose of calculating how many votes a member may cast on a poll) a member must have his or her name entered on the register of members not later than 48 hours before the time of the AGM.
7. 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.

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
107, Cheapside
London
EC2V 6DN

The Manager's Investment Committee

Duncan Owen (Chairman)
Nick Montgomery
Chris Ludlam
Andrew Macdonald

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;
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London EC2A 2HS

as to Guernsey Law;

Mourant Ozannes
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St. Peter Port
Guernsey GY1 4HP

Auditor

KPMG Channel Islands Limited
20 New Street
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Guernsey GY1 4AN

Property Valuers

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Channel Islands Sponsor

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

UK Sponsor and Broker

JPMorgan Cazenove Limited
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London EC2V 7RF

Numis Securities Limited

10 Paternoster Square
London EC4M 7LT

Tax Advisers

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London WC2R 1BL

Receiving Agent and UK Transfer/Paying Agent

Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol BS99 1XZ

ISA/PEP status

The Company's shares are eligible for individual Savings Accounts ("ISA's") and PEP transfers and can continue to be held in existing PEP's

This publication was printed on Challenger Offset, made from FSC certified pulp.



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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