

Invista Real Estate Investment Management Holdings plc

Duncan Owen, CEO

Philip Gadsden, Deputy CEO

Guy Eastaugh, CFO

2008 Results Presentation

24 February 2009

Highlights

Fund Performance

Review of Financial Results

Investment Markets

Strategy & Outlook

Appendix

Key Objectives

- Grow recurring management fees
- Superior investment performance
- Increase the number of opportunities for performance fees
- Deploy balance sheet into growth areas for our business
- Diversify the business into new fund types and geographies

Business Highlights

- Business continues to generate strong margin of over 50% - recurring revenue
- Securely positioned with tight cost base and strong balance sheet
- Capital discipline – significant retained cash reserves & now well placed
- Continued diversification & platform for revenue growth through new funds
 - Opportunity Fund (capital raised) funds ready for investment
 - International Fund launched and equity raised (Japan JV)
 - New Global Property Securities Fund – September 2008
 - Launch of new UK OEIC – November 2008
 - Additional new mandate from UK pension fund
- €170 million of assets successfully recycled from Celsius joint venture
- Successful refinancing of Invista Castle Residential
- 75% of funds outperformed benchmarks over three years
- No on balance sheet recourse banking facilities

Resilience in turbulent markets

Highlights

Fund Performance

Review of Financial Results

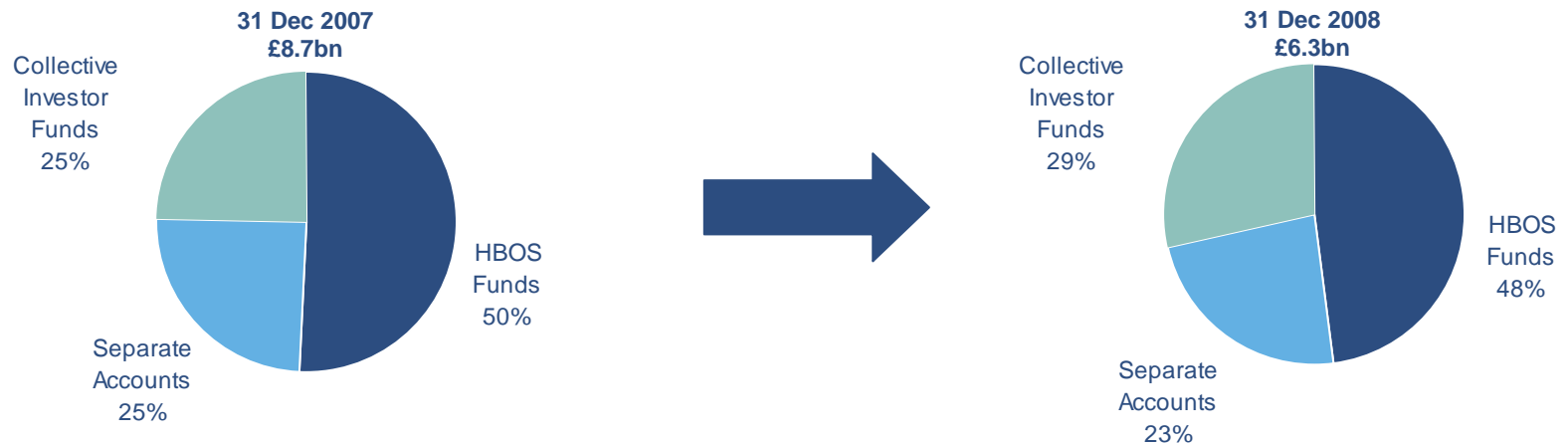
Investment Markets

Strategy & Outlook

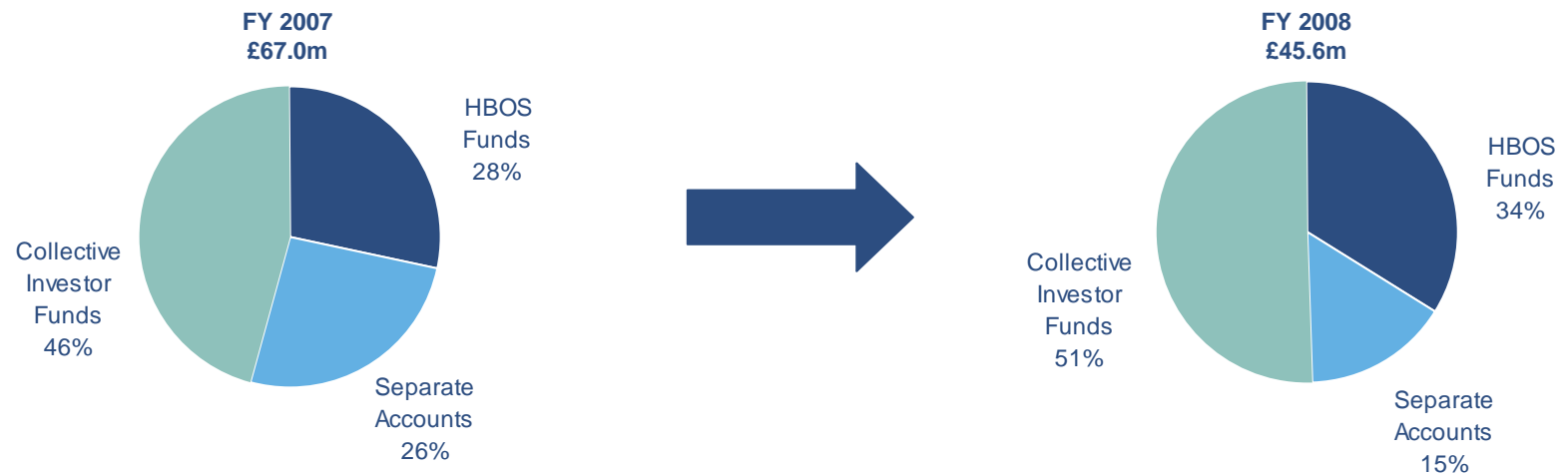
Appendix

AUM and Revenue

Assets Under Management



Revenue



Review of Results

AUM and Revenue

AUM/£million	31 Dec 2007	Net Fund Flows	Valuation Movements	31 Dec 2008	Revenue 2008	Revenue 2007
	£million	£million	£million	£million	£million	£million
HBOS Funds	4,391	(444)	(922)	3,025	15.5	19.0
Separate Accounts	2,150	(44)	(625)	1,481	7.0	17.3
Collective Investor Funds	2,156	(141)	(199)	1,816	23.1	30.7
Total	8,697	(629)	(1,746)	6,322	45.6	67.0

AUM down 27% by £2.37bn

Net fund flows - 7%

Valuations -20%

Fund Flows – Open Ended Funds

Net fund outflows ex valuation adjustments

£ million	2008
Clerical Medical Managed Fund	(169)
Clerical Medical Unit Linked	(90)
Halifax Unit Linked Life	(114)
HIFML UK Property Fund	65
St James's Place UK Property Fund	(116)
FTSEpx	(29)
Sub-total - outflows	(453)
Recycling of Celsius to Clerical Medical Europe	134
Total £ net outflow including recycling	(319)

Net outflows of £453m partially offset by recycling of part of Celsius portfolio to CM Europe

Three Year Investment Performance

Source: IPD, Invista

Fund	Fund return	Benchmark return	Benchmark
Fund A	-3.8%	-4.1%	IPD Quarterly universe
Fund B	-5.6%	-4.9%	IPD Quarterly version of Balanced Monthly Index Funds
Fund C	-4.8%	-4.9%	IPD Quarterly version of Balanced Monthly Index Funds
Fund D	-7.2%	-4.9%	IPD Quarterly version of Balanced Monthly Index Funds
Fund E	-4.2%	-4.9%	IPD Quarterly version of Balanced Monthly Index Funds
Fund F	5.6%	5.2%	IPD Monthly Index annual income return minus 25bps
Fund G	27.7%	16.1%	IPD Monthly Index Funds (Fund closed June 2007)
Fund H	-6.0%	-4.5%	IPD Quarterly version of Balanced Monthly Index Funds (excluding purchase costs to March 2007)
Fund I	-4.4%	-4.9%	IPD Quarterly version of Balanced Monthly Index Funds
Fund J	-3.1%	-4.1%	Balanced Funds in the IPD pooled property fund index
Fund K	5.8%	5.6%	IPD Euro zone
Fund L	-3.6%	-4.7%	IPD Monthly Index

75% of AUM has outperformed three years to 31 December 2008

Highlights

Fund Performance

Review of Financial Results

Investment Markets

Strategy & Outlook

Appendix

Financial Highlights

	2008 £m	2007(restated) £m	Change %
Recurring revenue	43.9	47.5	(8)
Performance fees	1.7	16.7	(90)
Interest & other Income	1.5	7.6	(80)
Profit pre fair value adjustments	23.7	48.6	(52)
Profit margin (pre FVA and perf/term fees)	50%	61%	down 11%
Earnings per share pre FVA	6.3p	12.1p	
(Loss) / Profit before taxation	(3.7)	49.8	
Proposed full year dividend per share	2.3p	2.3p	No change

Gross cash of £87.5m as at 31 December 2008

Revenue

Years to 31 December	31 Dec 2008 £millions	31 Dec 2007 £millions	Change %
Management fees	36.4	45.6	(20)
Performance fees	1.7	16.7	(90)
Other fees	1.9	4.7	(60)
Net rental income	5.6	-	n/a
Revenue	45.6	67.0	(32)
Average AUM*	£7.65bn	£9.58bn	
Management fee margin	47.6bps	47.6bps	

* Adjusted to remove Invista Castle from AUM from 10 April 2008

Profit and Loss Account

Years to 31 December	31 Dec 2008 £millions	31 Dec 2007 £millions
Fee revenue	40.0	67.0
Net rental income	5.6	-
Administrative expenses	(21.4)	(21.9)
Joint venture losses (excluding FVA)	(1.8)	(4.8)
Losses on Securities Fund	(0.3)	-
Investment income	1.6	8.3
Profit pre fair value adjustments	23.7	48.6
Margin	52%	73%
Fair value adjustments	(27.4)	1.2
Pre-tax (loss) / profit	(3.7)	49.8
Corporation tax	(6.7)	(16.4)
Profit after tax	(10.4)	33.4
EPS (fully diluted)	(4.0)p	12.6p
DPS	2.3p	2.3p

Fair Value Adjustments

Year to 31 December 2008 Profit and Loss Account	PBT	Write-Off		Fair Value Adjustments			PBT
	Reported	Celsius		Castle	IFPT	IREOF	Pre-FVA
	£m	Asset £m	Hedge £m	£m	£m	£m	£m
<u>Income</u>							
Revenue	45.6						45.6
Net interest income	1.5						1.5
FX	3.4	-5.0	1.7				0.1
<u>Expenses</u>							
Admin	-21.4						-21.4
Joint Venture gains and losses	-22.2	21.9				-1.5	-1.8
Balance Sheet write downs	-10.3			5.9	4.4		0
Net loss on securities fund activity	-0.3						-0.3
TOTAL (LOSS) / PROFIT	-£3.7m	16.9	1.7	5.9	4.4	-1.5	£23.7m

Cash Flow

Year to 31 December 2008	£millions
Cash as at 31 December 2007	£137.0m
Loss before tax	(3.7)
Joint venture losses	22.2
Invista Castle	(11.2)
Investment in Celsius	(12.0)
Global Securities Fund	(9.1)
Acquisition of IFPT shares	(5.0)
Drawdowns by Opportunity and International Funds	(5.5)
Tax paid	(19.3)
Dividends paid	(6.0)
EBT purchases, working capital and other	0.1
Cash as at 31 December 2008	£87.5m
Debt (consolidation of Invista Castle)	85.4
Net Cash as at 31 December 2008	£2.1m

Cash and cash equivalents

£87.5m in cash as at 31 December 2008

Commitments	£m
• Invista Castle retentions	8
• Opportunity Fund	20
• International Fund	24
• Working capital	10
• Current surplus	£25m

Note. Castle acquisition loan of £13.6m is repayable April 2011

Balance Sheet Investments – Castle

Net investment £37m

- 317 residential family houses: value as at 31 December 2008, £122.0m (debt £85.4m)
- Building completed 2003
- Across 5 sites
- 10 Year NHBC and 12 Year Latent Defects Warranty
- Leased to the Secretary of State for the Ministry of Defence to 2028
- Managed by Morrison Facilities Ltd



Balance Sheet Investments

Global Securities Fund £9.4m

- Seeded with £10m of balance sheet capital in September 2008
- Close to 100% invested by year end
- Outperformed the EPRA NAREIT Index by over 2,000bps to 31 January 2009
- Intention to introduce additional investors diluting Invista's interest by end 2009

Invista Real Estate Opportunity Fund £5.2m

- Three investments so far; £4.9m of £25m commitment drawn down
- Revaluation surplus at year end of £1.5m
- Further investment activity expected in 2009



Banking Arrangements

CASTLE (100% owned: on balance sheet)

- £13.6m Acquisition Loan due April 2011 has Loan to Value covenant of 70%
- Current LTV 70%: prepayment of £1.4m on 31 December 2008
- £71.8m Senior Debt (amortising 2028) has no LTV covenant
- Weighted average interest rate swapped out at 6.5%

CELSIUS (50% owned: being held at £nil)

- €142m Senior Debt & extension to facility from Kaupthing
- In discussions with the lender about options
- Loan not in default

All facilities non recourse to Invista

Highlights

Fund Performance

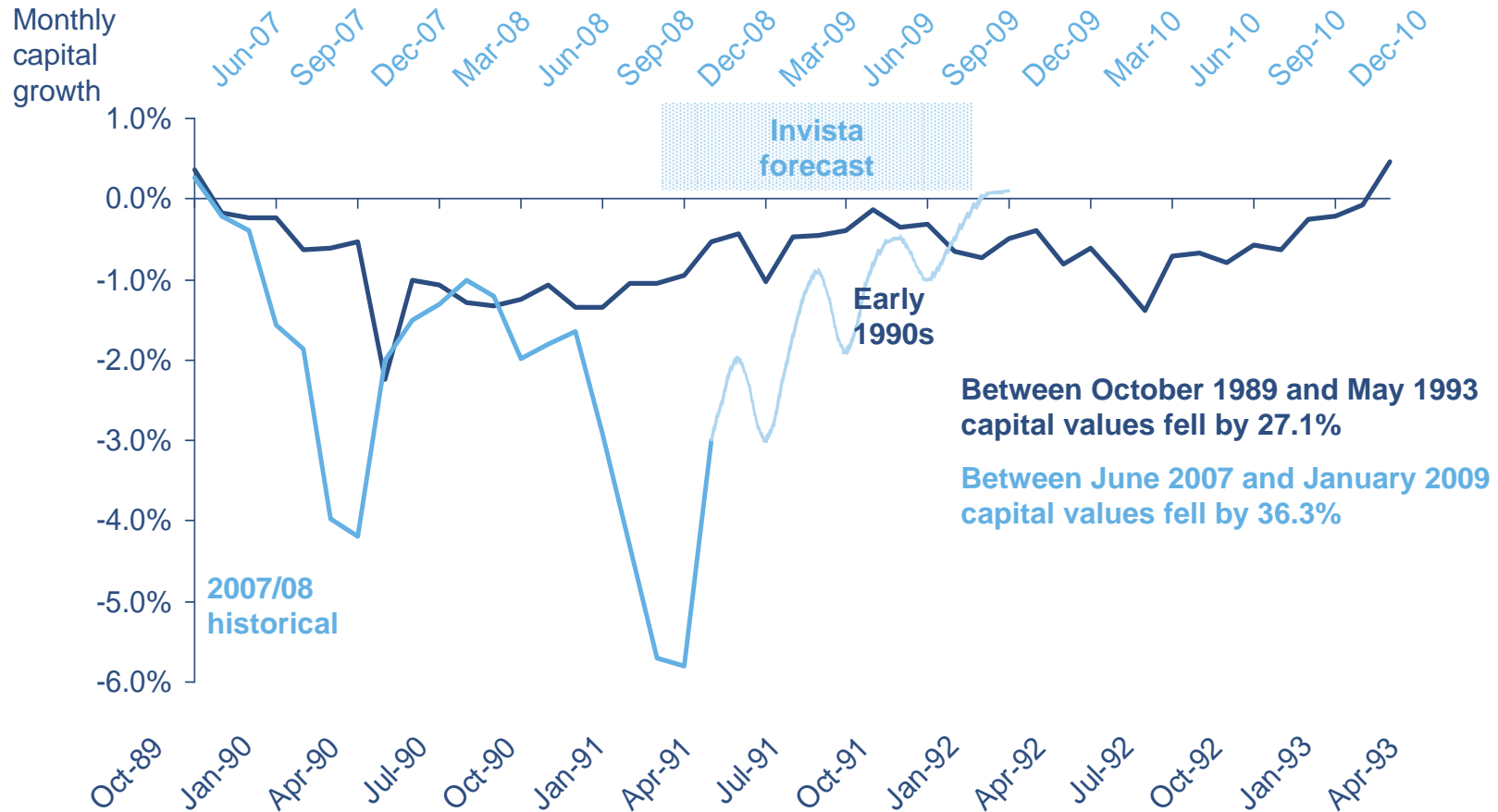
Review of Financial Results

Investment Markets

Strategy & Outlook

Appendix

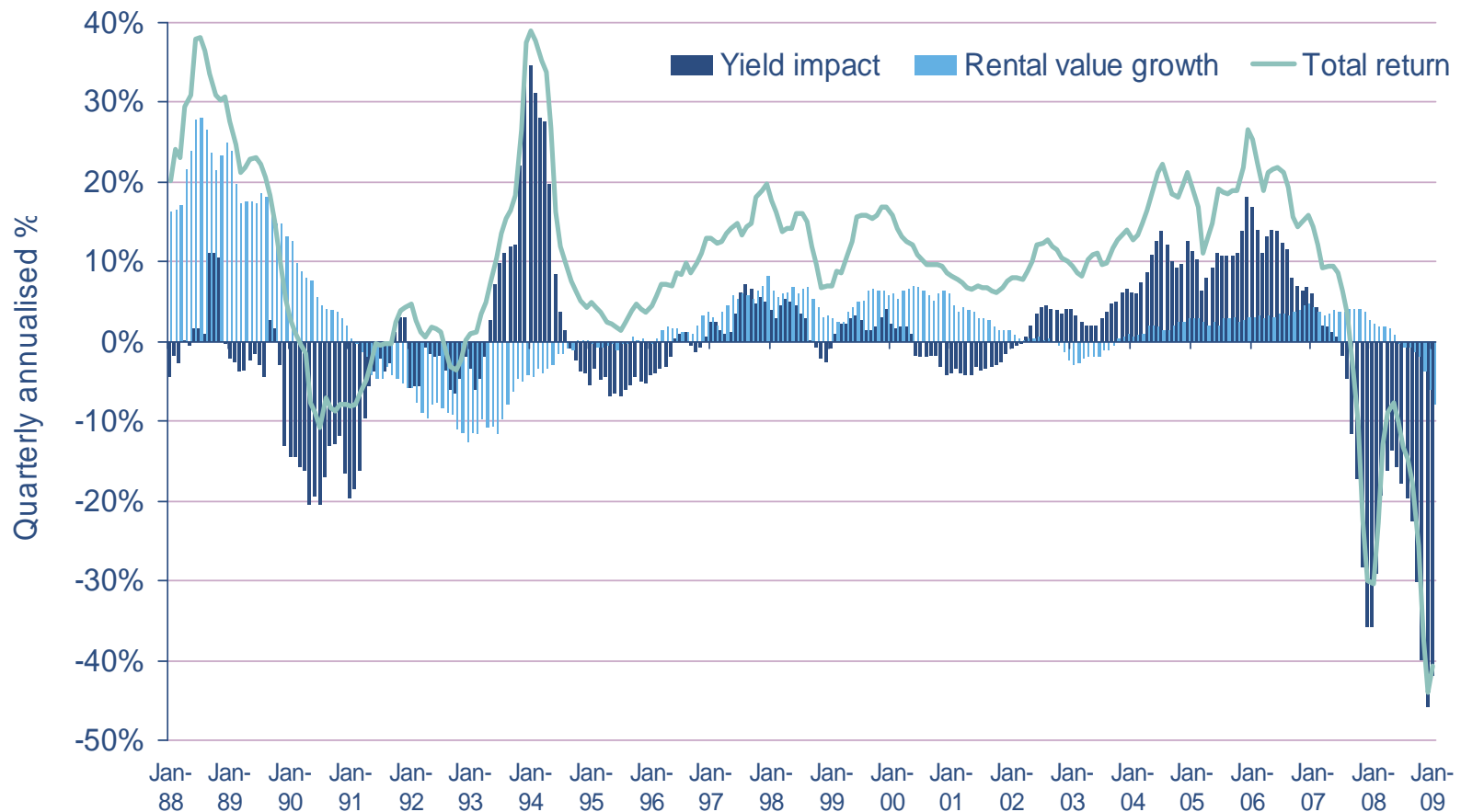
Current UK Price Decline in Context



Source: Invista, IPD Monthly and Quarterly Index

Valuations are expected to stabilise by the end of 2009

UK Commercial Property Market

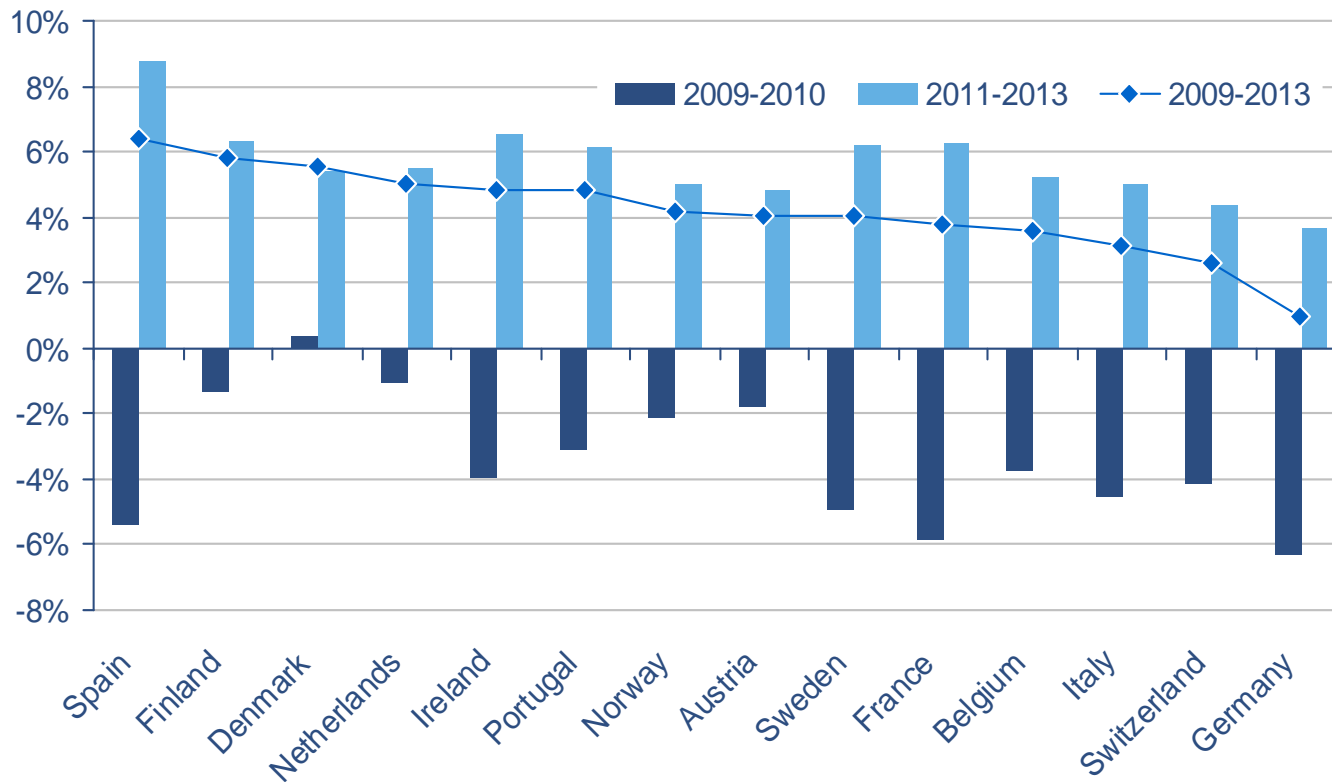


Source: IPD Monthly Index (Full history)

Downturns and recoveries yield driven – not occupier

European Commercial Property Market

Total returns across the IPD Universe* are forecast to average -9% in 2009-2010 as performance is mainly driven by **outward yield shift**



Source: IPD (historical data), Invista REIM (forecast data)

*IPD Universe: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden and Switzerland.

All commercial property refers to industrial, office and retail only.

Highlights

Fund Performance

Review of Financial Results

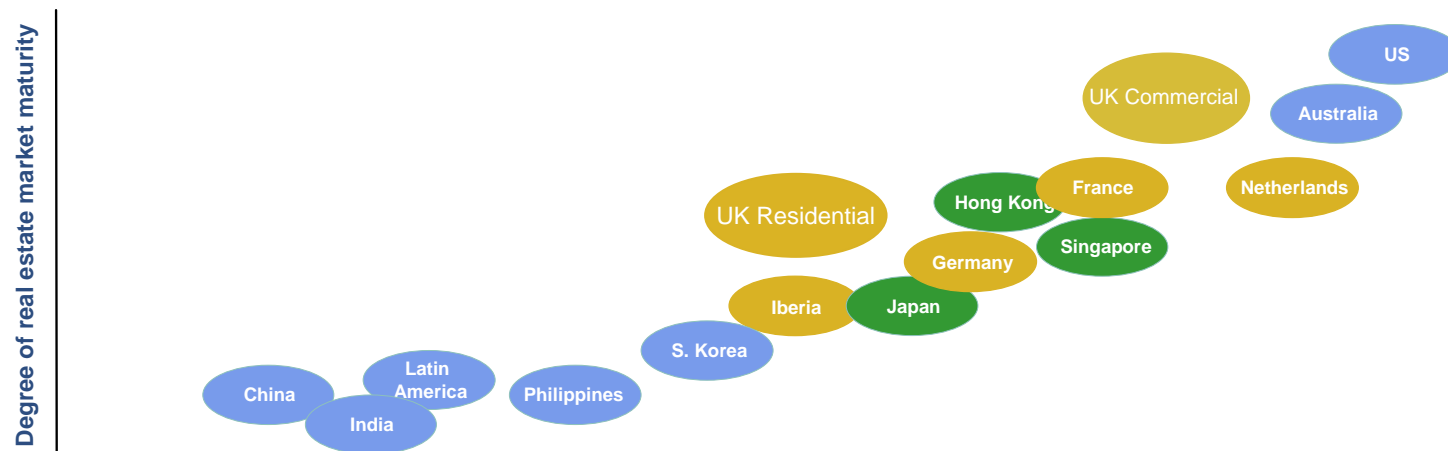
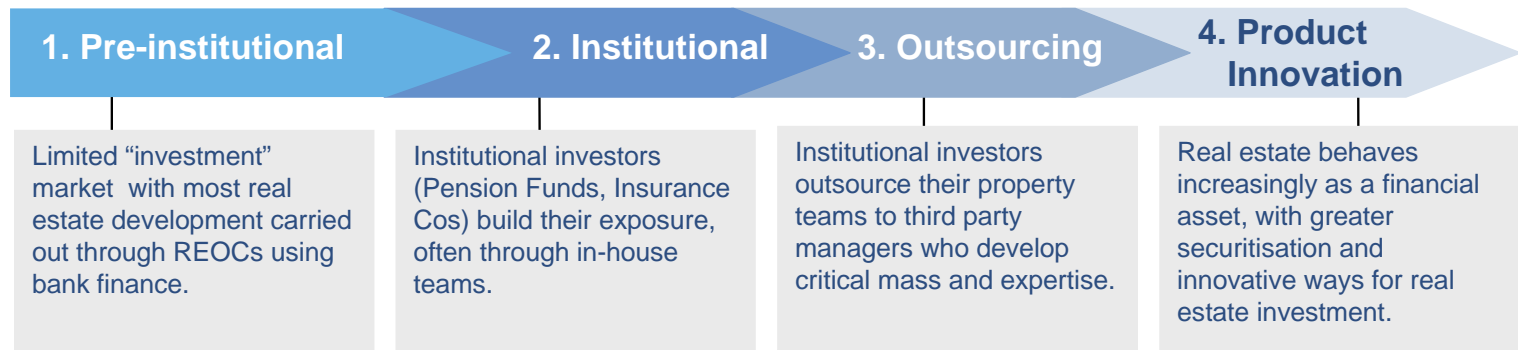
Investment Markets

Strategy & Outlook

Appendix

Fund Strategy

Characteristic of real estate capital management



Source: JLL; IPD; DB Real Estate; DTZ;

Note: Real estate market maturity reflects the transparency and liquidity of each market, as well as the share of real estate market that is "investable"

Strategic Priorities

- UK business –
 - Focus on continued investment performance
 - Manage liquidity in open ended funds
 - CIFs remain important & are well positioned
- European business –
 - Focus on continued investment performance
 - European Opportunity Fund
 - Clerical Medical European fund: investment opportunities
 - Celsius: opportunity to restructure
- International: growth platform - Global Securities & International Fund
- Retain capital discipline - opportunistic deployment of balance sheet capital into growth areas and at lower pricing
- Inorganic expansion possibilities

Platform well placed to take advantage of market opportunities

Outlook

- Unprecedented falls in markets in 2008 & environment continuing to be challenging in 2009
- UK value falls peak to trough of circa 50%
- Future value falls anticipated in continental Europe but wide variation between markets
- Moving into 2009 in strong position, with balance sheet cash of £87.5m
- Opportunities to implement strategy to grow recurring revenue and diversify the fund type whilst also taking advantage of distressed pricing

Invista has demonstrated its ability to continue to develop and create new business even in adverse market conditions

Highlights

Fund Performance

Review of Financial Results

Investment Markets

Strategy & Outlook

Appendix

Balance Sheet



As at 31 December	2008	2007
	£millions	£millions
Investment properties	122.0	-
Investments in joint ventures	5.2	24.1
Other non-current assets	12.9	4.1
Deferred tax assets	2.7	0.6
	142.8	28.8
Trade and other receivables	6.4	9.3
Cash	87.5	137.0
Total Assets	236.7	175.1
Current liabilities & other payables	(11.6)	(27.1)
Debt	(85.4)	-
Derivatives used for hedging	(14.5)	-
Net Assets	125.2	148.0

Assets under Management

HBOS Funds

In £ million	Investment style	As at 31 Dec 07	As at 31 Dec 08
Clerical Medical With-Profits Property Fund	Balanced UK, Core	1,983	1,336
Clerical Medical Managed Property Fund	Balanced UK, Core	1,144	735
Clerical Medical Unit Linked Fund	Balanced UK, Core	566	345
Halifax Life Property Fund	Balanced UK, Core	474	226
Halifax Managed Income Fund	Balanced UK, Core	175	120
Clerical Medical Non-Sterling	Continental Europe, Core	41	199
Clerical Medical Managed Income Funds	UK, Indirect	8	1
HMIF UK Property Fund	UK, Core	0	63
TOTAL		4,391	3,025

AUM down 31% by £1.37 billion

Net fund flows -10%

Valuations -21%

Assets under Management

Separate Accounts

In £ million	Investment style	As at 31 Dec 07	As at 31 Dec 08
The Equitable Life Assurance Society	Balanced UK, Core	753	524
HBOS Final Salary Pension Scheme Property Fund	Balanced UK, Core	154	213
St James's Place APUT	Balanced UK, Core plus	86	66
St James's Place UK Property Fund	Balanced UK, Core	752	471
LRI GP Limited	Balanced UK, Indirect Investment, Core	305	207
FTSEpx Fund (now closed)	Balanced UK, Core	100	0
TOTAL		2,150	1,481

AUM down 31% by £670m

Net fund flows - 2%

Valuations -29%

Assets under Management



Collective Investor Funds

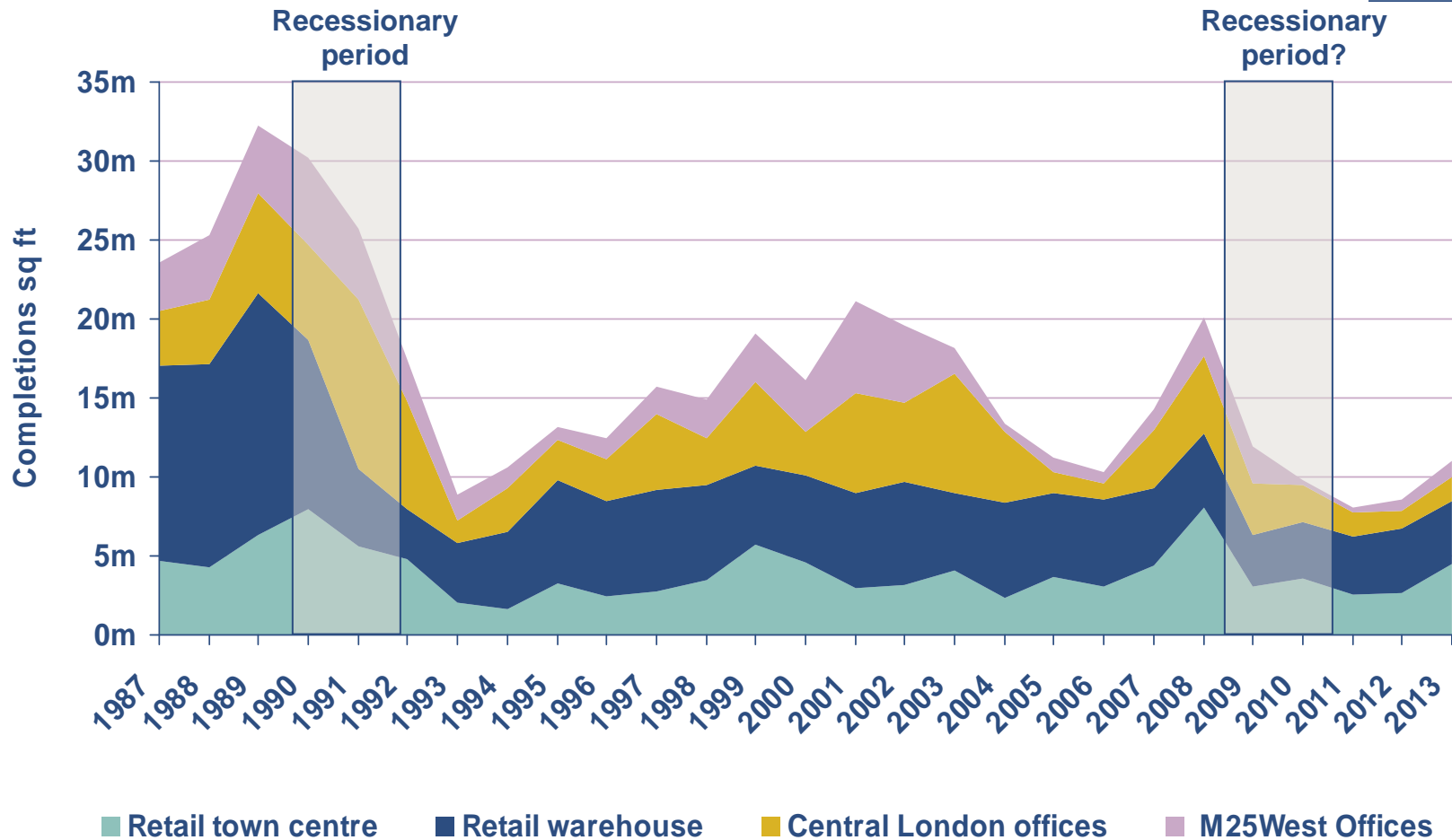
In £ million	Investment style	As at 31 Dec 07	As at 31 Dec 08
Invista Foundation Property Trust	Balanced UK, Core plus	685	418
Invista Property Portfolio Fund	Balanced UK Fund of Specialist Funds, Core	72	44
Invista European Real Estate Trust	Balanced continental Europe, Core plus	588	607
Residential (2 Funds)	UK Residential	463	419
Opportunity Fund	Pan European, Opportunistic	50	56
Invista Canmoor	UK, Value Added	42	66
Celsius (Joint Venture)	France, Core plus	256	147
Invista International Real Estate Fund	Asia, Core plus	0	50
Invista Global Property Securities Fund	Securities	0	9
TOTAL		2,156	1,816

AUM down 16% by £340 million

Net flows -7%

Valuations -9%

UK Commercial Property Market Supply and Construction



Source: Invista, PMA

Significantly less new space on market than in early 90s

Important notice

WE WOULD ALSO POINT OUT:

- Invista Real Estate Investment Management Holdings plc state that reasonable skill and care has been used in the preparation of this presentation and any forecasts expressed within it. Notwithstanding this warranty Invista shall not be liable for any loss of profit, business, revenues or any special indirect or consequential damage of any nature whatsoever or loss of anticipated saving or for any increased costs sustained by the client or his servants or agents in any way whether arising in any way directly or indirectly as a result of reliance on this model or of any error or defect in this presentation.
- This presentation and associated information is the property of Invista Real Estate Investment Management Holdings plc who reserve all intellectual property rights to its use and the components of the forecasts contained herein. It should not be copied or used for any other purpose or distributed to any other parties.
- All features in this pack are current at the time of publication but may be subject to change in the future.
- Unless otherwise stated, the source of information is Invista Real Estate Investment Management Holdings plc.
- No modifications or amendments to the presentation may be made without the prior permission of Invista Real Estate Investment Management Holdings plc.
- The document is to be used by the intended recipient(s) only and the document may not be forwarded to a third party without the prior consent of Invista Real Estate Investment Management Holdings plc.
- This document contains commercially sensitive information. In the event that disclosure of this document or the information contained therein is contemplated pursuant to the Freedom of Information Act 2000, please notify us.
- The data contained in this document is for information purposes only. It is correct to the best of our knowledge at the date of issue and may be subject to change. This document is not legally binding and no party shall have any right of action against Invista in relation to the accuracy or completeness of the information contained in it or any other written or oral information made available in connection with it.
- This presentation does not constitute an offer to invest in the securities of Invista Real Estate Investment Management Holdings plc.
- For the avoidance of doubt this document does not constitute a financial promotion as defined under the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001, as amended.

- Invista Real Estate Investment Management Holdings plc. Registered in England and Wales. Registered number 05788425. Registered office Exchequer Court, 33 St. Mary Axe, London EC3A 8AA.
- Invista Real Estate Investment Management Limited is authorised and regulated by the Financial Services Authority. Registered in England and Wales. Registered number 04459443. Registered office Exchequer Court, 33 St. Mary Axe, London EC3A 8AA.