



Invista Real Estate Investment Management Holdings plc

Duncan Owen, CEO

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2009 Interim Results

30 July 2009

Highlights

Financial Results

Balance Sheet Investments

Investment Markets

Outlook

Objectives



- Grow recurring management fees – supported by new funds and ongoing interests in assets
- Increase opportunities for performance fees
- Superior investment performance achieved
- Deploy balance sheet into growth areas
- Diversify our funds geographically, by fund type and investment style

Business Highlights

Key Statistics

- Profit margin at 36% pre FVA
- Strong investment performance – 68% of funds outperforming benchmark in Q1
- Cost control – expenses down 28% year on year
- Net fund outflows from open ended funds slowing (£147 million in H1 2009 vs £272 million H2 2008)
- AUM of £5.4 billion

New Business

- International Fund acquisition of Big Orange Self Storage (“BOSS”)
- New Asian fund management team

Balance Sheet

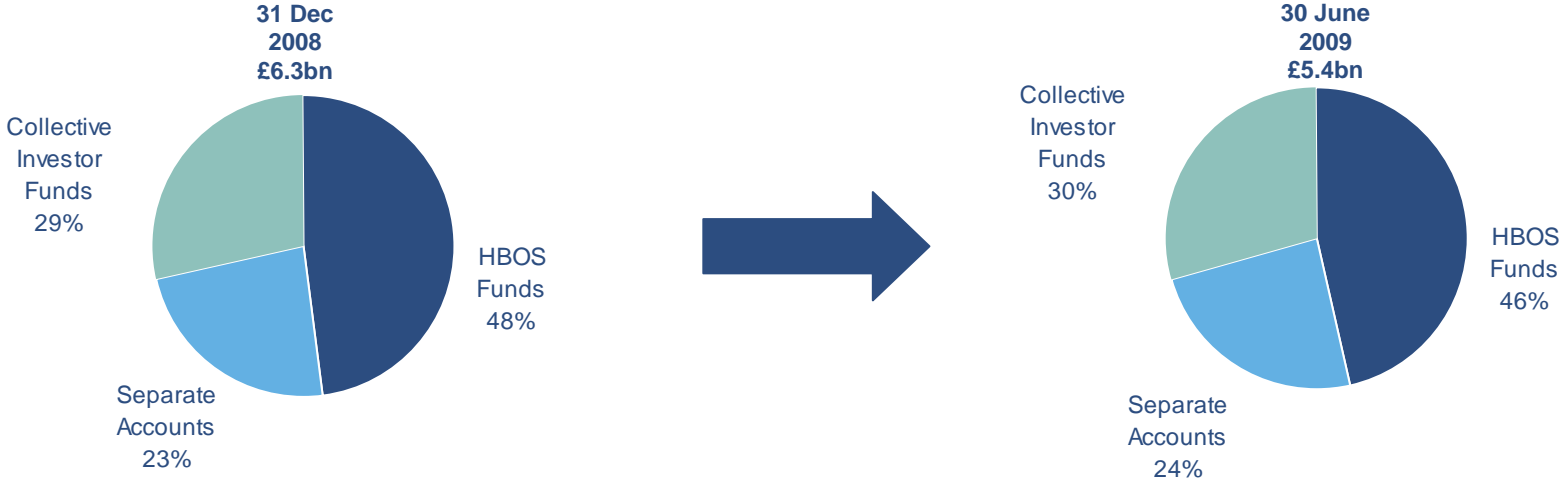
- £76 million in cash
- Invista Castle - residential portfolio remains resilient
- Good relative performance of other assets - notably Global Property Securities Fund

Resilient performance in difficult markets

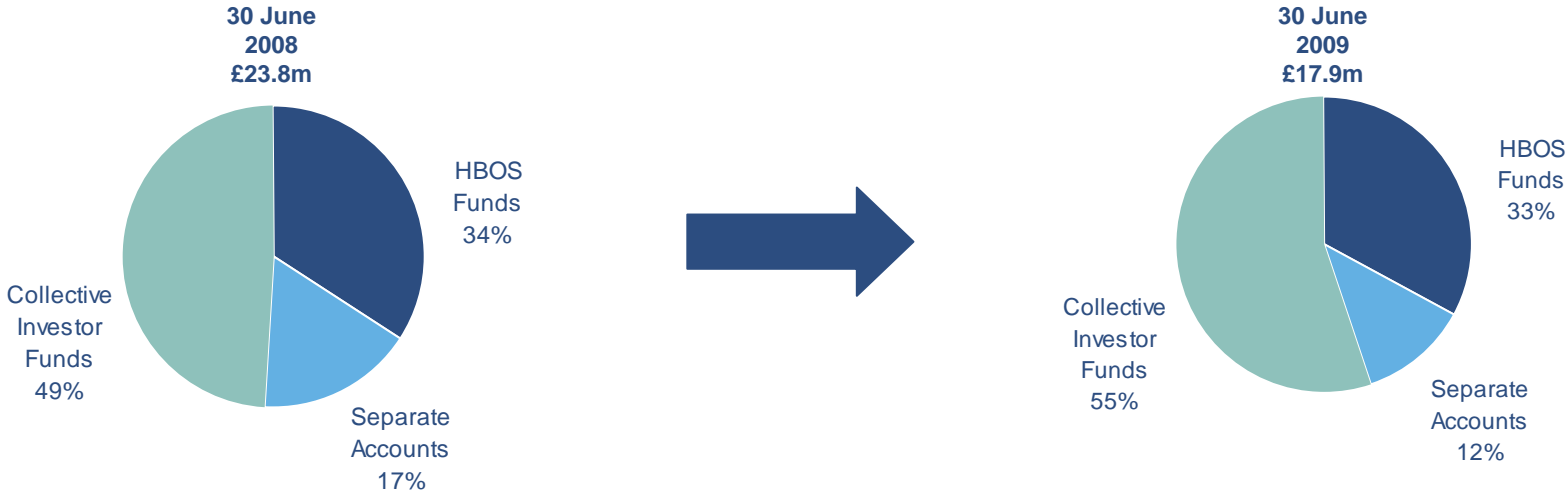
Review of Results - Overview



AUM



REVENUE



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AUM and Revenue



Six months to 30 June 2009

AUM/£millions	31 Dec 2008	Net Fund Flows	Valuation Movements	30 June 2009	Revenue H1 2009 £millions	Revenue H1 2008 £millions
HBOS Funds	3,025	(187)	(353)	2,485	6.0	8.1
Separate Accounts	1,481	(37)	(155)	1,289	2.1	4.0
Collective Investor Funds	1,816	-	(240)	1,576	5.9	10.1
Rental Income					3.9	1.6
Total	6,322	(224)	(748)	5,350	17.9	23.8

Revenue



Six months to 30 June	30 June 2009 £millions	30 June 2008 £millions	Change %
Management fees	13.1	19.1	(31)
Performance fees	-	1.7	-
Other income	0.9	1.4	(36)
Net rental income	3.9	1.6	144
Revenue	17.9	23.8	(25)
Average AUM*	£5.59bn		
Management fee margin	46.9bps		

* Adjusted to remove Invista Castle

Profit and Loss Account



Six months to 30 June	30 June 2009 £millions	30 June 2008 £millions
Revenue	17.9	23.8
Administrative expenses	(8.4)	(11.6)
Joint venture losses, excluding fair value adjustments	(0.7)	(1.5)
Securities Fund activity	(0.2)	-
Operating result pre FVA	8.6	10.7
Net finance (expense) / income	(2.2)	2.8
Profit pre FVA	6.4	13.5
Margin	36%	57%
Fair value adjustments	(2.5)	(2.5)
Exceptional item	(3.8)	-
Profit before tax	£0.1m	£11.0m
EPS (adjusted)	1.7p	3.6p
DPS	0.7p	0.7p

Balance Sheet



	30 June 2009	31 Dec 2008
	£millions	£millions
Investment properties	120.0	122.0
Investments in joint ventures	15.5	5.2
Other investments	13.4	11.6
	148.9	138.8
Other assets and receivables	8.1	10.4
Cash	75.6	87.5
Total Assets	232.6	236.7
Creditors, tax and other payables	(10.0)	(11.6)
Senior Debt (amortising 2028)	(71.1)	(71.8)
Acquisition Loan (repayable 2011)	(13.6)	(13.6)
Hedges (marked to market)	(8.3)	(14.5)
Net Assets	£129.6m	£125.2m

Cash Flow



Six months to 30 June 2009	£millions
Cash as at 31 December 2008	£87.5m
Profit pre FVA	6.4
International Fund drawdowns	(10.7)
Opportunity Fund drawdowns	(1.1)
Debt repayments	(0.7)
Dividends paid	(4.2)
EBT share purchases	(1.0)
Other, net	(0.6)
Cash as at 30 June 2009	£75.6m
Debt (Invista Castle)	84.7
Net Cash as at 30 June 2009	£(9.1)m

Free Cash

£75.6m in cash as at 30 June 2009

Uses

- Invista Castle retentions
- Commitments to Funds

£m

8.6

32.6

“Free cash”

£34.4m

No short term refinancing issues: Castle loan of £13.6m repayable April 2011

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Deployment of Co-investment Capital

As at 30 June



In addition to cash of £76 million as at 30 June 2009 investments held include:

1. Residential Invista Castle

- NAV £35 million – total gross value £120.0 million
- 317 Residential Family Houses - on five sites
- Leased to the Secretary of State for the Ministry of Defence to 2028

2. Co-investment in listed Trusts

- IFPT £2.1 million - discount to NAV marked to market
- IERET £600,000 - discount to NAV marked to market

3. Invista Celsius – French Portfolio

- Held at NIL
- Discussions ongoing with JV partner and lender about ongoing portfolio

4. Global Property Securities Fund

- £9.5 million marked to market value
- 2,369 bps out performance of EPRA/NAREIT since inception in September 2008

5. Opportunity Fund

- NAV at £5.1 million
- Modest increase in NAV since acquisitions

6. International Fund

- See overleaf – held at cost £10.3 million post April acquisition

Big Orange Self Storage

- Met key objectives of diversification; deployment of capital into key long term growth markets; generation of new recurring revenues; the opportunity to earn performance fees
- Distressed sale price – high forecast IRR
- Successful operation
- 5 assets - 2 Hong Kong, 3 Singapore
- Immature property sub-sector (Asia)
- Retention of existing debt facilities
- Expert local management - proven track record
- Scalable platform for growth of self storage fund
- Good diversification
- New investor discussions ongoing



Potential to leverage off corporate platform

Target markets and acquired assets



- Invista Operations
- Existing markets
- Acquired Assets
- Target market



Hong Kong Portfolio (18,324 sq m)

- **Sha Tin (9,793 sq m)¹**
 - Current phase I occupancy 99%
 - Phase II to start on site July-09
- **Kwai Chung (8,531 sq m) ¹**
 - Current phase I occupancy 64%
 - Phase II to start on site July-09

Singapore Portfolio (16,867 sq m)

- **Woodlands (8,000 sq m)¹**
 - Current phase I occupancy 68%
- **Bukit Batok (4,398 sq m) ¹**
 - Current phase I occupancy 15%
- **Hougang (4,469 sq m)¹**
 - Phase 1 to start on site August-09

¹ Represents maximum lettable area for self storage

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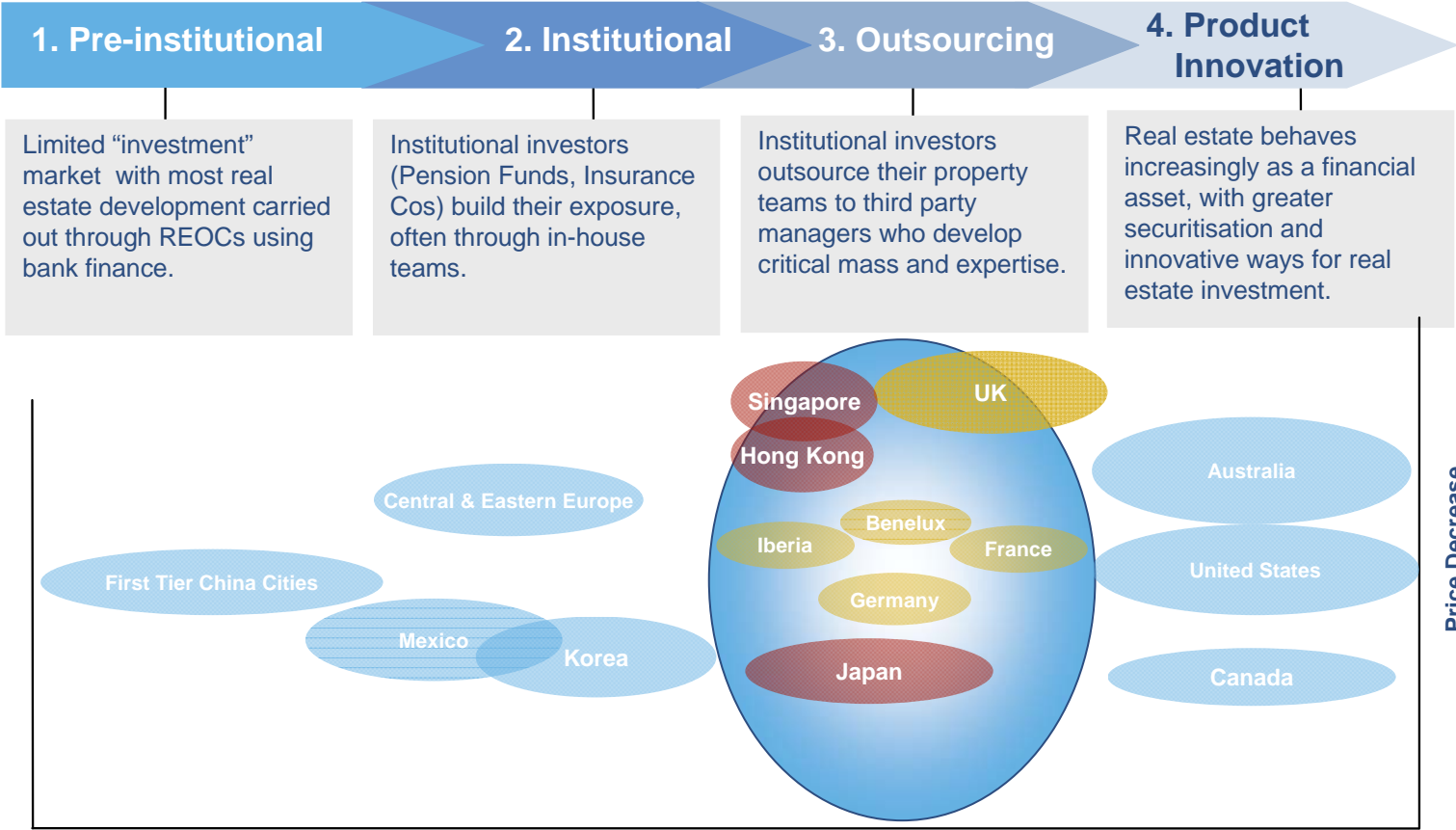
Investment Markets

Outlook

Strategy

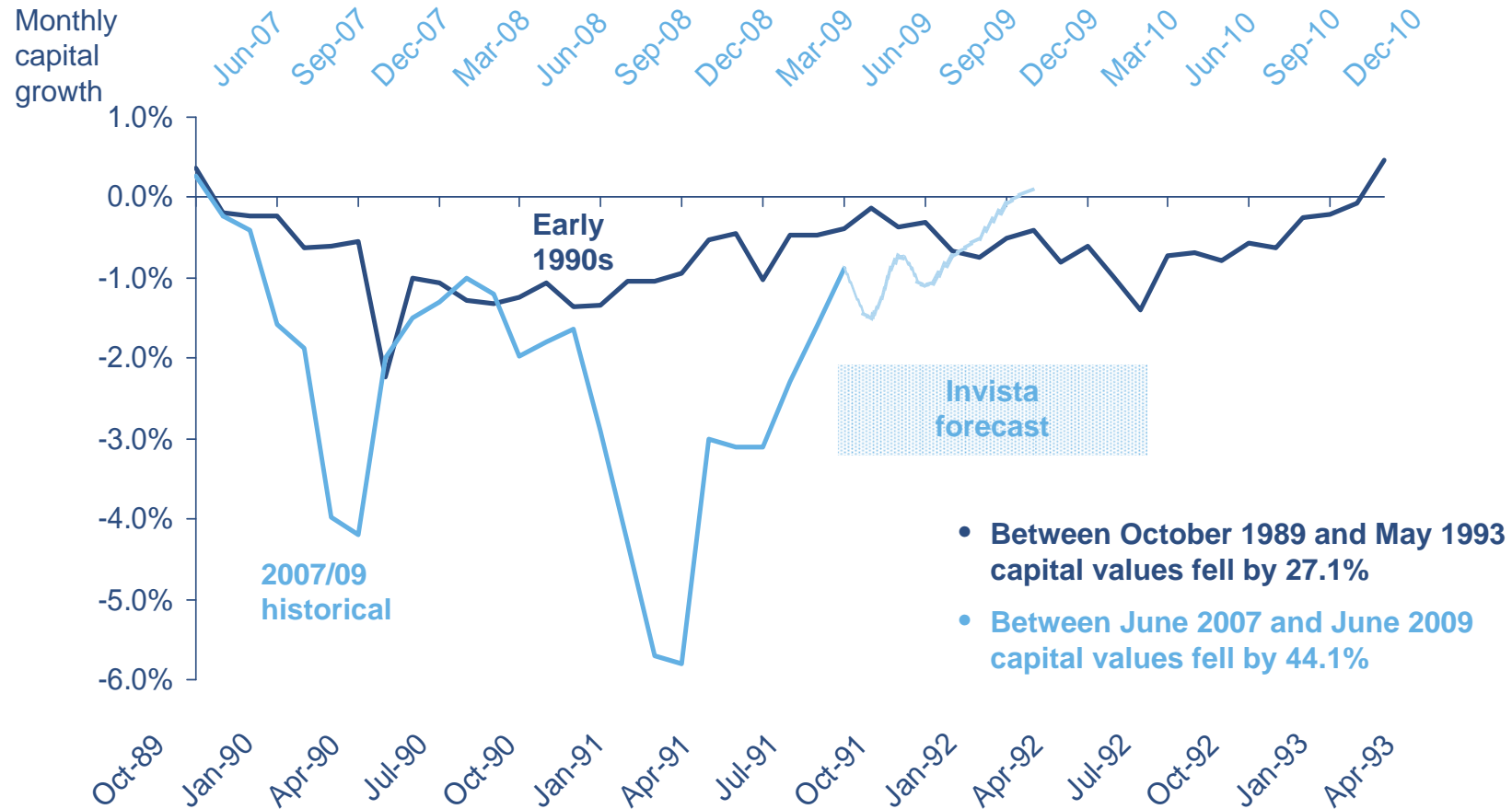


Repricing: Magnitude & Timing Forecast



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"

UK Commercial Property Market



Source: Invista, IPD Monthly Index

Valuations are expected to stabilise by the end of 2009

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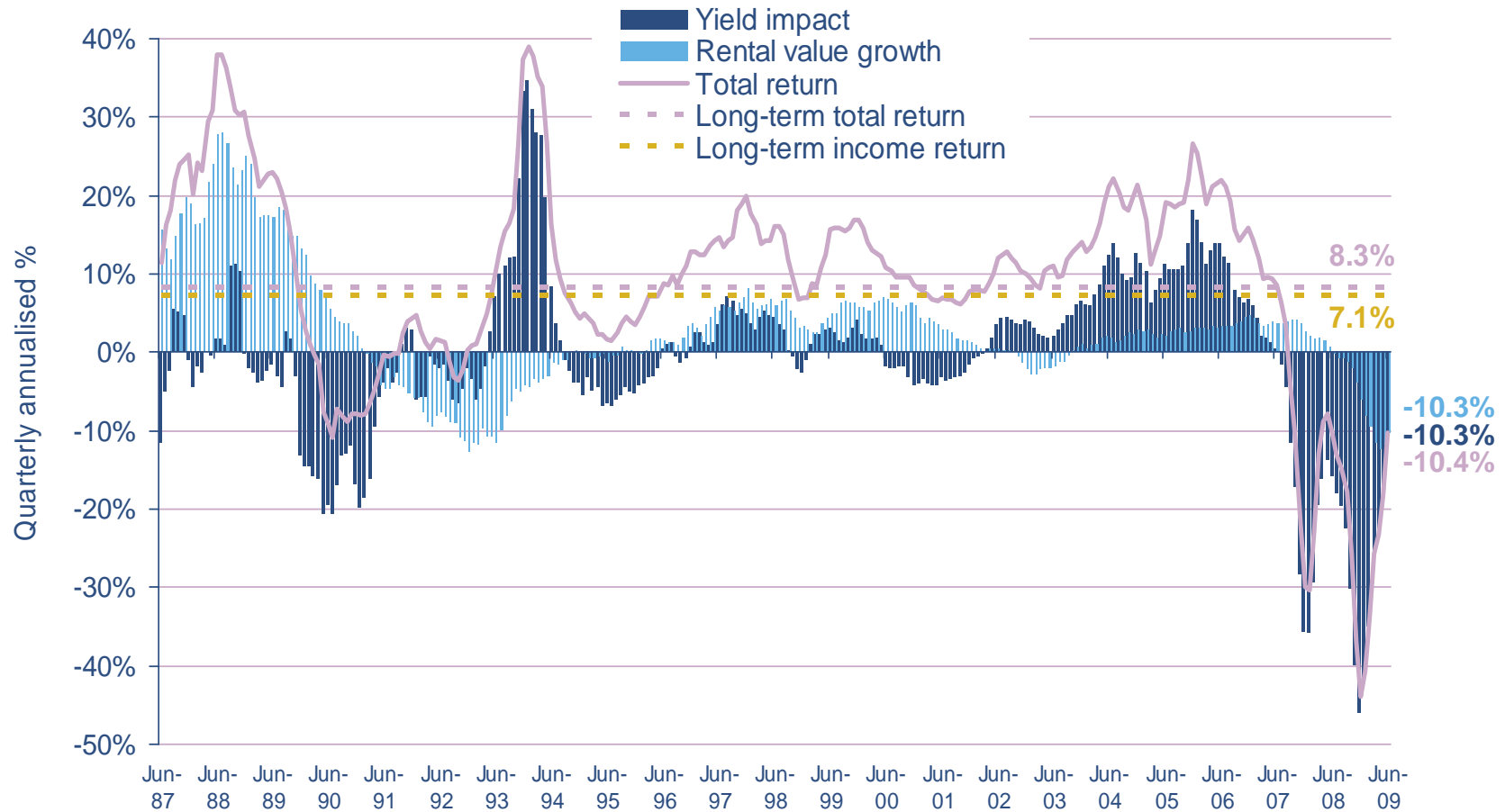
Outlook

Outlook

- UK is stabilising but with no real recovery yet
- Expect up to 12-14% negative total return in UK in 2009
- Continental European market pricing is 6 months behind UK
- Business model and balance sheet robust:
 - Fee revenue down because of falling values; but
 - Fund outflows are continuing at a significantly reduced rate
 - Costs reduced compared with 2008 H1 by 28%
 - Profit margin 36%
 - Net assets £130 million; Cash £76 million
- Opportunities are arising in markets
 - Acquisition of Asian Self Storage business
 - Opportunity and international funds remain cash rich
 - Strong cash positions in closed and open-ended UK funds

APPENDIX

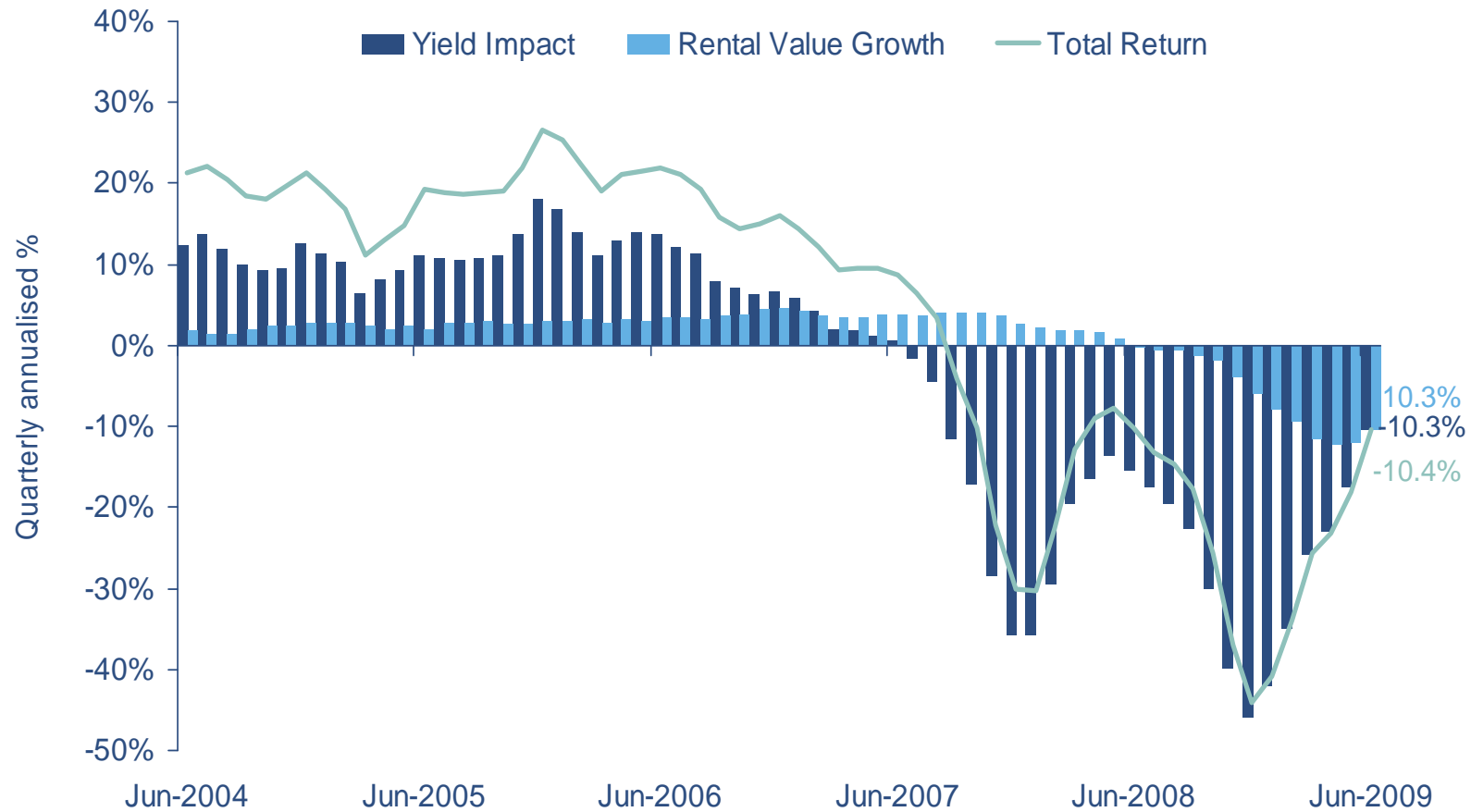
UK commercial property in nominal terms



Source: IPD Monthly Index (Full history)

Recoveries yield driven – not occupier

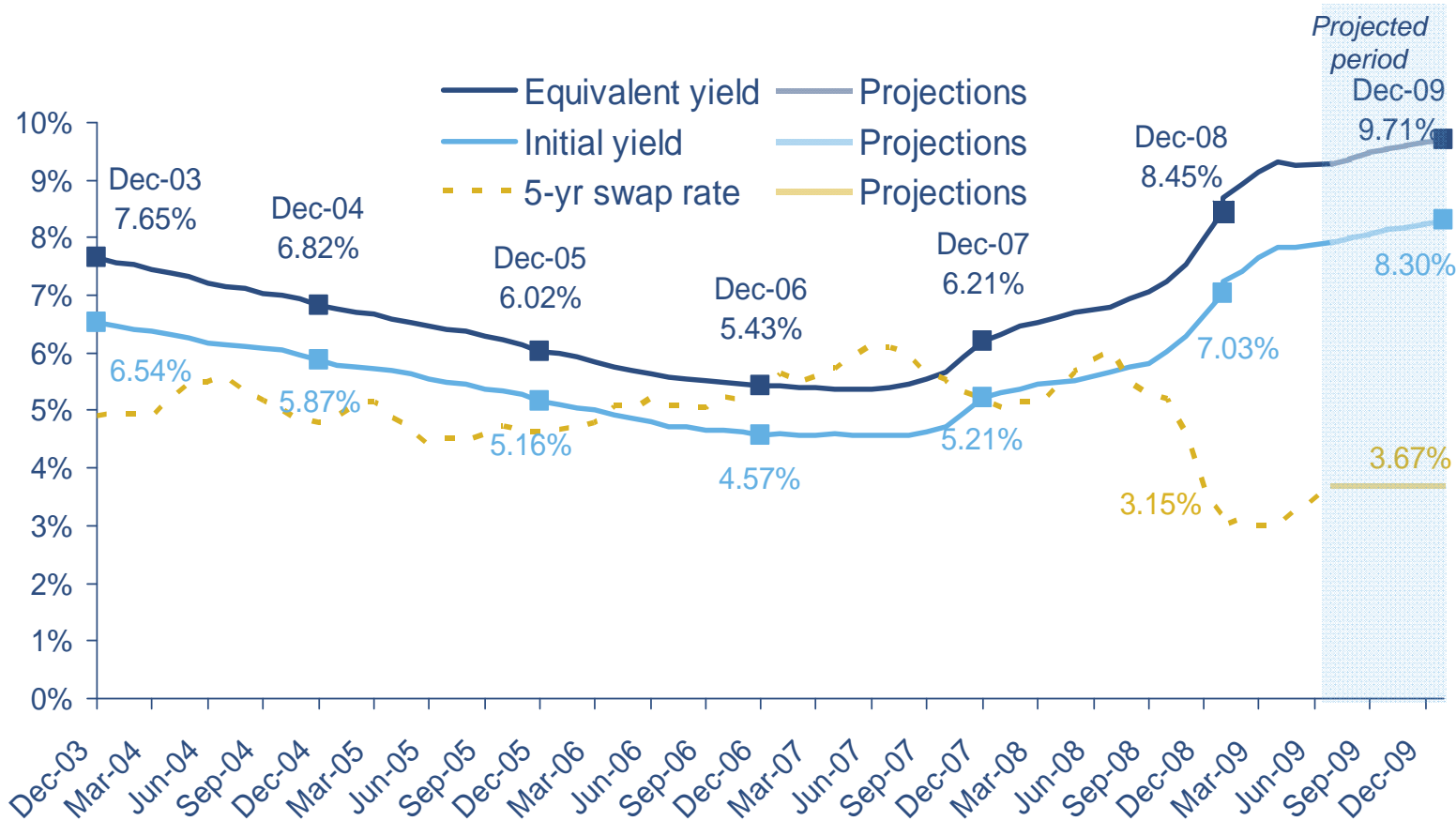
UK Commercial Property Market



Source: IPD Monthly Index

UK Commercial Property Market

All UK property yields

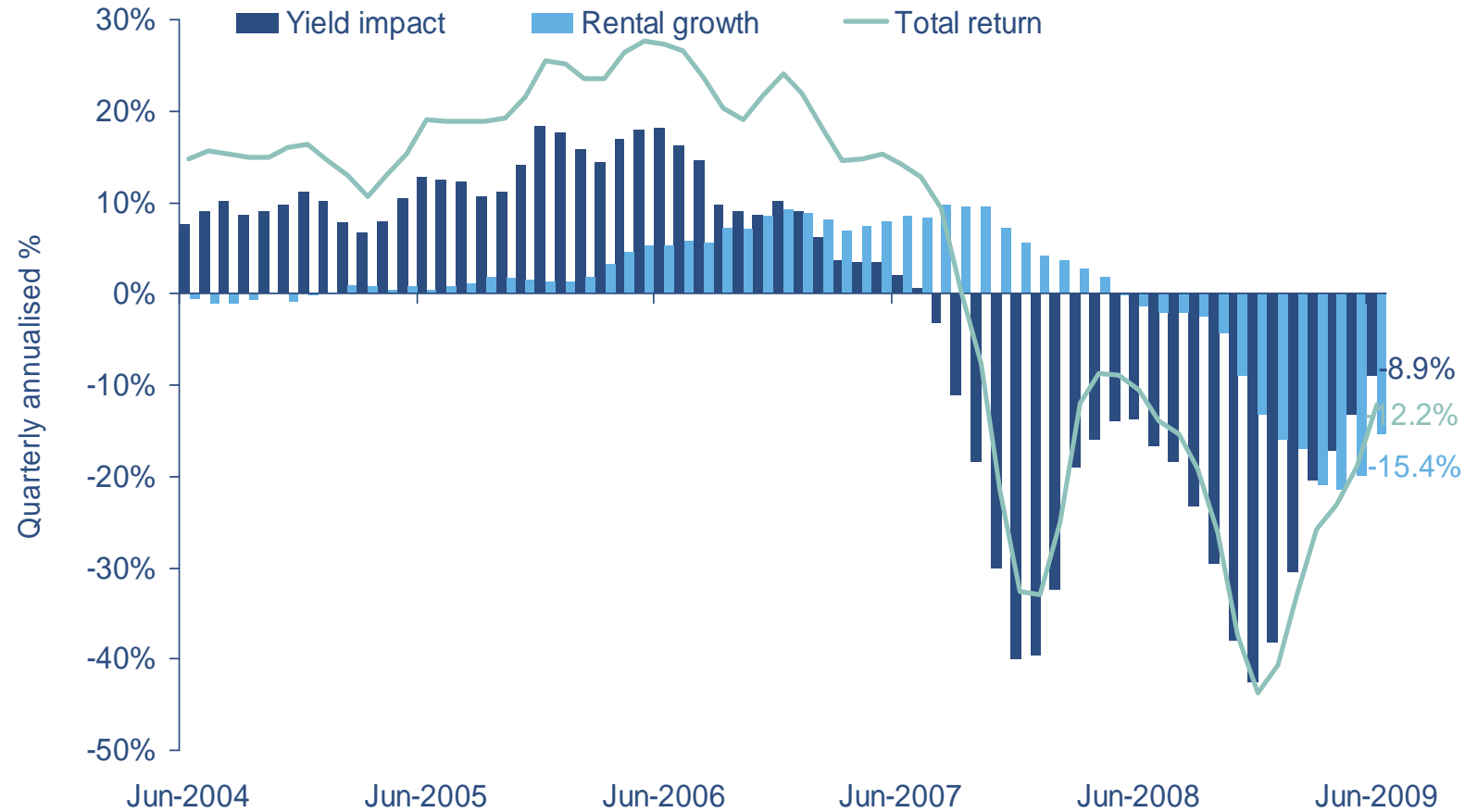


Source: Invista, IPD Monthly Index, Thomson Datastream

Note: No attempt has been made to forecast 5-year swap rates over 2009

Falling rents & rising vacancies to hold back yield expansion

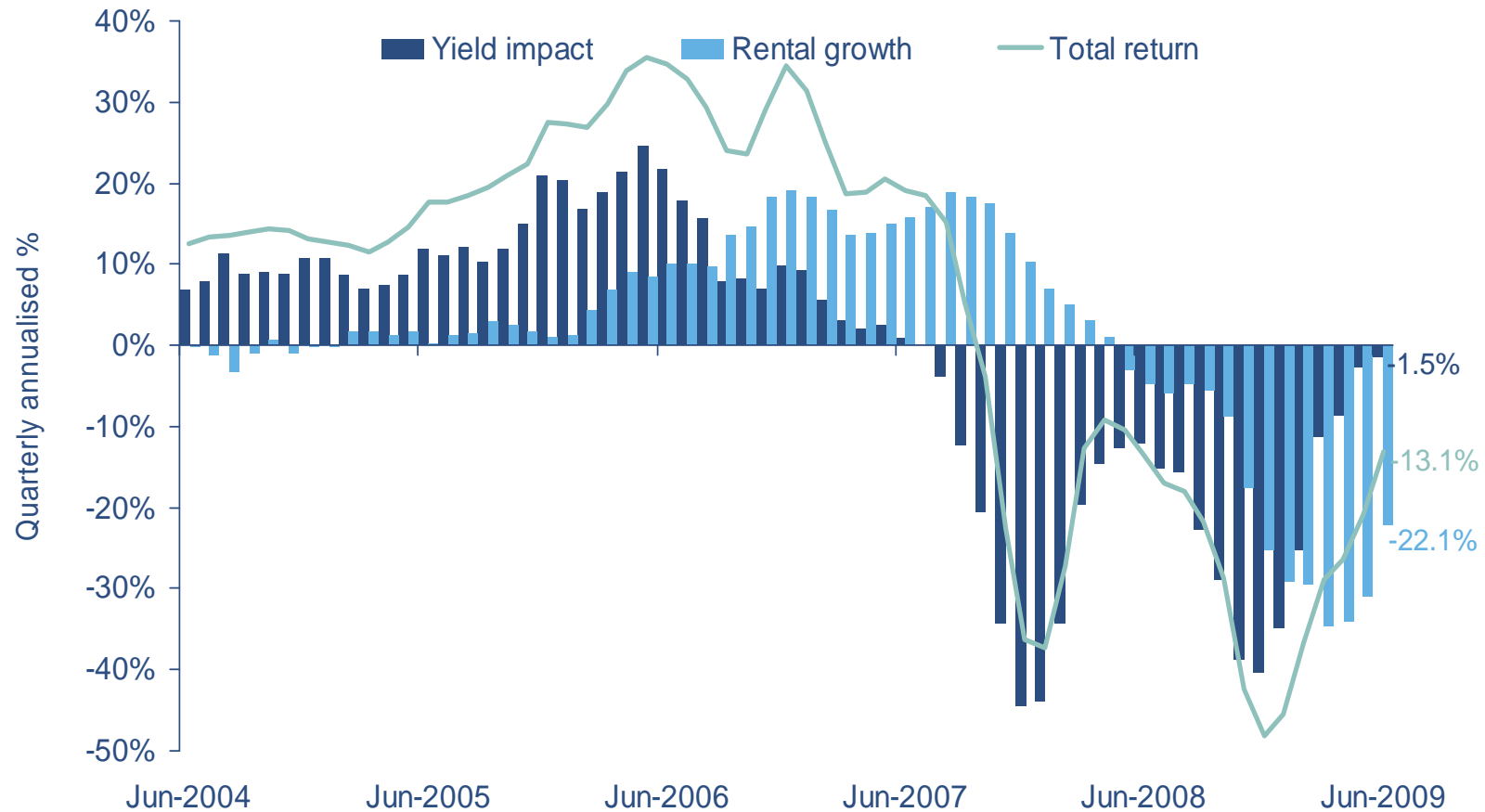
All UK Office



Source: IPD Monthly Index

The rapid rental market deterioration has begun to ease

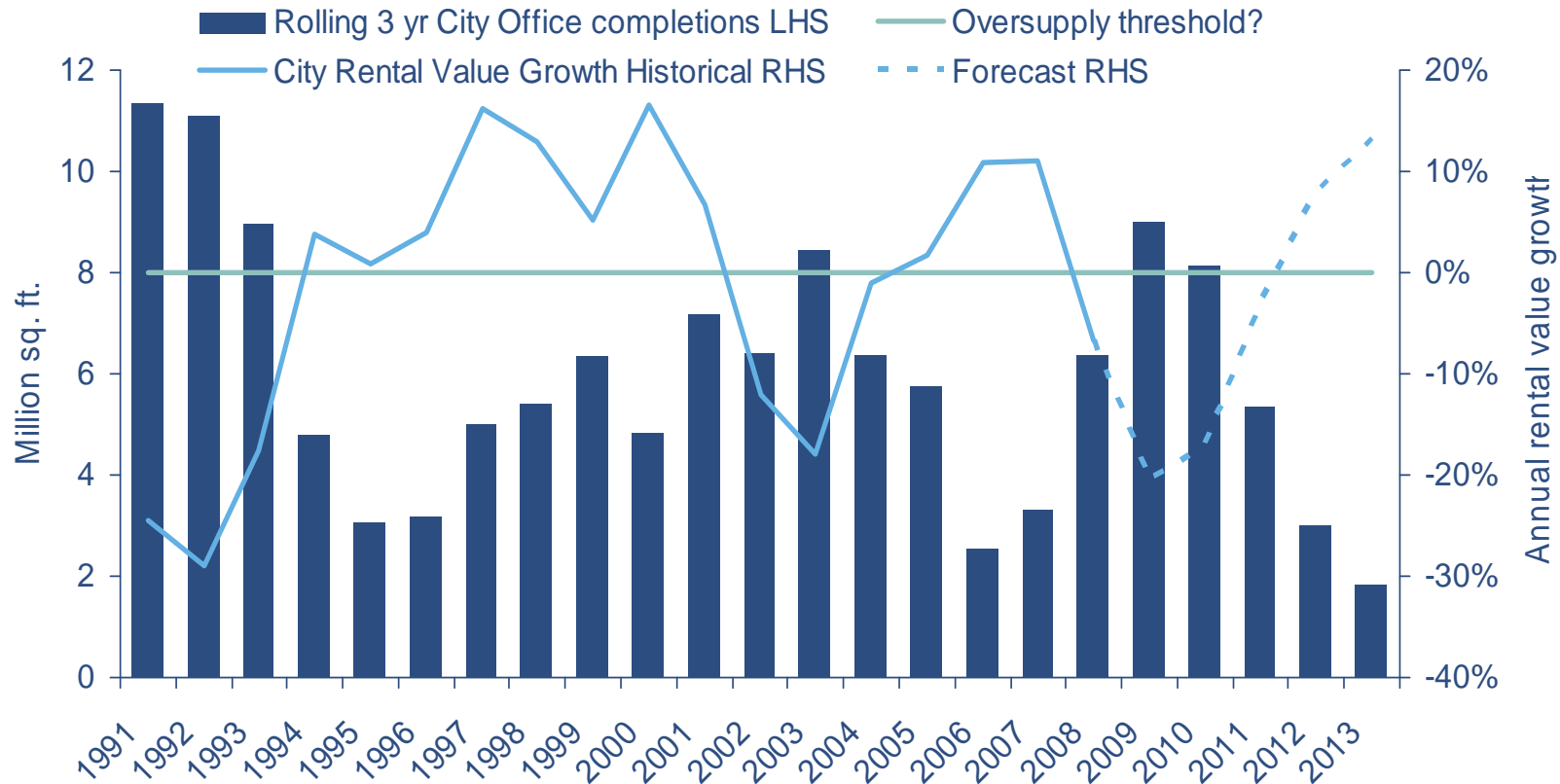
Central London Office



Source: IPD Monthly Index

Yields are close to a turning point

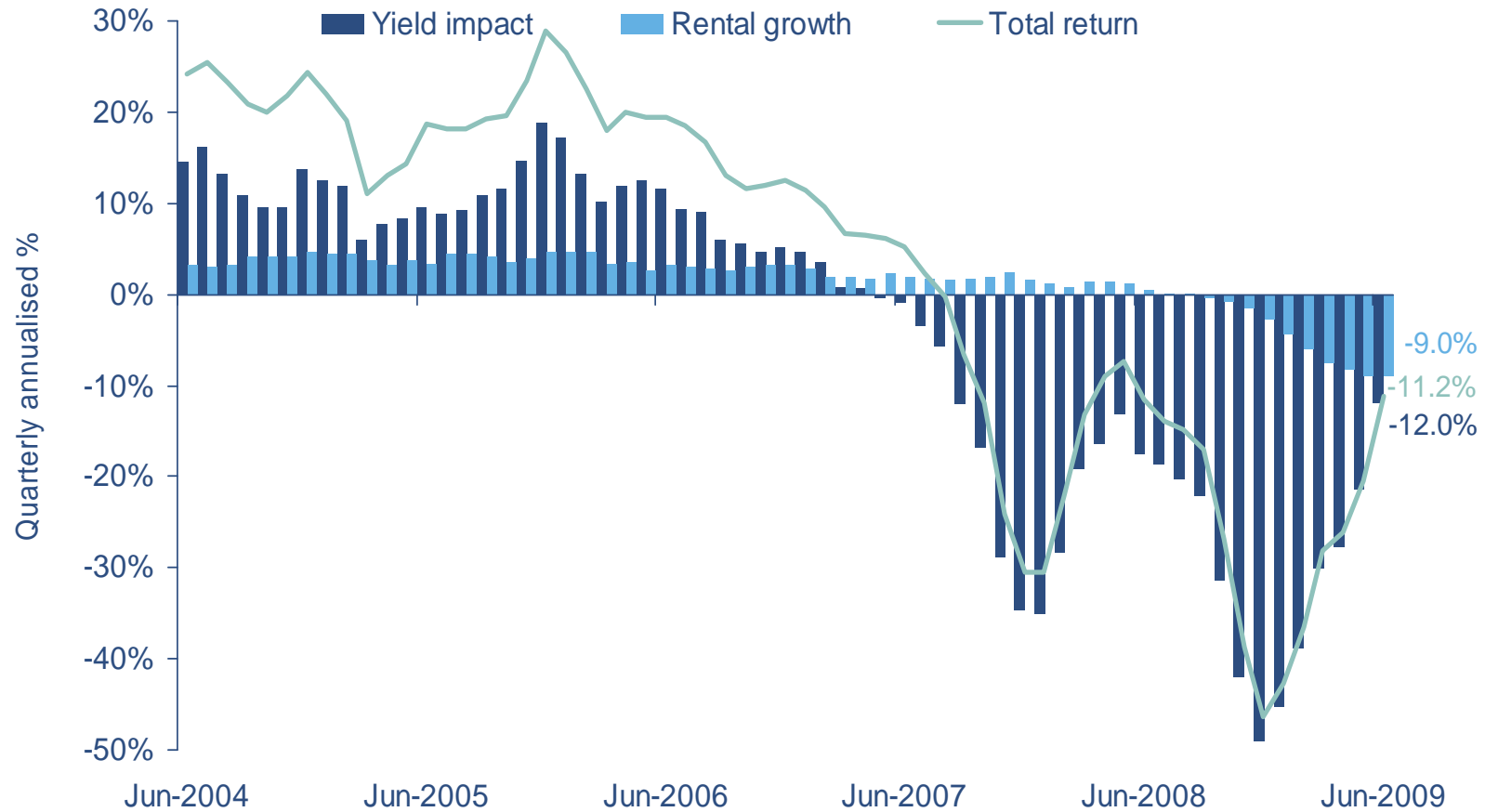
City Office Completions



Source : IPD, PMA

Supply of new space expected to contract sharply from 2011

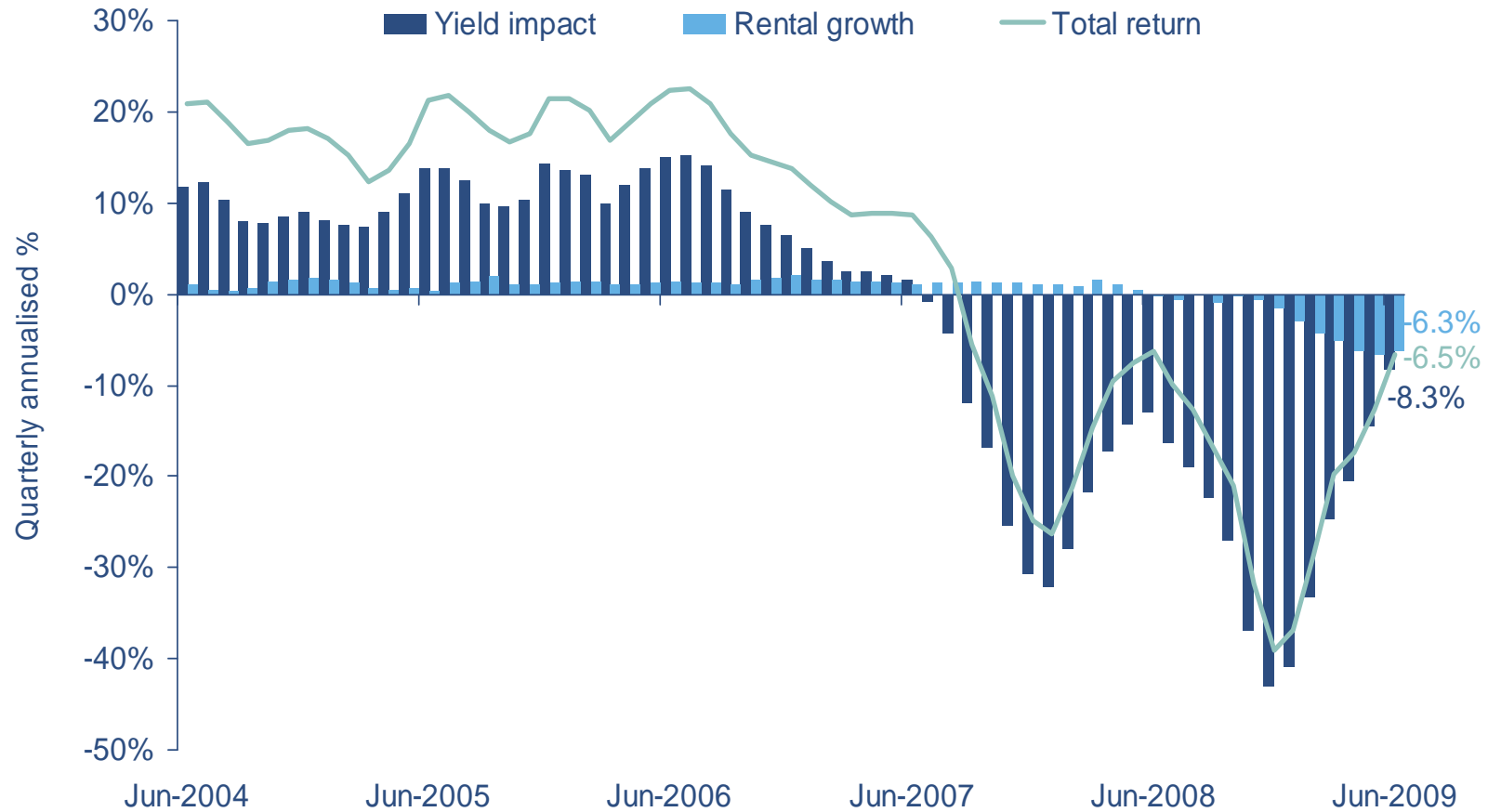
UK All Retail



Source: IPD Monthly Index

Retail resilience undermined by speed of rental value fall

UK All Industrial



Source: IPD Monthly Index

Rising vacancy rates and availability impacting returns

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