



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	£114.0m
Share price	83.00p
NAV*	87.4p
Discount	-5.0%
Dividend payment dates	Feb, May, Aug, Nov
Dividend yield†	9.6%
Net gearing**	28.0%
Vacant property	1.2%
Weighted average lease length	9.8 Years
Management Fee (% of total assets) <sup>Note 1</sup>	0.60%
Total expenses***	1.3%
Sedol no.	3367456
Stock code	IPT
Year end	31 December
Website	www.isispropertytrust.com

## Standardised Performance

	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005
Fund	10.0%	-32.8%	-7.3%	20.8%	20.3%

## Cumulative Performance

	3 Months	1 Year	3 Years	Since Inception
Fund	7.5%	10.0%	-31.5%	16.3%

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 2009. Basis in accordance with the regulations of the FSA.

## Top ten property investments

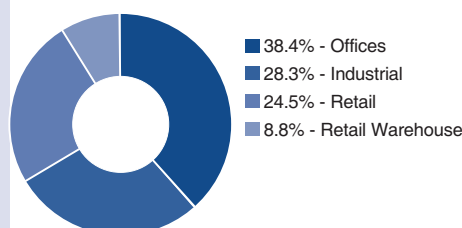
Property Holdings	%
London W1, 14 Berkeley Street	10.3%
Chelmsford, County House, County Square	8.4%
Swindon, 18/19 Regent Street	6.7%
Hull, King William House, Market Place	6.3%
Andover, Keens House, Anton Mill Road	6.0%
Weybridge, UnitD300, Brooklands Industrial Estate	5.8%
New Malden, 7 Beverley Way	5.8%
Bracknell, 1/2 Network Bracknell, Eastern Road	5.7%
Theale, Maxi Centre	5.0%
St. Albans, 16,18 & 20 Upper Malborough Road	4.9%
<b>Total</b>	<b>64.9%</b>

## Structure

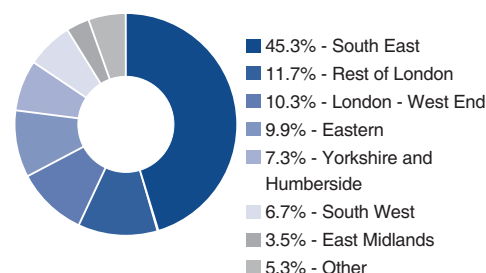
At launch on 28 October 2003, the Company had a capital structure comprising approximately 60 per cent Ordinary Shares and 40 per cent bank debt.

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 £40.0 million drawn down from Lloyds TSB Scotland plc for a period of 10 years to January 2017. The loan carries interest at 0.5 per cent over LIBOR for the first three years, 0.45 per cent thereafter; this variable rate had been fixed through an interest rate swap, which is due to mature during January 2017. This swap fixes interest payable on the initial drawdown at 5.65 percent per annum for the first 3 years and 5.60 percent per annum thereafter.

## Sector breakdown



## Geographical breakdown



September 2009

## Fund manager's commentary

The third quarter of 2009 witnessed a turnaround in the fortunes of UK commercial property. The IPD UK Monthly Index recorded the first quarterly positive returns for over two years. From June to September capital values increased by 1.2%, producing a total return for the quarter of 3.3%.

The improvement has been centred on the transactions market where a resurgence of investor interest in prime stock has coincided with a lack of supply and a consequential inward yield movement and higher capital values. However, transaction levels remain at historically low volumes with the majority of buyers being cash purchasers from overseas, or UK based funds.

Additionally, this improved tone has coincided with better economic news. Commentators believe that the monetary and fiscal stimulus measures are having some effect and as order is slowly being restored to the banking system, both consumer and business confidence are stabilising. Forecasts for 2010 are being revised upwards and there are hopes that real GDP will shortly turn positive.

The improvement in the economy and the property investment has not been mirrored on the occupational side. The trauma of early 2009, with its raft of administrations and collapse of tenant demand, has eased but significant problems remain. Rents are still under pressure and fell by 1.7% in quarter three 2009 but the full impact is being disguised by concessions. According to IPD void levels remained high equating to 12% of rental income with empty rates payable on vacant space.

The Company's portfolio increased in value by 2.4%, which together with an income return of 2.1%, produced a total returns of 4.5% over the quarter, which is well in excess of the IPD index of 3.3%. In the year to date the portfolio has outperformed by producing total returns of -0.1%, and although negative compared very favourably with IPD which recorded -6.6%.

The Company's retail warehouses produced the best performance with returns of 16.3%, and southeast offices, which are mainly long let or government occupied also outperformed, returning 5.0%.

The void rate of the portfolio has remained constant at 1.3%, with the principal vacancy being the first floor office at 14 Berkeley Street London W1. The premises have an estimated rental value of £86,000 per annum, and became vacant as a result of a tenant failure. The floor has been refurbished and is now available to let. The Company's void rate remains well below the IPD average for commercial property which is 12.0%, consequently empty rates and other non recoverable costs are kept to a minimum.

The company maintains its overweight position to industrial property (mainly in the southeast) due to its beneficial and more attractive yield. South East office weighting is also higher than benchmark. The Company has approximately £12 million in cash on deposit and the Manager is currently looking at opportunities to invest in property with an attractive yield and lease characteristics which will match and enhance the sound portfolio characteristics in the long term.

All data as at 30.09.09.

Note 1 : 0.6% per annum on the invested assets of the group and 0.15% per annum on Cash held by the group.

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.