

Invista Real Estate Investment Management Holdings plc

2010 Interim Results Presentation

Duncan Owen, CEO

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30 July 2010

Agenda

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Business Highlights

■ Key Statistics

- Profit before tax of £5.3 million
- Profit margin at 35% pre FVA
- Good investment performance - 72% of funds outperforming benchmark in 2009
- Net inflows to open ended funds of £160 million in H1 2010 (H1 2009 - £147m)
- AUM of £5.4 billion as at 30 June 2010 (including cash of circa £800 million)

■ Business

- Focus on development of distribution for additional direct capital flows
- Increasing stability in real estate markets
- Strong client relationships
- Further development of the Asian business

■ Balance Sheet

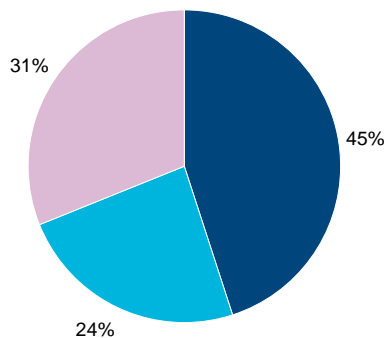
- £67 million in cash – note: only £19.5m available post commitments
- £136 million in net assets

AUM and Revenue

Assets Under Management

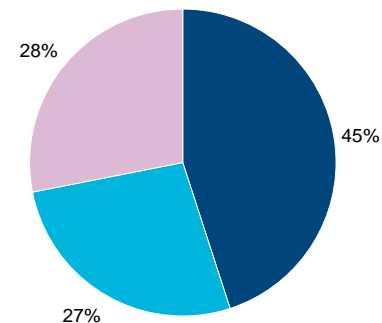
31 Dec 2009
£5.3bn

■ HBOS Funds ■ Separate Accounts ■ Collective Investor Funds



30 June 2010
£5.4bn

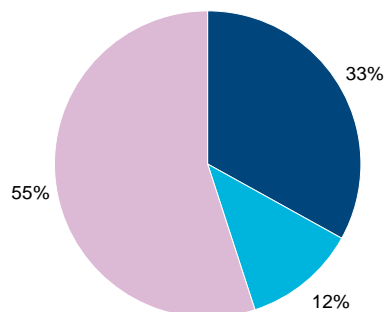
■ HBOS Funds ■ Separate Accounts ■ Collective Investor Funds



Revenue

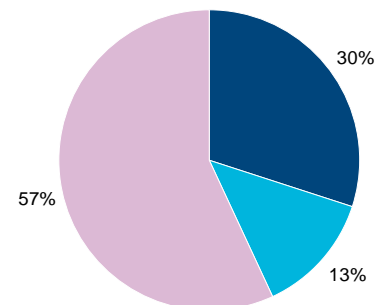
30 June 2009
£17.9m

■ HBOS Funds ■ Separate Accounts ■ Collective Investor Funds



30 June 2010
£17.6m

■ HBOS Funds ■ Separate Accounts ■ Collective Investor Funds



AUM and Revenue

Six months to 30 June 2010

AUM	31 Dec 2009	Net Fund Flows	Valuation Movements	30 June 2010	Revenue H1 2010	Revenue H1 2009
	£million	£million	£million	£million	£million	£million
HBOS Funds	2,387	(102)	164	2,449	5.3	6.0
Separate Accounts	1,288	63	74	1,425	2.3	2.1
Collective Investor Funds	1,664	(94)	(28)	1,542	6.1	5.9
Rental Income					3.9	3.9
Total	5,339	(133)	210	5,416	17.6	17.9

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Revenue

	30 June 2010	30 June 2009	Change
Six months to 30 June 2010	£million	£million	%
Management fees	12.4	13.1	(5)
Other income	1.3	0.9	44
Net rental income	3.9	3.9	-
Revenue	17.6	17.9	(2)
Average AUM*	£5.27bn	£5.59bn	
Management fee margin	46.9bps	46.9bps	

* Adjusted to remove Invista Castle

Profit and Loss Account

Six months to 30 June 2010	30 June 2010 £million	30 June 2009 £million
Revenue	17.6	17.9
Administrative expenses	(9.3)	(8.4)
Joint venture losses (excluding FVA)	(0.7)	(0.7)
Profit / (loss) on Securities Fund activity	0.9	(0.2)
Operating result pre FVA	8.5	8.6
Net finance (expense) / income	(2.4)	(2.2)
Profit pre fair value adjustments	6.1	6.4
Margin	35%	36%
Fair value adjustments	(0.8)	(2.5)
Exceptional item	-	(3.8)
Profit before tax	£5.3m	£0.1m
EPS (diluted)	1.25p	(0.2)p
DPS	0.7p	0.7p

Balance Sheet

As at 30 June 2010	30 June 2010 £million	31 Dec 2009 £million
Investment Properties	120.5	121.5
Investments in joint ventures	26.6	23.2
Investments	19.4	19.5
Other non current assets	3.8	3.2
Total non current assets	170.3	167.4
Trade and other receivables	5.5	4.5
Cash	67.3	73.7
Total Assets	243.1	245.6
Current liabilities & other payables	(11.0)	(13.8)
Debt	(83.4)	(84.0)
Derivatives used for hedging	(13.1)	(8.7)
Net Assets	135.6	139.1

Cash Flow

Six months to 30 June 2010	£million
Cash as at 31 December 2009	£73.7m
Profit pre FVAs	6.1
Joint venture losses	0.7
Opportunity Fund drawdowns	(2.3)
EBT share purchases	(0.9)
Dividends paid	(4.2)
Tax paid	(3.9)
Scheduled repayment of loans	(0.7)
Working capital and other	(1.2)
Cash as at 30 June 2010	£67.3m

Free Cash

£67.3m in cash as at 30 June 2010

Uses	£m
▪ Invista Castle retentions	8.6
▪ Commitments to Funds	25.3
▪ Castle loan repayable April 2011	13.6
▪ Cash in Global Property Securities Fund	0.3
“Free Cash”	£19.5m

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Deployment of Co-investment Capital

As at 30 June 2010

1. Residential Invista Castle

- NAV £33.6 million – total investment property value £120.5 million
- 317 Residential units - on five sites
- Leased to the Secretary of State for the Ministry of Defence to 2028

2. Co-investment in listed Trusts

- IFPT £2.8 million
- IERET £3.9 million

3. Invista Celsius – French Portfolio

- Held at NIL
- Invista remains investment manager

4. Global Property Securities Fund

- £11.3 million marked to market value
- 470 bps out performance of EPRA/NAREIT over last 12 months

5. Opportunity Fund

- NAV at £8.5 million
- Modest increase in NAV since acquisitions

6. International Fund

- NAV at £18.1million
- One further acquisition by BOSS in first half

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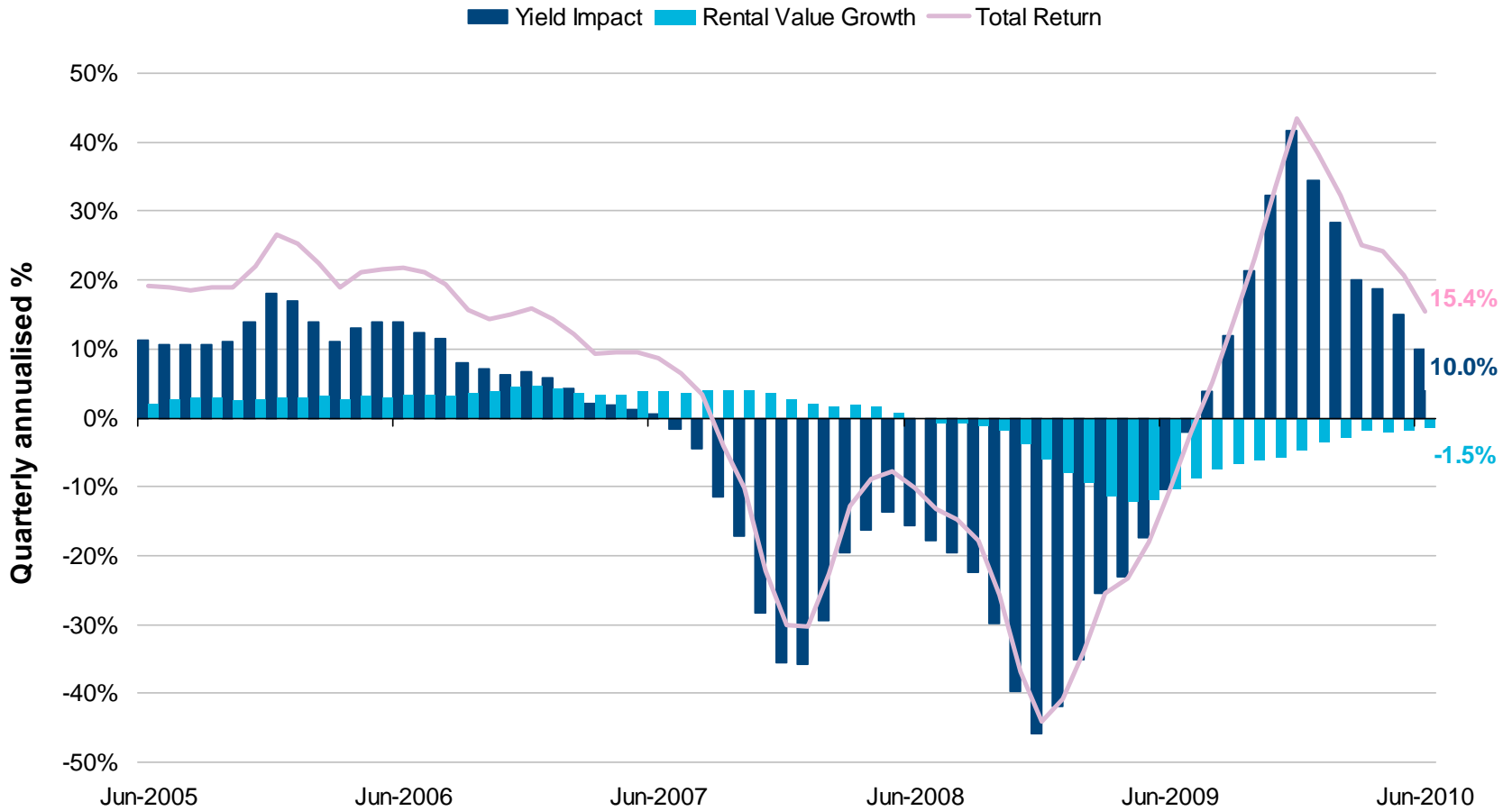
Market Summary

- Pace of capital growth slowing in the UK - IPD Monthly Index capital growth resulting in a 15% recovery from market low point in July 2009
- Average UK IPD rental values - 11% from peak in April 2008 but rate of decline slowing
- Market polarised with prime prices driven by low supply and strong demand in H1 2010
- Prime, good quality assets have driven out performance - evident in Invista portfolios
- Evidence of transactions market slowing with some vendors not achieving asking prices
- Income yields still above long run average
- Indicative IPD swap prices suggest 10% total return for Calendar 2010, falling to 4.5% over 2011. Implies capital value falls of 3% over remainder of 2010 and 4% over 2011*
- Stable values in mature Continental European markets (e.g. France)
- Strong recovery in mature Asian markets (e.g. Hong Kong and Singapore)
- Potential for increased supply of assets from 'forced sellers' should provide good buying opportunities - cash weighting

Note: Unless otherwise stated all information is correct at 30 June 2010

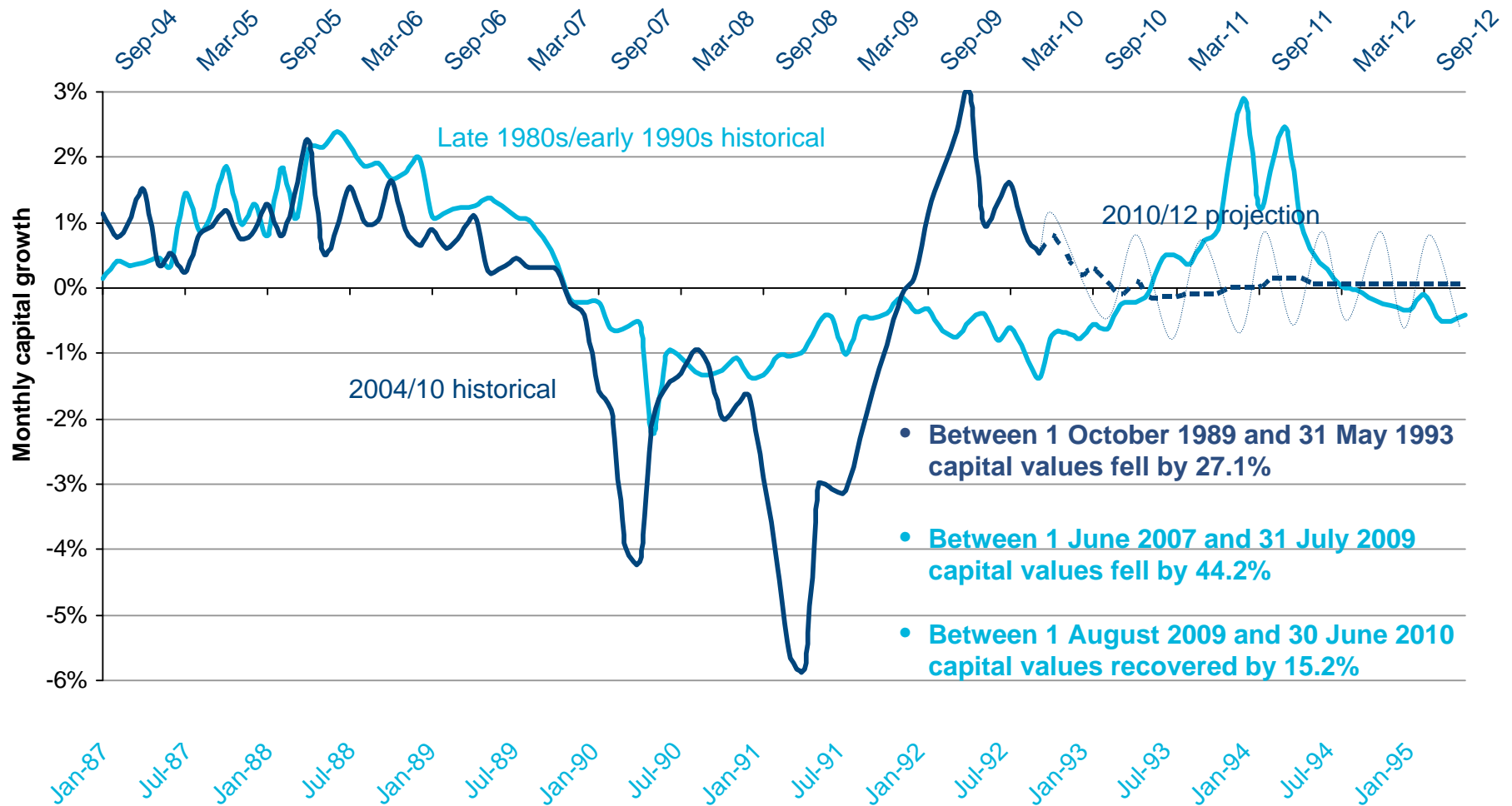
** Forecasts are indicative only*

UK Commercial Property Market



Source: IPD Monthly Index

UK Capital Value Movement in Context



Source: Invista REIM, IPD Monthly Index

Sustained recovery in values requires occupational market recovery

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Invista REIM – the Investment Opportunity

- Profitable operating margin from recurring revenue - pre performance fees & FVAs
- Strong investment performance - sustained over 1 & 3 years
- Diverse business model
 - UK - proven track record
 - Continental Europe - good French Platform
 - Good start in mature Asian markets - sought by many of Invista's clients
 - Access to retail investors via LBG & capital markets
 - Independent company - beneficiary of market trends to outsource
- Entrepreneurial and strategic approach to business development means scalable platform is well positioned for growth
- Capable operational leverage - ability to grow with further distribution capability
- Robust Balance sheet

Summary and Outlook

- Encouraging start to 2010
- Macro economic risks are evident - continued uncertainty
- Recovery of capital values in the UK is unsustainable - now slowing
- Robust business model and balance sheet:
 - Inflows to open ended funds in H1 2010 (+ £160m) vs. outflows in H1 2009 (- £147m)
 - Net assets £136 million; Cash £67 million
 - Profit margin 35%
- New opportunities for growth are arising
 - Maximise strong performance record as investors return to real assets
 - Develop new access to capital - distribution initiative
 - Strong cash positions in closed and open-ended UK funds - £800 million cash in funds
 - Development of Asian business - BOSS
 - Listed trusts enjoying stable or growing NAV positions - NB equity issuance

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Key Objectives

- Superior investment performance
- Grow recurring management fees
- Create opportunities for future performance fees
- Deploy balance sheet to create recurring income
- Diversify our funds geographically, by fund type and investment style