

October 2011



Ian McBryde
Fund Manager

Trust objective

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

Key statistics

Fund Type	Investment trust
Launch Date	28 October 2003
Total assets less current liabilities	£129.5m
Share price	99.4 p
NAV*	98.5 p
Premium	0.9%
Dividend payment dates	Feb, May, Aug, Nov
Dividend yield†	8.0%
Net gearing**	34.6%
Vacant property	3.7%
Weighted average lease length	8.9 Years
Management fee (% of total assets)*Note 1	0.6%
Total expenses***	1.1%
Sedol no.	3367456
Stock code	IPT
Year end	31 December
Website	www.isispropertytrust.com

Standardised Performance

	2010/2011	2009/2010	2008/2009	2007/2008	2006/2007
Fund	12.1%	25.8%	10.0%	-32.8%	-7.3%

Cumulative Performance

	3 Months	1 Year	3 Years	5 Years
Fund	1.9%	12.1%	55.1%	-3.4%

Past performance is not a guide to future performance.

Source: Datastream, share price basis, percentage growth, mid to mid, net income reinvested. The Standardised Performance table refers to 12 month periods ending 30 September. The Cumulative performance table refers to cumulative periods ending 30 September 2011. Basis in accordance with the regulations of the FSA.

Top ten property investments

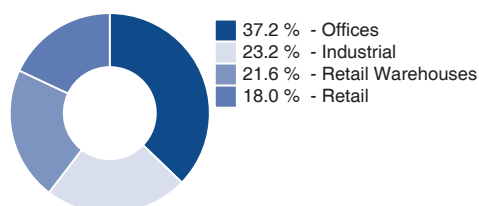
Property Holdings	%
London W1, 14 Berkeley Street	12.5%
Chelmsford, County House, County Square	7.7%
Luton, Enterprise Way	6.6%
New Malden, 7 Beverley Way	6.1%
Bury, Halls Mill Retail Park	6.1%
Andover, Keens House, Anton Mill Road	5.7%
Hull, King William House, Market Place	5.0%
St. Albans, 16,18 & 20 Upper Marlborough Road	4.8%
Weybridge, UnitD300, Brooklands Industrial Estate	4.7%
Bracknell, 1/2 Network Bracknell, Eastern Road	4.7%
Total	63.9%

Structure

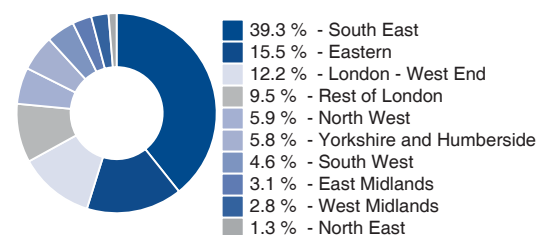
At launch on 28 October 2003, the Company had a capital structure comprising approximately 60 per cent Ordinary Shares and 40 per cent bank debt.

Ordinary shareholders are entitled to all dividends declared by the Company and to all the Company's assets after repayment of its borrowings. Borrowings consist of a loan of £47.0 million drawn down from Lloyds TSB Scotland plc for a period of 10 years to January 2017. The loan carries interest at 0.45 per cent over LIBOR; this variable rate had been fixed through an interest rate swap on £40 million of the loan, which is due to mature during January 2017. This swap fixes interest payable on the initial drawdown at 5.55 per cent per annum.

Sector breakdown



Geographical breakdown



October 2011

Fund manager's commentary

Property Market Overview

The third quarter of 2011 registered a total return of 1.9%, as measured by the IPD Quarterly Index. In the first three quarters of 2011, property delivered a total return of 6.4%.

Total returns have edged lower, on a quarterly basis, during the course of 2011 as the pace of inward yield movement slowed. This has been reflected in a deceleration in capital growth over the past nine months with capital values registering a 0.4% uplift in 3Q 2011 and 2% for the January-September 2011 period. Rental growth remains subdued at 0.1% in the latest quarter and 0.6% in the first nine months of the year.

The latest quarter has seen retail property come under some pressure, with the shops market particularly affected. The difference in performance between Central London and provincial offices has persisted but the latest quarter has seen some cooling in the City office market to narrow the gap. The industrial sector slightly outperformed in the latest quarter following a period of relative weakness; the improvement was driven by higher total returns for standard industrial property in the South East.

Prime property has continued to outperform secondary stock in most segments of the market.

Portfolio Overview

The value of the Company's portfolio as at 30 September 2011 was £128.5m. During the quarter, the portfolio produced an income return of 1.8%, ahead of the benchmark income return of 1.4%. With the total capital value of the portfolio remaining unchanged, total returns for the quarter were 1.8% broadly in line with the IPD Quarterly Index return of 1.9%.

The majority of the performance during the quarter derived from the Company's office properties. The Company's best performing asset during the quarter was 14 Berkeley Street, London where the value increased to £15.7m due to a number of asset management initiatives including the refurbishment of the 1st and 4th floors. A letting of the 4th floor at a rent equating to £75 per sq ft has been completed and terms have also been agreed to let the 1st floor. Relative performance, however, was held back by industrial properties, particularly those with shorter lease lengths.

The Company sold 3-5 Church Street, Kingston Upon Thames, which was let to Telefonica O2 Limited until March 2020 at £146,200pa, for £2.96m representing a net initial yield of 4.66%. The sale price was in excess of valuation and 41% above the original book value.

During the quarter there were no purchases of property; however, as previously announced, Halls Mill Retail Park in Bury was purchased in June 2011 at a price of £7.05 million, a net initial yield of 6.95%. The retail park is fully let and at 30 September 2011 the value increased to £7.6m.

Several value-adding lease events have been completed, including the restructuring of two leases at Foundry Lane, Horsham which improved the average weighted unexpired income of this asset to 7.2 years. At 15 London Road, Redhill, following the completion of an RPI rent review, the rent increased by 16% to £244,781 pa.

At 30 September 2011, the Company's portfolio had a relatively low void rate of 3.7% of ERV compared with the IPD benchmark of 8.6%. The average unexpired lease length was 8.9 years, assuming all breaks exercised.

All data as at 30.09.11

Note 1 : 0.6% per annum on the invested assets of the group and 0.15% per annum on cash held less current liabilities. The Investment Manager also receives a performance fee equal to 20 per cent of the amount by which the total return of the Group's directly held properties exceeds 120 per cent of the total return of the Group's benchmark and multiplied by the Group's total assets. All information is sourced from F&C Asset Management plc, unless otherwise stated. * The NAV is calculated under International Financial Reporting Standards. ** (bank debt less net current assets)/ by fair value of investment properties. *** Total expenses as a percentage of average total assets less current liabilities. The share price may either be below (at a discount) or above (at a premium) the NAV. Discounts and premiums vary continuously. Performance information excludes any product charges. Stock market, property market and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount originally invested. Where investments are made in emerging markets, unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, and the income from the investment. If markets fall, gearing can magnify the negative impact on performance. The factsheet is issued and approved by F&C Management Limited. Authorised and regulated in the UK by the Financial Services Authority (FSA). †Calculated with reference to projected annual dividends of 8.0 pence per share.