

Invista Real Estate Investment Management Holdings plc

2010 Interim Results Presentation

Duncan Owen, CEO

Guy Eastaugh, CFO

30 July 2010

Agenda

Highlights

Financial Results

Balance Sheet Investments

Investment Markets

Summary and Outlook

Appendix

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

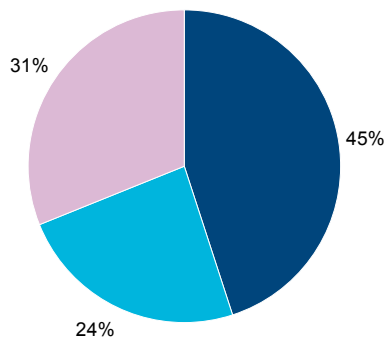
- £67 million in cash – note: only £19.5m available post commitments
- £136 million in net assets

AUM and Revenue

Assets Under Management

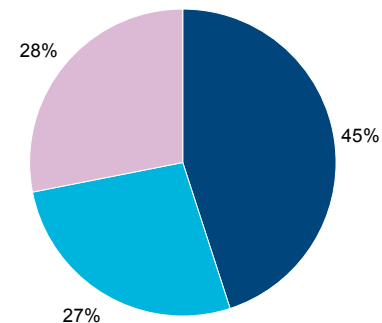
31 Dec 2009
£5.3bn

■ HBOS Funds ■ Separate Accounts ■ Collective Investor Funds



30 June 2010
£5.4bn

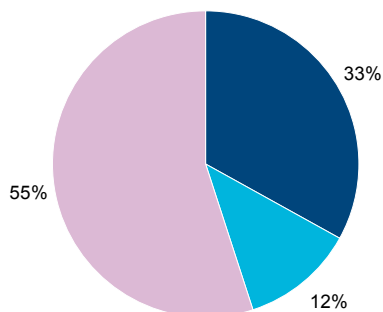
■ HBOS Funds ■ Separate Accounts ■ Collective Investor Funds



Revenue

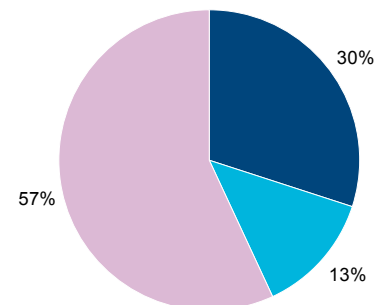
30 June 2009
£17.9m

■ 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

Highlights

Financial Results

Balance Sheet Investments

Investment Markets

Summary and Outlook

Appendix

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

Highlights

Financial Results

Balance Sheet Investments

Investment Markets

Summary and Outlook

Appendix

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

Highlights

Financial Results

Balance Sheet Investments

Investment Markets

Summary and Outlook

Appendix

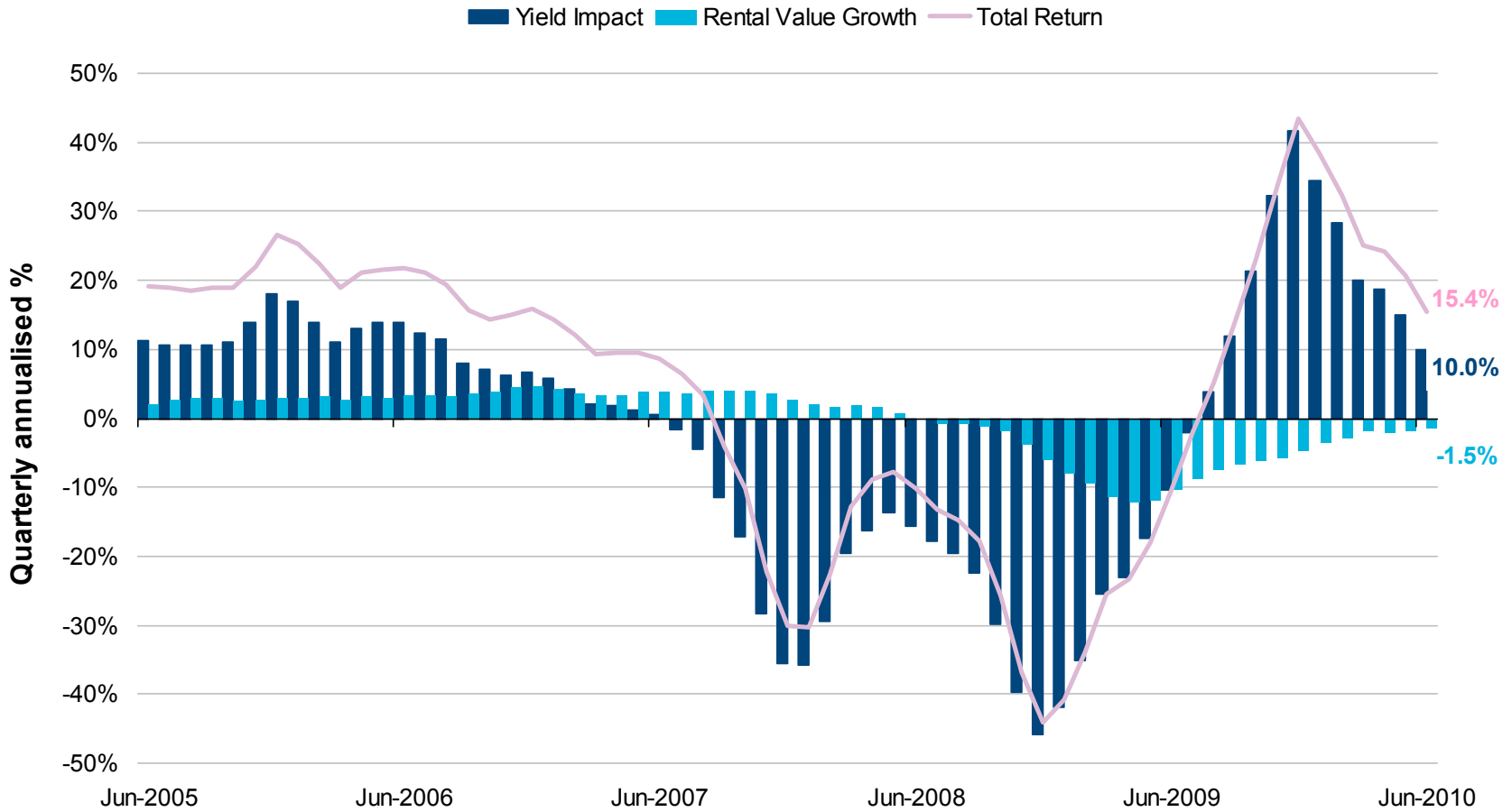
Market Summary

- 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

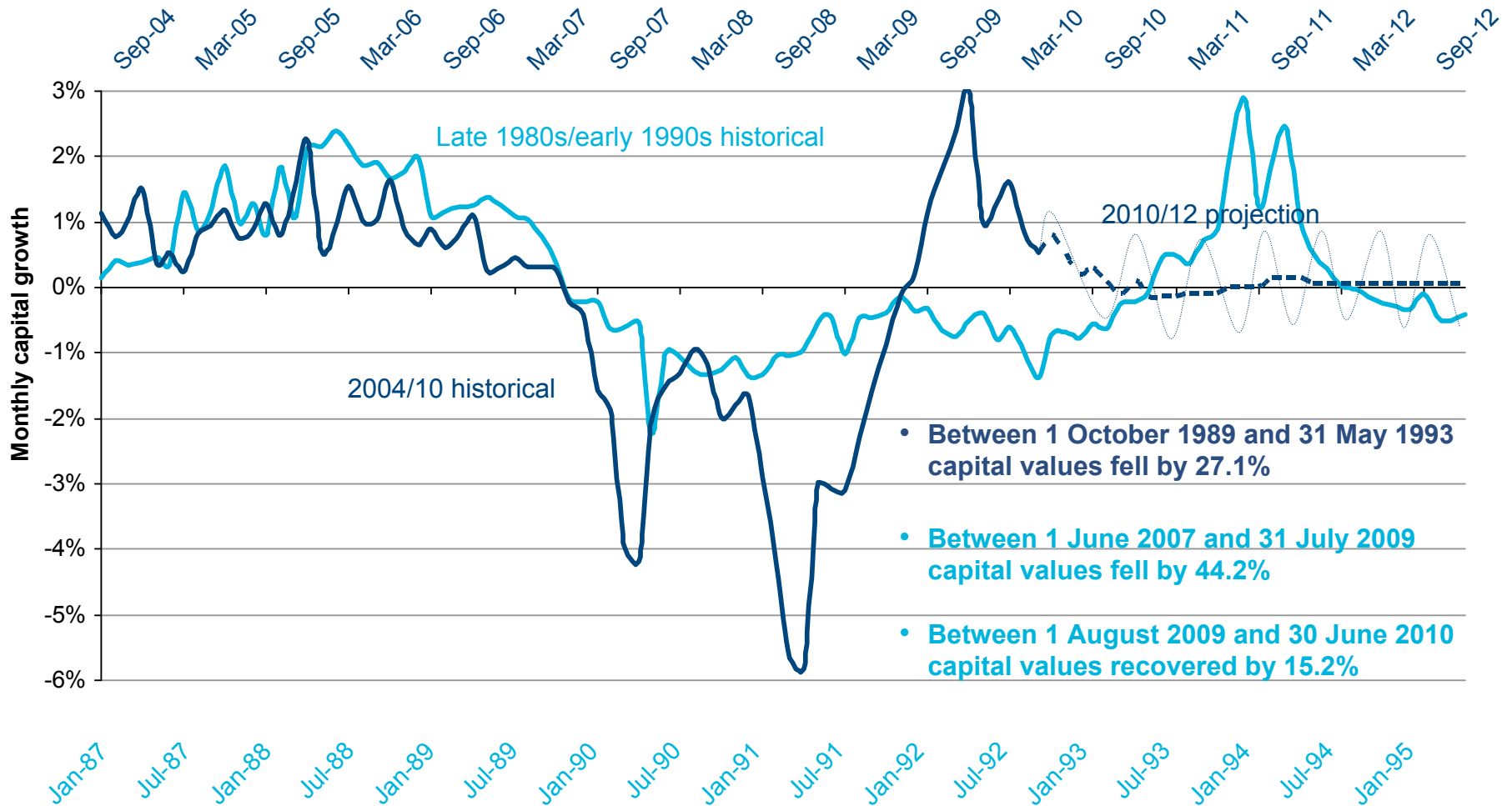
** Forecasts are indicative only*

UK Commercial Property Market



Source: IPD Monthly Index

UK Capital Value Movement in Context



Sustained recovery in values requires occupational market recovery

Highlights

Financial Results

Balance Sheet Investments

Investment Markets

Summary and Outlook

Appendix

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

IREIM Disclaimer Statement

Invista Real Estate Investment Management Limited ("Invista") confirms that reasonable skill and care has been used in the preparation of this document and any forecasts expressed within it. Notwithstanding this confirmation, 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 or any other loss whatsoever sustained by the recipient of this document or his servants or agents in any way, whether arising in any way directly or indirectly as a result of reliance on this document or of any error or defect in this document.

This document and associated information is the property of Invista which reserves all intellectual property rights in it.

This document is not an offer to sell, nor an invitation to subscribe or purchase, nor a solicitation of an offer to subscribe or purchase, nor a recommendation of, any securities. This document may not be distributed in a jurisdiction except in accordance with legal requirements applicable in such jurisdiction.

This document is exempt from the general restriction (contained in section 21 of the Financial Services and Markets Act 2000) on the communication of invitations or inducements to engage in investment activity on the grounds that, to the extent that it is communicated in the UK, the communication is made by Invista Real Estate Investment Management Limited to persons falling within one of the categories set out below:

(a) a person having professional experience in matters relating to investments, within the meaning of article 14 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001, including a person whose ordinary activities involve him in investing in shares for the purposes of a business carried on by him; or

(b) a high net worth body within the meaning of article 22 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001, including a corporation, unincorporated association or partnership with net assets of at least £5 million and the trustee of a trust comprising cash and investment assets of at least £10 million.

Communication of this document to any person in the United Kingdom, other than a person falling within one of the categories described above, is unauthorised and may constitute a criminal offence.

Except where otherwise stated, all financial data and other information contained in this document is current at the time of publication but may be subject to change in the future.

Unless otherwise stated, the source of information is Invista's. Third party information presented is from sources which Invista believes to be reliable, but the accuracy of such information has not been independently verified. Any forecast, opinion, projection or target where provided is indicative only, is not guaranteed in any way and may change in the future. Invista does not assume any obligation to update any such forecast, opinion, projection or target.

No modifications or amendments to this document may be made without the prior permission of Invista, and this document is confidential to the person to whom it is given and may not be copied or distributed without Invista's prior written consent.

Depending on the investor's currency of reference, currency fluctuations may adversely affect the value of investments and the income therefrom.

Past performance is not a guide to future performance and the past performance of property funds is not always represented by the performance of the property market as a whole.

The value of an investment as well any related income may go down as well as up, particularly in the short term. The value of an investment and any related income may fluctuate and cannot be guaranteed.

Property funds will not contribute to diversification where investors already have a substantial proportion of their investments in property.

The value of property is a matter of a valuer's opinion rather than one of fact.

Movements in the value of property funds will be amplified by any gearing within the fund and its underlying investments. There is no guarantee that the price of the fund will fully reflect its underlying net asset value.

Invista Real Estate Investment Management Limited, 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, United Kingdom.

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.

Highlights

Financial Results

Balance Sheet Investments

Investment Markets

Summary and Outlook

Appendix

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